

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 a large, modern architectural structure with three prominent, pointed, metallic spires. The spires are filled with intricate, patterned glass or metalwork. The structure is set against a clear, light blue sky. In the foreground, there is a paved plaza with a circular, metallic, sun-like sculpture. A few people are visible walking in the distance.

EXPERIENCE  
FOCUS  
GROWTH

**2022**  
Nine Month Report September 30

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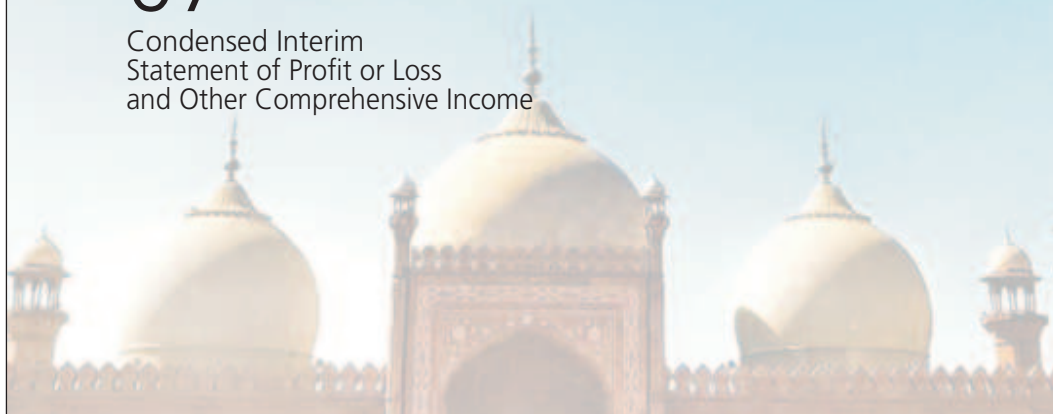
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# Company Information

## 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 (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](http://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, 2022.

#### Performance Review

During the third quarter ended September 30, 2022, the Company earned operating revenues of Rs. 51.96 million as compared to Rs. 60.11 million for the same period during last year. The Company posted before and after tax loss Rs. (24.60) and Rs. (28.72) million respectively compared to before and after tax profit 8.53 million and Rs. 4.72 million respectively for the corresponding period. During the quarter, the loss per share for the quarter stood at Rs. (1.43) compared to earnings per share Rs. 0.24 for the corresponding period.

For the nine months ended September 30, 2022, the Company earned operating revenues of Rs. 153.87 million compared to Rs. 198.94 million for the corresponding period. The Company posted before and after tax loss of Rs. (55.50) million and Rs. (67.78) million respectively compared to before and after tax profit of Rs. 45.22 million and of Rs. 30.33 million for the same period last year. The loss per share for the nine months stood at Rs. (3.39) compared to earnings per share Rs. 1.52 for the corresponding period.

The main reason for the decrease in revenue and earnings in the review period compared to the last corresponding period is due to the decrease in overall market volumes. Further, it is expected that the volumes in the near term will remain depressed given high interest rates and political instability.

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 , 2022



**Director**

## 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 تیسری سہ ماہی اور نو ماہ 30 ستمبر 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 ستمبر 2022 کو ختم ہونے والی تیسری سہ ماہی کے دوران کمپنی نے آپریٹنگ آمدنی کی مدد میں 51.96 ملین روپے کمائے جبکہ گزشتہ سال اسی مدت کے دوران 60.11 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (24.60) ملین روپے اور (28.72) ملین روپے ہے جبکہ گزشتہ سال مذکورہ مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس منافع بالترتیب 8.53 ملین روپے اور 4.72 ملین روپے تھا۔ اس سہ ماہی کے دوران فی حصص خسارہ (1.43) روپے اور مقابلتا گزشتہ سال اسی عرصہ کے دوران منافع فی حصص 0.24 روپے تھا۔

