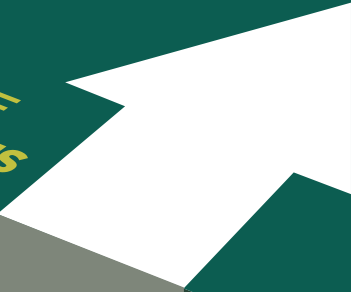


 **EFG Hermes**

*RISING ABOVE
ALL CHALLENGES*



*NINE MONTH REPORT SEPTEMBER 30
2023*

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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 (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)

We, on behalf of Board of Directors of your Company, are pleased to present herewith un-audited condensed interim financial statements of the Company for the third quarter and nine months ended September 30, 2023.

Performance Review

During the third quarter ended September 30, 2023, the Company earned operating revenues of Rs. 80.79 million as compared to Rs. 51.96 million for the same period during last year. The Company posted before and after tax loss Rs. (27.16) and Rs. (35.88) million respectively compared to before and after tax loss (24.60) million and Rs. (28.72) million respectively for the corresponding period. During the quarter, the loss per share for the quarter stood at Rs. (1.79) compared to loss per share Rs. (1.43) for the corresponding period.

For the nine months ended September 30, 2023, the Company earned operating revenues of Rs. 191.29 million compared to Rs. 153.87 million for the corresponding period. The Company posted before and after tax loss of Rs. (80.60) million and Rs. (100.80) million respectively compared to before and after tax loss of Rs. (55.50) million and of Rs. (67.78) million for the same period last year. The loss per share for the nine months stood at Rs. (5.04) compared to loss per share Rs. (3.39) for the corresponding period.

During the review period, the overall market volume growth led to a rise in revenue compared to the last corresponding period. However, earnings declined due to an increase in cost as a result of inflationary pressures. With interest rates at their peak, we anticipate a further upswing in market volumes in the near future.

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, October 26, 2023

DIRECTOR



ڈائریکٹرز رپورٹ برائے ممبران

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

محترم ممبران

السلام علیکم،

میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے بخوشی تیسری سہ ماہی اور نومبر 30 2023 کو ختم ہونے والی کمپنی کی غیر آڈٹ شدہ عبوری مالی تفصیلات کی رپورٹ پیش کرتا ہوں۔


کارکردگی کا جائزہ:


30 ستمبر 2023 کو ختم ہونے والی تیسری سہ ماہی کے دوران کمپنی نے آپریٹنگ آمدنی کی مد میں 80.79 ملین روپے کمائے جبکہ گزشتہ سال اسی مدت کے دوران 51.96 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (27.16) ملین روپے اور (35.88) ملین روپے ہے جبکہ گزشتہ سال مذکورہ مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (24.60) ملین روپے اور (28.72) ملین روپے تھا۔ اس سہ ماہی کے دوران فی حصص خسارہ (1.79) روپے اور مقابلہ گزشتہ سال اسی عرصہ کے دوران فی حصص خسارہ (1.43) روپے تھا۔

نومبر 30 2023 کو ختم ہونے والی تیسری سہ ماہی کے اختتام پر کمپنی نے آپریٹنگ آمدنی کی مد میں 191.29 ملین روپے کمائے جبکہ گزشتہ سال اسی مدت کے دوران 153.87 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان (80.60) ملین روپے اور (100.80) ملین روپے ہے جبکہ گزشتہ سال اسی مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (55.50) ملین روپے اور (67.78) ملین روپے تھا۔ نومبر ماہ کی مدت کے دوران فی حصص خسارہ (5.04) روپے مقابلہ گزشتہ سال اسی عرصہ کے دوران فی حصص خسارہ (3.39) روپے تھا۔

گزشتہ سال کے مقابلہ میں اس سال مذکورہ مدت کے دوران آمدنی میں اضافہ مارکیٹ کے مجموعی حجم میں اضافے کے سبب ہوا۔ تاہم افراط زر کے دباؤ کے نتیجے میں لاگت میں اضافہ کی وجہ سے کمائی میں کمی آئی۔ شرح سود اپنے عروج پر ہونے کے ساتھ مستقبل قریب میں مارکیٹ کے حجم میں اضافے کی توقع کرتے ہیں۔

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: 26 اکتوبر 2023



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 September 30, 2023 and the related condensed interim statement of profit or loss and other comprehensive income, the condensed interim statement of changes in equity, and the condensed interim statement of cash flows, and notes to the financial statements for the nine-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 review resulting in this independent auditor's report is Muhammad Ali Rafique.

