

ANNUAL REPORT 2018



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Company Information

<u>Board of Directors</u>	<p>Mr. Murad Ansari - Chairman Mr. Ahmed Youssef - Director Mr. Mohamed Ebeid - Director Mr. Mohamed Abdel Khabir - Director Mr. Fayyaz Ilyas - Director Mr. Hayat Javed - Director Mr. Safdar Mummunka - Director Mr. Haroon Askari - Director (resigned on December 24, 2018) Mr. Muhammad Yousuf - Director Ms. Sarah Maja - Director Mr. Freyan Avari - Director Mr. Ahmed El Khamissy - Director Mr. Johannes Gunnell - Director Mr. Muzzammil Aslam - CEO (resigned on Sept. 30, 2018) Mr. Shahid Kamal - Acting CEO</p>
<u>Audit Committee:</u>	<p>Mr. Johannes Gunnell - Chairman Mr. Fayyaz Ilyas - Member Mr. Ahmed El Khamissy - Member Mr. Haroon Askari - Member (resigned on December 24, 2018)</p>
<u>HR & R Committee</u>	<p>Mr. Freyan Avari - Chairman Mr. Mohamed Ebeid - Member Mr. Hayat Javed - Member Mr. Muzzammil Aslam - Member (resigned on Sept. 30, 2018)</p>
<u>Company Secretary</u>	Mr. Shahid Kamal
<u>Chief Financial Officer</u>	Mr. Ahmad Zakir Hafeez
<u>Auditors</u>	<p>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.</p>
<u>Legal Advisor</u>	<p>Qazi Umair Ali Hafeez Pirzada Law Associates, 7-A, First Sunset Street DHA Phase II, Karachi, Pakistan.</p>
<u>Share Registrar</u>	<p>M/s. F. D. Registrar Services (SMC-Pvt.) Limited Office No. 1705-A, 17th Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi, Pakistan.</p>
<u>Bankers</u>	<p>MCB Bank Limited Bank Alfalah Limited Askari Bank Limited United Bank Limited Allied Bank Limited Bank Al Habib Limited Bankislami Pakistan Limited Habib Metropolitan Bank Limited Standard Chartered Bank Limited Habib Bank Limited JS Bank Limited Meezan Bank Limited</p>
<u>Registered Office</u>	<p>Office No. 904, 9th Floor, Emerald Tower, Plot No. G-19, Block-5, Clifton, Karachi, Pakistan</p>
<u>Lahore Branch</u>	<p>319 Siddiq Trade Centre, 72 Main Boulverad, Gulberg, Lahore, Pakistan</p>
<u>Website</u>	www.efghermespakistan.com

Our vision

is to develop EFG Hermes Pakistan on a professional basis – stemming from EFG Hermes' guiding principles in order to become the leading market player in the financial services sector and a valued contributor in the development of financial markets. We seek to create and maximize stakeholders' value by constantly trying to remain ahead of the market's perspective. We aim to work as a partner to help in attaining the best results for our clients.

Our mission

is to contribute to the ideal growth of the Pakistani capital market. We are committed to being a best-in-class intermediary with the highest ethical principles in order to provide clients with the best execution services and innovative products.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

Notice is hereby given that twentieth Annual General Meeting of the Members of EFG Hermes Pakistan Limited ('the Company') will be held on Tuesday, March 26, 2019 at 4:00 pm at Regent Plaza, Main Shahrah-e-Faisal Rd, Karachi, Pakistan; to transact the following businesses:

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on May 25, 2018;
2. To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended December 31, 2018, together with the Directors' and Auditors' Reports thereon;
3. To appoint Statutory Auditors of the Company for the financial year ending December 31, 2019 and to fix their remuneration. The present auditors, being eligible, have offered themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

By order of the Board

SHAHID KAMAL
Company Secretary

Karachi: March 05, 2019

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from March 19, 2019 to March 26, 2019 (both days inclusive) and no transfer of shares will be accepted for registration during this period. Transfers received in order at the Office of Company's Share Registrar M/s. F.D. Registrar Services (SMC-Pvt) Ltd, Office#1705, 17th Floor, Saima Trade Tower A, I.I. Chundrigar Road Karachi, Pakistan ('Registrar') at the close of business on March 18, 2019 the last working day before the start of book closure date will be considered in time to attend and vote at the Meeting.
2. A member of the Company entitled to attend and vote at this meeting, may appoint another person as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
3. CDC shareholders entitled to attend and vote at the meeting must bring his/her Participant ID and Account/Sub-Account number along with original CNIC or original passport to authenticate his/her identity. In case of Corporate entity, resolution of Board of Directors/Power of Attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.
4. For appointing the proxy; CDC shareholders shall submit the proxy form as per above requirements together with attested copy of CNIC or Passport of the beneficial owner and proxy. In case of corporate entity, the Board of Directors' resolution/power of attorney, along with the specimen signature of the nominee, shall be submitted along with the proxy form to the Company.
 - The proxy form shall be witnessed by two witnesses with their names, addresses, and CNIC numbers. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.
5. Members are requested to notify/submit the following information/documents, in case of book entry securities in CDS to their respective participants and in case of physical shares to the registrar of the Company by quoting their folio numbers and name of the Company at the above mentioned address, if not earlier notified/submitted:
 - Change in their addresses, if any.
 - Members, who have not yet submitted attested photocopy of their valid CNIC are requested to submit the same along with folio numbers at earliest, directly to the Company's Share Registrar M/s. F.D. Registrar Services (SMC-Pvt.) Ltd.

6. In accordance with the Companies (Distribution of Dividends) Regulations, 2017, shareholders are requested to provide required dividend mandate information (IBAN) to their respective CDS accounts through their participants or to the Share Registrar (if shares are in physical form) for direct credit of cash dividends into their designated bank accounts through electronic modes.
7. Pursuance to the SECP's SRO No. 470(I)/2016 dated May 31, 2016 and Section 223(6) of the Act, the Company has sought approval from members in the 18th AGM held on October 6, 2017. Therefore, audited financial statement for the financial year ended December 31, 2018 will be circulated through CD/DVD/USB. However, hard copies of the financial statements along with all respective report can be provided on written demand of the members at their registered address. Furthermore, aforesaid Financial Statements and reports will also be available at the website of the Company at least twenty-one days before the date of meeting.
8. All corporate members are requested to provide list of ultimate beneficial shareholding having 10% and above controls in their organization.
9. For any query/information, members may contact the Company at email companysecretary@efg-hermes.com and/or the Share Registrar of the Company at above mentioned address. Members may also visit website of the Company www.efghermespakistan.com for notices/information.

PROFILE OF BOARD OF DIRECTORS

Mr. Murad Ansari – Director & Chairman

Mr. Murad Ansari has become the Director of the Company on April 04, 2017 as nominated by EFG Hermes Frontier Holdings LLC. He joined EFG Hermes in 2007 and is currently Co-head of the MENA financials team. He has over 16 years' experience of equity research and sales. Before joining EFG Hermes, Murad headed equity research and later institutional sales at KASB Securities (currently BIPL Securities) one of the largest investment banks in Pakistan. He holds a MBA from Institute of Business Administration, Karachi.

Mr. Johannes Hailu Gunnell- Director

Mr. Johannes Gunnell is a Partner and Commercial Director at Maris Capital Ltd. He joined Maris Capital in 2010 and previously served as its Business Development Director and Business Director. Previously, Mr. Gunnell spent seven years at UBS Investment Bank working in global equity sales. During this time, he serviced a large number of institutional clients across a wide range of listed markets. Mr. Gunnell was Deal Captain on the largest European Initial Public Offering of 2008, EDP Renovaveis and had a particular focus on alternative energy and sustainable investments. Prior to that, he trained in corporate finance at Citigroup. He also spent time consulting for an IT company while studying development economics. Mr. Gunnell has a degree in Philosophy, Politics and Economics from Magdalen College, Oxford University

Ms. Sarah Kwena Maja- Director

Ms. Sarah Maja is the head of Frontier Equity Sales Trading at EFG Hermes Frontier Holdings LLC. She has 18 years' experience in Financial Services across Trading and Investment Banking covering some of the largest global institutional investors in Sub Sahara Africa and South East Asia. Over the last 8yrs Sarah has managed trading teams, interacted with regulators and other stakeholders in key SSA markets such as Nigeria and Kenya. Before joining EFG Hermes, Sarah was instrumental in setting up the Frontierplatform at Exotix Africa and served as Head of the Nigerian Business

Mr. Freyan Byram Avari- Director

Mr. Freyan Avari joined at R.B.Avari Enterprises (Pvt) Ltd in 2001 after he graduated from King College London with a degree in Business Management. After spending the first few years rotating through various departments within the company learning about the industry he took his first management role as head of Marketing in 2007. He was elevated to the position of CEO in 2011 and then Managing Director in 2015 which is the role he currently holds. Freyan has helped to make RBAE a leading agrochemical distribution company in Pakistan with the sole aim of providing the best possible solutions for their customers. Under his guidance the company has evolved from being a family run business to being a fully professional organization which has helped the company grow faster. Freyan is also the CEO of R.B. Avari & Company which is a holding company for the families real estate assets. He has successfully managed to develop multiple industrial warehouse and office space projects over the past 10 years. Freyan is also a majority shareholder of Eugene Road Services (Pvt) Ltd which is a fleet management company with the major purpose of providing vehicles to mobile based booking platforms.

Mr. Mohamed AbdelKhabir- Director

Mr. Khabir has become the Director of the Company on April 04, 2017 as nominated by EFG Hermes Frontier Holdings LLC. He is the Chief Financial Officer of EFG Hermes Holdings LLC. He joined EFG Hermes' Investment Banking Division in early 2008 and remained in this division until March 2016 as a director. Previously, he held the position of Financial Planning Manager at Procter and Gamble in the Corporate Finance divisions with a focus on financial planning, budgeting, corporate restructuring, integration and profit forecasting. He holds a BA in Business Administration from the American University in Cairo with a concentration in finance where he graduated with high honors and is a CFA charter hold.

Mr. Mohamed Ebeid-Director

Mr. Mohamed Ebeid has become the Director of the Company on April 04, 2017 as nominated by EFG Hermes Frontier Holdings LLC. He is the Co-CEO of Investment Bank at EFG Hermes Holding. Mohamed has over 18 years of solid

and well-rounded equities experience. Mohamed joined the EFG Hermes team in 1999, as a Retail Broker with HSB, working with high net worth clients. After a successful stint on the retail side, Mohamed moved to working with institutional clients, as part of the international institutional sales desk in 2004. This new assignment saw him focusing on business development and key relationship management. He has been instrumental to the introduction of new products and services that cater to the needs of this sophisticated client base.

Mr. Ahmed Youssef-Director

Mr. Ahmed joined EFG Hermes Holdings LLC UAE in 2008. He is currently working as Head of Institutional Trading since 2014. He has also been director of EFG Hermes Frontier Holdings LLC since July 2016. He holds a Bachelor of Arts in Accounting from American University in Cairo.

Mr. Ahmed El Khamissy El Naggar- Director

Mr. Ahmed El Khamissy received his B.A in Accounting from Cairo University in 1992. He later joined the firm in 1995 as an accountant in the Brokerage arm and soon moved up the ranks to hold the position of Tax Director in 2003. Mr. El Khamissy assumed this role for over three years before shifting to Assistant Group Treasurer in 2006. As of 2012, Mr. El Khamissy has become the Group's Treasurer where he led and participated in key projects and transactions throughout the Group. In July 2017, Mr. El Khamissy became the Finance Director for brokerage operations across the group

Mr. Fayyaz Ilyas – Director

Mr. Fayyaz is one of the partners of Falaknaz Properties/Group, a family owned firm/group engaged in the business of real estate development and a member of Association of Builders and Developers. He has a vast experience in construction and development industry comprising of over 18 years. He has expertise in sales, marketing, advertisement and architectural designs. He has attended various seminars/workshops abroad and also represented the firm/group on various forums both within the country and abroad. Mr. Fayyaz holds a Bachelor of Commerce Degree.

Mr. Safdar Mummunka – Director

Mr. Safdar Mummunka has over 18 years of experience working in different capacities in financial sector. He has a vast experience in Equity Sales, Portfolio Management and Corporate Advisory. Currently he is an advisor to Travel Easy private limited. Previously, he has worked as a Senior Investment Consultant at MM Securities Limited. He had also been associated with Saudi Pak Industrial and Agricultural Investment Company as a portfolio manager. Safdar has also worked in the capacity of head of sales at well-known brokerage houses in Pakistan. By qualification, he holds Integrated Degree Program (IDP) in Sociology, Government & Politics and Law from Stafford House College United Kingdom.

Mr. Hayat Javed-Director

Mr. Hayat is well conversant with the financial markets especially equity/commodity markets being actively engaged in portfolio management and trading of securities/commodities. He has been providing financial advisory services including equity market, commodity market, portfolio management, IPO offerings, customized services to provide technical analysis and investment strategies to high net worth individuals. Mr. Hayat also has expertise in business development and marketing strategies. He is a certified director from the Institute of Chartered Accountants of Pakistan.

Mr. Muhammad Yousuf –Director

Mr. Muhammad Yousuf has been associated with Design and Depth in the capacity of Director & Partner since 2010. He completed his BA Honour-Interior and Spatial Design from Chelsea College of Arts & Design, London-UK in 2003. His prior experience with some local architects and his relevant academic background enriches his with exceptional design talent. He started his own interior design studio in 2004 by the name of YB INTERIOR STUDIO in Pakistan, where he completed both local and international client based projects. Then in 2009 launched new brand by the name of Design and depth. Design and Depth is one of the famous furniture showroom in Pakistan, having two branches i.e phase 2 DHA Branch and phase 6 DHA Branch. Design & Depth is renowned for their iconic furniture and interior design, and successfully completed international project in Dubai and also local projects in Bahria Town, Karachi etc, and maintained high profile client.

CHAIRMAN REVIEW

Review Report by the Chairman on the overall performance of Board and effectiveness of the role played by the Board in achieving the Company's objectives:

- The Board of Directors ("the Board") of EFG Hermes Pakistan Limited ("EFGH") has performed their duties meticulously in safeguarding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner, towards achieving its objective, in accordance with applicable laws and regulations.
- The Board is comprised of diverse experience of professionals. They brought with them local and international working expertise in various segments of the business. The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code of Corporate Governance ("Code") and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company.
- The Board has formed an Audit Committee and Human Resource and Remuneration Committee and has approved their respective TORs as required under the Code and has assigned them with adequate resources to achieve the desired objective effectively.
- The Board has established and put in place the rigorous mechanism for an annual evaluation of its own performance and that of its committees and individual directors.
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and that the one director on the Board has already taken certification under the Directors Training Program and the remaining directors meet the qualification and experience criteria of the Code.
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings including its committee are appropriately recorded and maintained.
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and has developed significant policies for smooth functioning.
- The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval.
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process.
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities.
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings.
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

On behalf of the Board, I would like to thank all the stakeholders for their trust and support. I am confident that the Company has all the ingredients necessary to achieve the expectations of all its stakeholders.