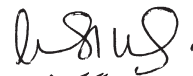
نو ماہ 30 ستمبر 2022 کے اختتام پر کمپنی نے آپریٹنگ آمدنی کی مدد میں 153.87 ملین روپے کمائے جبکہ گزشتہ سال اسی مدت کے دوران 198.94 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان (55.50) ملین روپے اور (67.78) ملین روپے ہے جبکہ گزشتہ سال اسی مدت کے دوران قبل از ٹیکس منافع 45.22 ملین روپے اور بعد از ٹیکس منافع 30.33 ملین روپے تھا۔ نو ماہ کی مدت کے دوران فی حصص خسارہ (3.39) روپے مقابلتا گزشتہ سال اسی عرصہ کے دوران فی حصص آمدن 1.52 روپے تھا۔

گزشتہ سال مذکورہ مدت کے مقابلہ میں اس سال اس مدت کے دوران آمدنی اور کمائی میں کمی مارکیٹ کے مجموعی حجم میں کمی کے سبب ہوئی۔ مزید، یہ کہ مستقبل قریب میں زیادہ شرح سود اور سیاسی عدم استحکام کی وجہ سے حجم میں کمی برقرار رہنے کی توقع ہے۔

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

منجانب بورڈ آف ڈائریکٹرز

  
ڈائریکٹر

  
چیف ایگزیکٹو آفیسر

تاریخ: 26 اکتوبر 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 September 30, 2022 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 Shahid Kamran.

*RAS Gohar & Co.*

**Chartered Accountants**

October 26, 2022  
Karachi:

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

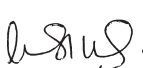
5-Nasim C.H.S., Major Nazir Bhatti Road, Off: Shaheed-e-Millat Road, Karachi.  
Tel: (92-21) 34945427, 34931736, Email: rasgkhi@rasgco.com,  
Website: www.rasgco.com  
Regional Offices at Lahore & Islamabad



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

		<u>Un-audited</u> <u>September</u> <u>30, 2022</u>	<u>Audited</u> <u>December</u> <u>31, 2021</u>
<b>ASSETS</b>	<b>Note</b>	<b>Rupees</b>	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	<b>24,531,360</b>	27,583,742
Intangible assets		<b>4,277,913</b>	4,470,523
Long-term investments	6	<b>23,789,087</b>	30,040,604
Long-term deposits		<b>550,000</b>	550,000
		<b>53,148,360</b>	62,644,869
<b>CURRENT ASSETS</b>			
Trade debts	7	<b>9,552,998</b>	10,780,607
Short-term investments		<b>887,231,795</b>	810,595,565
Advances, deposits, prepayments and other receivables		<b>105,560,520</b>	150,459,284
Advance tax - net		<b>33,064,175</b>	41,238,915
Receivable under margin finance		<b>88,318,476</b>	79,912,736
Cash and bank balances	8	<b>127,093,799</b>	161,062,880
		<b>1,250,821,763</b>	1,254,049,987
<b>TOTAL ASSETS</b>		<b>1,303,970,123</b>	1,316,694,856
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital 100,000,000 (December 31, 2021: 100,000,000) ordinary shares of Rs.10/- each		<b>1,000,000,000</b>	1,000,000,000
Issued, subscribed and paid-up capital		<b>200,156,500</b>	200,156,500
<b>RESERVES</b>			
Revenue reserve - accumulated loss		<b>(112,790,176)</b>	(45,011,358)
Contribution from a related party	9	<b>117,824,905</b>	-
Gain on re-measurement of investment at FVOCI - net		<b>1,757,646</b>	8,009,163
		<b>206,948,875</b>	163,154,305
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan		<b>825,000,000</b>	825,000,000
<b>CURRENT LIABILITIES</b>			
Short-term running finance	10	<b>47,607,992</b>	-
Trade and other payables		<b>213,329,712</b>	317,453,639
Unclaimed dividend		<b>11,083,544</b>	11,086,912
		<b>272,021,248</b>	328,540,551
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,303,970,123</b>	1,316,694,856

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

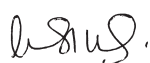
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**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (UN-AUDITED)**

