

ANNUAL
REPORT
2023

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Company Information

Board of Directors

*Mr. Murad Ansari - Chairmain
Mr. Mohamed Ebeid - Director
Mr. Fayyaz Ilyas - Director
Ms. Sarah Maja - Director
Mr. Freyan Byram Avari - Director
Mr. Johannes Gunnell - Director
*Mr. Saad Iqbal - CEO & Director

Audit Committee

Mr. Johannes Gunnell - Chairman
Mr. Fayyaz Ilyas - Member
Ms. Sarah Maja - Member
Mr. Freyan Byram Avari - Member

HR & R Committee

Mr. Freyan Byram Avari - Chairman
Mr. Mohamed Ebeid - Member
Ms. Sarah Maja - Member

Company Secretary

Mr. Shahid Kamal

Chief Financial Officer

*Mr. Ahmad Zakir Hafeez
* (Resigned)

Auditors

M/s. Riaz Ahmad, Saqib, Gohar & Company Chartered Accountants
5-Nasim, C.H.S. Major Nazir Bhatti Road,
Off: Shaheed-e-Millat Road, Karachi, Pakistan.

Legal Advisor

M/s. Mohsin Tayebaly & Co. (MTC)
1st Floor, Dime Centre, BC-4, Block 9, Kehkshan,
Clifton, Karachi, Pakistan.

Share Registrar

M/s. F. D. Registrar Services (Pvt.) Limited
Office No. 1705-A, 17th Floor, Saima Trade Tower,
I.I. Chundrigar Road, Karachi, Pakistan.

Bankers

MCB Bank Limited
Bank Alfalah Limited
Askari Bank Limited
United Bank Limited
Allied Bank Limited
Bank Al Habib Limited
Habib Metropolitan Bank Limited
Standard Chartered Bank Limited
Habib Bank Limited
JS Bank Limited
Meezan Bank Limited

Registered Office

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

Lahore Branch

319 Siddiq Trade Centre, 72 Main Boulverad,
Gulberg, Lahore, Pakistan

Website

www.efghermespakistan.com



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 25th Annual General Meeting

Notice is hereby given that 25th Annual General Meeting of the Members of EFG Hermes Pakistan Limited ('the Company') will be held on Thursday, April 25, 2024 at 4:00 pm at ICAP Auditorium, Chartered Accountants Avenue, Clifton, Karachi and through video link arrangement; to transact the following businesses:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended December 31, 2023, together with the Directors' and Auditors' Reports thereon;
2. To appoint Statutory Auditors of the Company for the financial year ending December 31, 2024 and to fix their remuneration. The present auditors, being eligible, have offered themselves for re-appointment.
3. To transact any other business with the permission of the Chair.

By order of the Board

SHAHID KAMAL
Company Secretary

Karachi: April 04, 2024

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from April 18, 2024 to April 25, 2024 (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 (Private) Ltd, Office#1705, 17th Floor, Saima Trade Tower A, I.I. Chundrigar Road Karachi, Pakistan ('Registrar') at the close of business on April 18, 2024 the last working day before the start of book closure date will be considered in time to attend and vote at the Meeting.
2. Any member who want to attend the meeting via video link must send their particulars (Name, copy of CNIC, Folio number, cell number through email at CompanySecretary@efg-hermes.com at least 48 hours before the time of meeting. After due verification of the said particulars a video link/ user id & password will be sent through email for connecting the meeting.
3. 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.
4. 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.
5. 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.
6. 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 (Pvt) Ltd.
7. 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.
 8. The shareholders of the Company are hereby informed that as per provisions of Section 72 of the Companies Act, 2017 ('the Act'), the companies are required to replace their physical shares with book-entry-form within a period not exceeding four years from the date of the promulgation of the Act. The Securities and Exchange Commission of Pakistan ('SECP'), vide their letter File no. CSD/ED/Misc./2016-639- 640 dated 26th March, 2021, has advised all listed companies to pursue their such shareholders who still hold their shares in physical form for converting the same into CDC. Therefore as advised by SECP, the shareholders who hold physical shares are requested to convert the same into book-entry-form as soon as possible.
 9. Pursuance to the SECP's SRO No. 470(l)/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, 2023 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 www.efghermespakistan.com at least twenty-one days before the date of meeting.
 10. All corporate members are requested to provide list of ultimate beneficial shareholding having 10% and above controls in their organization.
 11. 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.

Directors' Profile

Mr. Freyan Byram Avari- Independent Director & Chairman*

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. He has been director of the EFG Hermes Pakistan Limited since 2018.

*(Appointed as Chairman on 31st January 2024)

Mr. Mohamed Ebeid- Non-Executive Director

A 20-year veteran with EFG Hermes Holding, Mr. Mohamed Ebeid is currently the Co-CEO of the Investment Bank, a position he took in 2016 with a mandate to grow the business on the sell side and to expand its product offering in multiple continents. Since then, he has successfully built out the Firm's Frontier Business with on-the-ground operations in four different continents, giving clients access to more than 75 markets around the world. He has also led the development of the Firm's structured products platform, which has pulled in trades worth c. USD2 billion in its first two years of inception, and on the creation of the Fixed-Income business, which began operations in 2018.

Mr. Ebeid began his career with the firm in 1999 in the Brokerage division as part of the High-Net-Worth team and has since held numerous positions within the Firm, the most recent prior to his current post being Co-Head of Brokerage where he managed over just two years to restructure the business and streamline its activities all while boosting profitability. He held the post of Head of Institutional Sales beginning 2006 where he managed to add GCC institutional clients and sovereign wealth funds to the Firm's client base. He led the team on every single ECM transaction that had taken place under his tenure, raising more than USD20 billion in ECM transactions across jurisdictions. Mr. Ebeid was also an integral part of EFG Hermes's Institutional Desk, to head an endeavour to expand the Firm's Western institutional client base and further root the business in its home market of Egypt. During that time, he was part of the team executing the Firm's expansion plan in the MENA region and directing its capabilities in terms of research and corporate access to Western institutional clients to execute on-the-ground and offshore trades through the Firm's brokerage network. He has been director of the EFG Hermes Pakistan Limited since 2018.

Mr. Johannes Hailu Gunnell- Independent Director

Johannes Gunnell joined Maris Capital as a Partner in 2010. Following Maris Africa Fund's conversion into an investment holding company in 2014, he became interim CFO for Maris Ltd. Johannes now sits as the Commercial Director of Maris Ltd and is responsible for new investments, corporate actions and follow-on expansions across Maris' 20 investee companies. He also sits on the board and heads the audit committee of Tatepa, a listed Tanzanian tea and avocado producer, and Equator Energy, the largest Commercial & Industrial Solar provider in East Africa.