Chartered Accountants
UDIN : RR2023100981wsNGySVz

Karachi: 26th October, 2023

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 SEPTEMBER 30, 2023

| | | <u>Un-audited</u> <u>September</u> <u>30, 2023</u> | <u>Audited</u> <u>December</u> <u>31, 2022</u> |
|---|------|--|--|
| <u>ASSETS</u> | Note | ----- | Rupees ----- |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 47,985,493 | 25,889,722 |
| Intangible assets | | 4,085,294 | 4,213,709 |
| Long-term investments | 6 | 19,434,136 | 20,951,860 |
| Long-term deposits | | 550,000 | 550,000 |
| | | 72,054,923 | 51,605,291 |
| CURRENT ASSETS | | | |
| Trade debts | 7 | 23,352,667 | 12,439,476 |
| Short-term investments | | 817,745,400 | 818,932,475 |
| Advances, deposits, prepayments and other receivables | | 51,512,067 | 57,890,487 |
| Advance tax - net | | 14,497,211 | 31,116,024 |
| Receivable under margin finance | | 102,894,436 | 113,991,656 |
| Cash and bank balances | 8 | 99,112,203 | 102,558,998 |
| | | 1,109,113,984 | 1,136,929,116 |
| TOTAL ASSETS | | 1,181,168,907 | 1,188,534,407 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorized capital 100,000,000 (December 31, 2022: 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 | | (247,727,172) | (146,925,811) |
| Capital reserve - Loss on re-measurement of investments | | (2,597,305) | (1,079,581) |
| Contribution from a related party | | 177,824,905 | 117,824,905 |
| | | 127,656,928 | 169,976,013 |
| NON-CURRENT LIABILITIES | | | |
| Long-term loan | | 825,000,000 | 825,000,000 |
| CURRENT LIABILITIES | | | |
| Short-term running finance | 10 | - | 2,333,386 |
| Trade and other payables | | 217,441,803 | 180,145,255 |
| Unclaimed dividend | | 11,070,176 | 11,079,753 |
| | | 228,511,979 | 193,558,394 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 11 | - | - |
| TOTAL EQUITY AND LIABILITIES | | 1,181,168,907 | 1,188,534,407 |

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 NINE MONTH AND THIRD QUARTER ENDED SEPTEMBER 30, 2023

| | Note | Nine Months Ended | | Third Quarter Ended | |
|---|------|----------------------|---------------------|---------------------|---------------------|
| | | September 30, 2023 | September 30, 2022 | September 30, 2023 | September 30, 2022 |
| | | Rupees | | Rupees | |
| OPERATING REVENUES | | | | | |
| Operating revenues | 12 | 87,356,722 | 93,625,487 | 34,076,891 | 30,517,084 |
| Gain on sale of investments-net | | 103,931,315 | 60,247,020 | 46,712,663 | 21,442,226 |
| | | 191,288,037 | 153,872,507 | 80,789,554 | 51,959,310 |
| EXPENDITURES | | | | | |
| Administrative and general expenses | | (182,028,006) | (143,614,892) | (65,908,315) | (53,467,028) |
| Operating profit / (loss) | | 9,260,031 | 10,257,615 | 14,881,239 | (1,507,718) |
| Other (charges) / income - net | | (145,650) | (12,685,310) | 407,321 | (3,979,203) |
| Income on margin finance | | 17,799,169 | 6,295,475 | 6,174,444 | 2,167,597 |
| Financial charges | | (121,668,620) | (78,227,843) | (46,920,809) | (32,059,189) |
| Gain / (loss) on re-measurement of investments categorised as 'fair value through profit or loss' - net | | 14,159,280 | 18,861,715 | (1,703,710) | 10,780,555 |
| | | (89,855,821) | (65,755,963) | (42,042,754) | (23,090,240) |
| LOSS BEFORE TAXATION | | (80,595,790) | (55,498,348) | (27,161,515) | (24,597,958) |
| TAXATION | | (20,205,571) | (12,280,470) | (8,724,413) | (4,120,154) |
| LOSS AFTER TAXATION | | (100,801,361) | (67,778,818) | (35,885,928) | (28,718,112) |
| OTHER COMPREHENSIVE LOSS | | | | | |
| <i>Item that will not be reclassified subsequently to profit or loss</i> | | | | | |
| Loss on re-measurement of investments categorised as 'fair value through other comprehensive income' | | (1,517,724) | (6,251,517) | (1,434,534) | (609,122) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | (102,319,085) | (74,030,335) | (37,320,462) | (29,327,234) |
| Loss per share - basic and diluted | | (5.04) | (3.39) | (1.79) | (1.43) |

