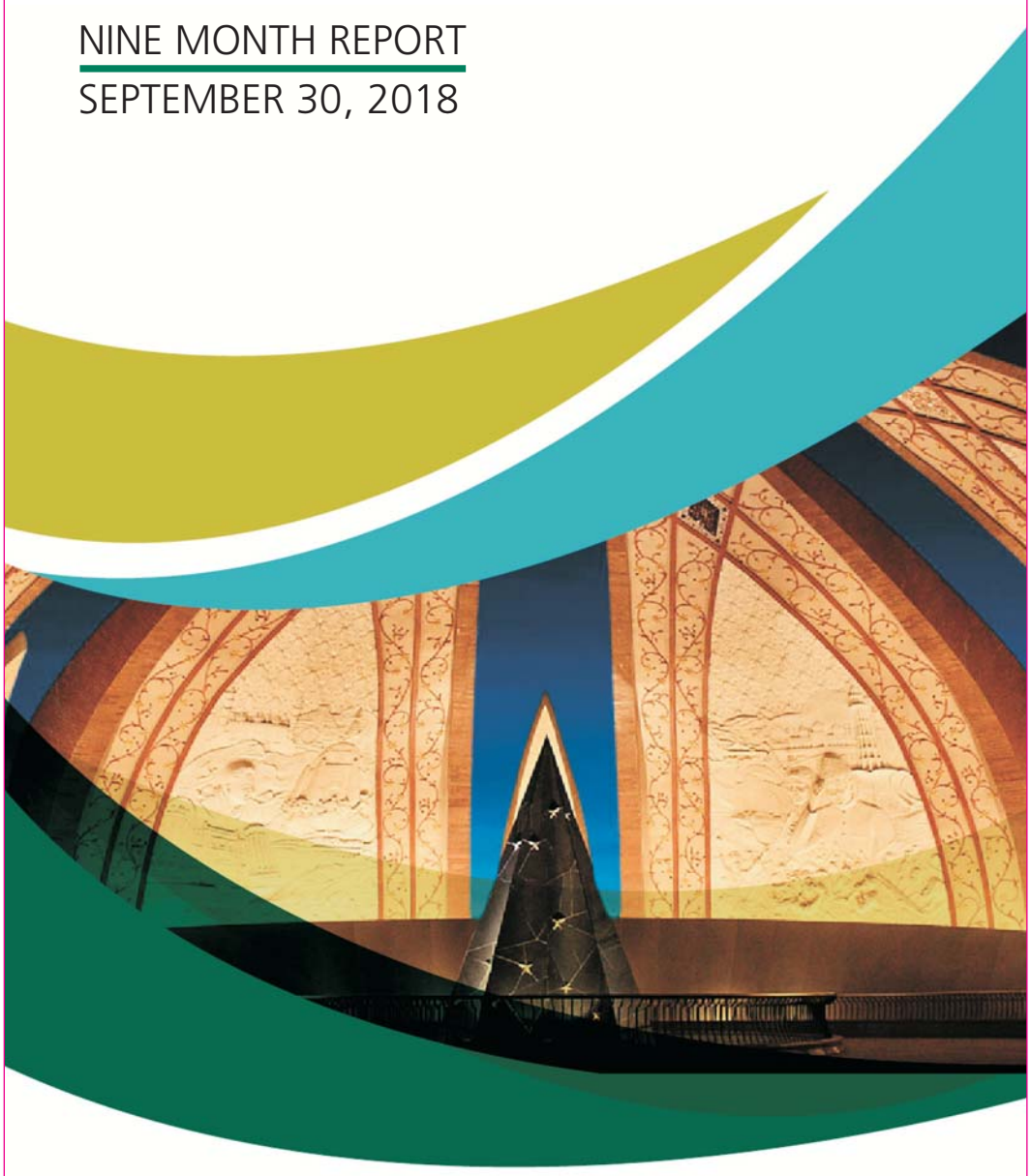
NINE MONTH REPORT

SEPTEMBER 30, 2018



EFG HERMES

EFG Hermes Pakistan Limited

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Company Information

Board of Directors	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 Mr. Muhammad Yousuf - Director Ms. Sarah Maja - Director Mr. Freyan Avari - Director Mr. Ahmed El Khamissy - Director Mr. Johannes Gunnell - Director Mr. Shahid Kamal - CEO
Audit Committee:	Mr. Johannes Gunnell - Chairman Mr. Fayyaz Ilyas - Member Mr. Ahmed El Khamissy - Member Mr. Haroon Askari - Member
HR & R Committee	Mr. Freyan Avari - Chairman Mr. Mohamed Ebeid - Member Mr. Hayat Javed - Member
Company Secretary	Mr. Shahid Kamal
Chief Financial Officer	Mr. Ahmad Zakir Hafeez
Auditors	M/s. Riaz Ahmad, Saqib, Gohar & Company Chartered Accountants 5-Nasim, C.H.S. Major Nazir Bhatti Road, Off: Shaheed-e-Millat Road, Karachi, Pakistan.
Legal Advisor	Qazi Umair Ali Hafeez Pirzada Law Associates, 7-A, First Sunset Street DHA Phase II, Karachi, Pakistan.
Share Registrar	M/s. F. D. Registrar Services (SMC-Pvt.) Limited Office No. 1705-A, 17th Floor, Saima Trade Tower, I.I. Chundrigar Road, Karachi, Pakistan.
Bankers	MCB Bank Limited Bank Alfalah Limited Askari Bank Limited United Bank Limited Allied Bank Limited Bank Al Habib Limited Bankislami Pakistan Limited Habib Metropolitan Bank Limited Standard Chartered Bank Limited Habib Bank Limited JS Bank Limited Meezan Bank Limited
Registered Office	Office No. 904, 9th Floor, Emerald Tower, Plot No. G-19, Block-5, Clifton, Karachi, Pakistan
Lahore Branch	319 Siddiq Trade Centre, 72 Main Boulverad, Gulberg, Lahore, Pakistan
Website	www.efghermespakistan.com

Directors' Review

BEGIN IN THE NAME OF ALLAH
THE MOST GRACIOUS AND MERCIFUL

Dear Member(s)

We, on behalf of Board of Directors of your Company, are pleased to present herewith un-audited condensed interim financial statements of the Company for the third quarter and nine months ended September 30, 2018.

Performance Review