FOR THE NINE MONTHS AND THIRD QUARTER ENDED SEPTEMBER 30, 2022

	Note	Nine Months Ended		Third Quarter Ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
		Rupees		Rupees	
<b>OPERATING REVENUES</b>					
Operating revenues	12	93,625,487	181,127,422	30,517,084	53,708,504
Gain on sale of investments-net		60,247,020	17,814,926	21,442,226	6,402,935
		153,872,507	198,942,348	51,959,310	60,111,439
<b>EXPENDITURES</b>					
Administrative and general expenses		(143,614,892)	(138,383,274)	(53,467,028)	(43,186,949)
Operating profit / (loss)		10,257,615	60,559,074	(1,507,718)	16,924,490
(Other charges) / other income - net		(12,685,310)	(2,118,698)	(3,979,203)	(4,799,832)
Income on margin finance		6,295,475	10,682,895	2,167,597	6,021,061
Financial charges		(78,227,843)	(26,565,647)	(32,059,189)	(9,956,507)
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net		18,861,715	2,659,195	10,780,555	340,340
		(65,755,963)	(15,342,255)	(23,090,240)	(8,394,938)
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		<b>(55,498,348)</b>	45,216,819	<b>(24,597,958)</b>	8,529,552
<b>TAXATION</b>		<b>(12,280,470)</b>	(14,887,065)	<b>(4,120,154)</b>	(3,806,470)
<b>(LOSS) / PROFIT AFTER TAXATION</b>		<b>(67,778,818)</b>	30,329,754	<b>(28,718,112)</b>	4,723,082
<b>OTHER COMPREHENSIVE INCOME</b>					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
(Loss) / gain on re-measurement of investments categorised as 'fair value through other comprehensive income'		(6,251,517)	5,514,159	(609,122)	(6,491,959)
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD</b>		<b>(74,030,335)</b>	35,843,913	<b>(29,327,234)</b>	(1,768,877)
Earnings per share - basic and diluted		(3.39)	1.52	(1.43)	0.24

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

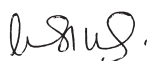
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**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Nine Months Ended	
	September 30, 2022	September 30, 2021
	----- Rupees -----	
<b>Cash Flows From Operating Activities</b>		
(Loss) / profit before taxation	(55,498,348)	45,216,819
<b>Adjustments for:</b>		
Depreciation	3,844,407	3,830,478
Amortisation	192,610	288,903
Financial charges	78,227,843	26,565,647
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net	(18,861,715)	(2,659,195)
Loss / (gain) on disposal of property, plant and equipment - net	9,180	(7,699)
	<u>63,412,325</u>	<u>28,018,134</u>
Profit before working capital changes	7,913,977	73,234,953
<b>Changes in working capital</b>		
<b>Decrease / (increase) in current assets</b>		
Trade debts - unsecured	1,227,609	(5,630,092)
Short-term investments	(57,774,515)	5,453,140
Advances, deposits, prepayments and other receivables	44,898,764	(117,324,121)
Receivable under margin finance	(8,405,740)	(128,779,567)
	<u>(20,053,882)</u>	<u>(246,280,640)</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(25,607,678)	(12,876,793)
Unclaimed dividend	(3,368)	(116,768)
Cash used in operations	<u>(37,750,951)</u>	<u>(186,039,248)</u>
Income tax paid	(4,105,731)	(5,951,995)
Financial charges paid	(38,919,186)	(23,544,164)
Net cash used in operating activities	<u>(80,775,868)</u>	<u>(215,535,407)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(899,705)	(3,763,925)
Proceeds from disposal of property, plant and equipment	98,500	55,000
Net cash used in investing activities	<u>(801,205)</u>	<u>(3,708,925)</u>
<b>Cash Flows From Financing Activities</b>	-	-
Net (decrease) in cash and cash equivalents	<u>(81,577,073)</u>	<u>(219,244,332)</u>
Cash and cash equivalents at the beginning of the period	<u>161,062,880</u>	<u>118,355,954</u>
Cash and cash equivalents at the end of the period	<u>79,485,807</u>	<u>(100,888,378)</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