Previously, he spent seven years at UBS Investment Bank working as a Director in global equities in London and Amsterdam, serving European and international clients. He had a particular focus on socially responsible investments and was involved in the listing of various renewables companies, including the largest European IPO in 2008, EDP Renovaveis. Johannes graduated in Philosophy, Politics and Economics from Magdalen College, Oxford. Currently he has been director of the EFG Hermes Pakistan Limited since 2018.



Ms. Sarah Kwena Maja- Non-Executive Director

Sarah Maja is the head of Frontier Equity Sales Trading at EFG Hermes. 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 Frontier platform at Exotix Africa and served as Head of the Nigerian Business. She has been director of the EFG Hermes Pakistan Limited since 2018.

Mr. Fayyaz Ilyas - Non-Executive 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. He has been director of the EFG Hermes Pakistan Limited since 2015.

Syed Raza Haider Jafri - Director & CEO*

Raza possesses about 15 years of experience in sell-side equity research and sales. He is also an elected Board Member of the CFA Society Pakistan. Prior to EFG Hermes Pakistan Limited he was head of Equities at Intermarket Securities Ltd. and was Head of Research at AKD Securities Limited. Raza carries an in-depth understanding of majors sectors at the PSX with a specialization in covering Commercial Banks. He was awarded "Best Analyst of 2015/16" by CFA Society Pakistan and was also recognized for "Best Banks Coverage" by Asia / Money in 2012. Raza graduated from the Lahore University of Management Sciences and is a CFA charter holder.

*(Appointed on 31st January 2024)

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 have 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.

FREYAN AVARI
CHAIRMAN

Karachi: March 20, 2024



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, 2023, together with the Auditors' Report thereon.

Principle Activities of the Business & Performance Review

The core business activity of your Company is equity brokerage. The Company earned operating revenues of Rs. 288.845 million during year under review as compared to Rs. 214.859 million for the corresponding period. Before and after-tax losses stood at Rs. (79.594) million and Rs. (107.453) million respectively compared to before and after tax earnings of Rs. (86.439) million and Rs. (101.914) million respectively for the corresponding period.

The operating results of the Company for the year ended December 31, 2023 are summarized as follows:

	December 31, 2023 Rupees	December 31, 2022 Rupees
Operating Revenues	288,844,797	214,858,894
(Loss)/Profit before tax	(79,594,539)	(86,439,033)
(Loss)/Profit after tax/	(107,453,088)	(101,914,453)
(Loss)/Earnings per share	(5.37)	(5.09)

The Company reported net loss of Rs. 107.453m (5.37 per share) versus a net loss of Rs. 101.914m (Rs. 5.09 per share). 2023 was another difficult year for the Company, although some improvement came through in the second half of the year. Market volumes were initially very sluggish due to economic uncertainty, which impacted the year's revenues in an adverse manner. Costs remained elevated due to another year of steep currency depreciation, together with very high inflation and the resultant increase in borrowing costs.

2023 ended on a better note, with some improvement in the economy coming through under the caretaker government, which uplifted investor sentiment. However, the operating environment still remains difficult and the hard-fought economic stabilization may prove to be fragile if Pakistan is unable to secure a successor IMF program in a timely manner.

Dividend and other appropriations

The Directors have not recommended any payout this year because of cumulative 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 has maintained 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, 2023, 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 has been changed from EFG Hermes Frontier Holdings LLC to EFG Hermes Brokerage Holding Limited having its office at Unit 6, Gate Building, West Wing, Dubai International Financial Centre, P.O.Box 30727, Dubai, UAE.

Merger & Amalgamation status

Subject to sanction of the High Court of Sindh a merger of Intermarket Securities Limited (IMS) with and into the Company is under process. An initial Order has been issued by the High Court to convene an extraordinary general meeting of the shareholders that has been called on 28th March 2024 for the approval of Scheme of Arrangement by the shareholders. EOGM notice and respective documents are available on the Company Website.

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 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, 2023 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, 2023 amounts to approximately Rs. 27,112,927/-.



j) During the period four (4) 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*	4	4
2.	Mr. Mohamed Ebeid	4	3
3.	Mr. Fayyaz Ilyas	4	0
4.	Ms. Sarah Maja	4	0
5.	Mr. Freyan Avari	4	4
6.	Mr. Johannes Gunnell	4	4
7.	Mr. Saad Iqbal*	4	4

*Saad Iqbal and Murad Ansari resigned on 31-01-2024. Leave of absence was granted to Directors who could not attend the Board meetings.

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

S. No.	Name of Director	No. of meetings eligible to attend	No. of meetings attended
1.	Mr. Johannes Gunnell	4	4
2.	Mr. Fayyaz Ilyas	4	0
3.	Mr. Freyan Avari	4	4
4.	Ms. Sarah Maja	4	0

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 Director	No. of meetings eligible to attend	No. of meetings attended
1.	Mr. Freyan Avari	1	1
2.	Mr. Mohamed Ebeid	1	1
3.	Ms. Sarah Maja	1	1

k) Pattern of shareholding is annexed at the end of report.

l) Directors have gone through orientation programs held on April 27, 2023 and October 26, 2023. The Company has plan to send one newly appointed director on Directors Training Program during year 2024.

m) One of executives has certification in respect of Directors' Training Program.

n) The Company is not in default or likely to default in any loans, sukuks or other debt instruments.

o) 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 'O' 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 arguably came close to defaulting in 2023 with FX reserves dropping to less than US\$4bn in May 2023, implying an import cover of merely a few weeks. It was only the last-minute IMF SBA program that provided Pakistan the necessary support to make it through the year. The caretaker government's adherence to austerity and the program's conditions also helped usher in macroeconomic stability. However, the economy generally remained in duress across the year, with GDP growth well below the long-term average, inflation averaging 30.9% (with a peak of 38.0%), and the Policy Rate rising to a record-high of 22%. The PKR also continued to depreciate, and lost another 20% of its value against the USD in 2023, consolidating around the 280 mark at the end of the year.



The key checkpoint for the economy in 2024 is the successor IMF program in a timely manner. If this is secured, it should provide the base on which economic recovery will rest upon. Interest rates are expected to reduce across the year, which should be positive for equities, although risks remain as to the timing and extent of monetary easing.

Market Performance

The KSE100 Index gained a stellar 57% in 2023, with the gains entirely coming in the second half of the year, after Pakistan obtained rescue financing from the IMF which helped to significantly improve investor sentiment. This led to improved daily trading activity at the KSE100, rising from PKR 5,192 in 2022 to PKR 7,979 bn in 2023, an increase of 54% Y-o-Y. Foreign institutional investors were net buyers to the tune of about USD 73mn, while local buying was dominated by Individuals and Companies (share buybacks). Local institutions remained net sellers again, but may turn into buyers going forward as interest rates reduce.