During the third quarter ended September 30, 2018, the Company earned operating revenues of Rs. 26.482 million as compared to Rs. 41.507 million for the same period during last year. The Company posted before and after tax loss of Rs. (15.072) million and Rs. (15.994) million respectively as compared to before and after tax loss (2.828) million and Rs. (9.393) million respectively for the corresponding period. During the quarter, the Loss per share for the quarter stood at Rs. (0.80) as compared to loss per share Rs. (0.47) for the corresponding period.

For the nine months ended September 30, 2018, the Company earned operating revenues of Rs. 106.915 million as compared to Rs. 162.512 million for the corresponding period. The Company posted before and after tax loss of Rs. (16.340) million and Rs. (28.697) million respectively as compared to before and after tax profit of Rs. 38.932 million and of Rs. 25.484 million for the same period during last year. The loss per share for the nine months stood at Rs. (1.43) as compared to profit per share Rs. 1.27 for the corresponding period.

The main reason for decline in revenue and earnings were the same as mentioned in the last report and persistent lower market volume at local bourse and international market. The management of your Company will focus on keeping cost under control and expect earnings growth going forward if the market volume increased.

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

For and on behalf of the Board of Directors

Chief Executive Officer **Director**

Karachi, October 29, 2018

ڈائریکٹرز رپورٹ برائے ممبران

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

محترم ممبران

السلام علیکم،

ہم، آپکی کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے بخوشی 30 ستمبر 2018 کو ختم ہونے والی تیسری سہ ماہی اور نو ماہ کی کمپنی کی غیر آڈٹ شدہ عبوری مالی تفصیلات کی رپورٹ پیش کرتے ہیں۔

کارکردگی کا جائزہ:

30 ستمبر 2018 کو ختم ہونے والی تیسری سہ ماہی کے دوران کمپنی نے آپریٹنگ آمدنی کی مد میں 26.482 ملین روپے کمائے جبکہ گذشتہ سال اسی سہ ماہی کے دوران 41.507 ملین روپے کمائے تھے۔ کمپنی کا قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (15.072) ملین روپے اور (15.994) ملین روپے ہے جبکہ مقابلتاً گذشتہ سال مذکورہ مدت میں قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (2.828) ملین روپے اور (9.393) ملین روپے تھا۔ اس سہ ماہی کے دوران افی حصص خسارہ (0.80) روپے اور مقابلتاً مذکورہ مدت کے دوران خسارہ فی حصص (0.47) روپے تھا۔