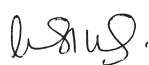
CHIEF FINANCIAL OFFICER

Nine Month Report 2022

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Share Capital	Revenue reserve - accumulated loss	Contribution from a related party (Note 9)	Gain on re-measurement of investments at 'FVOCI'	Total
----- Rupees -----					
<b>Balance as at December 31, 2020</b>	200,156,500	(73,897,874)	-	9,724,322	135,982,948
Profit for the nine months ended September 30, 2021	-	30,329,754	-	-	30,329,754
Other comprehensive income for the nine months ended September 30, 2021	-	-	-	5,514,159	5,514,159
<b>Balance as at September 30, 2021</b>	200,156,500	(43,568,120)	-	15,238,481	171,826,861
Loss for the fourth quarter ended December 31, 2021	-	(1,443,238)	-	-	(1,443,238)
Other comprehensive loss for the fourth quarter ended December 31, 2021	-	-	-	(7,229,318)	(7,229,318)
<b>Balance as at December 31, 2021</b>	<b>200,156,500</b>	<b>(45,011,358)</b>	<b>-</b>	<b>8,009,163</b>	<b>163,154,305</b>
Loss for the nine months ended September 30, 2022	-	<b>(67,778,818)</b>	-	-	<b>(67,778,818)</b>
Contribution from a related party	-	-	<b>117,824,905</b>	-	<b>117,824,905</b>
Other comprehensive loss for the nine months ended September 30, 2022	-	-	-	<b>(6,251,517)</b>	<b>(6,251,517)</b>
<b>Balance as at September 30, 2022</b>	<b>200,156,500</b>	<b>(112,790,176)</b>	<b>117,824,905</b>	<b>1,757,646</b>	<b>206,948,875</b>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Nine Month Report 2022

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**

FOR THE NINE MONTHS AND THIRD QUARTER ENDED SEPTEMBER 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 September 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:

	<b>Standard or Interpretation</b>	<b>Effective Date (accounting periods beginning on or after)</b>
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, 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.

	<u>Un-audited September 30, 2022</u>	<u>Audited December 31, 2021</u>
	----- Rupees -----	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>		
Opening book value	<b>27,583,742</b>	27,463,364
Add: Additions during the period - own	<b>899,705</b>	5,984,193
Less: Disposals during the period (at book value)	<b>(107,680)</b>	(545,418)
Depreciation charged during the period	<b>(3,844,407)</b>	(5,318,397)
	<b>(3,952,087)</b>	(5,863,815)
Closing book value	<u><b>24,531,360</b></u>	<u>27,583,742</u>
<b>6 LONG-TERM INVESTMENTS</b>	<b>Note</b>	
At FVOCI	6.1	<b>15,789,087</b>
At amortized cost	6.1	<b>8,000,000</b>
		<u><b>23,789,087</b></u>

#### 6.1 Description of investments are as follows:

30-Sep-22	31-Dec-21			30-Sep-22	31-Dec-21
Number of Shares	Name of Investee Companies	Note		Cost	Carrying Value
				Cost	Carrying Value
				----- Rupees -----	
<b>1,602,953</b>	1,602,953	Pakistan Stock Exchange Ltd.	6.2	<b>14,031,433</b>	<b>15,789,087</b>
<b>843,975</b>	843,975	LSE Financial Services Ltd.	6.3	<b>8,000,000</b>	<b>8,000,000</b>
				<u><b>22,031,433</b></u>	<u><b>23,789,087</b></u>
				14,031,433	22,040,604
				8,000,000	8,000,000
				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. 9.85 (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>September</u> <u>30, 2022</u>	<u>Audited</u> <u>December</u> <u>31, 2021</u>
	----- Rupees -----	

**7 TRADE DEBTS - UNSECURED**

Trade debts - net	<u>9,552,998</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>September</u> <u>30, 2022</u>	<u>Audited</u> <u>December</u> <u>31, 2021</u>
Note	----- Rupees -----	

**7.1 Aging analysis:**

Within 360 days	<b>9,306,087</b>	10,844,150
Above 360 days	<b>1,907,135</b>	1,596,681
Allowance for impairment of trade debts	<u><b>(1,660,224)</b></u>	<u>(1,660,224)</u>
	<u><b>9,552,998</b></u>	<u>10,780,607</u>

**8 CASH AND BANK BALANCES**

Cash in hand	<b>50,000</b>	50,000
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Cash at banks

- in deposit accounts	8.1 <b>11,189,092</b>	11,237,227
- in current accounts - pertaining to brokerage house	<b>4,423,964</b>	3,535,855
- in current accounts - pertaining to clients	<b>111,430,743</b>	146,239,798
	<u><b>127,043,799</b></u>	<u>161,012,880</u>
	<u><b>127,093,799</b></u>	<u>161,062,880</u>

**8.1** These carry mark-up at the rate of 13.50% (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 September 30, 2022 is Rs. 4,141 million (December 31, 2021 : Rs. 1,362 million).

