

 **EFG Hermes**

**RISING ABOVE
ALL CHALLENGES**

**HALF YEAR REPORT
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 Boulevard,
Gulberg, Lahore, Pakistan

Website

www.efghermespakistan.com



Directors' Review

BEGIN IN THE NAME OF ALLAH THE MOST GRACIOUS AND MERCIFUL

Dear Member(s)
Assalam-o-Alykum!

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, 2023. These condensed interim financial statements have been reviewed by the external auditors of the Company.

Performance Review

During the second quarter ended June 30, 2023, the Company earned operating revenues of Rs.69.841 million as compared to Rs. 56.425 million for the same period last year. The Company earned before and after tax losses of Rs. (30.535) million and Rs. (38.977) million respectively compared to before and after tax losses of Rs. (23.244) million and Rs. (28.134) million respectively for the corresponding period. Loss per share for the quarter stood at Rs. (1.95) compared to loss per share of Rs. (1.41) for the corresponding period.

For the half year ended June 30, 2023, the Company earned operating revenues of Rs. 110.498 million as compared to Rs. 101.913 million for the corresponding period. The Company earned before and after tax losses Rs. (53.434) million and Rs. (64.915) million respectively as compared to before and after tax losses Rs. (30.90) million and Rs. (39.06) million respectively for the same period during last year. Loss per share for the half year is Rs. (3.24) as compared to loss per share of Rs. (1.95) for the corresponding period.

The decline in operating 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 helped by greater participation from local institutions.

In Second Quarter 2023, the KSE100 index rose 3.6% compared with a decrease of 1.0% in First Quarter 2023 and a steep decline of 7.5% in corresponding period last year. The overall market liquidity fell to ADVT USD16mn in the second quarter 2023, which is 57% lower than 2022 ADVT of USD37mn. The decline in market activity was led by elevated political and economic uncertainty in particular, the prolonged delay in reviving the stalled IMF programme, which however came through at the end of the quarter.

CHIEF EXECUTIVE OFFICER
Karachi, August 23, 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 نصف سال 30 جون 2023 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 2023 کو ختم ہونے والی دوسری سہ ماہی کے دوران کمپنی نے آپریشنل آمدنی کی مد میں 69.841 ملین روپے کمائے جبکہ گزشتہ سال اسی مدت کے دوران 56.425 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (30.535) ملین روپے اور (38.977) ملین روپے ہے جبکہ گزشتہ سال مذکورہ مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (23.244) ملین روپے اور (28.134) ملین روپے تھا۔ اس سہ ماہی کے دوران فی حصص خسارہ (1.95) روپے اور مقابلہ گزشتہ سال اسی عرصہ کے دوران فی حصص خسارہ (1.41) روپے تھا۔

نصف سال 30 جون 2023 کے اختتام پر کمپنی نے آپریشنل آمدنی کی مد میں 110.498 ملین روپے کمائے جبکہ گزشتہ سال اسی مدت کے دوران 101.913 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان (53.434) ملین روپے اور (64.915) ملین روپے ہے جبکہ گزشتہ سال اسی مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (30.90) ملین روپے اور (39.06) ملین روپے تھا۔ نصف سال کی مدت کے دوران فی حصص خسارہ (3.24) روپے مقابلہ گزشتہ سال اسی مدت کے دوران فی حصص خسارہ (1.95) روپے تھا۔


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 اس سال مقامی اداروں کی زیادہ سے زیادہ شرکت کی مدد سے اپنے مارکیٹ شیئر کو بہتر کیا۔


دوسری سہ ماہی 2023 میں، KSE100 انڈیکس میں 3.6 فیصد اضافہ ہوا جبکہ پہلی سہ ماہی 2023 میں 1.0 فیصد اور گزشتہ سال اسی مدت میں 7.5 فیصد کمی ہوئی۔ دوسری سہ ماہی 2023 میں مارکیٹ کی مجموعی کیلویٹی ADVT 16 ملین امریکی ڈالر تک گرنے لگی، جو کہ 2022 کے ADVT 37 ملین امریکی ڈالر سے 57 فیصد کم ہے۔ مارکیٹ کی سرگرمیوں میں کمی سیاسی اور معاشی غیر یقینی کی وجہ سے رہی، خاص طور پر، طویل عرصے سے تاخیر میں رکے ہوئے آئی ایم ایف پروگرام کی بحالی، جو کہ سہ ماہی کے آخر میں مکمل ہوئی۔