In conclusion, we pray to almighty Allah for his blessings, guidance, health and prosperity to us, our Company and its Holding Company, Country and Nation.

Murad Ansari
CHAIRMAN

Karachi: February 12, 2019

DIRECTORS' REPORT TO THE MEMBERS

BEGIN IN THE NAME OF ALLAH THE MOST GRACIOUS AND MERCIFUL

Dear Member(s)

Assalam-o-Alykum!

We, on behalf of Board of Directors of your Company, are pleased to present herewith Audited Financial Statements of the Company for the year ended December 31, 2018, together with the Auditors' Report thereon.

Principle Activities of the Business & Performance Review

The core business activity of your Company is the equity brokerage. In the preceding year, the company has changed its financial year from June 30 to December 31 to correspond with the financial year of holding company. This annual report covers the period from January 2018 to December 2018 (twelve months) while comparative numbers cover the period from July 2017 to December 2017 (Six Months), therefore the numbers related to operating results are not comparable.

The Company earned operating revenues of Rs. 151.604 million during year under review as compared to 81.050 million (six months) for the corresponding period. Before and after tax loss stood at Rs. 30.679 million and Rs. 45.634 million respectively as compared to before and after tax loss Rs. 2.878 million and Rs. 10.877 million (six months) respectively for the corresponding period.

The operating results of the Company for the year ended December 31, 2018 are summarized as follows:

	December 31, 2018 Rupees	December 31, 2017 (for six months) Rupees
Operating Revenues	151,604,421	81,050,508
(Loss)/Profit before tax	(30,679,173)	(2,877,833)
(Loss)/Profit after tax	(45,634,187)	(10,877,123)
(Loss)/Earnings per share	(2.28)	(0.54)

The Company suffered per share loss of Rs. 2.28. The major reason for decline in earnings during the period was persistent low turnover in the market due to challenging economic environment, which were reflected in almost 28% devaluation of Pak Rupee against the US Dollar and an almost 425bps rise in interest rate. Further, withholding tax on sale & purchase of shares for the first half were also under the final tax regime which resulted in increased taxation expense. Furthermore, during the review period the Company has discontinued the loss making segment 'Interbank brokerage operation' as well as restructuring the senior management team, which resulted in onetime restructuring/severance cost of Rs. 9.5 million that affected the bottom-line.

Now, the Government has announced interim finance bill under which withholding tax i.e., 0.02% under Section 233A of the Income Tax Ordinance has been abolished and the broker would be paying tax under normal regime. But clarity in respect of Section 233 of the Ordinance would also be required from the government which may affect the bottom-line of brokerage income, previously that was not applicable on broker due to applicability of Section 233A.

Moreover, as per various meetings with regulators, it is expected that some regulatory requirements on brokers will also be relaxed for ease of doing business which might improve the volume in the market. Therefore, we are of the view that above changes may result in better future prospects particularly for the company and the industry as a whole.

Moreover, the management of the Company is also expecting better results going forward mainly focusing on institutional and retail business as well as controlling cost.

Dividend and other appropriations

The Directors have not recommended any payout this year because of loss to the Company.

Post Balance Sheet Events

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company to which the balance sheet relates and the date of this report.

Financial Statements

These financial statements have been endorsed by Chief Executive Officer and Chief Financial Officer of the Company, recommended for approval by the Audit Committee of the Board, and approved by the Board of Directors for presenting before the Members and for Members' consideration, approval and adoption. The auditors of the Company, M/s. Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, audited the financial statements and have issued an unqualified report to the Members.

Auditors

The present auditors, M/s. Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, shall retire at the conclusion of Annual General Meeting and being eligible for reappointment have offered themselves for the same. The Board of Directors of your Company, based on the recommendation of the audit committee of the Board, proposed M/s. Riaz Ahmad, Saqib, Gohar & Company, Chartered Accountants, for reappointment as auditors of the Company for the ensuing year.

Credit Rating

The Pakistan Credit Rating Agency (PACRA) has maintained credit rating of the Company as for long term A- (A minus) and for short term A1 (A one) ratings have been assigned. These ratings reflect low expectation of credit risk and strong capacity for timely repayments of financial commitments.

Management Rating

PACRA maintain the management rating of the Company as BMR2+. The outlook on the assigned ratings is 'Stable'. This certification has endorsed the Company's capability in upholding sound regulatory compliance, control environment, and financial management. Further, governance and risk management frameworks are effective while Human Resource, Information Technology and customer services are proactive.

Pattern of Shareholding

The detailed pattern of the shareholding and categories of shareholders of the Company as at December 31, 2018, as required under the listing regulations, have been appended to this Annual Report.

The Name and Country of Origin of the Holding Company

The Name of Holding Company is EFG Hermes Frontier Holdings LLC having its office at Unit 6, Gate Building, West Wing, Dubai International Financial Centre, P.O.Box 30727, Dubai, UAE.

Corporate Social Responsibility

The Company acknowledges the importance of corporate social responsibility and necessary measures are taken to fulfill its responsibilities.

The Company being a service provider in nature of business undertakes necessary measures in respect of energy conservation and environment protection at its offices premises and safety and health of its employees.

The Company has established proper systems and procedures to avoid corruption and to operate the Company in a professional and ethical manner to protect the clients and also otherwise.

The Company has excellent relationships with its peers, bankers, regulators and other relevant institutions / organizations.

The Directors fully recognizing the social responsibilities are of the view that the provisions for charity, community welfare etc. will be considered in future depending on the Company's profitability/financial health.

The Company's contribution to National Exchequer in the form of taxes and levies is given in the notes to the financial statements.

Corporate Governance

The Directors confirm compliance with the Corporate & Financial Reporting Framework of the Code of Corporate Governance for the annexed below:

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements except for the changes given in notes to the financial statements, if any; and accounting estimates are based on reasonable and prudent judgments.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departures there from has been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) Key operating and financial data for last six years in summarized form is annexed.
- h) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on December 31, 2018 except for those disclosed in financial statements.
- i) The Company operates an approved contributory provident fund for its eligible employees. Value of investments as per un-audited financial statements for the period ended December 31, 2018 amounts to approximately Rs.10,283,070/-.

Changes in the Board

During the year under review, election of directors was held on May 25, 2018 and the new Board of thirteen (13) members was reconstituted.

- j) - During the period six (6) meetings of Board of Directors were held. Attendance by each Director was as follows:

S. No.	Name of Director	No. of meetings eligible to attend	No. of meetings attended
1.	Mr. Murad Ansari	6	6
2.	Mr. Ahmed Youssef	6	4
3.	Mr. Mohamed Ebeid	6	6
4.	Mr. Mohamed AbdelKhabir	6	6
5.	Mr. Fayyaz Ilyas	6	3
6.	Mr. Hayat Javed	6	6
7.	Mr. Haroon Askari*	4	4
8.	Ms. Sarah Kwena Maja	4	2
9.	Mr. Freyan Byram Avari	4	4
10.	Mr. Johannes Hailu Gunnell	4	4
11.	Mr. Safdar Mummunka	4	4
12.	Mr. Muhammad Yousuf	4	3
13.	Mr. Ahmed El Khamissy	4	4
14.	Mr. Rahat Aziz*	2	2

Leave of absence was granted to Directors who could not attend the Board meetings.

*Mr. Rahat Aziz didn't participate in the last election. *Mr. Haroon Askari has resigned effective from 24th December 2018. This casual vacancy will be filled within the stipulated time.

- During the period four (4) meetings of Audit Committee were held. Attendance by each Member was as follows:

S. No.	Name of Member	No. of meetings eligible to attend	No. of meetings attended
1.	Mr. Johannes Hailu Gunnell	2	2
2.	Mr. Ahmed El Khamissy	2	2
3.	Mr. Fayyaz Ilyas	4	3
4.	Mr. Haroon Askari*	2	2
5.	Mr. Rahat Aziz*	2	2

Leave of absence was granted to Members/Directors who could not attend the Audit Committee meetings.

- During the period one (1) meeting of Human Resource and Remuneration Committee (HRRC) was held.

S. No.	Name of Member	No. of meetings eligible to attend	No. of meetings attended
1.	Mr. Freyan Byram Avari	0	0
2.	Mr. Mohamed Ebeid	1	0
3.	Mr. Hayat Javed	1	1
4.	Mr. Muzzammil Aslam*	1	1
5.	Mr. Murad Ansari*	1	1

Leave of absence was granted to Directors who could not attend the HR & RC meetings.

Mr. Freyan Avari was elected on May 25, 2018. *Mr. Muzzammil Aslam resigned on September 30, 2018.

Mr. Murad Ansari was also separated from this committee due to reconstitution of the Board on 7th June 2018.

- k) Pattern of shareholding is annexed at the end of report.
- l) The Directors have gone through an in-house orientation courses/training programs held on June 7, 2018. After new election of directors only one director has certification in respect of Directors' Training Program (DTP). However, the Company has planned to send requisite number of directors on said training within the stipulated timeframe.
- m) The Company is not in default or likely to default in any loans, sukuks or other debt instruments.
- n) The Directors and Executives including their respective spouses and minor children have not traded in the shares of the Company during the period

(For the clause 'n' above under Code of Corporate Governance the expression 'Executive' includes, in addition to Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit and Company Secretary by whatever name called, all other employees of the Company having basic salary of Rs. 1,200,000/- or above in a financial year.)

Economic Overview

Pakistan's economy posted real GDP growth of 5.8% in FY18 - crossing 13-years high, fueled by growth in energy supply, sustained credit uptick, contained law and order situation and improved confidence allowing growth momentum across all three constituents. However, on the back of on-going adjustments and macro tightening aimed to contain the imbalances, we expect a soft landing in FY19 with GDP growth expected to settle in at 4.0%.

In an effort to contain inflationary pressures emanating from pass-through impact of PKR weakness, higher fuel prices and hike in tariffs of utilities, Central bank opted for monetary tightening - 425bps hike in benchmark interest rate during CY18. While we see upside risk to inflation, we do not foresee significant tightening going forward (pace adjustments likely to taper off in 2019) as real interest rates stand at comfortably high levels.

Pakistan has been going through cycles of boom and bust driven largely by macro imbalances, where during FY18 current account and fiscal deficit sharply came off to 5.8% and 6.6% of GDP. However, with the on-going macro adjustments in the form of interest rate hike, currency depreciations and other administrative measures, the economy is on track to recovery while recent developments on the external front including financial aids from “friends of Pakistan” and lower commodity prices particularly fuel prices have been quite encouraging in supporting the economy deal with challenges. That said, considering the size of financing gap, IMF seems highly probable with subsequent focus on the fiscal consolidation.

Market Performance

KSE-100 index ended another year on negative note, marking a decline of 8.4%YoY for CY18. While political uncertainty remained a major drag, ongoing macro adjustment and monetary tightening by the Central Bank also weighed heavily on equities. Initial foreign portfolio inflows at the start of the year, fiscal stimulus provided in the budget, successful transition of government and announcement of balance of payment support package from the friends of Pakistan provided short rallies.

Future Prospects and Outlook

We expect 2019 to be a challenging year where further adjustments on the macro front will be a major impediment to sustainable upside rally. Efforts to resolve financing gap, potentially including the IMF deal, could help bring macro stability and restore investor confidence. While high interest rates are likely to weigh on earnings of leveraged companies, however the KSE-100 index is likely to get support from heavy weights - Banks and Oil - where the former benefits from margin expansion while the latter enjoys benefit of recovery in oil prices, weaker PKR and potential success in the ongoing off-shore drilling. USD hedge sectors would also remain in focus while export oriented sectors could benefit from government policy to resolve the external imbalance.

Acknowledgements

The Board of Directors of your Company wishes to place on record its gratitude to the regulators, its bankers, members, clients and business partners for their continued cooperation and support. Further, the Board appreciates the valuable, loyal, and commendable services rendered to the Company by its employees.

In conclusion, we pray to almighty Allah for his blessings, guidance, health and prosperity to us, our Company, Country and Nation.

On behalf of the Board of Directors

Chief Executive Officer

Director

Karachi: February 12, 2019

ڈائریکٹرز رپورٹ برائے ممبران

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

محترم ممبران

السلام علیکم

میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے بخوشی سالانہ مدت 31 دسمبر 2018 کو ختم ہونے والی کمپنی کی آڈٹ شدہ مالی تفصیلات، آڈیٹرز کی رپورٹ کے ساتھ پیش کرتا ہوں۔

بنیادی کاروباری سرگرمیاں اور کارکردگی کا جائزہ:

آپ کی کمپنی کی بنیادی کاروباری سرگرمی ایکویٹی بروکرینج ہے۔ گذشتہ سال میں، کمپنی نے اپنی ہولڈنگ کمپنی کے مالی سال سے مطابقت کیلئے اپنا مالی سال 30 جون سے تبدیل کر کے 31 دسمبر کر لیا ہے۔ یہ سالانہ رپورٹ جنوری 2018 سے دسمبر 2018 (بارہ ماہ) کے اعداد و شمار کا احاطہ کئے ہوئے ہے جبکہ گذشتہ مقابلی رپورٹ اس کی نسبت جولائی 2017 سے دسمبر 2017 (چھ ماہ) کی مدت پر مشتمل ہے، لہذا آپریٹنگ نتائج کا آپس میں کوئی تقابل نہیں ہے۔ اس سال کے دوران کمپنی نے آپریٹنگ آمدنی کی مد میں 151.604 ملین روپے کمائے جبکہ گذشتہ (ششماہی) اسی مدت کے دوران 81.050 روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان 30.679 ملین روپے اور 45.634 ملین روپے بالترتیب ہے جبکہ گذشتہ (ششماہی) اسی مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان 2.878 ملین اور 10.877 ملین روپے بالترتیب تھا۔

کمپنی کے کاروباری نتائج سالانہ مدت کیلئے مورخہ 31 دسمبر 2018 درج ذیل ہیں۔

31 دسمبر	31 دسمبر	
2017 (چھ ماہ)	2018	
روپے	روپے	
81,050,508	151,604,421	آمدنی (کاروبار سے حاصل شدہ آمدنی)
(2,877,833)	(30,679,173)	(نقصان) / (منافع قبل از ٹیکس)
(10,877,123)	(45,634,187)	(نقصان) / (منافع بعد از ٹیکس)
(0.54)	(2.28)	(فی حصص) (نقصان) / آمدنی