نو ماہ 30 ستمبر 2018 کے اختتام پر کمپنی نے آپریٹنگ آمدنی کی مد میں 106.915 ملین روپے کمائے جبکہ گذشتہ سال اسی مدت کے دوران 162.512 ملین روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان بالترتیب (16.340) ملین روپے اور (28.697) ملین روپے ہے جبکہ گذشتہ سال اسی مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس منافع بالترتیب 38.932 ملین روپے اور 25.484 ملین روپے تھا۔ اس مدت کے دوران فی حصص (خسارہ)/آمدنی (1.43) روپے اور مقابلتاً گذشتہ سال اسی عرصہ کے دوران منافع فی حصص 1.27 روپے تھا۔

آمدنی میں کمی کی بنیادی وجہ وہی تھی جو کہ گذشتہ رپورٹ میں بیان کی گئی اسکے علاوہ مقامی اور بین الاقوامی منڈی کے حجم میں مسلسل کمی بھی آمدنی پر اثر انداز ہوئی۔
تاہم، آپکی کمپنی کی انتظامیہ نے لاگت کو قابو میں رکھنے پر توجہ مرکوز رکھی اور امید کرتی ہے کہ اگر مارکیٹ حجم میں اضافہ ہوا تو آمدنی بڑھے گی۔

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

منجانب بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو آفیسر **ڈائریکٹر**

تاریخ: 29 اکتوبر 2018

RASG

Result Assured Services for Growth

Independent Auditors' Review Report

To the members of EFG Hermes Pakistan Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **EFG Hermes Pakistan Limited** as at **September 30, 2018** and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the three-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Chartered Accountants

Karachi, October 29, 2018

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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Website: www.rasgco.com
Regional Offices at Lahore & Islamabad

A member of agn INTERNATIONAL

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

	Note	Un-audited September 30, 2018	Audited December 31, 2017
ASSETS		Rupees	
NON-CURRENT ASSETS			
Property, plant and equipment	5	**35,970,545**	40,641,566
Intangible assets		**6,625,100**	3,700,005
Long-term investments	6	**33,919,750**	43,906,147
Long-term deposits		**1,700,000**	1,700,000
		78,215,395	89,947,718
CURRENT ASSETS			
Trade debts	7	**20,797,467**	51,371,435
Short-term investments		**264,344,325**	199,399,200
Advances, deposits, prepayments and other receivables		**92,402,854**	131,793,751
Advance tax - net		**60,009,488**	57,985,088
Receivable under margin finance		**99,370,987**	178,394,718
Cash and bank balances	8	**71,093,147**	110,716,591
		608,018,268	729,660,783
TOTAL ASSETS		**686,233,663**	819,608,501
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital		**1,000,000,000**	1,000,000,000
Issued, subscribed and paid-up capital		**200,156,500**	200,156,500
Unrealised gain on re-measurement of 'available for sale' investments to fair value - net		**11,888,309**	21,874,706
Un-appropriated (loss) /profit		**(10,896,037)**	17,800,845
		201,148,772	239,832,051
NON-CURRENT LIABILITIES			
Long-term loan		**375,000,000**	375,000,000
Liabilities against assets subject to finance lease		**2,674,920**	3,862,560
		377,674,920	378,862,560
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		**1,583,520**	1,583,520
Short-term running finance	9	**34,113**	92,708,947
Trade and other payables		**105,792,338**	106,621,423
		107,409,971	200,913,890
CONTINGENCIES AND COMMITMENTS	10	**-**	-
TOTAL EQUITY AND LIABILITIES		**686,233,663**	819,608,501