اس سہ ماہی میں پیش آنے والے خاص واقعات: (1) IMF کی جانب سے پاکستان کے ساتھ نو ماہی (SBA) پروگرام کے لئے 3 ارب امریکی ڈالر کی رضامندی (2)۔ مالی سال 2024 کے بجٹ کا اعلان کیا گیا جس میں IMF کی ایما پر کارپوریشن کیلچر پر 10 فیصد سہولتیں، جبکہ ایک نظر ثانی شدہ وژن میں ذاتی اہم ٹیکس کی شرحوں میں اضافہ اور مختلف صنعتوں پر اضافی ٹیکس عائد کیا۔ (3)۔ اسٹیٹ بینک نے پالیسی شرح 100bps بڑھا کر 22 فیصد تک کر دی۔

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: 23 اگست 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 June 30, 2023 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 Muhammad Ali Rafique.



Chartered Accountants

Karachi : August 23, 2023

UDIN : RR202310098WEkHgJO4C

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, 2023



		<u>Un-audited</u> <u>June</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	50,153,471	25,889,722
Intangible assets		4,128,099	4,213,709
Long-term investments	6	20,868,670	20,951,860
Long-term deposits		<u>550,000</u>	<u>550,000</u>
		75,700,240	51,605,291
CURRENT ASSETS			
Trade debts	7	19,161,573	12,439,476
Short-term investments		781,984,410	818,932,475
Advances, deposits, prepayments and other receivables		70,196,845	57,890,487
Advance tax - net		21,633,341	31,116,024
Receivable under margin finance		84,791,641	113,991,656
Cash and bank balances	8	<u>63,384,108</u>	<u>102,558,998</u>
		<u>1,041,151,918</u>	<u>1,136,929,116</u>
TOTAL ASSETS		<u>1,116,852,158</u>	<u>1,188,534,407</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 (December 31, 2022: 100,000,000) ordinary shares of Rs.10/- each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital		200,156,500	200,156,500
Revenue reserve - accumulated loss		(211,841,244)	(146,925,811)
Capital reserve - Loss on re-measurement of investments		(1,162,771)	(1,079,581)
Contribution from a related party	9	<u>117,824,905</u>	<u>117,824,905</u>
		104,977,390	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		175,804,592	180,145,255
Unclaimed dividend		<u>11,070,176</u>	<u>11,079,753</u>
		186,874,768	193,558,394
CONTINGENCIES AND COMMITMENTS			
	11	-	-
TOTAL EQUITY AND LIABILITIES		<u>1,116,852,158</u>	<u>1,188,534,407</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



Condensed Interim Statement of Profit or Loss and other Comprehensive Income (Un-audited)

FOR THE HALF YEAR AND SECOND QUARTER ENDED JUNE 30, 2023

	Note	Half Year Ended		Second Quarter Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		Rupees		Rupees	
OPERATING REVENUES					
Operating revenues	12	53,279,831	63,108,403	22,560,078	30,041,316
Gain on sale of investments-net		57,218,652	38,804,793	47,281,103	26,384,042
		110,498,483	101,913,197	69,841,181	56,425,358
EXPENDITURES					
Administrative and general expenses		(116,119,691)	(90,147,864)	(60,020,003)	(46,431,845)
Operating (loss) / profit		(5,621,208)	11,765,333	9,821,178	9,993,513
Other (charges)/ other income - net		(552,971)	(8,706,107)	1,878,419	(8,034,724)
Income on margin finance		11,624,725	4,127,878	6,047,868	1,704,300
Financial charges		(74,747,811)	(46,168,654)	(41,693,768)	(26,932,111)
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net		15,862,990	8,081,160	(6,589,090)	24,801
		(47,813,067)	(42,665,723)	(40,356,571)	(33,237,734)
LOSS BEFORE TAXATION		(53,434,275)	(30,900,390)	(30,535,393)	(23,244,221)
TAXATION		(11,481,158)	(8,160,316)	(8,441,767)	(4,889,400)
LOSS AFTER TAXATION		(64,915,433)	(39,060,706)	(38,977,160)	(28,133,621)
OTHER COMPREHENSIVE INCOME					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Loss on re-measurement of investment categorised as 'fair value through other comprehensive income'		(83,190)	(5,642,395)	(612,165)	(3,847,087)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(64,998,623)	(44,703,101)	(39,589,325)	(31,980,708)
Loss per share - basic and diluted		(3.24)	(1.95)	(1.95)	(1.41)

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 Flow (Un-audited)