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

**9 CONTRIBUTION FROM A RELATED PARTY**

EFG-Hermes Frontier Holding LLC	9.1 <u><b>117,824,905</b></u>	<u>-</u>
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9.1 The Company has entered into an agreement with its Parent Company to restructure its intercompany liability as at September 20, 2022 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, 2022</u>	<u>Audited</u> <u>December</u> <u>31, 2021</u>
Note		Rupees	

#### 10 SHORT - TERM RUNNING FINANCE - Secured

Habib Bank Limited	10.1	<u>47,607,992</u>	-
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- 10.1** 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').

#### 11 CONTINGENCIES AND COMMITMENTS

- 11.1** There are no significant changes in contingent liabilities since the date of financial statements for the year ended December 31, 2021 except as follows,
- 11.2** 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 has filed an appeal in the Appellate Tribunal against the order of the Commissioner (Appeals). The management is confident that the eventual outcome of the matter will be decided in favour of the Company.
- 11.3** 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 case has been disposed off by the Commissioner on September 21, 2022 in favour of the company, all the demands from commissioner had been deleted except for an amount of Rs. 85,843, no provision has been made in this regards. Company is in process of filing an appeal before the Appellate Tribunal against the above order. The management is confident that the eventual outcome of the matter will be decided in favour of the Company.

	<u>Un-audited</u> <u>September</u> <u>30, 2022</u>	<u>Un-audited</u> <u>September</u> <u>30, 2021</u>
12 OPERATING REVENUES	Rupees	
Equity brokerage income	<u>92,566,543</u>	181,111,340
Fee and commission	<u>975</u>	11,582
Dividend income	<u>1,057,969</u>	4,500
	<u>93,625,487</u>	<u>181,127,422</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, 2022</u>	<u>Un-audited</u> <u>September</u> <u>30, 2021</u>
	----- Rupees -----	
<b>Brokerage income earned from:</b>		
Directors	<u>772,209</u>	<u>1,729,810</u>
Employees	<u>33,333</u>	<u>176,915</u>
Associate	<u>910,359</u>	<u>2,294,975</u>
<b>Transactions</b>		
Contribution to employees provident fund	<u>2,620,042</u>	<u>2,608,417</u>
Salaries and remuneration to Chief Executive Officer	<u>11,490,834</u>	<u>10,678,534</u>
Fee to Non-Executive Director (Independent)	<u>150,000</u>	<u>275,000</u>
<b>Balances</b>		
Payable to directors in their shares trading accounts	<u>175,681</u>	<u>11,892</u>
Payable to employees in their shares trading account	<u>106,267</u>	<u>668,212</u>
Receivable from directors in their shares trading accounts	<u>384,506</u>	<u>1,194,677</u>
Receivables from employees in their shares trading account	<u>1,269</u>	<u>670</u>
<b>Balances of the holding company</b>		
Payable to EFG Hermes Frontier Holdings LLC	<u>2,434,069</u>	<u>67,293,318</u>
Contribution from a related party	<u>117,824,905</u>	<u>-</u>
<b>Balances of associates</b>		
Payable to Financial Brokerage Group	<u>19,389,976</u>	<u>19,483,134</u>

#### 14 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The company has been conducting its business with all necessary standard operating procedure (SOPs). Hence, the operations of the Company were not 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.



**15 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements have been authorized for issue on October 26, 2022 by the Board of Directors of the Company.

**16 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.



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**CHIEF EXECUTIVE OFFICER**

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**DIRECTOR**

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**CHIEF FINANCIAL OFFICER**

## PATTERN OF SHAREHOLDING

As on September 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	2,000,000	9.99
Ms. Sadaf Farid	1	1,088,001	5.44

CHANGES IN SHAREHOLDINGS HOLDING ABOVE 5%			
Names	Holding Balance as at June 30, 2022	Holding Balance as at September 30, 2022	Changes
EFG-Hermes Frontiers Holdings LLC	10,207,982	10,207,982	-
Mr. Khalid Raiz	2,063,500	2,000,000	(63,500)
Ms. Sadaf Farid	1,088,001	1,088,001	-



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