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 NINE MONTHS ENDED SEPTEMBER 30, 2023



| | Nine Months Ended | |
|---|-----------------------|-----------------------|
| | September 30, 2023 | September 30, 2022 |
| | ----- Rupees ----- | |
| Cash Flows From Operating Activities | | |
| Loss before taxation | (80,595,790) | (55,498,348) |
| Adjustments for: | | |
| Depreciation | 6,803,588 | 3,844,407 |
| Amortisation | 128,415 | 192,610 |
| Financial charges | 121,668,620 | 78,227,843 |
| Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net | (14,159,280) | (18,861,715) |
| Loss on disposal of property, plant and equipment- net | - | 9,180 |
| | <u>114,441,343</u> | <u>63,412,325</u> |
| Profit before working capital changes | <u>33,845,553</u> | 7,913,977 |
| Changes in working capital | | |
| Decrease / (increase) in current assets | | |
| Trade debts - unsecured | (10,913,191) | 1,227,609 |
| Short-term investments | 15,346,355 | (57,774,515) |
| Advances, deposits, prepayments and other receivables | 6,378,420 | 44,898,764 |
| Receivable under margin finance | 11,097,220 | (8,405,740) |
| | <u>21,908,804</u> | <u>(20,053,882)</u> |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | 43,133,399 | (25,607,678) |
| Unclaimed dividend | (9,577) | (3,368) |
| Cash generated from / (used) in operations | <u>98,878,179</u> | <u>(37,750,951)</u> |
| Income tax paid | (3,586,758) | (4,105,730) |
| Financial charges paid | (67,505,471) | (38,919,187) |
| Net cash generated from / (used) in operating activities | <u>27,785,950</u> | <u>(80,775,868)</u> |
| Cash Flows From Investing Activities | | |
| Purchase of property, plant and equipment | (28,899,359) | (899,705) |
| Proceeds from disposal of property, plant and equipment | - | 98,500 |
| Net cash used in investing activities | <u>(28,899,359)</u> | <u>(801,205)</u> |
| Cash Flows From Financing Activities | | |
| Net decrease in cash and cash equivalents | (1,113,409) | (81,577,073) |
| Cash and cash equivalents at the beginning of the period | <u>100,225,612</u> | <u>161,062,880</u> |
| Cash and cash equivalents at the end of the period | <u>99,112,203</u> | <u>79,485,807</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 NINE MONTHS AND THIRD QUARTER ENDED SEPTEMBER 30, 2023

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

An Entity submitted a public announcement of intention to purchase at least 51% shares of the Company, which were duly communicated to Pakistan Stock Exchange through letter dated February 15, 2023 as "Disclosure of Material Information". As on August 10, 2023, the Entity has extended the time period for making the public announcement of offer by an additional period of 90 days in accordance with the Regulation 7(1) of the listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017.

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, 2022.

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, 2022.

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 September 30, 2023

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, 2023 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 finalized |
| IAS 1 | Amended by Classification of Liabilities as Current or Non-current. | January 1, 2024 |
| IAS 12 | Amended by Deferred Tax related to Assets and Liabilities arising from a Single Transaction. | January 1, 2023 |
| IFRS 16 | Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) | January 1, 2024 |

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, 2022.

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, 2022.

| 5 PROPERTY, PLANT AND EQUIPMENT | Note | Un-audited September 30, 2023 | Audited December 31, 2022 |
|---|------|-------------------------------------|---------------------------------|
| ----- Rupees ----- | | | |
| Opening book value | | 25,889,722 | 27,583,742 |
| Add: Additions during the period - own | | 28,899,359 | 3,649,919 |
| Less: Disposals during the period (at book value) | | - | (107,680) |
| Depreciation charged during the period | | (6,803,588) | (5,236,259) |
| | | (6,803,588) | (5,343,939) |
| Closing book value | | <u>47,985,493</u> | <u>25,889,722</u> |
| 6 LONG-TERM INVESTMENTS | | | |
| At FVOCI | 6.1 | 19,434,136 | 12,951,860 |
| At amortized cost | 6.1 | - | 8,000,000 |
| | | <u>19,434,136</u> | <u>20,951,860</u> |