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE NINE MONTHS AND THIRD QUARTER ENDED SEPTEMBER 30, 2018

	Note	Nine Months Ended		Third Quarter Ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		Rupees		Rupees	
OPERATING REVENUES					
Operating revenues	11	**96,714,085**	108,719,354	**21,436,825**	39,946,654
Gain on sale of investments-net		**10,200,891**	53,793,136	**5,045,160**	1,560,750
		106,914,976	162,512,490	**26,481,985**	41,507,404
EXPENDITURES					
Administrative and general expenses		**(116,931,839)**	(114,598,839)	**(37,823,656)**	(41,340,407)
Operating (loss)/ profit		**(10,016,863)**	47,913,651	**(11,341,671)**	166,997
Other income - net		**2,480,910**	2,655,894	**860,574**	1,613,834
Income on margin finance		**9,394,205**	3,416,440	**2,731,249**	3,109,274
Financial charges		**(19,964,648)**	(17,306,649)	**(6,902,406)**	(9,120,233)
Gain/(loss) on re-measurement of investments carried at fair value through profit and loss account- net		**1,765,895**	2,252,929	**(419,385)**	1,402,000
		(6,323,638)	(8,981,386)	**(3,729,968)**	(2,995,125)
(LOSS) / PROFIT BEFORE TAXATION		**(16,340,501)**	38,932,265	**(15,071,639)**	(2,828,128)
TAXATION		**(12,356,381)**	(13,448,035)	**(921,988)**	(6,565,116)
(LOSS) / PROFIT AFTER TAXATION		**(28,696,882)**	25,484,230	**(15,993,627)**	(9,393,244)
Other comprehensive income					
Unrealised (loss) / gain on re-measurement of 'available for sale' investments during the period		**(9,986,397)**	22,499,858	**(5,738,572)**	(4,632,534)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		**(38,683,279)**	47,984,088	**(21,732,199)**	(14,025,778)
(Loss) / earnings per share - basic and diluted		**(1.43)**	1.27	**(0.80)**	(0.47)

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Nine Month Ended	
	September 30, 2018	September 30, 2017
	Rupees	
Cash Flows From Operating Activities		
(Loss) / Profit before taxation	**(16,340,501)**	38,932,265
Adjustments for:		
Depreciation	**5,434,096**	4,572,086
Amortisation	**974,905**	-
Financial charges	**19,964,648**	17,306,649
Gain on revaluation of investments carried at fair value through profit and loss account - net	**-**	
	(1,765,895)	(2,252,929)
Loss / (gain) on disposal of property, plant and equipment	**18,650**	(451,145)
	24,626,404	19,174,661
Profit before working capital changes	**8,285,903**	58,106,926
Changes in working capital		
Decrease / (increase) in current assets		
Trade debts - unsecured	**30,573,968**	(38,534,247)
Short-term investments	**(63,179,230)**	(241,132,821)
Advances, deposits, prepayments and other receivables	**39,390,897**	322,675
Receivable under margin finance	**79,023,731**	(168,340,940)
Receivable from NCCPL - net	**-**	2,464,246
	85,809,366	(445,221,087)
Increase / (decrease) in current liabilities		
Trade and other payables	**(7,047,529)**	24,918,359
Cash generated from / (used in) operations	**87,047,740**	(362,195,802)
Income tax paid	**(14,380,781)**	(19,985,295)
Financial charges paid	**(13,746,204)**	(3,201,773)
Net cash generated from / (used in) operating activities	**58,920,755**	(385,382,870)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	**(867,000)**	(9,471,575)
Purchase of softwares	**(3,900,000)**	-
Proceeds from disposal of property, plant and equipment	**85,275**	561,000
Proceeds from disposal of long term investments	**-**	21,047,159
Long term deposits	**-**	(640,265)
Net cash (used in) / generated from investing activities	**(4,681,725)**	11,496,319
Cash Flows From Financing Activities		
Lease rentals paid	**(1,187,640)**	(3,684,640)
Long-term loan obtained	**-**	925,000,000
Long-term loan paid	**-**	(550,000,000)
Liabilities against assets subject to finance lease	**-**	2,497,000
Net cash (used in) / generated from financing activities	**(1,187,640)**	373,812,360
Net increase / (decrease) in cash and cash equivalents	**53,051,390**	(74,191)
Cash and cash equivalents at the beginning of the period	**18,007,644**	59,403,549
Cash and cash equivalents at the end of the period	**71,059,034**	59,329,358

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	Share Capital	Unappropriated profit / (loss)	Unrealised gain/loss on re-measurement of 'available for sale' investments to fair value - net	Total
	Rupees			
Balance as at December 31, 2016	200,156,500	(6,199,506)	-	193,956,994
Total comprehensive income for the nine month ended September 30, 2017	-	25,484,230	22,499,858	47,984,088
Balance as at September 30, 2017	200,156,500	19,284,724	22,499,858	241,941,082
Total comprehensive loss for the fourth quarter ended December 31, 2017	-	(1,483,879)	(625,152)	(2,109,031)
Balance as at December 31, 2017	**200,156,500**	**17,800,845**	**21,874,706**	**239,832,051**
Total comprehensive loss for the nine month ended September 30, 2018	**-**	**(28,696,882)**	**(9,986,397)**	**(38,683,279)**
Balance as at September 30, 2018	**200,156,500**	**(10,896,037)**	**11,888,309**	**201,148,772**

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

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

FOR THE NINE MONTH ENDED SEPTEMBER 30, 2018

1 STATUS AND NATURE OF BUSINESS

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

The Company is Trading Right Entitlement Certificate (TREC) Holder of the Pakistan Stock Exchange Limited and a licensed Securities Broker registered with SECP. Furthermore, the Company is a Corporate Member of the Pakistan Mercantile Exchange Limited and 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements do not include all of the information required of full annual financial statements and should be read in conjunction with the financial statements of the Company for the period ended December 31, 2017.