Future Prospect and Outlook

With the new government in place, attention will quickly turn to efforts to secure a new IMF program. Investor attention will also be on inflation trajectory, which can determine the timing and pace of expected monetary easing. If macroeconomic stabilization remains intact, there is significant room for Pakistan equities to rerate, with valuations still about 50% lower than the long-term mean. This should coincide with improved trading activity also. However, if the economy derails again, it will likely have an adverse impact on KSE100 levels as well as trading activity.

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: March 20, 2024

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 2023 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 بروکرنگ ہے۔ زیر غور سال کے دوران کمپنی نے آپریٹنگ آمدنی کی مد میں 288.845 ملین روپے کمائے جبکہ گذشتہ اسی مدت کے دوران 214.859 روپے کمائے تھے۔ قبل از ٹیکس اور بعد از ٹیکس نقصان (79.594) ملین روپے اور (107.453) ملین روپے بالترتیب ہے جبکہ گذشتہ اسی مدت کے دوران قبل از ٹیکس اور بعد از ٹیکس نقصان (86.439) ملین اور (101.914) ملین روپے بالترتیب تھا۔

کمپنی کے کاروباری نتائج سالانہ مدت کیلئے مورخہ 31 دسمبر 2023 درج ذیل ہیں۔

31 دسمبر 2022 روپے	31 دسمبر 2023 روپے	
214,858,894	288,844,797	آمدنی (کاروبار سے حاصل شدہ آمدنی)
(86,439,033)	(79,594,539)	(نقصان) / منافع قبل از ٹیکس
(101,914,453)	(107,453,088)	(نقصان) / منافع بعد از ٹیکس
(5.09)	(5.37)	فی حصص (نقصان) / آمدنی

کمپنی نے پچھلے سال 101.914 ملین روپے (فی حصص 5.09 روپے) نقصان کے مقابلہ میں اس سال 107.453 ملین روپے (فی حصص 5.37 روپے) نقصان کیا۔ 2023 کمپنی کیلئے ایک اور مشکل سال تھا، اگرچہ سال کے دوسرے نصف میں کچھ بہتری آئی۔ معاشی غیر یقینی صورتحال کی وجہ سے ابتدائی طور پر مارکیٹ کا حجم بہت سست تھا، جس نے سال کی آمدنی کو منفی انداز میں متاثر کیا۔ کرنسی کی بے قدری کے ایک اور سال اور اس کے ساتھ ساتھ بہت زیادہ افراط زر اور اس کے نتیجے میں قرض لینے کے اخراجات میں اضافہ کی وجہ سے لاگتیں بلند رہیں۔

نگران حکومت کے تحت معیشت میں کچھ بہتری آنے کے ساتھ 2023 کا اختتام ایک بہتر نوٹ پر ہوا ہے، جس سے سرمایہ کاروں کے جذبات بلند ہوئے۔ تاہم، آپریٹنگ ماحول اب بھی مشکل ہے اور اگر پاکستان بروقت آئی ایم ایف پروگرام کو حاصل کرنے میں ناکام رہتا ہے تو مشکل سے لڑا جانے والا معاشی استحکام نازک ثابت ہو سکتا 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 مابعد 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 المیعاد کیلئے A- (منفی اے) اور مختصر مدت کیلئے A1 (اے ون) درجہ برقرار رکھا۔ یہ درجہ بنیادیں 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 سیرٹیفکیٹ 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 2023 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 فرنٹیر ہولڈنگز ایل سی سے تبدیل ہو کر ای ایف جی ہرمز بروکرینج ہولڈنگ لمیٹڈ ہو گیا ہے جس کا دفتر یونٹ 6، گیٹ بلڈنگ، ویسٹ ونگ، دی انٹرنیشنل فنانشل سینٹر، پی۔ او۔ بکس 30727، دبئی، متحدہ عرب امارات میں واقع ہے۔

انضمام اور اس کی حیثیت

سندھ ہائی کورٹ کی منظوری کے تحت انٹرماریٹ سیکورٹیز لمیٹڈ (IMS) کا کمپنی کے ساتھ انضمام کا عمل جاری ہے۔ ہائی کورٹ کی جانب سے شیئر ہولڈرز کو ایک غیر معمولی اجلاس عام مدعو کرنے کے لئے ایک ابتدائی حکم جاری کیا گیا ہے جو 28 مارچ 2024 کو شیئر ہولڈرز کی جانب سے سکیم آف آرینج منٹ کی منظوری کے لئے بلا یا گیا ہے۔ غیر معمولی اجلاس عام کانوٹس اور متعلقہ دستاویزات کمپنی کی ویب سائٹ پر دستیاب ہیں۔

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 جسکے کام کی نوعیت خدمات مہیا کرنا ہے نے توانائی اور ماحولیاتی حفاظت کیلئے اپنے دفاتر کی جگہ اور اپنے ملازمین کی صحت اور حفاظت کیلئے ضروری اقدامات کئے 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، سٹیکرز، 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 غور کیا جاسکتا ہے جس کا انحصار کمپنی کے منافع / مالی 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 ڈھانچے 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 اسوائے 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 اسوائے ان کے جن کو 31 دسمبر 2023 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 31-12-2023 کے اختتام پر تقریباً مبلغ 27,112,927/- روپے ہے۔

(j)۔ اس مدت کے دوران بورڈ آف ڈائریکٹرز کے چار (4) 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 *	4	4
۲۔	جناب محمد عبید	4	3
۳۔	جناب فیاض الیاس	4	0
۴۔	محترمہ سارہ کویٹا ماجہ	4	0
۵۔	جناب فریان بیرام آواری	4	4
۶۔	جناب جوہانزہ ہائیگول	4	4
۷۔	جناب سعد اقبال *	4	4

* سعد اقبال اور مراد انصاری 31 جنوری 2024 کو مستعفی ہو گئے۔ جو ڈائریکٹرز بورڈ کے اجلاس میں حاضر نہیں ہو سکے انہیں غیر حاضری کی منظوری دے دی گئی۔

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

نمبر شمار	ڈائریکٹر کا نام	اجلاس کی تعداد (قابل حاضری)	اجلاس کی تعداد (جن میں حاضر ہوئے)
۱-	جناب جوهانزہا نیلوگنل	4	4
۲-	جناب فیاض الیاس	4	0
۳-	جناب فریان بیرام آواری	4	4
۴-	محترمہ سارہ ماجہ	4	0

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 ریویژن کمیٹی کا اجلاس ایک (1) دفعہ منعقد ہوا۔