6.1 Description of investments are as follows:

| 30-Sep-23 | 31-Dec-22 | | | 30-Sep-23 | | 31-Dec-22 | |
|--------------------|------------------|------------------------------|------|-------------------|-------------------|-------------------|-------------------|
| Number of Shares | 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 | 14,031,441 | 12,647,299 | 14,031,441 | 12,951,860 |
| - | 843,975 | LSE Financial Services Ltd. | 6.3 | - | - | 8,000,000 | 8,000,000 |
| 295,536 | - | LSE Proptech Limited | 6.4 | 2,076,950 | 1,182,144 | - | - |
| 842,811 | - | LSE Ventures Limited | 6.5 | 5,923,050 | 5,604,693 | - | - |
| | | | | <u>22,031,441</u> | <u>19,434,136</u> | <u>22,031,441</u> | <u>20,951,860</u> |

6.2 The Company has pledged 1,602,953 (2022: 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. 7.89 (December 31, 2022: Rs. 8.08) as at reporting date.



6.3 Pursuant to the "Approved Scheme of Compromises, Arrangements, Reconstruction and Demerger (Approved Scheme) of LSE Financial Services Limited (LSEFSL)" sanctioned by Honourable Lahore High Court, the shares of LSEFSL has been demerged into two companies [LSE Proptech Limited (LSEPL) and LSE Ventures Limited (LSEVL)]. Consequently, the shares of LSEFSL have been cancelled and in replacement, shares of LSEPL and LSEVL have been received by the Company

6.4 In accordance with the above note 6.3, the Company has received 295,536 shares of LSEPL and 842,811 shares of LSEVL and has pledged the same with PSX to fulfill the Base Minimum Capital requirement. The LSEPL and LSEVL shares have been revalued at a price of Rs. 4.00 and Rs. 6.65 as at reporting date.

| | <u>Un-audited</u> <u>September</u> <u>30, 2023</u> | <u>Audited</u> <u>December</u> <u>31, 2022</u> |
|----------------------------------|--|--|
| 7 TRADE DEBTS - UNSECURED | ----- Rupees ----- | |
| Trade debts - net | <u>23,352,667</u> | <u>12,439,476</u> |

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.

| | Note | <u>Un-audited</u> <u>September</u> <u>30, 2023</u> | <u>Audited</u> <u>December</u> <u>31, 2022</u> |
|---|------|--|--|
| 7.1 Aging analysis: | | ----- Rupees ----- | |
| Within 360 days | | <u>23,244,160</u> | 12,505,865 |
| Above 360 days | | <u>1,768,731</u> | 1,593,835 |
| Allowance for impairment of trade debts | | <u>(1,660,224)</u> | (1,660,224) |
| | | <u>23,352,667</u> | <u>12,439,476</u> |

8 CASH AND BANK BALANCES

| | | | |
|---|-----|-------------------|--------------------|
| Cash in hand | | 50,000 | 50,000 |
| Cash at banks | | | |
| - in deposit accounts | 8.1 | <u>12,401,790</u> | 11,303,046 |
| - in current accounts - pertaining to brokerage house | | <u>1,767,822</u> | 2,010,603 |
| - in current accounts - pertaining to clients | | <u>84,892,591</u> | 89,195,349 |
| | | <u>99,062,203</u> | 102,508,998 |
| | | <u>99,112,203</u> | <u>102,558,998</u> |

8.1 These carry mark-up ranging from 13.50% to 20.50% (December 31, 2022 : 7% to 13.5%) per annum.

8.2 Value of customers assets held in the Central Depository Company under Company's Participant ID as at September 30, 2023 is Rs. 1,859 million (December 31, 2022 : Rs. 1,553 million).

| | Note | <u>Un-audited</u> <u>September</u> <u>30, 2023</u> | <u>Audited</u> <u>December</u> <u>31, 2022</u> |
|--|------|--|--|
| 9 CONTRIBUTION FROM A RELATED PARTY | | ----- Rupees ----- | |
| EFG Hermes Brokerage Holding (formerly EFG-Hermes Frontier Holding LLC) | 9.1 | <u>177,824,905</u> | 117,824,905 |



9.1 The Company has entered into an agreements with its Parent Company to restructure its intercompany liability as at September 20, 2022 & September 22, 2023 to a long term loan being payable at the sole and absolute discretion of the Company (At such time as considered appropriate by Board of Directors of EFGH). Pursuant to the requirements of IAS 32 - 'financial instruments presentation' and the terms of the arrangement, the loan arrangement is classified as equity in these financial statements.