کمپنی کو فی حصص 2.28 روپے خسارہ کا سامنا کرنا پڑا۔ اس مدت کے دوران مشکل معاشی صورتحال کی وجہ سے مارکیٹ میں مسلسل کم ٹرن اور آمدنی میں کمی کی بڑی وجہ بنی اس صورتحال کا اندازہ امریکی ڈالر کے مقابلہ میں پاکستانی روپیہ کی قدر میں 28 فیصد تک کمی اور شرح سود میں تقریباً 425bps اضافہ کی صورت نظر آیا۔ اسکے علاوہ، پہلے نصف میں حصص کی خرید و فروخت پر وہ ہولڈنگ ٹیکس کو فائل ٹیکس رجیم کے ماتحت کر دیا گیا تھا جس کے نتیجے میں ٹیکسوں کے اخراجات میں اضافہ ہوا۔ مزید یہ کہ، زیر غور مدت کے دوران، کمپنی نے نقصان دہ حصص "انٹرنل بروکرینج آپریشن" کو بند کر دیا اور ساتھ ہی سینئر مینجمنٹ ٹیم کی از سر نو تشکیل کی، جس کا نتیجہ یہ ہوا کہ بیک وقت تنظیم نو / انقطاع کی لاگت 9.5 ملین روپے آئی جس نے نجلی سطح کو متاثر کیا۔

اب، حکومت نے عبوری فنانس بل کا اعلان کیا ہے جس کے تحت انکم ٹیکس آرڈیننس کی سیکشن 233A کے تحت 0.02 فیصد وہ ہولڈنگ ٹیکس منسوخ کر دیا ہے اور اب بروکر حضرات

معمول کے مطابق ٹیکس ادا کریں گے مگر آرڈیننس کی سیکشن 233 جہاں بروکرز پر سیکشن 233A لاگو ہونے کی وجہ سے پہلے اطلاق نہیں کیا گیا تھا بروکر بیج آمدنی کی چلی سطح کو متاثر کر سکتی ہے اس ضمن میں ابھی بھی حکومت کی طرف سے وضاحت درکار ہے۔ علاوہ ازیں، ریگولیٹرز کے ساتھ متعدد ملاقاتوں کی بنیاد پر، امید کی جاتی ہے کہ بروکرز پر کاروبار کو آسانی سے چلانے کیلئے کچھ ریگولیٹری شرائط میں نرمی کی جائیگی جس سے مارکیٹ کے حجم میں بہتری کی توقع ہے۔ لہذا اوپر بیان کئے گئے حقائق خاص کر کمپنی اور مجموعی طور پر صنعت کیلئے پرکشش مستقبل کا امکان پیدا کر سکتے ہیں۔

مزید برآں کہ، کمپنی کی انتظامیہ خصوصاً اداروں اور ریٹیل بزنس پر توجہ مرکوز کرنے کے ساتھ ساتھ لاگت پر قابو پا کر آگے بڑھنے کیلئے بہتر نتائج کی توقع کر رہی ہے۔

تقسیم شدہ منافع اور دیگر تخصیص

اس سال کمپنی کو خسارہ ہونے کی وجہ سے ڈائریکٹرز نے کسی ادائیگی کی اجازت نہیں دی۔

پوسٹ بیلنس شیٹ وقوع

اس رپورٹ کی تاریخ اور کمپنی کے مالی سال کے اختتام پر کمپنی کی مالی پوزیشن میں کوئی خاص تبدیلی نہیں کی گئی جس سے بیلنس شیٹ کا تعلق ہو۔

مالیاتی گوشوارے

کمپنی کے چیف ایگزیکٹو آفیسر اور چیف فنانس آفیسر نے مالیاتی گوشواروں کی تفصیلات تصدیق کر کے بورڈ کی آڈٹ کمیٹی کو منظور کیلئے بھیجیں اور بورڈ آف ڈائریکٹرز نے ممبران کے سامنے پیش کرنے اور ممبران کو اس پر غور کرنے، منظور کرنے اور اختیار کرنے کیلئے منظوری دی۔ کمپنی کے آڈیٹرز میسرز ریاض احمد، ثاقب، گوہرا اینڈ کمپنی کے چارٹرڈ اکاؤنٹنٹس نے مالیاتی گوشواروں کا آڈٹ کیا اور ممبرز کو غیر مشروط رپورٹ جاری کی۔

محاسب/آڈیٹرز

موجودہ آڈیٹرز میسرز ریاض احمد، ثاقب، گوہرا اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس، سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور انہوں نے اپنے آپ کو دوبارہ تعیناتی کے لیے پیش کیا ہے۔ آپ کی کمپنی کے بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی رپورٹ کی بنیاد پر میسرز ریاض احمد، ثاقب، گوہرا اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو ما بعد سال کے لئے بطور آڈیٹرز دوبارہ تعیناتی کی منظوری دی ہے۔

کریڈٹ درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کی کریڈٹ درجہ بندی کی طویل المعیاد کیلئے A- (منفی اے) اور مختصر مدت کیلئے A1 (اے ون) درجہ برقرار رکھا گیا۔ یہ درجہ بندیاں کریڈٹ رسک کی کم توقعات کی عکاسی کرتی ہیں اور بروقت مالی ادائیگیوں کیلئے مضبوط صلاحیت رکھتی ہیں۔

انتظامی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کی انتظامی درجہ بندی بطور BMR2+ تفویض برقرار رکھی ہے۔ تفویض کردہ درجہ بندی "مستحکم" ہونے کی عکاسی کرتی ہے۔ یہ سرٹیفکیٹ کمپنی کے بطور ادارہ مستحکم ہونے، ماحول کو قابو میں رکھنے اور مالی انتظامات کو برقرار رکھنے میں کمپنی کی اہلیت کی تصدیق کرتی ہے۔ مزید یہ کہ، گورننس اور رسک مینجمنٹ کے فریم ورک مؤثر ہیں جبکہ ہیومن ریسورس، انفارمیشن ٹیکنالوجی اور صارفین کی خدمات کے ڈھانچے فعال ہیں۔

حصص رکھنے کا طرز

31 دسمبر 2018 کو درکار لسٹنگ ریگولیشنز کے مطابق حصص رکھنے کا تفصیلی طرز اور کمپنی کے حصص یافتگان کی اقسام اس سالانہ رپورٹ کے ساتھ منسلک کی گئی ہے۔

ہولڈنگ کمپنی کا نام اور شناخت

ہولڈنگ کمپنی کا نام ای ایف جی ہرمز فرٹینرز ہولڈنگز ایل ایل سی ہے جس کا دفتر یونٹ 6، گیٹ بلڈنگ، ویسٹ ونگ، دبئی انٹرنیشنل فنانشل سینٹر، پی۔ او۔ بکس 30727، دبئی، متحدہ عرب امارات میں واقع ہے۔

کارپوریٹ سماجی ذمہ داریاں

کمپنی کارپوریٹ سماجی ذمہ داری کی اہمیت کو سمجھتی ہے اور ان ذمہ داریوں کو نبھانے کیلئے ضروری اقدامات اٹھائے گئے ہیں۔ کمپنی جس کے کام کی نوعیت خدمات مہیا کرنا ہے نے توانائی اور ماحولیاتی حفاظت کے لیے اپنے دفاتر کی جگہ اور اپنے ملازمین کی صحت اور حفاظت کے لیے ضروری اقدامات کیے ہیں۔

کمپنی نے کرپشن سے بچاؤ، کمپنی کو اخلاقی و پیشہ ورانہ انداز میں چلانے، اپنے گاہکوں اور دیگر کی حفاظت کیلئے مناسب طریقہ پر نظام قائم کیا ہے۔

کمپنی کے اپنے ساتھیوں، بینکرز، ریگولیٹرز اور دیگر متعلقہ اداروں / تنظیموں کے ساتھ مثالی تعلقات ہیں۔

ڈائریکٹرز اپنی سماجی ذمہ داریوں سے مکمل طور پر آگاہ ہیں اور ان کے خیال میں چندہ، خدمت خلق پر آئندہ نوٹ کیا جاسکتا ہے جس کا انحصار کمپنی کے منافع لامالی استحکام پر ہے۔ کمپنی نے جو ٹیکس اور ڈیوٹی ادا کی ہے اس کا ذکر مالیاتی گوشواروں کے نوٹس میں کیا گیا ہے۔

کاروباری نظم و نسق

ڈائریکٹرز نے کاروباری اور مالیاتی رپورٹنگ ڈھانچہ کے ضابطہ برائے کاروباری نظم و نسق کی تصدیق کی ہے جو کہ درج ذیل ہے۔

(a)۔ مالیاتی گوشوارے جو کہ کمپنی کی انتظامیہ نے تیار کیے جن میں آپریشنز کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا۔

(b)۔ کمپنی کے کھاتے صحیح طریقہ پر تیار کیے گئے۔

(c)۔ مالیاتی گوشواروں کی تیاری میں مستقل مناسب اکاؤنٹنگ پالیسی اختیار کی گئی ماسوائے ان تبدیلیوں کے جن کا ذکر مالیاتی گوشواروں کے نوٹس میں کیا گیا؛ اور اکاؤنٹنگ کے تخمینے مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

(d)۔ مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیار اختیار کیا گیا اور وضاحت کے ساتھ بیان کیا گیا اور اس سے کوئی بھی انحراف مناسب طور پر واضح اور بیان کیا گیا ہے۔

(e)۔ اندرونی کنٹرول کا نظام بہترین بنا کر اسے نافذ کیا اور نگرانی کی گئی۔

(f)۔ کمپنی کے کاروبار کے جاری رہنے پر کوئی نمایاں شبہات نہیں ہیں۔

(g)۔ گزشتہ چھ سالوں کے خاص کاروباری اور مالیاتی اعداد و شمار مختصر طور پر منسلک ہیں۔

(h)۔ ٹیکسوں، ڈیوٹیوں، محصولات اور چارجز کی مد میں کسی طرح کے قانونی بقایا جات نہیں ماسوائے ان کے جن کو 31 دسمبر 2018 کے مالیاتی گوشواروں میں ظاہر کیا گیا۔

(i)۔ کمپنی اپنے اہل ملازمین کے لیے منظور شدہ پروویڈنٹ فنڈ چلاتی ہے جس کی سرمایہ کاری کی رقم غیر آڈٹ شدہ مالی تفصیلات کے مطابق 31-12-2018 کے اختتام پر تقریباً مبلغ -/10,283,070 روپے ہے۔

بورڈ میں تبدیلیاں

زیر غور سال کے دوران، ڈائریکٹرز کا الیکشن 25 مئی 2018ء کو منعقد ہوا تھا جس میں 13 ممبران کا نیا بورڈ تشکیل پایا تھا۔
(ج)۔ اس مدت کے دوران بورڈ آف ڈائریکٹرز کے چھ (6) اجلاس منعقد ہوئے ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

نمبر شمار	ڈائریکٹر کا نام	اجلاس کی تعداد (قابل حاضری)	اجلاس کی تعداد (جن میں حاضر ہوئے)
۱۔	جناب مراد انصاری	6	6
۲۔	جناب احمد یوسف	6	4
۳۔	جناب محمد عبید	6	6
۴۔	جناب محمد عبدالجبار	6	6
۵۔	جناب فیاض الیاس	6	3
۶۔	جناب حیات جاوید	6	6
۷۔	جناب ہارون عسکری*	4	4
۸۔	محترمہ سارہ کوینا ماجہ	4	2
۹۔	جناب فریان بیرام آواری	4	4
۱۰۔	جناب جوہانز ہائیوگنل	4	4
۱۱۔	جناب صفدر موموڈا	4	4
۱۲۔	جناب محمد یوسف	4	3
۱۳۔	جناب احمد الخنمسی	4	4
۱۴۔	جناب راحت عزیز*	2	2

جو ڈائریکٹرز بورڈ کے اجلاس میں حاضر نہیں ہو سکے انہیں غیر حاضری کی منظوری دے دی گئی۔

* جناب راحت عزیز نے آخری الیکشن میں شمولیت اختیار نہیں کی۔* جناب ہارون عسکری نے 24 دسمبر 2018 کو مستعفی ہو گئے تھے۔ اس خالی اسامی کو مقررہ وقت میں پُر کر لیا جائیگا۔

دوران مدت آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ ہر ممبر کی حاضری درج ذیل ہے۔

نمبر شمار	ممبر کا نام	اجلاسوں کی تعداد (قابل حاضری)	اجلاس کی تعداد (جن میں حاضر ہوئے)
۱۔	جناب جوہانز ہائیوگنل	2	2
۲۔	جناب احمد الخنمسی	2	2
۳۔	جناب فیاض الیاس	4	3
۴۔	جناب ہارون عسکری*	2	2
۵۔	جناب راحت عزیز*	2	2

جو ممبرز/ ڈائریکٹرز آڈٹ کمیٹی کے اجلاس میں حاضر نہیں ہو سکے انہیں غیر حاضری کی منظوری دے دی گئی۔

دوران مدت ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی کا اجلاس ایک (1) دفعہ منعقد ہوا۔

نمبر شمار	ممبر کا نام	اجلاسوں کی تعداد (قابل حاضری)	اجلاس کی تعداد (جن میں حاضر ہوئے)
۱-	جناب فریمان بیرام آواری	0	0
۲-	جناب محمد عبید	1	0
۳-	جناب حیات جاوید	1	1
۴-	جناب مزمل اسلم *	1	1
۵-	جناب مراد انصاری *	1	1

جو ممبرز/ ڈائریکٹرز ہیومن ریسورس اینڈ ریمونڈیشن کمیٹی کے اجلاس میں حاضر نہیں ہو سکے انہیں غیر حاضری کی منظوری دے دی گئی۔

جناب فریمان آواری 25 مئی 2018 کو منتخب ہوئے تھے۔* جناب مزمل اسلم 30 ستمبر 2018 کو مستعفی ہو گئے تھے۔ جناب مراد انصاری نے بھی 7 جون 2018 کو بورڈ کی از سر نو تشکیل کی وجہ سے علیحدگی اختیار کر لی تھی۔

(k) - طرز حصص یافتگان سالانہ رپورٹ کے آخر میں منسلک ہیں۔

(l) - ڈائریکٹرز نے 7 جون 2018 کو منعقد ہونے والے ٹریننگ پروگراموں/ اندرون خانہ واقفیت کورسز میں حصہ لیا۔ ڈائریکٹرز کے نئے الیکشن کے بعد صرف ایک

ڈائریکٹر نے ڈائریکٹر ٹریننگ پروگرام (ڈی ٹی پی) میں سرٹیفکیٹ حاصل کیا۔ تاہم، کمپنی متعدد ڈائریکٹرز کو مقررہ اوقات میں اس ٹریننگ پروگرام میں بھیجنے کا ارادہ رکھتی ہے۔

(m) - کمپنی کسی بھی طرح کے قرض، سکوئس اور دیگر وغیرہ میں نادر ہندہ یا قابل نادر ہندہ نہیں ہے۔

(n) - ڈائریکٹرز اور ایگزیکٹوز بشمول انکے بیوی، بچوں نے اس مدت کے دوران کمپنی کے حصص کی تجارت نہیں کی۔

(اوپر دی گئی شق "n" کے تحت ضابطہ برائے کارپوریٹ گورننس کے مطابق 'Executive' کی ٹرم/ وضاحت میں کمپنی کے دیگر ملازمین جن کی مالی سال میں بنیادی تنخواہ