نمبر شمار	ڈائریکٹر کا نام	اجلاس کی تعداد (قابل حاضری)	اجلاس کی تعداد (جن میں حاضر ہوئے)
۱-	جناب فریان بیرام آواری	1	1
۲-	جناب محمد عبید	1	1
۳-	محترمہ سارہ ماجہ	1	1

(k) طرز حص یا فٹگان سالانہ رپورٹ کے آخر میں منسلک ہیں۔

(l) ڈائریکٹرز نے 27 اپریل 2023 اور 26 اکتوبر 2023 کو منعقد ہونے والے واقفیت کے پروگراموں میں شرکت کی۔ کمپنی کا منصوبہ ہے کہ سال 2024 کے دوران ڈائریکٹر بینگ پروگرام میں ایک نئے ڈائریکٹر کو بھیجیں۔

(m) ایک عدد ایگزیکٹو کے پاس بھی ڈائریکٹر بینگ پروگرام (ڈی ٹی پی) کی سند ہے۔

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

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

(اوپر دی گئی شق "o" 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 آپریننگ آفیسر، چیف فننس آفیسر، انٹرنل آڈٹ کاسٹرا براہ اور کمپنی سیکریٹری کے۔)

اقتصادی جائزہ

2023 میں پاکستان میں بیہ طور پر ڈیفالٹ ہونے کے قریب پہنچ گیا تھا اور مئی 2023 میں ایف ایکس کے ذخائر 4 بلین امریکی ڈالر سے کم ہو گئے تھے، جس کا مطلب چند ہفتوں کا درآمدی گروتھ تھا۔ یہ صرف آخری لمحات کا آئی ایم ایف ایس بی اے پروگرام تھا جس نے سال بھر کیلئے پاکستان کو اسے بنانے کیلئے ضروری مدد فراہم کی۔ نگران حکومت کی کفایت شعاری اور پروگرام کی شرائط نے بھی معاشی استحکام میں مدد کی۔ تاہم، معیشت عام طور پر سال بھر باؤ میں رہی، جی ڈی پی کی نمو طویل المدتی اوسط سے بہت کم، افراط زر اوسطاً 30.9 فیصد (38.0 فیصد کی بلندی کے ساتھ)، اور پالیسی کی شرح 22 فیصد کی بلند ترین سطح تک بڑھ گئی۔ پاکستانی روپیہ نے بھی مسلسل گراؤ کا سلسلہ جاری رکھا، 2023 میں امریکی ڈالر کے مقابلہ میں اپنی قدر کا مزید 20 فیصد کھو دیا، جو سال کے آخر میں 280 کے قریب مستحکم ہو گیا۔

2024 میں معیشت کے لئے بروقت انداز میں کامیاب آئی ایم ایف پروگرام اہم چیک پوائنٹ ہے۔ اگر یہ محفوظ ہے، تو اسے وہ بنیاد فراہم کرنی پڑے گی جس پر معاشی بحالی کا انحصار ہوگا۔ سود کی شرحیں سال بھر میں کم ہونے کی توقع ہے، جو ایکویٹی کے لئے مثبت ہونی چاہئیں، اگرچہ مالیاتی نرمی کے وقت اور حد تک خطرات باقی ہیں

مارکیٹ کارکردگی

KSE 100 انڈیکس نے سال 2023 کے دوران تقریباً 57 فیصد کا شاندار اضافہ کیا، جس میں مکمل طور پر سال کی دوسری ششماہی میں اضافہ ہوا، جب پاکستان نے آئی ایم ایف سے ریسیکیو فنڈنگ حاصل کی جس سے سرمایہ کاروں کے جذبات کو نمایاں طور پر بہتر کرنے میں مدد ملی۔ اس کی وجہ سے KSE 100 میں یومیہ تجارتی سرگرمیوں میں بہتری آئی، جو 2022 میں 5,192 بلین پاکستانی روپیہ سے بڑھ کر 2023 میں 7,979 بلین پاکستانی روپیہ ہو گئی، 54 فیصد Y-o-Y کا اضافہ ہوا۔ غیر ملکی ادارہ جاتی سرمایہ کار تقریباً 73 بلین امریکی ڈالر کے خالص خریدار تھے، جب کہ مقامی خریداروں پر انفرادی اور کمپنیوں (شیر بائی بیکس) کا غلبہ تھا۔ مقامی ادارے دوبارہ خالص فروخت کنندگان بنے رہے، لیکن سود کی شرح کم ہونے کے بعد وہ خریدار بن سکتے ہیں۔

آئندہ کے منصوبے

نئی حکومت کے آنے کے بعد، توجہ فوری طور پر آئی ایم ایف پروگرام کو محفوظ بنانے کی کوششوں کی طرف جائے گی۔ سرمایہ کاروں کی توجہ افراط زر کی رفتار پر بھی ہوگی، جو متوقع مالیاتی نرمی کے وقت اور رفتار کا تعین کر سکتی ہے۔ اگر میکرو اکنامک استحکام برقرار رہتا ہے، تو پاکستانی ایکویٹیز کے لئے دوبارہ ریٹ کرنے کی کافی گنجائش موجود ہے، جس کی قدریں اب بھی طویل المدتی اوسط سے تقریباً 50 فیصد کم ہیں۔ یہ بہتر تجارتی سرگرمی کے ساتھ بھی موافق ہونا چاہئے۔ تاہم، اگر معیشت دوبارہ پینڈی سے اترتی ہے تو اس کا KSE 100 کی سطح کے ساتھ ساتھ تجارتی سرگرمیوں پر بھی منفی اثر پڑے گا۔

تصدیق

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز خواہش رکھتے ہیں کہ ریگولیشنز، انکے مینکریز، ممبران، گاہک اور کاروباری ساتھی حضرات ان کے ساتھ تعاون جاری رکھے گی۔ 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