FOR THE HALF YEAR ENDED JUNE 30, 2023



	Half Year Ended	
	June 30, 2023	June 30, 2022
	----- Rupees -----	
Cash Flows From Operating Activities		
Loss before taxation	(53,434,275)	(30,900,390)
Adjustments for:		
Depreciation	3,285,750	2,538,450
Amortisation	85,610	128,407
Financial charges	74,747,811	46,168,654
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net	(15,862,990)	(8,081,160)
Loss on disposal of property, plant and equipment	-	18,380
Profit before working capital changes	62,256,181	40,772,731
	8,821,906	9,872,341
Changes in working capital		
Decrease / (increase) in current assets		
Trade debts - unsecured	(6,722,097)	2,440,676
Short-term investments	52,811,055	(51,881,070)
Advances, deposits, prepayments and other receivables	(12,306,358)	55,689,838
Receivable under margin finance	29,200,015	33,114,230
	62,982,615	39,363,674
Increase / (decrease) in current liabilities		
Trade and other payables	(11,873,633)	(32,023,345)
Unclaimed dividend	(9,577)	-
Cash generated from operations	59,921,311	17,212,670
Income tax paid	(1,998,475)	(3,027,535)
Financial charges paid	(67,214,841)	(38,867,855)
Net cash used in operating activities	(9,292,005)	(24,682,720)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(27,549,499)	(899,705)
Proceeds from disposal of property, plant and equipment	-	11,400
Net cash used in investing activities	(27,549,499)	(888,305)
Cash Flows From Financing Activities		
Net decrease in cash and cash equivalents	(36,841,504)	(25,571,025)
Cash and cash equivalents at the beginning of the period	100,225,612	161,062,880
Cash and cash equivalents at the end of the period	63,384,108	135,491,855

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



Condensed Interim Statement of Changes in Equity (Un-audited) FOR THE HALF YEAR ENDED JUNE 30, 2023

	Share Capital	Revenue reserve Accumulated loss	Contribution from a related party (Note 9)	Capital reserve Gain / (loss) on re-measurement of Investments at 'FVOCI'	Total
	----- Rupees -----				
Balance as at December 31, 2021	200,156,500	(45,011,358)	-	8,009,163	163,154,305
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	200,156,500	(84,072,064)	-	2,366,768	118,451,204
Loss for the half year ended December 31, 2022	-	(62,853,747)	-	-	(62,853,747)
Contribution from a related party	-	-	117,824,905	-	117,824,905
Other comprehensive loss for the half year ended December 31, 2022	-	-	-	(3,446,349)	(3,446,349)
Balance as at December 31, 2022	200,156,500	(146,925,811)	117,824,905	(1,079,581)	169,976,013
Loss for the half year ended June 30, 2023	-	(64,915,433)	-	-	(64,915,433)
Other comprehensive loss for the half year ended June 30, 2023	-	-	-	(83,190)	(83,190)
Balance as at June 30, 2023	200,156,500	(211,841,244)	117,824,905	(1,162,771)	104,977,390

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, 2023

1 STATUS AND NATURE OF BUSINESS

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

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

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

An Entity has submitted a public announcement of intention to purchase at least 51% shares of the Company, which has been duly communicated to Pakistan Stock Exchange through letter dated February 15, 2023 as "Disclosure of Material Information".

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 June 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 June 30, 2023	Audited December 31, 2022
		Rupees	
Opening book value		25,889,722	27,583,742
Add: Additions during the period - own		27,549,499	3,649,919
Less: Disposals during the period (at book value)		-	(107,680)
Depreciation charged during the period		(3,285,750)	(5,236,259)
		(3,285,750)	(5,343,939)
Closing book value		<u>50,153,471</u>	<u>25,889,722</u>
6 LONG-TERM INVESTMENTS			
At FVOCI	6.1	20,868,670	12,951,860
At amortized cost		-	8,000,000
		<u>20,868,670</u>	<u>20,951,860</u>

6.1 Description of investments are as follows:

30-Jun-23	31-Dec-22		Note	30-Jun-23	31-Dec-22
Number of Shares	Number of Shares	Name of Investee Companies		Cost	Carrying Value
				Rupees	
1,602,953	1,602,953	Pakistan Stock Exchange Ltd.	6.2	14,031,441	11,861,852
-	843,975	LSE Financial Services Ltd.	6.3	-	8,000,000
295,536	-	LSE Proptech Limited	6.4	2,076,950	1,421,528
842,810	-	LSE Ventures Limited	6.4	5,923,050	7,585,290
				<u>22,031,441</u>	<u>20,868,670</u>
				22,031,441	20,951,860