1,200,000/- روپے یا اس سے زیادہ ہے 'Executive' ہیں جنہیں چاہے کسی بھی نام سے مخاطب کریں بشمول چیف ایگزیکٹو آفیسر، چیف آپریٹنگ آفیسر، چیف فنانس

آفیسر، انٹرنل آڈٹ کا سربراہ اور کمپنی سیکریٹری کے۔)

اقتصادی جائزہ

مالی سال 2018 میں، پاکستانی معیشت کو 13 سالوں کی بلند ترین سطح سے تجاوز کرتے ہوئے 5.8 فیصد حقیقی ترقی ہوئی، جس کو توانائی کی فراہمی میں اضافے، کریڈٹ کی معمولی اضافہ پر برقراری، امن و امان کی حامل صورتحال اور ان تینوں شعبوں میں اعتماد کی بحالی نے ترقی کی رفتار بڑھانے میں اضافہ کیا ہے۔ تاہم، عدم توازن کو قابو کرنے کے مقصد کیلئے رواں ایڈجسٹمنٹس اور میکرو ٹائٹننگ کے پیچھے، ہمیں GDP کی متوقع شرح نمو 0.4 فیصد پر ٹھہرنے کے ساتھ مالی سال 2019 میں پُرسکون انداز میں داخل ہونے کی توقع ہے۔

پاکستانی روپے کی کمزوری سے مرتب ہونے والے اثرات سے متاثرہ افراط زر کے دباؤ پر قابو پانے کی کوشش میں تیل کی بلند ترین قیمتیں اور یوٹیلٹی کے ٹیرف میں اضافہ، مرکزی بینک نے سخت مانیٹری پالیسیوں کا انتخاب کر کے شرح سود میں 425bps کا اضافہ کیا جو کہ سال 2018 کے دوران سود کی بہت اونچی شرح ہے۔ جب ہم افراط زر کیلئے خطرات کو بڑھتا ہوا دیکھتے ہیں تو آگے بڑھنے کیلئے اہم سختیوں کی پیشن گوئی نہیں کرتے (2019 میں ایڈجسٹمنٹس کی رفتار میں کمی کا امکان) جیسا کہ حقیقی شرح سود سکون سے اعلیٰ سطح پر قائم ہے۔

پاکستان بڑے پیمانے پر عدم توازنوں کی وجہ سے تیز تر اتار چڑھاؤ سے گذر رہا ہے جہاں مالی سال 2018 کے دوران کرنٹ اکاؤنٹ اور مالی خسارہ نمایاں طور پر GDP کا 5.8 فیصد اور 6.6 فیصد تک ہوا۔ تاہم، شرح سود میں اضافے کی صورت، کرنسی کی قدر میں کمی اور دیگر انتظامی اقدامات میں جاری میکرو ایڈجسٹمنٹس کے ساتھ معیشت بحالی کے راستے پر گامزن ہے۔ جبکہ بیرونی محاذ پر حالیہ پیش رفتیں بشمول "پاکستان کے دوستوں" کی جانب سے مالی امداد اور اجناس کی قیمتوں میں کمی خاص طور پر تیل کی قیمتوں میں کمی معیشت کو مشکل حالات سے مقابلہ کرنے میں کافی مددگار ثابت ہوئیں۔ مالیاتی فرق کو مد نظر رکھتے ہوئے اس بات کا امکان ظاہر ہوتا ہے کہ IMF مالی استحکام پر اپنی توجہ مرکوز رکھے گی۔

مارکیٹ کارکردگی

KSE100 انڈیکس کا ایک اور سال منفی نوٹ پر ختم ہوا، جہاں سال 2018 میں 8.4 فیصد سال بہ سال کمی آئی۔ جبکہ سیاسی ماحول میں بے یقینی کی فضا قائم رہی، رواں میکرو ایڈجسٹمنٹس اور مرکزی بینک کی طرف سے سخت مانیٹری پالیسی بھی ایکویٹی پر بھاری بوجھ بنیں۔ سال کی شروع میں ابتدائی غیر ملکی پورٹ فولیو کی آمد سے بجٹ میں مالی معاونت فراہم ہوئی۔ حکومت کی کامیابی سے منتقلی اور پاکستان کے دوستوں کی جانب سے بیلنس آف پیمنٹ سپورٹ پیکیج کے اعلان سے تھوڑی بہت بہتری آئی۔

آئندہ کے منصوبے

ہمیں 2019 کے چیلنجنگ سال ہونے کی توقع ہے جہاں بڑے محاذ پر مزید ایڈجسٹمنٹس معیشت کی پائیداری میں بڑی رکاوٹ ثابت ہوگی۔ IMF کے ساتھ معاہدوں سمیت مالیاتی فرق کو ختم کرنے کی کوششوں سے وسیع پیمانے پر استحکام لانے اور سرمایہ کار کے اعتماد کو بحال کرنے میں ممکنہ طور پر مدد مل سکتی ہے۔ جبکہ زیادہ شرح سود قرض پر کاروبار کرنے والی کمپنیوں کی آمدنی پر بوجھ بن سکتا ہے، تاہم KSE100 انڈیکس کو بڑے بنکس اور تیل جن سے مارجن کی توسیع سے پہلے کے فوائد اور بعد میں کمزور پاکستانی روپیہ اور تیل کی قیمتوں میں ریکوری سے ہونے والے نفع، اور سمندر میں جاری ڈرلنگ میں ممکنہ کامیابی سے مدد ملنے کا امکان ہے۔ امریکی ڈالر کے ہیج (HEDGE) کے شعبوں میں بھی توجہ مرکوز رکھنی ہوگی جبکہ برآمدی شعبے بیرونی عدم توازن کو حل کرنے میں حکومتی پالیسی سے فائدہ لے سکتے ہیں۔

تصدیق

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز خواہش رکھتے ہیں کہ ریگولیٹرز، انکے مینیکرز، ممبران، گاہک اور کاروباری ساتھی حضرات ان کے ساتھ تعاون جاری رکھیں گے۔ بورڈ اپنے ملازمین کو ان کی خدمات کے عوض خراج تحسین پیش کرتا ہے۔

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

مجاہد بورڈ آف ڈائریکٹرز

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی 12 فروری، 2019

SIX YEARS AT A GALANCE

PARTICULARS	December 31, 2018	Half Year December 31, 2017	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Operating Performance (Rupees in 000)						
Revenue	151,604	81,050	181,393	82,735	193,832	261,666
Operating expenses	171,198	80,342	129,290	88,603	69,002	64,689
Financial expenses	29,162	16,118	9,470	840	5,366	7,386
Other income	17,854	10,647	1,826	1,386	43,906	1,726
Gain / (loss) on revaluation of investments	223	1,885	908	(601)	(10,838)	12,684
(Loss) / profit before tax	(30,679)	(2,878)	45,367	(5,923)	149,541	200,001
(Loss) / profit after tax	(45,634)	(10,877)	36,903	(9,673)	138,523	191,318
Per Ordinary Shares (Rupees)						
(Loss) / earnings per share	(2.28)	(0.54)	1.84	(0.48)	5.66	4.06
Break-up value per share	8.99	11.98	12.79	9.59	22.82	21.70
Dividends (Percentage)						
Cash	-	-	-	-	202.50%	-
Assets & Liabilities (Rupees in 000)						
Total assets	977,139	819,609	1,109,012	275,783	898,295	1,240,783
Current assets	909,480	729,661	1,020,230	192,449	837,024	1,158,917
Current liabilities	422,095	200,914	197,125	79,411	441,052	372,500
Financial Position (Rupees in 000)						
Shareholder's equity	180,044	239,832	255,967	191,932	456,805	868,282
Share capital	200,156	200,156	200,156	200,156	200,156	400,098
Reserves	(20,113)	39,676	55,810	(8,225)	256,648	468,184
Shares outstanding- (Number in 000)	20,016	20,016	20,016	20,016	20,016	40,010
Return on capital employed-(%)	-25.35%	-4.54%	14.42%	-5.04%	30.32%	22.03%
Return on total assets-(%)	-4.67%	-1.33%	3.33%	-3.51%	15.42%	15.42%
Current ratio-times	2.15	3.63	5.18	2.42	1.90	3.11

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 FOR YEAR ENDED DECEMBER 31, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are thirteen (13) as per the following:
 - a. Male : 12 directors
 - b. Female : 1 director
2. The composition of board is as follows:

CATEGORY	NAMES
a) Independent Directors	1) Mr. Haroon Askari * 2) Mr. Johannes Hailu Gunnell 3) Mr. Freyan Byram Avari 4) Mr. Muhammad Yousu
b) Other Non-Executive Directors	5) Mr. Murad Ansari 6) Ms. Sarah Kwena Maja 7) Mr. Mohamed AbdelKhabir 8) Mr. Ahmed Youssef 9) Mr. Hayat Javed 10) Mr. Ahmed ElKhamissy 11) Mr. Fayyaz Ilyas 12) Mr. Safdar Mummunka 13) Mr. Mohamed Ebeid
c) Executive Directors	14) Mr. Shahid Kamal, CEO

*(Mr. Haroon Askari was resigned on 24th December 2018)

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company.
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has planned to arrange Directors' Training program within the stipulated time line.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) Audit Committee

Mr. Johannes Hailu Gunnell	Chairman
Mr. Fayyaz Ilyas	Member
Mr. Ahmed El Khamissy	Member
Mr. Haroon Askari	Member (resigned on December 24, 2018)

b) HR and Remuneration Committee

Mr. Freyan Byram Avari	Chairman
Mr. Mohamed Ebeid	Member
Mr. Hayat Javed	Member
Mr. Muzzammil Aslam	Member (resigned on September 30, 2018)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Yearly

15. The board has set up an effective internal audit function/ or has outsourced the internal audit function to the holding company who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Chief Executive Officer

Director

Dated : February 12, 2019
 Karachi

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **EFG Hermes Pakistan Limited "the Company"** for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.

Karachi: February 12, 2019

Chartered Accountants

Engagement Partner: Muhammad Kamal Gohar

RIAZ AHMAD, SAQIB, GOHAR & CO.

Chartered Accountants

5-Nasim C.H.S., Major Nazir Bhatti Road, Off: Shaheed-e-Millat Road, Karachi.

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Regional Offices at Lahore & Islamabad

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EFG HERMES PAKISTAN LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of EFG Hermes Pakistan Limited (the Company), which comprise of the statement of financial position as at December 31, 2018 and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S.no	Description of key audit matter	How the matter was addressed in our audit
1.	Contingent Liabilities (Refer notes 17.1 to 17.8 to the financial statements). The Company has contingent liabilities in respect of income tax and sales tax matters, which are pending adjudication before various taxation authorities and Courts of law. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provisions that may be required against such contingencies.	Our audit procedures amongst others, included: - obtained and reviewed details of the pending tax matters and discussed the same with the Company's management; - circularized confirmations to the Company's external legal and tax counsels for their views on open tax assessments; - reviewed correspondence of the Company with the relevant authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved;

RIAZ AHMAD, SAQIB, GOHAR & CO.

Chartered Accountants

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Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgement and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to income tax and sales tax a key audit matter.

- involved internal tax professionals to assess management's conclusions on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Company; and

- reviewed disclosures made in respect of such contingent liabilities.

2. Deferred tax assets relating to tax losses

(Refer to Note 3.9 to the financial statements)

The Company has estimated a deferred tax asset of Rs. 3.88 million relating to tax losses as disclosed in the financial statements. The recoverability of this deferred tax asset is dependent on the generation of sufficient future taxable profit to utilise these tax losses. As the Company is uncertain about the future taxable profits, therefore it is not recorded in the financial statements.

Significant judgment is required in forecasting future taxable profits and therefore it is a key audit matter.

Our audit procedures amongst others included:

- we have assessed and challenged management's judgments relating to the forecasts of future taxable profit and evaluated the reasonableness of the assumptions underlying the preparation of these forecasts; and

- we have also assessed the appropriateness of the disclosures included in Note 3.9.

3. Companies Act, 2017

(Refer note 2.5 to the financial statements)

The Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of annual financial statements.

As part of transition to the requirements, management performed an analysis to identify differences between the previous and the current Fourth Schedules and as a result certain amendments relating to presentation and disclosures were made in the financial statements.

In view of the various new disclosures prepared and presented in the financial statements, we considered this a key audit matter.

We reviewed and understood the requirements of the Fourth Schedule to the Companies Act, 2017.

Our audit procedures included the following:

- considered the management's process to identify the additional disclosures required in the Company's financial statements;

- obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for sufficient audit evidence; and

- verified on test basis supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);
- b) the statement of financial position, the statement of profit and loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Kamal Gohar.