منجانب بورڈ آف ڈائریکٹرز

ڈائریکٹر

چیف ایگزیکٹو آفیسر

کراچی 20 مارچ، 2024



Six Years at a Galance

PARTICULARS	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Operating Performance (Rupees in 000)						
Revenue	288,845	214,859	269,649	204,327	158,002	151,604
Operating expenses	248,215	205,807	196,217	157,578	166,804	171,198
Financial expenses	157,407	111,772	43,798	40,429	45,071	29,162
Other income	27,549	1,617	10,190	5,531	9,528	17,854
Gain / (loss) on revaluation of investments	9,633	14,665	6,848	4,372	7,152	223
Profit / (loss) before tax	(79,595)	(86,439)	46,672	16,222	(37,192)	(30,679)
Profit / (loss) after tax	(107,453)	(101,914)	28,886	1,661	(47,726)	(45,634)
Per Ordinary Shares (Rupees)						
Earnings / (loss) per share	(5.37)	(5.09)	1.44	0.08	(2.38)	(2.28)
Break-up value per share	6.14	8.49	8.15	6.79	6.52	8.99
Dividends (Percentage)						
Cash	-	-	-	-	-	-
Bonus shares	-	-	-	-	-	-
Assets & Liabilities (Rupees in 000)						
Total assets	744,624	1,188,534	1,316,695	862,135	761,759	977,139
Current assets	674,378	1,136,929	1,254,050	797,510	696,963	909,480
Current liabilities	246,792	193,558	328,541	351,152	256,189	422,095
Financial Position (Rupees in 000)						
Shareholder's equity	122,832	169,976	163,154	135,983	130,571	180,044
Share capital	200,156	200,156	200,156	200,156	200,156	200,156
Reserves	(255,149)	(148,005)	(37,002)	(64,174)	(69,586)	(20,113)
Shares outstanding- (Number in 000)	20,016	20,016	20,016	20,016	20,016	20,016
Return on capital employed-(%)	-87.48%	-59.96%	17.70%	1.22%	-36.55%	-25.35%
Return on total assets-(%)	-14.43%	-8.57%	2.19%	0.19%	-6.27%	-4.67%
Current ratio-times	2.73	5.87	3.82	2.27	2.72	2.15

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations for year ended December 31, 2023

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

1. The total number of directors are seven (7) as per the following:
 - a. Male: 6 directors
 - b. Female: 1 director
2. The composition of board is as follows:

CATEGORY	NAMES
a) Independent Directors**	1) Mr. Johannes Hailu Gunnell 2) *Mr. Freyan Byram Avari
b) Non-Executive Directors	3) *Mr. Murad Ansari 4) Mr. Fayyaz Ilyas 5) Mr. Mohamed Ebeid
c) Female Non-Executive Director	6) Ms. Sarah Kwena Maja
d) Executive Director	7) *Mr. Saad Iqbal 8) *Syed Raza Haider Jafri

** (Please note that calculation of one-third of Independent directors is rounded up to the nearest whole numbers as per arithmetic rule).

(*Mr. Murad Ansari and Mr. Saad Iqbal have resigned effective from 31st January 2024 and Syed Raza Haider Jafri has replaced Saad Iqbal while one casual vacancy in place of Murad Ansari will be filled within stipulated time.)

3. The directors have confirmed that none of them is serving as a director of other Pakistani listed companies, excluding 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.
 - a) The Company encourages our director to attend directors' training program and all existing directors already attended said training program but company has plan to send newly appointed director to get this training during next financial year. Directors have gone through orientation programs held on April 27, 2023 and October 26, 2023.
9. 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.
10. CFO and CEO duly endorsed the financial statements before approval of the board.

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

a) Audit Committee

Mr. Johannes Gunnell	Chairman
Mr. Fayyaz Ilyas	Member
Mr. Freyan Avari	Member
Ms. Sarah Maja	Member

b) HR and Remuneration Committee

Mr. Freyan Avari	Chairman
Mr. Mohamed Ebeid	Member
Ms. Sarah Maja	Member

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
13. 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
14. 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.
15. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.
16. 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.
17. We confirm that all other requirements of the Regulations have been complied with.

Chief Executive Officer

Dated: March 20, 2024

Karachi

Director

To the members of EFG Hermes Pakistan Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of EFG Hermes Pakistan Limited "the Company" for the year ended December 31, 2023 in accordance with the requirements of regulation 36 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.

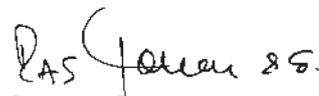
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control 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 require 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. 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.

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, 2023.

Karachi: March 20, 2024

UDIN: CR202310098F8JEhsM75


Chartered Accountants

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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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, 2023 and the statement of profit or loss and other 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 material accounting policy information 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 profit or loss and other 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, 2023 and of the loss and other comprehensive income, 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.

Emphasis of matter

We draw attention to Note 1.3 of the financial statements, which describes that the Board of Directors of the Company has in-principle approved a merger transaction with Intermarket Securities Limited ("IMS") and has authorized the Company to enter into a memorandum of understanding. Our opinion is not modified with respect to this matter.

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.	Key audit matters	How the matter was addressed in our audit
1.	<p>Contingent Liabilities</p> <p>(Refer notes 17.1 to 17.6 to the financial statements).</p> <p>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.</p>	<p>Our audit procedures amongst others, included:</p> <ul style="list-style-type: none"> - 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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S. No.	Key audit matters	How the matter was addressed in our audit
	<p>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.</p>	<ul style="list-style-type: none"> - 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.
<p>2.</p>	<p>Deferred tax assets relating to tax losses</p> <p>(Refer to note 22.2 to the financial statements)</p> <p>The Company has estimated a net deferred tax asset of Rs. 43.82 million resulting from unused tax losses and tax credits 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 unused tax credits. As the Company is uncertain about the future taxable profits, therefore deferred tax asset is not recorded in the financial statements.</p> <p>Significant judgment is required in forecasting future taxable profits and therefore we consider it a key audit matter.</p>	<p>included:</p> <ul style="list-style-type: none"> - 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 22.2.

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 auditor's 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 or loss and 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;
- d) the Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statement of financial position was prepared; and
- e) 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 Ali Rafique.


Chartered Accountants

Karachi: March 20, 2024

UDIN: AR202310098Ne5Tw2IPO



Statement of Financial Position

As at December 31, 2023

	Note	2023 Rupees	2022 Rupees
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	4	44,393,413	25,889,722
Intangible assets	5	4,042,489	4,213,709
Long-term investments	6	21,260,889	20,951,860
Long-term deposits		550,000	550,000
		70,246,791	51,605,291
CURRENT ASSETS			
Trade debts	7	27,411,570	12,439,476
Short-term investments	8	283,141,515	818,932,475
Advances, deposits, prepayments and other receivables	9	110,361,530	57,890,487
Advance tax - net		8,050,786	31,116,024
Receivable under margin finance	10	134,622,057	113,991,656
Cash and bank balances	11	110,790,107	102,558,998
		674,377,565	1,136,929,116
TOTAL ASSETS		744,624,356	1,188,534,407
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Authorized capital 100,000,000 (December 31, 2022: 100,000,000) ordinary shares of Rs.10/- each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	12	200,156,500	200,156,500
Revenue reserve - accumulated loss		(254,378,899)	(146,925,811)
Capital reserve- Loss on re-measurement of investments		(770,552)	(1,079,581)
Contribution from a related party	13	177,824,905	117,824,905
		122,831,954	169,976,013
<u>NON-CURRENT LIABILITIES</u>			
Long-term loan	14	375,000,000	825,000,000
<u>CURRENT LIABILITIES</u>			
Short-term running finance	15	59,144,617	2,333,386
Trade and other payables	16	176,577,609	180,145,255
Unclaimed dividend		11,070,176	11,079,753
		246,792,402	193,558,394
CONTINGENCIES AND COMMITMENTS	17	-	-
TOTAL EQUITY AND LIABILITIES		744,624,356	1,188,534,407