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. 7.40 (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 842,810 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. 4.81 and Rs. 9.00 as at reporting date



	<u>Un-audited</u> <u>June</u> <u>30, 2023</u>	<u>Audited</u> <u>December</u> <u>31, 2022</u>
	----- Rupees -----	

7 TRADE DEBTS - UNSECURED

Trade debts - net	<u>19,161,573</u>	<u>12,439,476</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, 2023</u>	<u>Audited</u> <u>December</u> <u>31, 2022</u>
Aging analysis:	----- Rupees -----	
Within 360 days	<u>19,108,426</u>	12,505,865
Above 360 days	<u>1,713,371</u>	1,593,835
Allowance for impairment of trade debts	<u>(1,660,224)</u>	(1,660,224)
	<u>19,161,573</u>	<u>12,439,476</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>11,873,483</u>	<u>11,303,046</u>
- in current accounts - pertaining to brokerage house	<u>1,689,071</u>	<u>2,010,603</u>
- in current accounts - pertaining to clients	<u>49,771,554</u>	<u>89,195,349</u>
	<u>63,334,108</u>	<u>102,508,998</u>
	<u>63,384,108</u>	<u>102,558,998</u>

8.1 These carry mark-up ranging from 13.50% to 19.50% (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 June 30, 2023 is Rs. 1,516 million (December 31, 2022 : Rs. 1,553 million).

	<u>Un-audited</u> <u>June</u> <u>30, 2023</u>	<u>Audited</u> <u>December</u> <u>31, 2022</u>
	----- Rupees -----	

9 CONTRIBUTION FROM A RELATED PARTY

EFG-Hermes Brokrage Holding (Formerly EFG-Hermes Frontier Holding LLC)	9.1 <u>117,824,905</u>	<u>117,824,905</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.

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

Habib Bank Limited	10.1 <u>-</u>	<u>2,333,386</u>
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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 Holding 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>June</u> <u>30, 2023</u>	<u>Un-audited</u> <u>June</u> <u>30, 2022</u>
	----- Rupees -----	
Equity brokerage income	53,279,831	62,471,447
Fee and commission	-	975
Dividend income	-	635,981
	<u>53,279,831</u>	<u>63,108,403</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>June</u> <u>30, 2023</u>	<u>Un-audited</u> <u>June</u> <u>30, 2022</u>
	----- Rupees -----	
Brokerage income earned from:		
Directors	<u>189,259</u>	<u>659,837</u>
Employees	<u>150</u>	<u>1,318</u>
Associate	<u>1,651,474</u>	<u>824,204</u>
Transactions		
Contribution to employees provident fund	<u>1,989,005</u>	<u>1,730,579</u>
Salaries and remuneration to Chief Executive Officer	<u>7,968,666</u>	<u>8,647,803</u>
Fee to Non-Executive Director (Independent)	<u>100,000</u>	<u>50,000</u>
Balances		
Payable to directors in their shares trading accounts	<u>196,026</u>	<u>123,907</u>
Payable to employees in their shares trading account	<u>16,771</u>	<u>41,891</u>
Receivable from directors in their shares trading accounts	<u>986,696</u>	<u>-</u>
Receivables from employees in their shares trading account	<u>967</u>	<u>1,624</u>



	<u>Un-audited June 30, 2023</u>	<u>Un-audited June 30, 2022</u>
Balances of the holding company	----- Rupees -----	
Payable to EFG-Hermes Brokrage Holding (Formely EFG Hermes Frontier Holdings LLC)	<u>41,339,463</u>	<u>107,292,479</u>
	<u>117,824,905</u>	<u>-</u>
Balances of associates		
Payable to Financial Brokerage Group	<u>19,389,976</u>	<u>19,389,976</u>

14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on August 23, 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 June 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 Brokrage Holding (Formely EFG Hermes Frontier Holdings LLC)	1	10,207,982	51.00
Mr. Khalid Riaz	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 March 31 2023	Holding Balance as at June 30 2023	Changes
EFG-Hermes Brokrage Holding (Formely EFG Hermes Frontier Holdings LLC)	10,207,982	10,207,982	-
Mr. Khalid Riaz	2,000,000	2,000,000	-
Ms. Sadaf Farid	1,088,001	1,088,001	-

WWW.EFGHERMES.COM

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