Chartered Accountants

Karachi: February 12, 2019

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018



	Note	December 31, 2018 Rupees	December 31, 2017 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	29,907,080	40,641,566
Intangible assets	5	6,300,134	3,700,005
Long-term investments	6	29,752,072	43,906,147
Long-term deposits		1,700,000	1,700,000
		67,659,286	89,947,718
CURRENT ASSETS			
Trade debts	7	11,405,060	51,371,435
Short-term investments	8	285,250,670	199,399,200
Advances, deposits, prepayments and other receivables	9	367,510,022	131,793,751
Advance tax - net		64,496,319	57,985,088
Receivable under margin finance	10	94,180,681	178,394,718
Cash and bank balances	11	86,637,010	110,716,591
		909,479,762	729,660,783
TOTAL ASSETS		977,139,048	819,608,501
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 (December 31, 2017: 100,000,000) ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	12	200,156,500	200,156,500
Unrealised gain on re-measurement of 'available for sale investments' to fair value - net		7,720,631	21,874,706
Un-appropriated (loss) / profit		(27,833,342)	17,800,845
		180,043,789	239,832,051
NON-CURRENT LIABILITIES			
Long-term loan	13	375,000,000	375,000,000
Liabilities against assets subject to finance lease	14	-	3,862,560
		375,000,000	378,862,560
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		-	1,583,520
Short-term running finance	15	290,343,643	92,708,947
Trade and other payables	16	120,474,425	95,151,572
Unclaimed dividend		11,277,191	11,469,851
		422,095,259	200,913,890
CONTINGENCIES AND COMMITMENTS	17	-	-
TOTAL EQUITY AND LIABILITIES		977,139,048	819,608,501

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2018



	Note	For the year ended December 31, 2018 Rupees	For the six months ended December 31, 2017 Rupees
OPERATING REVENUES			
Operating revenues	18	134,146,240	76,707,258
Gain on sale of investments - net		17,458,181	4,343,250
		151,604,421	81,050,508
EXPENDITURES			
Administrative and general expenses	19	(171,197,993)	(80,342,308)
Operating (loss) / profit		(19,593,572)	708,200
Other income - net	20	5,761,806	3,076,767
Income on margin finance		12,091,897	7,570,475
Financial charges	21	(29,162,314)	(16,117,875)
Gain on re-measurement of investments carried at fair value through profit and loss account- net		223,010	1,884,600
		(11,085,601)	(3,586,033)
LOSS BEFORE TAXATION		(30,679,173)	(2,877,833)
TAXATION	22	(14,955,014)	(7,999,290)
LOSS AFTER TAXATION		(45,634,187)	(10,877,123)
Other comprehensive income			
Unrealised loss on re-measurement of 'available for sale' investments during the year / period		(14,154,075)	(5,257,686)
Total comprehensive loss for the year / period		(59,788,262)	(16,134,809)
Loss per share - basic and diluted	23	(2.28)	(0.54)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	For the year ended December 31, 2018 Rupees	For the year ended December 31, 2017 Rupees
Cash Flows From Operating Activities			
Loss before taxation		(30,679,173)	(2,877,833)
Adjustments for:			
Depreciation		7,082,642	3,498,229
Amortisation		1,299,871	-
Financial charges		29,162,314	16,117,875
Gain on revaluation of investments carried at fair value through profit and loss account - net		(223,010)	(1,884,600)
Gain on disposal of property, plant and equipment - net		(2,563,456)	(1,102,807)
		<u>34,758,361</u>	<u>16,628,697</u>
Profit before working capital changes		4,079,188	13,750,864
Changes in working capital			
Decrease / (increase) in current assets			
Trade debts - unsecured		39,966,375	34,831,447
Short-term investments		(85,628,460)	354,142,496
Advances, deposits, prepayments and other receivables		(235,716,271)	9,538,102
Receivable under margin finance		84,214,037	(102,889,064)
		<u>(197,164,319)</u>	<u>295,622,981</u>
Increase / (decrease) in current liabilities			
Trade and other payables		23,720,893	(23,775,488)
Unclaimed dividend		(192,660)	(57,778)
Cash (used in) / generated from operations		<u>(169,556,898)</u>	<u>285,540,579</u>
Income tax paid		(21,466,245)	(12,917,502)
Financial charges paid		(27,560,354)	(17,938,699)
Net cash (used in) / generated from operating activities		<u>(218,583,497)</u>	<u>254,684,378</u>
Cash Flows From Investing Activities			
Purchase of property, plant and equipment		(1,030,800)	(10,380,982)
Purchase of softwares		(3,900,000)	-
Proceeds from disposal of property, plant and equipment		7,246,100	2,002,650
Long-term deposits		-	(440,265)
Net cash generated from / (used in) investing activities		<u>2,315,300</u>	<u>(8,818,597)</u>
Cash Flows From Financing Activities			
Long-term loan paid		-	(275,000,000)
Lease rentals paid		(5,446,080)	(791,760)
Net cash used in financing activities		<u>(5,446,080)</u>	<u>(275,791,760)</u>
Net decrease in cash and cash equivalents		<u>(221,714,277)</u>	<u>(29,925,979)</u>
Cash and cash equivalents at the beginning of the year/period		<u>18,007,644</u>	<u>47,933,623</u>
Cash and cash equivalents at the end of the year/period	24	<u>(203,706,633)</u>	<u>18,007,644</u>

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

	Share Capital	Unappropriated profit / (loss)	Unrealised gain/ (loss) on re-measurement of 'available for sale' Investments	Total
	----- Rupees -----			
Balance as at July 01, 2017	200,156,500	28,677,968	27,132,392	255,966,860
Total comprehensive loss for the half year ended December 31, 2017	-	(10,877,123)	(5,257,686)	(16,134,809)
Balance as at December 31, 2017	200,156,500	17,800,845	21,874,706	239,832,051
Total comprehensive loss for the year ended December 31, 2018	-	(45,634,187)	(14,154,075)	(59,788,262)
Balance as at December 31, 2018	200,156,500	(27,833,342)	7,720,631	180,043,789

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

1 STATUS AND NATURE OF BUSINESS

1.1 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 is registered with/accredited by Financial Markets Association of Pakistan as Inter-bank broker and Mutual Funds Association of Pakistan as Service Provider/Distributor. The Company is engaged in Financial Brokerage, Corporate Finance and Financial Research and is well-positioned to respond to the dynamic business environment.

1.2 Holding Company Incorporated outside Pakistan

EFG Hermes Frontier Holdings LLC (the Holding Company) holds 51% shares of the Company. The holding Company is incorporated in UAE, having its registered office at Level 6, Gate Building, West Wing, Dubai International Financial Centre, Dubai, UAE. The Managing Director of the Company is Mr. Ali Khalpey. The Holding Company is a going concern and auditors have issued an unqualified report on the latest audited financial statements.

1.3 Significant transactions and events affecting the Company's financial position and performance

Events affecting the Company's financial position and performance during the year were persistent low turnover in the market due to uncertainty in government policies which resulted in devaluation of currency and rise in interest rates. Further, withholding tax on sale & purchase of shares for the first half were under the final tax regime which resulted in increased taxation expense.

During the year, the Company discontinued loss making Interbank brokerage operations and laid off employees of the respective operations. Further, the Company made severance payment of Rs. 8.58 mn to some employees including the CEO & COO of the Company.

Due to the first time application of financial reporting requirements under the Companies Act, 2017, including disclosure and presentation requirements of the Fourth Schedule of the Companies Act, 2017, additional disclosures included but are not limited to, management assessment of sufficiency of tax provision in the financial statements.

Further, detail performance of the Company can be reviewed in the Directors' Report.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared on the basis of historical cost convention except for certain short-term investments which are stated at fair value and as otherwise stated in respective policy notes.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

2.4 Critical accounting estimates and judgments

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 associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are described in note 29.

2.5 Standards, amendments and interpretations adopted during the period

The Companies Act, 2017 (the Act) has brought certain changes with regard to preparation and presentation of annual financial statements of the Company. These changes also include change in respect of recognition criteria of revaluation surplus of fixed assets, change in nomenclature of primary statements, etc. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the elimination of duplicative disclosures with IFRS disclosure requirements; and incorporation of significant additional disclosures which have been included in these financial statements.

Following amendments have been adopted by the Company during the year

IFRS 2 Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions

IAS 40 Investment Property - Amendments to clarify transfers of property to or from investment property.

However, the above amendments do not have any impact on the financial statements.

2.6 Standards, amendments and interpretations to published approved accounting standards that are not yet effective

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2018. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

2.7 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:

- IFRS 9 'Financial Instruments' (effective from accounting period beginning on or after July 1, 2018)

This standard addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit and loss (P&L). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI, not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model of IAS 39. For financial liabilities there are no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. The Company is yet to assess the full impact of the standard.

- IFRS 15 'Revenue from contracts with customers' (effective from accounting period beginning on or after July 1, 2018)

This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Company is yet to assess the full impact of the standard.

- IFRS 16 'Leases' (effective for accounting periods beginning on or after January 1, 2019)

This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is yet to assess the full impact of the standard.

- IFRIC 22 'Foreign currency transactions and advance consideration' (effective from accounting period beginning on or after January 1, 2018)

This interpretation clarifies the determination of the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. The interpretation is not expected to have a significant impact on the Company's financial reporting.

- IFRIC 23 'Uncertainty over income tax treatments' (effective from accounting period beginning on or after January 1, 2019)

This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRS interpretations committee had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is

uncertainty over whether that treatment will be accepted by the tax authority. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff retirement benefits

Defined contribution plan

The Company operates a defined contribution plan i.e. recognized provident fund scheme for all of its eligible employees in accordance with the trust deed and rules made there under. Equal monthly contributions are made at the rate of 10% of basic salary.

3.2 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress.

These are transferred to specific assets as and when assets are available for use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is charged to income applying the reducing balance method over the estimated useful lives of related assets, at the rates specified in note 4 to the financial statements. Depreciation is charged from the month the assets are available for use while no depreciation is charged in the month of disposal.

Repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Gains or losses on disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount and are included in the profit and loss account of the period to which it relates.

The Company assesses at each balance sheet date whether there is any indication that a fixed asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the estimated recoverable amount, assets are written down to the recoverable amount.

3.3 Intangible assets

(a) TRE certificates & membership

These are stated at revalued amount. Provision is made for decline in value other than temporary, if any.

(b) Others

These are stated at cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts and where carrying value exceeds estimated recoverable amount, these are written down to their estimated recoverable amount.

Amortization is charged to income applying the reducing balance method over the estimated useful lives of related assets. Full year's amortization on intangible assets is charged in the year of acquisition, whereas no amortization is charged in the year of disposal.

Intangible assets are capitalized when it is probable that future economic benefits attributable to the asset will flow to the enterprise and the same shall be amortized applying an appropriate amortization rate.

3.4 Assets subject to finance lease

Assets held under finance lease are accounted for by recording the asset and related liability at the amounts determined on the basis of lower of fair value of the asset and the present value of minimum lease payments.

The outstanding obligation under the lease less finance charges allocated to future periods is shown as a liability.

Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged on the leased assets on the basis similar to that of owned tangible assets.

3.5 Financial assets

The management determines the appropriate classification of its financial assets (including investments) in accordance with the requirements of International Accounting Standards (IAS) 39: "Financial Instruments Recognition and Measurement", at the time of the purchase and re-evaluates this classification on a regular basis. The Company classifies its financial assets in following categories:

3.5.1 Classification

(i) 'Financial assets at fair value through profit or loss' account - held for trading

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in market price, interest rate movements or are financial assets included in a portfolio in which a pattern of short-term profit taking exists.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise of trade debts, advances, deposits, cash and bank balances and other receivables in the balance sheet.

(iii) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity which the Company has positive intent and ability to hold to the maturity.

(iv) Available-for-sale

Investments classified as 'available-for-sale' are measured at fair value. Gains or losses on 'available-for-sale' investments are recognised directly in equity until the investment is sold, derecognised or is determined to be impaired, at which time the cumulative gain or loss previously reported in statement of comprehensive income is included in income. Upon impairment, gain / loss which had been previously recognised directly in the statement of comprehensive income, is included in the profit and loss account for the year.

The fair value of those investments representing listed equity and other securities i.e. debt instruments, are determined on the basis of year-end prices obtained from stock exchange quotations. Unquoted securities are valued at cost less impairment in value, if any.

3.5.2 Regular way contract

Regular purchases and sales of investments are recognized on trade date basis - i.e. on the date when the Company commits to purchase or sell the asset. All client purchases and sales are recognised on the date of settlement.

3.5.3 Initial recognition and measurement

Financial assets are initially recognized at fair value plus transaction cost except for financial assets carried at fair

value through profit or loss – held for trading. Financial assets carried at fair value through profit or loss - held for trading are initially recognized at fair value and transaction cost are expensed in the profit and loss account.

3.5.4 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as following:

a) 'Financial assets at fair value through profit or loss' – held for trading and available-for-sale

'Financial assets at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available-for-sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these financial assets are recognized in other comprehensive income, until the available-for-sale financial assets are derecognized. At this time, the cumulative gain or loss previously recognized directly in other comprehensive income is reclassified from other comprehensive income to profit or loss as a reclassification adjustment.

Unquoted investments, where active market does not exist and fair value cannot be reasonably calculated, are carried at cost.

b) 'Loans and receivables' and 'held-to-maturity'

'Loans and receivables' and 'held-to-maturity' financial assets are carried at amortized cost.

3.5.5 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in any asset or group of assets. If such indication exists, the recoverable amount of the assets is estimated and impairment losses are recognized immediately as an expense in the profit and loss account. In case of equity securities classified as 'available-for-sale', a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for 'available-for-sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognized in comprehensive income, is reclassified from other comprehensive income and recognized in the profit and loss account. Impairment losses on equity financial assets recognized in profit and loss account are not reversed through profit and loss account.

3.5.6 Derecognition

Financial assets are derecognized when the right to receive cash flows from the financial assets have expired, have been realized or transferred, and the Company has transferred substantially all risks and rewards of ownership.

3.5.7 Reclassification

The Company may reclassify a non-derivative financial asset classified as 'held-to-trading' to 'available-for-sale' category, if the financial asset is no longer held for trading in near future. Such reclassifications are made in circumstances arising from a single event that is unusual and highly unlikely to recur in near future. Reclassifications are made at fair value of the financial asset as at the date of reclassification and such fair value becomes cost of the financial asset. Gains or losses recognized before reclassification are not subsequently reversed.

3.5.8 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to set-off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.6 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Financial liabilities include trade and other payables, running finance under mark-up arrangements, accrued mark-up on borrowing, liabilities against assets subject to finance lease, redeemable capital and dividend payable.

3.7 Foreign currency transactions

Foreign currency transactions are converted into rupees at the rates of exchange approximating to those ruling at the date of transaction. Monetary assets and liabilities in foreign currencies have been translated into rupees at the rates of exchange approximating those ruling at the balance sheet date. Exchange gains or losses are included in income currently.

3.8 Revenue recognition

- (a) Brokerage, advisory fees, commission and other income are accrued as and when due.
- (b) Dividend income on equity investments is recognized, when the right to receive the same is established.
- (c) Gains or losses on sale of investments are recognized in the period in which they arise.
- (d) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time commitment is fulfilled.
- (e) Consultancy, advisory fee and service charges, are recognized as and when earned.
- (f) Unrealized capital gains / (losses) arising from marking to market of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

3.9 Taxation

Current

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary timing differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable income. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized. During the year, the temporary taxable and deductible differences were Rs. 2,506,104 and Rs. 809,950 respectively and accumulated unused tax losses were Rs. 15,083,822. Deferred tax asset for the year works out to be Rs. 3,882,424/- but it has not been recognised in the financial statements as it is not reasonably certain that the related tax benefit will be realized.

3.10 Borrowing cost

The borrowing costs are interest or other auxiliary cost incurred by the Company in connection with borrowing of funds and is treated as periodic cost and charged to profit and loss account. However, borrowing costs incurred on qualifying assets are capitalized as part of the cost of the asset.

3.11 Securities sold under repurchase / purchased under resale agreements

Investments sold with a simultaneous commitment to repurchase at a specified future date (Repo) continue to be recognized in the balance sheet and are measured in accordance with the accounting policies for investments. Amounts received under these agreements are recorded as securities sold under repurchase agreements. The difference between purchase and sale is treated as mark-up expense. Investments purchased with a corresponding commitment to resell at a specified future date (Reverse Repo) including securities purchased under margin trading / margin finance are not recognized in the balance sheet. Amounts paid under these obligations are included in fund placements. The difference between purchase and resale price is treated as mark-up/ interest income.

3.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of amount of obligation can be made.

3.13 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade debts and other receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.14 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.15 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

3.16 Earnings/(loss) per share

Earnings/(loss) per share is calculated by dividing the profit/(loss) after tax for the period by the weighted average number of shares outstanding during the period.

3.17 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, demand deposits and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents also consist of bank overdrafts repayable on demand, if any.