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer



Statement of Profit or Loss and other Comprehensive Income

For the year ended December 31, 2023

	Note	2023 Rupees	2022 Rupees
OPERATING REVENUE			
Operating revenues	18	149,455,452	117,303,754
Gain on sale of investments - net		139,389,345	97,555,140
		288,844,797	214,858,894
EXPENDITURES			
Administrative and general expenses	19	(248,214,901)	(205,807,134)
Operating profit		40,629,896	9,051,760
Other income/ (charges) - net	20	2,038,592	(10,280,657)
Income on margin finance		25,510,421	11,897,266
Financial charges	21	(157,406,733)	(111,772,062)
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net		9,633,285	14,664,660
		(120,224,435)	(95,490,793)
LOSS BEFORE TAXATION		(79,594,539)	(86,439,033)
TAXATION	22	(27,858,549)	(15,475,420)
LOSS AFTER TAXATION		(107,453,088)	(101,914,453)
OTHER COMPREHENSIVE INCOME / (LOSS)			
<i>Item that will not be reclassified subsequently to profit or loss</i>			
Gain/ (loss) on re-measurement of investments categorised as 'fair value through other comprehensive income'		309,029	(9,088,744)
Total comprehensive loss for the year		(107,144,059)	(111,003,197)
Loss per share - basic and diluted	23	(5.37)	(5.09)

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer



Statement of Cash Flows

For the year ended December 31, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(79,594,539)	(86,439,033)
Adjustments for:			
Depreciation	4	10,395,668	5,236,259
Amortisation	5	171,220	256,814
Financial charges		157,406,733	111,772,062
Gain on re-measurement of investments categorised as 'fair value through profit or loss' - net		(9,633,285)	(14,664,660)
Loss on disposal of property, plant and equipment - net		-	9,180
		158,340,336	102,609,655
Profit before working capital changes		78,745,797	16,170,622
Changes in working capital			
Decrease / (increase) in current assets			
Trade debts - unsecured		(14,972,094)	(1,658,869)
Short-term investments		545,424,245	6,327,750
Advances, deposits, prepayments and other receivables		(52,471,043)	92,568,797
Receivable under margin finance		(20,630,401)	(34,078,920)
		457,350,707	63,158,758
Increase / (decrease) in current liabilities			
Trade and other payables		65,907,538	(28,651,532)
Cash generated from / (used in) operations		602,004,042	50,677,848
Income tax paid		(4,793,311)	(5,352,529)
Financial charges paid		(166,881,917)	(102,604,009)
Net cash generated from / (used in) operating activities		430,328,814	(57,278,690)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(28,899,359)	(3,649,919)
Proceeds from disposal of property, plant and equipment		-	98,500
Net cash used in investing activities		(28,899,359)	(3,551,419)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan obtained		(450,000,000)	-
Dividend paid		(9,577)	(7,159)
Net cash used in financing activities		(450,009,577)	(7,159)
Net decrease in cash and cash equivalents		(48,580,122)	(60,837,268)
Cash and cash equivalents at the beginning of the year		100,225,612	161,062,880
Cash and cash equivalents at the end of the year	24	51,645,490	100,225,612

The annexed notes from 1 to 35 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, 2023

	Share Capital	Revenue reserve Accumulated loss	Capital reserve Gain / (loss) on re-measurement of Investments at 'FVOCI'	Contribution from a related party (Note 13)	Total
	----- Rupees -----				
Balance as at January 01, 2022	200,156,500	(45,011,358)	8,009,163	-	163,154,305
Loss for the year ended December 31, 2022	-	(101,914,453)	-	-	(101,914,453)
Contribution from a related party (Note 13)	-	-	-	117,824,905	117,824,905
Other comprehensive loss for the year ended December 31, 2022	-	-	(9,088,744)	-	(9,088,744)
Balance as at December 31, 2022	200,156,500	(146,925,811)	(1,079,581)	117,824,905	169,976,013
Loss for the period ended December 31, 2023	-	(107,453,088)	-	-	(107,453,088)
Contribution from a related party (Note 13)	-	-	-	60,000,000	60,000,000
Other comprehensive income for the year ended December 31, 2023	-	-	309,029	-	309,029
Balance as at December 31, 2023	200,156,500	(254,378,899)	(770,552)	177,824,905	122,831,954

The annexed notes from 1 to 35 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, 2023

1 STATUS AND NATURE OF BUSINESS

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

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

The Company's office in Lahore is situated at 319-Siddique Trade Centre, 72 - Main Boulevard, Gulberg, Lahore, Pakistan.

1.2 Holding Company incorporated outside Pakistan

EFG Hermes Brokerage Holding (formerly EFG Hermes Frontier Holdings LLC) 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.

1.3 The Board of Directors of EFG Hermes Pakistan Limited has in-principle approved the merger of Intermarket Securities Limited ("IMS") with and into EFG Pakistan ("Proposed Transaction") and has authorized the Company to enter into a memorandum of understanding. Once all deal terms, transaction documents, requisite corporate and regulatory approvals are approved by majority shareholders and the High Court, the assets and liabilities of Intermarket Securities Limited ("IMS") are to be transferred to the Company.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) 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 IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared on the basis of historical cost convention except for certain short-term investments and long 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 judgements

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.



The estimates and 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 below:

	Note
- Property, plant and equipment	3.1 and 4
- Useful lives, amortisation and impairment of intangible assets	3.2 and 5
- Classification and valuation of short-term and long-term investments	3.3, 6 and 8
- Provision for taxation	3.6 and 22
- Provisions and contingencies	3.10, 3.15 and 17

2.5 New standards, amendments to approved accounting standards and new interpretations

2.5.1 Amendments to approved accounting standards and interpretations which are effective during the period ended December 31, 2023

There are certain new standards, interpretations and amendments to approved accounting standards which are mandatory for the Company's accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

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

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IFRS 4 Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9.	January 1, 2023
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1 Amended by Classification of Liabilities as Current or Non-current.	January 1, 2024
IAS 12 Amended by Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
IFRS 16 Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024

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

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



In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 1, 2023. The Company expects that such improvements to the standards will not have material effect on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan:

Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IFRS 17 Insurance Contracts	January 1, 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies applied in the preparation of these financial statements are described below. The significant accounting policies are consistently applied in the preparation of financial statements for all prior periods.