These condensed interim financial statements are un-audited and are being submitted to the shareholders in accordance with the requirements of section 237 of the Companies Act, 2017. These condensed interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.2 Standards, amendments and interpretations adopted during the period

The accounting policies adopted in the preparation of these financial statements are consistent with those adopted in preparation of financial statements of the Company for the period ended December 31, 2017 except as described below.

The Company has adopted the following new and amended IFRS and IFRIC interpretations which become effective during the period:

	Standards or Interpretation	Effective Date (Accounting periods beginning on or after)
IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of share-based payment transactions.	January 1, 2018
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 1, 2018

IAS 28	Investments in Associates and Joint Ventures - Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements).	January 1, 2018
IAS 40	Investment Property - Amendments to clarify transfers or property to, or from, investment property.	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration.	January 1, 2018

The adoption of the above standards, amendments/improvements and interpretations did not have any material effect on these financial statements.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.3 New 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:

Standards		Effective Date (Accounting periods beginning on or after)
IFRS 9	Financial Instruments	July 1, 2018
IFRS 15	Revenue from Contracts with Customers	July 1, 2018
IFRS 16	Leases	January 1, 2019

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards		Effective Date (Accounting periods beginning on or after)
IFRS 17	Insurance Contracts	January 1, 2021
IFRS 14	Regulatory Deferral Accounts	January 1, 2016

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited financial statements for the period ended December 31, 2017.

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 recognized on the date of settlement.

4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those applied in the preparation of the audited financial statements for the period ended December 31, 2017.

		Note	Un-audited September 30, 2018	Audited December 31, 2017
			Rupees	
5	**PROPERTY, PLANT AND EQUIPMENT**			
	Opening book value		**40,641,566**	34,658,656
	Add: Additions during the period - own		**867,000**	10,380,982
	Less: Disposals during the period (at book value)		**(103,925)**	(899,843)
	Depreciation charged during the period		**(5,434,096)**	(3,498,229)
			(5,538,021)	(4,398,072)
	Closing book value		**35,970,545**	40,641,566
6	**LONG-TERM INVESTMENTS**			
	'Available for sale' investments	6.1	**33,919,750**	43,906,147

6.1 Description of 'available for sale' investments

30-Sep-18	31-Dec-17			30-Sep-18		31-Dec-17	
Number of Shares		Name of Investee Companies	Note	Cost	Carrying Value	Cost	Carrying Value
				Rupees			
1,602,953	1,602,953	Pakistan Stock Exchange Ltd.	6.2	**14,031,433**	**25,919,750**	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	**33,919,750**	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 have been sold at a price of Rs. 28/- per share and the 40% remaining shares were blocked out of which 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. 16.17 (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. Since shares of LSEFSL are not presently tradable therefore fair value cannot be determined.

		Un-audited September 30, 2018	Audited December 31, 2017
		Rupees	
7	**TRADE DEBTS - NET**		
	Trade debts - net	**20,797,467**	51,371,435
	Aging Analysis		
	Within 5 days	**11,783,930**	45,528,033
	Above 5 days	**9,823,487**	6,653,352
	Provision for doubtful debts	**(809,950)**	(809,950)

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.

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. 2.667 million (December 31, 2017: Rs. 4.29 million).

	Note	Un-audited September 30, 2018	Audited December 31, 2017
		Rupees	
8 CASH AND BANK BALANCES			
Cash in hand		**90,211**	90,211
Cash at banks			
- in deposit accounts	8.1	**11,730,904**	11,726,237
- in current accounts - pertaining to brokerage house		**4,576,388**	31,930,153
- in current accounts - pertaining to clients		**54,695,644**	66,969,990
		71,002,936	110,626,380
		71,093,147	110,716,591

8.1 These carry return ranging from 4.50% to 5.50% (December 31, 2017 : 2.65% to 3.75%) per annum.

8.2 Value of customers assets held in the Central Depository Company under Company's Participant ID as at September 30, 2018 is Rs. 980.6 million (December 31, 2017 : Rs. 1.52 billion).