4 PROPERTY, PLANT AND EQUIPMENT

Particulars	December 31, 2018							
	C O S T			Depreciation Rate	D E P R E C I A T I O N			WRITTEN DOWN VALUE
	As at January 01, 2018	Additions/ (Disposals) *Reclassification	As at December 31, 2018		As at January 01, 2018	Charge for the year/ (Disposals) *Reclassification	As at December 31, 2018	As at December 31, 2018
Rupees			%	Rupees			Rupees	
Owned								
Building	4,028,200	-	4,028,200	10	975,046	305,316	1,280,362	2,747,838
Furniture and fixtures	18,563,065	-	18,563,065	10	3,463,308	1,509,976	4,973,284	13,589,781
Office equipment	4,825,587	649,000 (842,514)	4,632,073	10	2,053,387	311,377 (516,346)	1,848,418	2,783,655
Computers	14,290,809	381,800 (1,033,630)	13,638,979	33	5,513,285	2,936,166 (860,808)	7,588,643	6,050,336
Vehicles	16,922,198	(4,880,653) * 4,000,000	16,041,545	20	12,651,218	865,280 (4,093,625) * 1,883,202	11,306,075	4,735,470
Leased								
Vehicles	9,897,000	(5,897,000) * (4,000,000)	-	20	3,229,049	1,154,527 (2,500,374) * (1,883,202)	-	-
	68,526,859	1,030,800 (12,653,797)	56,903,862		27,885,293	7,082,642 (7,971,153)	26,996,782	29,907,080

Particulars	December 31, 2017							
	C O S T			Depreciation Rate	D E P R E C I A T I O N			WRITTEN DOWN VALUE
	As at January 01, 2017	Additions/ (Disposals) *Reclassification	As at December 31, 2017		As at January 01, 2017	Charge for the year/ (Disposals) *Reclassification	As at December 31, 2017	As at December 31, 2017
Rupees			%	Rupees			Rupees	
Owned								
Building	1,325,000	2,703,200	4,028,200	10	909,203	65,843	975,046	3,053,154
Furniture and fixtures	18,563,065	-	18,563,065	10	2,668,584	794,724	3,463,308	15,099,757
Office equipment	4,675,931	149,656	4,825,587	10	1,912,733	140,654	2,053,387	2,772,200
Computers	6,934,633	7,528,126 (171,950)	14,290,809	33	4,422,944	1,253,316 (162,975)	5,513,285	8,777,524
Vehicles	19,704,078	- (2,781,880)	16,922,198	20	14,039,420	502,810 (1,891,012)	12,651,218	4,270,980
Leased								
Vehicles	9,897,000	-	9,897,000	20	2,488,167	740,882	3,229,049	6,667,951
	61,099,707	10,380,982 (2,953,830)	68,526,859		26,441,051	3,498,229 (2,053,987)	27,885,293	40,641,566

4.1 Disposal of property, plant and equipment

Particulars	Acquisition Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain	Mode of Disposal	Particulars of Buyers	Relationship
----- Rupees -----								
Motor Vehicles								
Honda Vezel	3,400,000	1,564,000	1,836,000	2,273,660	437,660	Negotiation	Mr. Muzzammil Aslam	Ex-CEO
Honda Civic	2,497,000	936,374	1,560,626	1,928,703	368,077	Negotiation	Mr. Asim Ali	Ex-COO
	<u>5,897,000</u>	<u>2,500,374</u>	<u>3,396,626</u>	<u>4,202,363</u>	<u>805,737</u>			

Aggregate of motor vehicles, computers and office equipment with individual book values not exceeding Rs. 500,000/-.

Acquisition Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain
----- Rupees -----				
<u>6,756,797</u>	<u>5,470,776</u>	<u>1,286,021</u>	<u>3,043,737</u>	<u>1,757,716</u>

4.2 Company has two offices which are located in Lahore.

	Not	December 31, 2018 Rupees	December 31, 2017 Rupees
5 INTANGIBLE ASSETS			
Membership - Pakistan Mercantile Exchange Limited		2,500,000	2,500,000
Telephone booths		1,200,000	1,200,000
Trading Right Entitlement Certificate	5.1	-	-
Computer softwares	5.2	2,600,134	5
		<u>6,300,134</u>	<u>3,700,005</u>

5.1 The Company has been granted Trading Right Entitlement (TRE) Certificate in pursuance of Section 5 of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 read with Regulation 6 of the Stock Exchanges (Corporatization, Demutualization and Integration) Regulations, 2012. The TRE Certificate represent intangible asset and is accounted for on Nil value as presently, the value of the TRE Certificate can not be determined with reasonable accuracy.

5.2 Computer Softwares

December 31, 2018						
Cost			Rate %	Accumulated Amortisation		Written Down Value
As at January 01, 2018	Additions	As at December 31, 2018		As at January 01, 2018	Charge for the year	As at December 31, 2018
----- Rupees -----				----- Rupees -----		
2,000,000	3,900,000	5,900,000	33.33	1,999,995	1,299,871	3,299,866
						2,600,134

December 31, 2017						
Cost			Rate %	Accumulated Amortisation		Written Down Value
As at January 01, 2017	Additions	As at December 31, 2017		As at January 01, 2017	Charge for the year	As at December 31, 2017
----- Rupees -----				----- Rupees -----		
2,000,000	-	2,000,000	33.33	1,999,995	-	1,999,995
						5

	Note	December 31, 2018 Rupees	December 31, 2017 Rupees
6 LONG TERM INVESTMENTS			
'Available-for-sale' investments	6.1	29,752,072	43,906,147

6.1 Description of 'available-for-sale' investments

31-Dec-18		31-Dec-17		31-Dec-18		31-Dec-17	
Number of Shares		Name of Investee Company	Note	Cost	Carrying Value	Cost	Carrying Value
1,602,953	1,602,953	Pakistan Stock Exchange Ltd.	6.2 & 17.1	14,031,433	21,752,072	14,031,433	35,906,147
843,975	843,975	LSE Financial Services Ltd.	6.3	8,000,000	8,000,000	8,000,000	8,000,000
				22,031,433	29,752,072	22,031,433	43,906,147

6.2 In accordance with the requirements of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), 4,007,383 shares of Pakistan Stock Exchange Limited ('PSX') had been allotted to the Company in lieu of membership card of KSE. In compliance of the Act, 60% shares had been sold at a price of Rs. 28/- per share and the remaining 40% shares are blocked. However, out of blocked shares 521,759 shares have been released under Public Offering Regulations, 2017 in the name of the Company and remaining have been pledged with PSX to fulfill the Base Minimum Capital requirement as per the PSX Regulations. These shares have been revalued at a price of Rs. 13.57 (December 31, 2017 : Rs. 22.40) as at balance sheet date. Further, two TRE Certificates of PSX (i.e. one each against TRE Certificates of Karachi Stock Exchange Limited and the Lahore Stock Exchange Limited) have been issued to the Company. The Company has surrendered an inactive TRE Certificate with the PSX as per requirement of the Act.

6.3 This represents unquoted shares of LSE Financial Services Limited ('LSEFSL') formed as an NBFC allotted as a result of (Corporatization, Demutualization and Integration) Act, 2012 in lieu of membership card of LSE and these have been pledged with PSX to fulfill the Base Minimum Capital requirement as per PSX Regulations. Since shares of LSEFSL are not presently tradable therefore fair value cannot be determined.

7 TRADE DEBTS - UNSECURED		Note	December 31, 2018 Rupees	December 31, 2017 Rupees
Considered good			11,405,060	51,371,435
Considered doubtful			809,950	809,950
Less: provision for doubtful debts			12,215,010 (809,950)	52,181,385 (809,950)
			11,405,060	51,371,435
Aging Analysis				
Within 5 days			3,459,714	45,528,033
Above 5 days			8,755,296	6,653,352
Provision for doubtful debts			(809,950)	(809,950)

Trade debts for more than five days to the extent by which the amount receivable exceed the collateral held from such customer after applying haircuts on VAR basis are Rs. 5.38 million (December 31, 2017 : 4.29 million).

8 SHORT - TERM INVESTMENTS		Note	December 31, 2018 Rupees	December 31, 2017 Rupees
Financial assets at fair value through profit and loss - held for trading				
Investment in Government Securities - Treasury Bills	8.1		285,250,670	199,399,200

8.1 The Company has pledged treasury bills of face value of Rs. 100 million (December 31, 2017: Rs. 100 million) with NCCPL against exposure deposit and the remaining are pledged with a Commercial Bank against finance facility.

	Note	December 31, 2018 Rupees	December 31, 2017 Rupees
9 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances to employees - considered good		714,878	1,933,135
Security deposit		1,746,600	1,746,600
Short term deposits	9.1	353,231,166	114,950,000
Inter-bank brokerage		179,344	4,543,505
Prepayments		8,769,907	2,171,752
Other receivables		2,868,127	6,448,759
		<u>367,510,022</u>	<u>131,793,751</u>

9.1 This represents deposits with the National Clearing Company of Pakistan Limited against exposure requirement, loss deposits and future profit held.

	Note	December 31, 2018 Rupees	December 31, 2017 Rupees
10 RECEIVABLE UNDER MARGIN FINANCE			
Receivable under margin finance	10.1	<u>94,180,681</u>	<u>178,394,718</u>

10.1 The margin finance rate ranged from 10% to 14% (December 31, 2017: 10%) and is secured against shares of listed securities.

	Note	December 31, 2018 Rupees	December 31, 2017 Rupees
11 CASH AND BANK BALANCES			
Cash in hand		50,000	90,211
Cash at banks			
- in deposit accounts	11.1	11,671,407	11,726,237
- in current accounts - pertaining to brokerage house		5,325,892	31,930,153
- in current accounts - pertaining to clients		69,589,711	66,969,990
		<u>86,587,010</u>	<u>110,626,380</u>
		<u>86,637,010</u>	<u>110,716,591</u>

11.1 These carry return ranging from 2.65% to 8.50% (December 31, 2017 : 2.65% to 3.75%) per annum.

11.2 Client(s) balances of 'nil' (December 31, 2017: Rs. 'nil') are kept in margin deposit account of respective UIN's with the National Clearing Company of Pakistan Limited.

11.3 Value of customers assets held in the Central Depository Company under Company's Participant ID as at December 31, 2018 is Rs. 0.93 billion (December 31, 2017: Rs. 1.52 billion).

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

December 31, 2018	December 31, 2017		December 31, 2018	December 31, 2017
Number of Shares	Ordinary shares of Rs. 10/- each	Note	Rupees	Rupees
27,015,500	27,015,500	Fully paid in cash	270,155,000	270,155,000
39,039,060	39,039,060	Issued as bonus shares	390,390,600	390,390,600
(46,038,910)	(46,038,910)	Buy back of shares	(460,389,100)	(460,389,100)
<u>20,015,650</u>	<u>20,015,650</u>		<u>200,156,500</u>	<u>200,156,500</u>

12.1 These shares had been bought back under and pursuant to the provisions of Section 95A of the Companies Ordinance, 1984 - 'repealed' and the Companies (Buy-Back of Shares) Rules, 1999.

	Note	December 31, 2018	December 31, 2017
		Rupees	Rupees
13 LONG-TERM LOAN			
Term Finance Facility I	13.1	200,000,000	200,000,000
Term Finance Facility II		175,000,000	175,000,000
		<u>375,000,000</u>	<u>375,000,000</u>

13.1 The loan has been obtained from a Commercial Bank with mark-up rate 6 Months KIBOR + 0.25% (December 31, 2017: 6 months KIBOR + 0.25%) and are valid till May 2023 against facilities of Rs. 200 million & Rs.175 Million respectively. These facilities are secured against 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.

14 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	December 31, 2018		December 31, 2017	
	Minimum lease payments Rupees	Present value Rupees	Minimum lease payments Rupees	Present value Rupees
Within one year	-	-	2,035,886	1,583,520
After one year but not later than five years	-	-	4,353,384	3,862,560
Total minimum lease payments	-	-	6,389,270	5,446,080
Less: Finance charges	-	-	(943,190)	-
Present value of minimum lease payments	-	-	5,446,080	5,446,080
Less: Current portion	-	-	(1,583,520)	(1,583,520)
	-	-	<u>3,862,560</u>	<u>3,862,560</u>

14.1 During the year, the Company has made prepayment of all lease rental for early release of vehicles under finance lease and all vehicles have been acquired by the company. As per the agreement, lease rentals were payable in monthly installments and financial charges included in lease rentals were determined on the basis of 3 Months KIBOR + 3% (December 31, 2017 : 3 Months KIBOR + 3%) on every quarter.

15 SHORT - TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS - Secured	December 31, 2018 Rupees	December 31, 2017 Rupees
Habib Bank Limited	290,343,643	88,062,924
Askari Bank Limited	-	4,646,023
	<u>290,343,643</u>	<u>92,708,947</u>

15.1 The Company has running finance facilities of Rs. 600 million (December 31, 2017 : Rs. 650 million) under mark-up arrangements. These facilities carry Mark-up at 1 month KIBOR + 0.10% (December 31, 2017 : 3 months KIBOR + 2% & 1 month KIBOR + 0.10%). This arrangement is valid upto April 30, 2019 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 pledged value related to client(s) were 'nil' (December 31, 2017 : Rs. 10.26 million).

16 TRADE AND OTHER PAYABLES	December 31, 2018 Rupees	December 31, 2017 Rupees
Creditors	69,589,711	66,969,990
Accrued liabilities:		
Mark-up on finance	5,748,755	3,995,978
Mark-up under finance lease	-	150,817
Workers' Welfare Fund	8,006,299	8,006,299
Sales tax - net	1,921,813	2,061,844
Accrued Expenses and other liabilities	35,207,847	13,966,644
	<u>50,884,714</u>	<u>28,181,582</u>
	<u>120,474,425</u>	<u>95,151,572</u>

17 CONTINGENCIES AND COMMITMENTS

17.1 The Company has pledged / hypothecated TRE Certificates of Pakistan Stock Exchange Limited and 1,081,194 (2017: 1,602,953) ordinary shares of PSX and 843,875 shares of LSE Financial Services Limited with PSX to fulfill the Base Minimum Capital requirement under the Regulations of the Exchange.

17.2 The income tax authorities had issued Notice under section 122(5A) read with Section 122(9) of the Income Tax Ordinance, 2001 to amend the assessment for the tax year 2013. In this regard, tax Authorities had passed an order vide decreasing tax loss claimed for the year. The Company had filed an appeal before the Commissioner (Appeals-III) against the above order and order was decided against the Company. However, during the year, the Company has filed appeal before Appellate Tribunal against order and the proceedings thereof are pending till date. The management is confident that the eventual outcome of the matters will be decided in favour of the Company. Accordingly, no provisions have been made in these financial statements.