3.1 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 by 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 or loss 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 or loss of the period to which it relates.

The Company assesses at each reporting 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.

3.2 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 reporting 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 by 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 by applying an appropriate amortization rate.

3.3 Financial instruments

Financial instruments include deposits, investments, trade debts, receivable under margin finance, advances, other receivables, cash and bank balances, long term loan, short-term running finance and trade and other payables. The Company recognizes a financial asset or a financial liability in its statement of financial position when, and only when, the Company becomes party to the contractual provisions of the instrument. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

3.3.1 Financial assets

3.3.1.1 Initial Recognition

All financial assets are measured initially at their fair value plus transaction costs, except:

- financial assets at fair value through profit or loss which are measured initially at their fair values; and
- trade receivables which are measured initially at their transaction price.

Equity instrument financial assets / mutual funds are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognized in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

3.3.1.2 Classification of financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss (FVTPL) are those financial assets which are either designated in this category or not classified in any of the other categories. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss in the period in which it arises.

3.3.1.3 Subsequent measurement

Financial assets are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets is included in the profit or loss for the period in which it arises.

Financial assets at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the profit or loss. Any gain or loss on de-recognition is also recognized in the profit or loss.

Financial assets at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income. On derecognition of a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Financial assets at FVTPL

These are subsequently measured at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets held at FVTPL and any interest / markup or dividend income are included in the profit or loss.

3.3.1.4 Derecognition of financial assets

The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

3.3.1.5 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.

3.3.2 Financial liabilities

The Company determines the classification of its financial liabilities at initial recognition.

3.3.2.1 Classification

- a) those to be measured at fair value through profit and loss; and
- b) those to be measured at amortized cost.

3.3.2.2 Measurement

All financial liabilities are recognised initially at fair value. Financial liabilities accounted at amortized cost like borrowings are accounted at the fair value determined based on the effective interest rate method (EIR) after considering the directly attributable transaction costs.

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition.

The effective interest rate ("EIR") method calculates the amortized cost of a debt instrument by allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. This category generally applies to borrowings, trade payables etc.

Where management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss).

The Company's financial liabilities include other payables and borrowings. The Company measures financial liabilities (except derivatives) at amortized cost.

3.3.2.3 De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

3.3.3 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECLs) associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for trade debts, due from customers and contract assets, therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets. The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof.

The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

3.3.4 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the company or the counter parties.

3.4 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 reporting date. Exchange gains or losses are included in income currently.

3.5 Revenue recognition

- (a) Brokerage, advisory fees, commission and other income are accrued as and when such services are rendered.
- (b) Mark-up income from investment in margin financing is calculated on outstanding balance at agreed rates, and is recorded in profit or loss when due.



- (c) Dividend income on equity investments is recognized, when the right to receive the same is established.
- (d) Gains or losses on sale of investments are recognized in the period in which they arise.
- (e) Underwriting commission is recognized when the agreement is executed. Take-up commission is recognized at the time commitment is fulfilled.
- (f) Consultancy, advisory fee and service charges, are recognized as and when earned.
- (g) 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 or loss in the period in which they arise.

3.6 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 reporting 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 reporting 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.

3.7 Staff retirement benefits

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.

3.8 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 or loss. However, borrowing costs incurred on qualifying assets are capitalized as part of the cost of the asset.

3.9 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 statement of financial position 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 statement of financial position. Amounts paid under these obligations are included in fund placements. The difference between purchase and resale price is treated as mark-up/ interest income.

3.10 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. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimates.



3.11 Trade debts and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value and subsequently at amortised cost. An allowance is made for lifetime expected credit losses using simplified approach as mentioned in note 3.3.3. Trade debts are written off when there is no reasonable expectation of recovery, i.e., when these are considered irrecoverable.

3.12 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.

3.13 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.14 Dividend distributions and appropriations

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

3.15 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events, not wholly within the control of the Company; or when the Company has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.16 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

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. These are recorded at cost/amortised cost.

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



4. PROPERTY, PLANT AND EQUIPMENT

Particulars	C O S T			2023	D E P R E C I A T I O N			WRITTEN DOWN VALUE
	As at January 01, 2023	Additions/ (Disposals)	As at December 31, 2023	Depreciation Rate	As at January 01, 2023	Charge for the year/ (Disposals)	As at December 31, 2023	As at December 31, 2023
	Rupees			%	Rupees			Rupees
Owned								
Building	3,720,432	-	3,720,432	10	2,096,281	162,415	2,258,696	1,461,736
Furniture and fixtures	18,502,865	-	18,502,865	10	9,357,731	914,513	10,272,244	8,230,621
Office equipment	7,480,774	-	7,480,774	10	2,789,945	469,083	3,259,028	4,221,746
Computers	25,715,717	28,899,359	54,615,076	33	16,488,043	8,609,270	25,097,313	29,517,763
Vehicles	11,206,286	-	11,206,286	20	10,004,352	240,387	10,244,739	961,547
	66,626,074	28,899,359	95,525,433		40,736,352	10,395,668	51,132,020	44,393,413
		-				-		

Particulars	C O S T			2022	D E P R E C I A T I O N			WRITTEN DOWN VALUE
	As at January 01, 2022	Additions/ (Disposals)	As at December 31, 2022	Depreciation Rate	As at January 01, 2022	Charge for the year/ (Disposals)	As at December 31, 2022	As at December 31, 2022
	Rupees			%	Rupees			Rupees
Owned								
Building	3,720,432	-	3,720,432	10	1,915,820	180,461	2,096,281	1,624,151
Furniture and fixtures	18,460,365	42,500	18,502,865	10	8,345,934	1,011,797	9,357,731	9,145,134
Office equipment	7,435,139	105,235 (59,600)	7,480,774	10	2,300,259	519,506 (29,820)	2,789,945	4,690,829
Computers	24,487,518	3,502,184 (2,273,985)	25,715,717	33	15,460,116	3,224,012 (2,196,085)	16,488,043	9,227,674
Vehicles	11,206,286	-	11,206,286	20	9,703,869	300,483	10,004,352	1,201,934
	65,309,740	3,649,919 (2,333,585)	66,626,074		37,725,998	5,236,259 (2,225,905)	40,736,352	25,889,722

Disposal of property, plant and equipment

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

Particulars	Acquisition Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Net Gain / (Loss)
			Rupees		
Office equipment	59,600	29,820	29,780	11,400	(18,380)
Computers	2,273,985	2,196,085	77,900	87,100	9,200
	2,333,585	2,225,905	107,680	98,500	(9,180)