	Un-audited September 30, 2018	Audited December 31, 2017
	Rupees	
9 SHORT - TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS - Secured		
Habib Bank Limited	**34,113**	88,062,924
Askari Bank Limited	**-**	4,646,023
	34,113	92,708,947

9.1 The Company has obtained running finance facility of Rs. 600 million (December 31, 2017 : Rs. 650 million) under mark-up arrangements. The facility carry Mark-up at 1 month KIBOR + 0.10% (December 31, 2017 : 1 month KIBOR + 0.10%). These arrangements are valid uptill April 30, 2019 and are secured against pledge of government securities and irrevocable and unconditional financial guarantees provided by a bank in UAE on behalf of EFG Hermes Frontier Holdings LLC (the Holding Company). Securities pledged value related to client(s) are Rs. Nil (December 31, 2017 : Rs. 10.26 million).

10 CONTINGENCIES AND COMMITMENTS

10.1 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.

10.2 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 period order had been passed by the Sindh Revenue Board by raising demand of short payment of

Rs. 3,375,056/- along with penalty of Rs. 4,730,329/- however the Company has filed appeal before Commissioner Appeal against the order. The management believes that the above demand is unlawful and expects that the case will be decided in favor of the Company. Therefore, no provision has been made in these financial statements.

10.3 There are no changes in contingent liabilities since the date of financial statements for the period ended December 31, 2017 except as disclosed above and settlement of the contingency disclosed in Note 18.7 of the financial statements for the period ended December 31, 2017.

	Un-audited September 30, 2018	Un-audited September 30, 2017
	Rupees	
11 OPERATING REVENUES		
Equity brokerage income	**89,174,594**	61,693,256
Inter-bank brokerage	**7,457,218**	6,537,632
Fees and commission	**2,125**	116,869
Dividend income	**80,148**	424,943
	96,714,085	68,772,700

12 RELATED PARTY TRANSACTIONS

The related parties comprise of major shareholders, associated companies with or without common directors, directors of the Company and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the entity. The Company considers all members of their management team, including the Chief Executive Officer and Directors to be its key management personnel. Remuneration and benefits to Executives of the Company are in accordance with the terms of the employment. Transactions with other related parties are entered into at rates negotiated with them.

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

	Un-audited September 30, 2018	Un-audited September 30, 2017
	Rupees	
Brokerage income earned from:		
Directors	**1,075,339**	1,254,246
Employees	**440,652**	1,351,510
Transactions		
Contribution to employees provident fund	**2,794,767**	2,651,523
Salaries and remuneration to Chief Executive Officer	**8,800,000**	6,400,000
Fee to Non-Executive Director (Independent)	**-**	75,000
Associate		
Commission expense to Financial Brokerage Group	**5,042,851**	6,459,464
Balances		
Payable to directors in their shares trading accounts	**201,391**	2,766,379
Payable to employees in their shares trading account	**2,273,796**	9,589,153

	Un-audited September 30, 2018	Un-audited September 30, 2017
	Rupees	
Balances of the holding company		
Payable to EFG Hermes Frontier Holdings LLC	**3,450,363**	419,047
Balances of associates		
Payable to Financial Brokerage Group	**11,173,743**	6,078,050

13 TURNOVER

The Company shares turnover is as under:	Rupees '000	
Retail clients	**17,147,052**	32,008,062
Institutional clients	**43,696,101**	57,755,322
Proprietary accounts	**321,101**	829,969

14 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on October 29, 2018 by the Board of Directors of the Company.

15 GENERAL

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

Prior year's figures in these financial statements have been re-arranged / re-classified, where necessary, for better presentation.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

PATTERN OF SHAREHOLDING

As on September 30, 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. Munaf ibrahim	1	1,611,500	8.07
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 June 30, 2018**	**Holding Balance as at September 30, 2018**	**Changes**
EFG-Hermes Frontiers Holdings LLC	10,207,982	10,207,982	-
Mr. Munaf ibrahim	1,615,000	1,611,500	(3,500)
Mr. Muzzammil Aslam	1,233,019	1,233,019	-
Mr. Irfan Pardesi	1,102,065	1,102,065	-

EFG HERMES

EFG HERMES PAKISTAN LIMITED

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