17.3 The income tax authorities have issued Show Cause Notices under section 122(9) for amendment under section 122(5A) of the Income Tax Ordinance, 2001 for tax years 2010, 2011 and 2013. The Company has filed petitions in the Honorable High Court of Sindh at Karachi against notices/orders for tax years 2010 and 2011. The Honorable High Court of Sindh has granted Stay Orders in favour of the Company. In respect of tax year 2013 the Company had already filed appeal mentioned in Note 17.2 and proceedings thereof are pending till date. The management is confident that the eventual outcome of the matter will be decided in favour of the Company. Accordingly, no provisions have been made in these financial statements.

17.4 The tax department has filed appeal against the Supreme Court decision in the matter of Federal Excise Duty. The PSX Stock Brokers Association has been defending the case and the Company became a party with them. The management is confident that the eventual outcome of the matter will be decided in favour of the Company therefore, no provision has been recognised in these financial statements.

17.5 The tax department has issued Show Cause Notice under section 121(1)(d) of the Income Tax Ordinance, 2001 for best judgment assessment for the tax year 2012. The Company has filed Suit before the Honorable High

Court of Sindh at Karachi for challenging notice and merger of proceedings under section 122(5A) of the Income Tax Ordinance, 2001 initiated and closed earlier by the Additional Commissioner Inland Revenue. The management is confident that the eventual outcome of the matter will be decided in favour of the Company.

- 17.6** In the matter of Workers' Welfare Fund ('WWF') for tax years 2010 to 2015 the Honorable Supreme Court of Pakistan had decreed on 10th November, 2016 that impugned amendments in the Finance Act related to WWF as unlawful. However, a review petition has been filed in the Honorable Supreme Court of Pakistan by the tax authorities. Since the management is confident that the eventual outcome of this case will be decided in favour of the Company therefore, no provision has been made for tax year 2012 and 2013 amount of Rs. 4,443,599/- and Rs. 4,925,073/- respectively in these financial statements.
- 17.7** The Company had received a show cause notice from the Sindh Revenue Board under section 23 (1) of the Sindh Sales tax on Services Act, 2011 whereby the sales tax authorities are demanding additional output tax of Rs. 3,755,845/- & Rs. 1,027,176/- for tax year 2015 & 2016 respectively. During the year, Sindh Revenue Board has passed order by raising demand of short payment of Rs. 3,375,056/- along with penalty of Rs. 4,730,329/- The Company has filed appeal before the Commissioner Appeal against the above order and the proceedings are pending till date. Further, to avoid recovery proceedings the Company has made partial payment of Rs. 2,554,198/- under the head of 'Other Receivable' and simultaneously has recorded provision of Rs. 3,375,056/- during the year. However, the management is confident that eventual outcome will be decided in favor of the Company.
- 17.8** The income tax authorities have filed second appeal before the Appellate Tribunal Inland Revenue, Karachi against order no. 62/2016 & 63/2016 of the Commissioner Inland Revenue (Appeal-III), Karachi passed in favor of the Company in the matter of non withholding of tax Rs. 23,049,621/- and Rs. 35,389,628/- for tax year 2014 and 2015 respectively against payment of Buy-Back of shares under section 95A of the Companies Ordinance, 1984 - 'repealed'. The management is confident that the eventual outcome of the matter will be decided again in favour of the Company. Accordingly, no provisions have been made in these financial statements.

18 OPERATING REVENUES	Note	For the year ended December 31, 2018 Rupees	For the six months ended December 31, 2017 Rupees
Equity brokerage income		126,186,961	69,066,551
Inter-bank brokerage		7,455,018	6,748,949
Fees and commission		2,125	149,179
Dividend income		502,136	742,579
		134,146,240	76,707,258
19 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, allowances and other benefits		90,456,013	41,506,726
Traveling, conveyance and vehicle running		5,986,439	3,610,488
Rent rates & taxes		12,229,701	4,521,255
Utility charges		2,483,997	1,192,510
Postage, telephone and telegram		1,693,266	976,786
Repair and maintenance		3,678,711	1,975,713
Insurance		3,289,762	886,811
Depreciation	4	7,082,642	3,498,229
Amortisation	5.2	1,299,871	-
Entertainment		967,550	548,530
Newspaper and periodicals		82,112	38,259
Advertisement		846,224	199,850
Printing and stationery		1,005,029	815,567

		For the year ended December 31, 2018	For the six months ended December 31, 2017
	Note	Rupees	Rupees
Legal and professional charges		775,000	100,000
Auditors' remuneration	19.1	400,000	250,000
Service charges		12,561,583	8,045,218
CDC charges		1,343,490	703,793
Fees and subscription	19.2	14,315,911	7,209,547
Commission		8,193,780	3,703,919
Office supplies		1,293,467	559,107
Bad debts written off		1,213,445	-
		<u>171,197,993</u>	<u>80,342,308</u>
19.1 Auditors' remuneration			
Audit fee		210,000	190,000
Quarterly & half yearly review fee		150,000	30,000
Code of Corporate Governance		30,000	20,000
Out of pocket expenses		10,000	10,000
		<u>400,000</u>	<u>250,000</u>
19.2 This include tax services and other services obtained from Riaz Ahmad Saqib Gohar and Co amounting to Rs. 190,000/-.			
20 OTHER INCOME - NET			
Return on bank deposits		600,891	224,963
Return on exposure deposit with exchange		3,436,149	1,748,997
Gain on disposal of property, plant and equipment - net		2,563,456	1,102,807
Loss on Foreign exchange transactions	20.1	(838,690)	-
		<u>5,761,806</u>	<u>3,076,767</u>
20.1 The exchange loss pertains to related party balance as mentioned in note no. 28.			
21 FINANCIAL CHARGES			
Bank charges		483,711	89,163
Mark-up on finance		28,297,494	15,730,991
Mark-up under finance lease		381,109	297,721
		<u>29,162,314</u>	<u>16,117,875</u>
22 TAXATION			
Current	22.1	14,465,777	12,969,820
Prior		489,237	(3,704,654)
Deferred		-	(1,265,876)
		<u>14,955,014</u>	<u>7,999,290</u>
22.1 In the view of tax loss for the year, provision for minimum tax has been made in accordance with Section 113 of Income Tax Ordinance, 2001. Therefore, relationship between tax expense and accounting profit has not been presented for the year ended December 31, 2018.			
22.2 Provision against tax in the financial statements for the period ended Dec 31, 2017, year ended June 30, 2017 and June 30, 2016 amount to Rs. 12.970 million, Rs. 7.198 million and Rs. 4.580 million as against the assessed tax of Rs. 12.996 million, Rs. 3.494 million and Rs. 4.580 million respectively.			

	Note	For the year ended December 31, 2018 Rupees	For the six months ended December 31, 2017 Rupees
23 (LOSS) / EARNINGS PER SHARE			
There is no dilutive effect on the basic earnings per share of the Company, which is based on:			
Loss after taxation		<u>(45,634,187)</u>	<u>(10,877,123)</u>
Weighted average number of ordinary shares		<u>20,015,650</u>	<u>20,015,650</u>
Loss per share - basic and diluted	23.1	<u>(2.28)</u>	<u>(0.54)</u>
23.1	Diluted earnings per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2018 (December 31, 2017 : Nil) which could have any effect on the earnings per share if the option exercised.		
24 CASH AND CASH EQUIVALENTS		December 31, 2018 Rupees	December 31, 2017 Rupees
Cash and bank balances		86,637,010	110,716,591
Short-term running finance		<u>(290,343,643)</u>	<u>(92,708,947)</u>
		<u>(203,706,633)</u>	<u>18,007,644</u>
25 FINANCIAL INSTRUMENTS BY CATEGORY			
25.1	Financial assets and liabilities		
Financial Assets			
- Loans and receivables			
Loans and advances		894,222	6,476,640
Deposits		356,677,766	118,396,600
Trade debts - unsecured		11,405,060	51,371,435
Receivable under margin finance		94,180,681	178,394,718
Other receivables		2,868,127	6,448,759
Cash and bank balances		86,637,010	110,716,591
		<u>552,662,866</u>	<u>471,804,743</u>
- Fair value through profit and loss Investments		<u>285,250,670</u>	<u>199,399,200</u>
- Available-for-sale investments		<u>29,752,072</u>	<u>43,906,147</u>
Financial Liabilities			
- Financial liabilities at amortized cost			
Long term loan		375,000,000	375,000,000
Short-term running finance		290,343,643	92,708,947
Liabilities against assets subject to finance lease		-	5,446,080
Accrued mark-up		5,748,755	4,146,795
Trade and other payables		114,725,670	91,004,777
Unclaimed dividend		11,277,191	11,469,851
		<u>797,095,259</u>	<u>579,776,450</u>

26 FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to variety of financial risks namely market risk (including currency risk, interest rate and other price risk), credit risk, liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below:

26.1 Market Risk

Market risk is the risk that the fair values or future cash flows of the financial instrument may fluctuate due to changes in market interest rates or the market price of securities due to changes in market variables such as: interest rate, foreign exchange rate and equity prices.

26.1.1 Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk on a few inter company transactions which are shown in note 28. Further, any resulting exchange gain/loss on these transactions is recognised in the profit & loss account as disclosed in note 20.1.

26.1.2 Yield / Interest Rate Risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of financial instruments or cash flows relating to financial instruments, will fluctuate due to changes in the market rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the repricing of financial assets and liabilities through appropriate policies.

December 31, 2018

	Mark-up bearing maturity			Non-mark-up bearing maturity			Total
	Upto one year	Over one year up to five years	Sub-total	Upto one year	Over one year up to five years	Sub-total	
Rupees							
Financial assets							
Loan and advances	-	-	-	894,222	-	894,222	894,222
Deposits	49,000,000	-	49,000,000	305,977,766	1,700,000	307,677,766	356,677,766
Trade debts - unsecured	-	-	-	11,405,060	-	11,405,060	11,405,060
Receivable against margin finance	94,180,681	-	94,180,681	-	-	-	94,180,681
Fair value through profit and loss Investments	285,250,670	-	285,250,670	-	-	-	285,250,670
Available for sale investments	-	-	-	29,752,072	-	29,752,072	29,752,072
Other receivables	-	-	-	2,868,127	-	2,868,127	2,868,127
Cash and bank balances	11,671,407	-	11,671,407	74,965,603	-	74,965,603	86,637,010
	<u>440,102,758</u>	<u>-</u>	<u>440,102,758</u>	<u>425,862,850</u>	<u>1,700,000</u>	<u>427,562,850</u>	<u>867,665,608</u>
Financial liabilities							
Long term loan	-	375,000,000	375,000,000	-	-	-	375,000,000
Accrued mark-up	-	-	-	5,748,755	-	5,748,755	5,748,755
Short-term running finance	290,343,643	-	290,343,643	-	-	-	290,343,643
Trade and other payables	-	-	-	114,725,670	-	114,725,670	114,725,670
Unclaimed dividend	-	-	-	11,277,191	-	11,277,191	11,277,191
	<u>290,343,643</u>	<u>375,000,000</u>	<u>665,343,643</u>	<u>131,751,616</u>	<u>-</u>	<u>131,751,616</u>	<u>797,095,259</u>
On-balance Sheet Gap	149,759,115	(375,000,000)	(225,240,885)	294,111,234	1,700,000	295,811,234	70,570,349
Off-balance Sheet Gap	-	-	-	-	-	-	-

December 31, 2017

	Mark-up bearing maturity			Non-mark-up bearing maturity			Total
	Upto one year	Over one year up to five years	Sub-total	Upto one year	Over one year up to five years	Sub-total	
----- Rupees -----							
Financial assets							
Loan and advances	-	-	-	6,476,640	-	6,476,640	6,476,640
Deposits	92,000,000	-	92,000,000	24,696,600	1,700,000	26,396,600	118,396,600
Trade debts - unsecured	-	-	-	51,371,435	-	51,371,435	51,371,435
Receivable against margin finance	178,394,718	-	178,394,718	-	-	-	178,394,718
Fair value through profit and loss Investments	199,399,200	-	199,399,200	-	-	-	199,399,200
Available for sale investments	-	-	-	43,906,147	-	43,906,147	43,906,147
Other receivables	-	-	-	6,448,759	-	6,448,759	6,448,759
Cash and bank balances	11,726,237	-	11,726,237	98,990,354	-	98,990,354	110,716,591
	<u>481,520,155</u>	<u>-</u>	<u>481,520,155</u>	<u>231,889,935</u>	<u>1,700,000</u>	<u>233,589,935</u>	<u>715,110,090</u>
Financial liabilities							
Long term loan	-	375,000,000	375,000,000	-	-	-	375,000,000
Accrued mark-up	-	-	-	4,146,795	-	4,146,795	4,146,795
Liabilities against assets subject to finance lease	1,583,520	3,862,560	5,446,080	-	-	-	5,446,080
Short-term running finance	92,708,947	-	92,708,947	-	-	-	92,708,947
Trade and other payables	-	-	-	91,004,777	-	91,004,777	91,004,777
Unclaimed dividend	-	-	-	11,469,851	-	11,469,851	11,469,851
	<u>94,292,467</u>	<u>378,862,560</u>	<u>473,155,027</u>	<u>106,621,423</u>	<u>-</u>	<u>106,621,423</u>	<u>579,776,450</u>
On-balance Sheet Gap	387,227,688	(378,862,560)	8,365,128	125,268,512	1,700,000	126,968,512	135,333,640
Off-balance Sheet Gap	-	-	-	-	-	-	-

26.1.3 Other Price Risk

Other price risk is the risk of volatility in shares prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The Company is exposed to price risk because of investments held by the Company and classified in the balance sheet as investments at fair value through profit or loss account. The management believes that 10% increase or decrease in the value of investments at fair value through profit or loss account, while all other factors remaining constant would result in increase or decrease of the Company's profit by Rs. 'nil' (December 31, 2017: 'nil').

26.2 Liquidity Risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting commitments associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and bank balances, marketable securities and availability of funds through an adequate amount of committed credit lines. The Company is not exposed to liquidity risk. The maturity profile is monitored to ensure that adequate liquidity is maintained. The liquidity profile of the Company is disclosed in note 26.1.2.

26.3 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed to perform as contracted. All the financial assets of the Company are exposed to credit risk. To manage the exposure to credit risk, the Company applies credit limit to its customers and in certain cases obtains margin and deposit in the form of cash. The Company has established internal policies for extending credit which

captures essential details regarding customers. Based on the review of borrowers credentials as available internally and value of collaterals held as security, the management is confident that credit quality of debts which are not past due nor impaired remains sound at the balance sheet date.

The majority of the Company's transactions, and consequently, the concentration of its credit exposure are with the customers, brokers and other financial institutions. These activities primarily involve collateralized arrangement and may result in credit exposure if the counter party fails to meet its contracted obligations. The Company's exposure to credit risk can only be directly impacted by volatile security markets which may impair the ability of counter parties to satisfy their contractual obligations. The Company seeks to control its credit risk through a variety of reporting and control procedures, including establishing credit limit based upon a review of the counter parties' financial conditions. The Company monitors collateral levels on a regular basis and requests changes in collateral levels as appropriate if considered necessary.