| | | <u>Un-audited</u> <u>September</u> <u>30, 2023</u> | <u>Audited</u> <u>December</u> <u>31, 2022</u> |
|---|------|--|--|
| | Note | Rupees ----- | |
| 10 SHORT - TERM RUNNING FINANCE | | | |
| UNDER MARK-UP ARRANGEMENTS - Secured | | | |
| Habib Bank Limited | 10.1 | - | 2,333,386 |

10.1 The Company has running finance facilities of Rs. 600 million (December 31, 2022 : Rs. 600 million) under mark-up arrangements. These facilities carry Mark-up at 1 month KIBOR + 0.10% (December 31, 2022 : 1 month KIBOR + 0.10%). This arrangement is valid upto April 30, 2024 on a renewal basis. This facility is secured against irrevocable and unconditional financial guarantee(s) provided by a bank in UAE on behalf of EFG Hermes Brokerage Holding (formerly EFG Hermes Frontier Holdings LLC), the Holding Company to the bank. Client(s) securities held as collateral with financial institutions were nil (December 31, 2022: 'nil').

11 CONTINGENCIES AND COMMITMENTS

11.1 There are no changes in contingent liabilities since the date of financial statements for the year ended December 31, 2022.

| | <u>Un-audited</u> <u>September</u> <u>30, 2023</u> | <u>Un-audited</u> <u>September</u> <u>30, 2022</u> |
|------------------------------|--|--|
| | Rupees ----- | |
| 12 OPERATING REVENUES | | |
| Equity brokerage income | 87,356,722 | 92,566,543 |
| Fee and commission | - | 975 |
| Dividend income | - | 1,057,969 |
| | <u>87,356,722</u> | <u>93,625,487</u> |

13 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>September</u> <u>30, 2023</u> | <u>Un-audited</u> <u>September</u> <u>30, 2022</u> |
|--------------------------------------|--|--|
| | Rupees ----- | |
| Brokerage income earned from: | | |
| Directors | <u>798,885</u> | <u>772,209</u> |



| | <u>Un-audited September 30, 2023</u> | <u>Un-audited September 30, 2022</u> |
|--|--|--|
| | ----- Rupees ----- | |
| Employees | <u>20,659</u> | <u>33,333</u> |
| Associate | <u>3,433,121</u> | <u>910,359</u> |
| Transactions | | |
| Contribution to employees provident fund | <u>2,928,184</u> | <u>2,620,042</u> |
| Salaries and remuneration to Chief Executive Officer | <u>11,947,540</u> | <u>11,490,834</u> |
| Fee to Non-Executive Director (Independent) | <u>100,000</u> | <u>150,000</u> |
| Balances | | |
| Payable to directors in their shares trading accounts | <u>18,174,775</u> | <u>175,681</u> |
| Payable to employees in their shares trading account | <u>127,686</u> | <u>106,267</u> |
| Receivables from directors in their shares trading account | <u>-</u> | <u>384,506</u> |
| Receivables from employees in their shares trading account | <u>233</u> | <u>1,269</u> |
| Balances of the holding company | | |
| Payable to EFG Hermes Brokerage Holding (formerly EFG Hermes Frontier Holdings LLC) | <u>17,089,846</u> | <u>2,434,069</u> |
| Contribution from a related party | <u>177,824,905</u> | <u>117,824,905</u> |
| Balances of associates | | |
| Payable to Financial Brokerage Group | <u>-</u> | <u>19,389,976</u> |

14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on October 26, 2023 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 September 30, 2023

[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 Brokerage Holding Limited | 1 | 10,207,982 | 51.00 |
| Mr. Khalid Raiz | 1 | 2,000,000 | 9.99 |
| Ms. Sadaf Farid | 1 | 1,066,001 | 5.33 |

| CHANGES IN SHAREHOLDINGS HOLDING ABOVE 5% | | | |
|---|-------------------------------------|--|----------|
| Names | Holding Balance as at June 30, 2023 | Holding Balance as at September 30, 2023 | Changes |
| EFG-Hermes Brokerage Holding Limited | 10,207,982 | 10,207,982 | - |
| Mr. Khalid Raiz | 2,000,000 | 2,000,000 | - |
| Ms. Sadaf Farid | 1,088,001 | 1,066,001 | (22,000) |

WWW.EFGHERMES.COM



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