An analysis of the age of significant financial assets that are past due or impaired are as under:

	December 31, 2018 Rupees	December 31, 2017 Rupees
Financial Instruments Carried at Amortized Cost		
Trade debts - unsecured	<u>11,405,060</u>	<u>51,371,435</u>
Payments over due		
1-360 days	10,709,528	49,981,401
Above 360 days	1,505,482	2,199,984
Provision for doubtful debts	(809,950)	(809,950)
	<u>11,405,060</u>	<u>51,371,435</u>

26.3.1 The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating Agency	Rating	
		Short term	Long Term
Allied Bank Limited	PACRA	A1+	AAA
Askari Bank Limited	PACRA	A1+	AA+
Bank Al-Falah Limited	JCR-VIS	A-1+	AA+
Bank Al- Habib Limited	PACRA	A1+	AA+
BankIslami Pakistan Limited	PACRA	A1	A+
Habib Bank Limited	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	AA-
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA
Standard Chartered Bank Pakistan Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AAA

26.4 Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these financial statements approximate to their fair value.

26.5 Financial Assets Fair Value Hierarchy

All financial instruments carried at fair value are categorized in three categories defined as follows:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 - Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Assets	December 31, 2018			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Investment in equity securities - held for trading				
Government Securities	-	285,250,670	-	285,250,670
Investment in Available for Sale securities				
Listed Securities	<u>21,752,072</u>	-	-	<u>21,752,072</u>
	<u>21,752,072</u>	<u>285,250,670</u>	<u>-</u>	<u>307,002,742</u>
	----- Rupees -----			
	December 31, 2017			
Assets	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Investment in equity securities - held for trading				
Government Securities	-	199,399,200	-	199,399,200
Investment in Available for Sale securities				
Listed Securities	<u>35,906,147</u>	-	-	<u>35,906,147</u>
	<u>35,906,147</u>	<u>199,399,200</u>	<u>-</u>	<u>235,305,347</u>

26.6 Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide adequate returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

The Company monitors capital on the basis of gearing ratio. Gearing ratio is calculated as total debt divided by total equity, where debt represents total long term borrowings and total equity represents paid-up capital, reserves and accumulated profit / (loss).

	Note	December 31, 2018 Rupees	December 31, 2017 Rupees
Liabilities against assets subject to finance lease		-	3,862,560
Long term loan		375,000,000	375,000,000
Shareholders' equity		180,043,789	239,832,051
Total		555,043,789	618,694,611
Gearing ratio		67.56%	61.24%

27 REMUNERATION OF CHIEF EXECUTIVE OFFICER, EXECUTIVE DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the remuneration, including certain benefits to the Chief Executive, Executive Directors and Executives of the Company is as follows:

	Chief Executive Officer		Executives	
	For the year ended December 31, 2018	For the six months ended December 31, 2017	For the year ended December 31, 2018	For the six months ended December 31, 2017
	----- Rupees -----			
Remuneration	5,032,257	3,096,774	10,418,393	11,405,806
House rent allowance	2,264,517	1,393,549	4,386,769	5,132,613
Utility allowance	503,226	309,677	974,838	1,140,581
Commission & bonus	1,600,000	800,000	4,433,312	6,109,284
Severance pay	4,800,000	-	1,080,000	-
Any other remuneration	1,260,000	-	564,000	-
	15,460,000	5,600,000	21,857,312	23,788,284
Number of persons	2	1	6	16

27.1 The Company provides company maintained car to the chief executive officer, executive directors and certain executives. The Company has paid fee to one non-executive director during the period amount of Rs. 50,000 (December 31, 2017 : 50,000). Further, the chief executive officer, executive directors and executives are also entitled for perquisites and facilities/benefits as per the Company's policies and rules.

27.2 The Company has no Executive Director during the year.

27.3 As per the requirement of 'Research Analyst Regulations 2015', under the Securities Act 2015, following are the details of Research Analysts employed by the Company.

	For the year ended December 31, 2018 Rupees	For the six month ended December 31, 2017 Rupees
Remuneration	3,753,333	1,920,000

The Research Analysts reports directly to the Head of Research/Director Research and/or Chief Executive Officer.

28 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. The remuneration of Chief Executive Officer, Executive Directors and Executives is disclosed in Note 27 to the financial statements.

Details of transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Note	For the year ended December 31, 2018 Rupees	For the six months ended December 31, 2017 Rupees
Brokerage Income Earned From:			
Directors		<u>1,184,726</u>	<u>501,651</u>
Employees		<u>471,556</u>	<u>545,147</u>
Transactions			
Contribution to employees provident fund		<u>3,404,251</u>	<u>1,757,165</u>
Associate			
Commission expense to Financial Brokerage Group		<u>8,193,780</u>	<u>3,703,919</u>
Balances			
Payable to directors in their shares trading accounts		<u>1,978,113</u>	<u>2,460,819</u>
Payable to employees in their shares trading accounts		<u>124,551</u>	<u>3,635,304</u>
Receivable from employees in their shares trading accounts		<u>-</u>	<u>7,111</u>
Balances of the holding company			
Payable to EFG Hermes Frontier Holdings LLC Equivalent to US\$ 81,267/-		<u>11,361,113</u>	<u>1,231,674</u>
Balances of associates			
Payable to Financial Brokerage Group	28.1	<u>14,251,196</u>	<u>6,306,770</u>

28.1 The Company and the Financial Brokerage Group (FBG) are sister concern due to common share holding in both companies by EFG Hermes Frontier Holdings LLC. FBG does not hold any direct shares in the Company and is incorporated in Egypt, having its registered office at B129, Phase 3, Smart village, KM28 Cairo Alexandria Desert Road, Cairo, Egypt. The Managing Director of the Company is Mohamed Omran. The auditors have issued an unqualified report on the latest audited Financial statements.

28.2 The Company and Electric Lamp Manufacturer of Pakistan Limited are associated companies only due to common directorship of Mr. Fayyaz Ilyas in both the companies. However, no transactions have been made with the related party during the year.

29 ACCOUNTING ESTIMATES AND JUDGMENTS

Income Taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of the appellate authorities on certain issues in the past.

Property, Plant and Equipment

The Company reviews the rate of depreciation/useful life, residual values and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Intangible Assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of respective items of intangible asset with a corresponding effect on the amortization charge and impairment.

Investment Stated at Fair Value

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time based on market conditions and information about financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore cannot be determined with precision.

Trade Debts

The Company reviews its debts portfolio regularly to assess amount of any provision required against such debtors.

30 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund as at December 31, 2018 and December 31, 2017.

	Note	December 31, 2018 Rupees	December 31, 2017 Rupees
Size of the fund - total assets		10,283,070	13,248,149
Fair value of investments	30.1	465,875	12,906,700
Cost of investments made		587,464	12,917,464
Percentage of investments made		5%	97%

30.1 The Break-up of fair value of investments is as follows:

	December 31, 2018 Percentage	December 31, 2017 Percentage	December 31, 2018 Rupees	December 31, 2017 Rupees
Bank deposits	95%	3%	9,817,195	341,449
Treasury bills	0%	94%	-	12,462,450
Listed securities	5%	3%	465,875	444,250
	100%	100%	10,283,070	13,248,149

Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

31 CAPITAL ADEQUACY LEVEL

Capital Adequacy Level has been determined as per regulation 6.8.3 'Assets Under Custody' of the 'CDC Regulations', as follows:

	Note	December 31, 2018 Rupees	December 31, 2017 Rupees
Total Assets	31.1	979,639,048	824,608,501
Less: Total Liabilities		(797,095,259)	(579,776,450)
		182,543,789	244,832,051

31.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the Company as at December 31, 2018 as determined by Pakistan Stock Exchange has been considered in accordance with Limit on Assets Under Custody Procedures as per regulation 6.8 of CDC Regulations.

	December 31, 2018	December 31, 2017
32 NUMBER OF EMPLOYEES		
Number of employees as at year / period end	54	61
Average number of employees during the year / period	59	61
	For the year ended December 31, 2018	For the six months ended December 31, 2017
33 TURNOVER	----- Rupees '000 -----	
The Company shares turnover is as under:		
Retail clients	21,051,240	19,416,256
Institutional clients	74,550,058	36,993,138
Proprietary trades	357,080	462,935

34 CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended December 31, 2018 is in accordance with requirements in Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017. Following major reclassifications have been made during the year:

Description	Reclassified from	Reclassified to	2017
Unclaimed dividend	Trade and other payables	Unclaimed dividend (presented on face of statement of financial position)	11,469,851

35 DATE OF AUTHORIZATION

These financial statements have been authorized for issue on February 12, 2019 by the Board of Directors of the Company.

36 GENERAL

36.1 Figures in these financial statements have been rounded off to the nearest rupee.

36.2 During the six month period ended December 31, 2017, the financial year of the Company changed from June 30 to December 31. Accordingly, the corresponding figures in these financial statements cover the period from July 01, 2017 to December 31, 2017 and hence the corresponding figures in the profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are not comparable.

36.3 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

Companies Act, 2017

The Companies (General Provisions and Forms) Regulations, 2018

[Section 227(2)(f)]

PART - I

 1.1 Name of Company EFG Hermes Pakistan Limited
PART - II

 2.1 Pattern of holding of the shares held by the shareholders as at 31-Dec-18

No. of Shareholders	Shareholdings			Total shares held	
551	1	-	100	Shares	23,610
195	101	-	500	Shares	76,403
1708	501	-	1000	Shares	957,501
227	1001	-	5000	Shares	464,625
31	5001	-	10000	Shares	216,985
7	10001	-	15000	Shares	81,748
5	15001	-	20000	Shares	84,900
4	20001	-	25000	Shares	95,350
1	25001	-	30000	Shares	26,800
2	30001	-	35000	Shares	68,000
1	35001	-	40000	Shares	37,000
1	40001	-	45000	Shares	44,100
2	65001	-	70000	Shares	133,800
1	75001	-	80000	Shares	80,000
1	80001	-	85000	Shares	85,000
2	85001	-	90000	Shares	174,400
1	165001	-	170000	Shares	169,000
1	375001	-	380000	Shares	379,834
1	695001	-	700000	Shares	696,000
1	760001	-	765000	Shares	762,692
1	825001	-	830000	Shares	825,563
1	990001	-	995000	Shares	990,566
1	995001	-	1000000	Shares	1,000,000
1	1100001	-	1105000	Shares	1,102,065
1	1230001	-	1235000	Shares	1,231,726
1	10205001	-	10210000	Shares	10,207,982
2749	Total				20,015,650

Categories of Shareholder	Share held	Percentage
Directors, Chief Executive Officer and their spouse and minor		
2.3.1 children	1,798,922	8.99
2.3.2 Associated Companies, undertakings and related parties	10,207,982	51.00
2.3.3 NIT and ICP	-	-
Bank development Financial Institutions, Non Banking Financial		
2.3.4 Institutions	-	-
2.3.5 Insurance Companies	-	-
2.3.6 Modarabas and Mutual Funds	-	-
2.3.7 Share holders holding 10%	-	-
2.3.8 General Public		
	a. Local	7,917,795
	b. Foreign	39.56
2.3.9 Others	90,951	0.45

PATTERN OF SHAREHOLDING AS ON DECEMBER 31, 2018 UNDER REQUIREMENT OF PSX

Categories of Shareholders	Shareholders	Share Held	% of Shareholding
Directors and their spouse(s) and minor children			
Name:			
1. Mr. Fayyaz Ilyas	1	990,566	4.95%
2. Mr. Hayat Javed	1	762,748	3.81%
3. Mr. Murad Ansari	1	1	0.00%
4. Mr. Ahmed Adel Mahmoud Youssef	1	1	0.00%
5. Mr. Mohamed Ebeid	1	1	0.00%
6. Mr. Mohamed Khaled Abdelkhabir	1	1	0.00%
7. Ms. Sarah Kwena Maja	1	1	0.00%
8. Mr. Freyan Byram Avari	1	501	0.00%
9. Mr. Ahmed Mohamed Ahmed El Khamissy	1	1	0.00%
10. Mr. Johannes Hailu Gunnell	1	1	0.00%
11. Mr. Muhammad Yousuf	1	500	0.00%
12. Mr. Haroon Askari	1	500	0.00%
13. Mr. Safdar Mummunka	1	44,100	0.22%
		1798922	8.99%
Associated companies, undertakings and related Parties			
EFG-Hermes Frontier Holdings LLC	1	10,207,982	51.00%
Executives:			
	-	-	-
Public Sector Companies and Corporations			
	-	-	-
Banks, development finance institutions, non-banking Finance companies, insurance companies, takaful, modarabas and pension funds			
	-	-	-
Others (individuals, provident funds and joint stock companies)	2735	8008746	40.01%
Total	2749	20,015,650	100.00%

Shareholders holding 5% or more

Name	Shares Held	Percentage
EFG-HERMES FRONTIER HOLDINGS LLC	10,207,982	51.00%
Mr. Muzzammil Aslam	1,233,019	6.16%
Mr. Irfan Pardesi	1,102,065	5.51%

PATTERN OF SHAREHOLDING

As on December 31, 2018

[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. Muzzammil Aslam	1	1,233,019	6.16
Mr. Irfan Pardesi	1	1,102,065	5.51

CHANGES IN SHAREHOLDINGS HOLDING ABOVE 5%

Names	Holding Balance as at September 30 2018	Holding Balance as at December 31, 2018	Changes
EFG-Hermes Frontiers Holdings LLC	10,207,982	10,207,982	-
Mr. Muzzammil Aslam	1,233,019	1,233,019	-
Mr. Irfan Pardesi	1,102,065	1,102,065	-

FORM OF PROXY

EFG HERMES PAKISTAN LIMITED

IMPORTANT NOTE

This form of Proxy duly completed must be deposited at the Registered Office of the Company, Office# 904, 9th Floor, Emerald Tower, Plot No. G-19, Block-5, Clifton, Karachi, Pakistan, not later than 48 hours before the time of the meeting.

I/We _____
of _____ being member(s) of EFG HERMES
PAKISTAN LIMITED and holding _____ Ordinary Shares as per Registered Folio
No./CDC Investor Account/Participant ID and investor / Sub Account No. _____
hereby appoint _____ of

or failing him/her _____
of _____
who is/are as my/our proxy to vote for me/us and on my/our behalf at the **20th Annual
General Meeting** of the Company to be held on **Tuesday, March 26, 2019** at **4:00 PM**
and / or any adjournment thereof.

Signed this _____ day of _____ 2019.

Signature
over Revenue
Stamp of
Rs.5

Witness: _____
SIGNATURE

Name: _____

CNIC No.: _____

Address: _____

Witness: _____
SIGNATURE

Name: _____

CNIC No.: _____

Address: _____

**AFFIX
CORRECT
POSTAGE**

EFG HERMES PAKISTAN LIMITED








Office# 904, 9th Floor, Emerald Tower Plot No. G-19,
Block-5, Clifton, Karachi, Pakistan.



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