5	INTANGIBLE ASSETS	Note	2023 Rupees	2022 Rupees
	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	342,489	513,709
			<u>4,042,489</u>	<u>4,213,709</u>

5.1 The Company has been granted Trading Right Entitlement (TRE) Certificates 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 represents 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

			2023			
Cost		Rate %	Accumulated Amortisation		Written Down Value	
As at January 01, 2023	As at December 31, 2023		As at January 01, 2023	As at December 31, 2023	As at January 01, 2023	As at December 31, 2023
3,900,000	3,900,000	33.33	3,386,291	3,557,511	3,386,291	342,489

			2022			
Cost		Rate %	Accumulated Amortisation		Written Down Value	
As at January 01, 2022	As at December 31, 2022		As at January 01, 2022	As at December 31, 2022	As at January 01, 2022	As at December 31, 2022
3,900,000	3,900,000	33.33	3,129,477	3,386,291	3,129,477	513,709

6	LONG TERM INVESTMENTS	Note	2023 Rupees	2022 Rupees
	At FVOCI		21,260,889	12,951,860
	At amortised cost		-	8,000,000
		6.1	<u>21,260,889</u>	<u>20,951,860</u>

6.1 Description of investments

31-Dec-23	31-Dec-22		31-Dec-23	31-Dec-22
Number of Shares	Name of Investee Company	Note	Cost	Carrying Value
1,602,953	1,602,953	6.2 &	14,031,441	16,173,796
-	843,975	6.3	-	-
295,536	-	6.4	2,076,950	1,066,885
842,811	-	6.4	5,923,050	4,020,208
			<u>22,031,441</u>	<u>21,260,889</u>
			<u>22,031,441</u>	<u>20,951,860</u>

6.2 The Company has pledged 1,602,953 (2022: 1,602,953) shares with PSX to fulfil the Base Minimum Capital requirement as per the PSX Regulations. The PSX shares have been revalued at a price of Rs. 10.09 (December 31, 2022 : Rs. 8.08) as at reporting date.



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

6.4 In accordance with the above note 6.3, the Company has received 295,536 shares of LSEPL and 842,811 shares of LSEVL and has pledged the same with PSX to fulfill the Base Minimum Capital requirement. The LSEPL and LSEVL shares have been revalued at a price of Rs. 3.61 and Rs. 4.77 as at reporting date.

7	TRADE DEBTS - UNSECURED	Note	2023 Rupees	2022 Rupees
	Considered good		27,411,570	12,439,476
	Considered doubtful		1,752,588	1,660,224
			29,164,158	14,099,700
	Less: Allowance for impairment of trade debts		(1,752,588)	(1,660,224)
			27,411,570	12,439,476

7.1 The age analysis of trade receivables is as follows:

Payments over due

1-360 days	27,411,570	12,505,865
Above 360 days	1,752,588	1,593,835
Allowance for impairment of trade debts	(1,752,588)	(1,660,224)
	27,411,570	12,439,476

8 SHORT - TERM INVESTMENTS

At fair value through profit or loss

Investment in Government Securities - Treasury Bills	8.1	283,141,515	818,932,475
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8.1 The Company has placed treasury bills of face value of Rs. 285 million (December 31, 2022: Rs. 830 million) with NCCPL as collateral against margin deposit.

9	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES	Note	2023 Rupees	2022 Rupees
	Advances to employees - considered good		943,391	1,538,583
	Advance to suppliers		-	14,777,582
	Security deposit		2,486,600	2,486,600
	Short term deposits	9.1	98,405,696	25,832,201
	Prepayments		8,525,843	13,255,521
			110,361,530	57,890,487

9.1 This represents deposits with the National Clearing Company of Pakistan Limited (NCCPL) against exposure, mark to market losses and future profit held & Pakistan Stock Exchange against base minimum capital requirements.

10	RECEIVABLE UNDER MARGIN FINANCE	Note	2023 Rupees	2022 Rupees
	Receivable under margin finance	10.1	134,622,057	113,991,656

10.1 The margin finance rate ranged from 23.24% to 28.39% (December 31, 2022: 16.12% to 22.37%) and is secured against shares of listed securities.

11	CASH AND BANK BALANCES	Note	2023 Rupees	2022 Rupees
	Cash in hand		50,000	50,000
	Cash at banks			
	- in deposit accounts	11.1	11,397,178	11,303,046
	- in current accounts - pertaining to brokerage house		1,834,891	2,010,603
	- in current accounts - pertaining to clients		97,508,038	89,195,349
			110,740,107	102,508,998
			110,790,107	102,558,998



- 11.1** These carry return ranging from 13.50% to 20.50% (December 31, 2022 : 7% to 13.5%) per annum.
- 11.2** Client(s) balances in margin deposit account is Rs. 13.6 million (December 31, 2022: Rs. 2.6 million) 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, 2023 is Rs. 2,589 million (December 31, 2022 : Rs. 1,553 million).

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023 (Number of Shares)	2022	Ordinary shares of Rs. 10/- each	Note	2023 Rupees	2022 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	12.1	(460,389,100)	(460,389,100)
20,015,650	20,015,650			200,156,500	200,156,500

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

13 CONTRIBUTION FROM A RELATED PARTY	Note	2023 Rupees	2022 Rupees
EFG Hermes Brokerage Holding (formerly EFG-Hermes Frontier Holding LLC)	13.1	177,824,905	117,824,905

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

14 LONG-TERM LOAN	Note	2023 Rupees	2022 Rupees
Term Finance Facility I		200,000,000	200,000,000
Term Finance Facility II		175,000,000	175,000,000
Term Finance Facility III		-	450,000,000
	14.1	375,000,000	825,000,000

- 14.1** These facilities have been obtained from a Commercial Bank. Facility I & II carry mark-up at 6 Months KIBOR + 0.25% (2022: 6 Months KIBOR + 0.25%) with expiry on May 2026 . These facilities are secured against irrevocable and unconditional financial guarantee(s) provided by a bank in UAE on behalf of EFG Hermes Brokerage Holding (formerly EFG Hermes Frontier Holdings LLC) to the bank.

15 SHORT - TERM RUNNING FINANCE UNDER MARK-UP ARRANGEMENTS - Secured	Note	2023 Rupees	2022 Rupees
Habib Bank Limited	15.1	59,144,617	2,333,386

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



	2023 Rupees	2022 Rupees
16 TRADE AND OTHER PAYABLES		
Creditors	111,108,038	91,795,349
Accrued liabilities:		
Mark-up on financing arrangements	12,245,281	21,720,465
Workers' Welfare Fund	8,006,299	8,006,299
Sales tax - net	3,986,138	1,619,050
Intercompany payable	21,461,945	35,486,070
Accrued expenses and other liabilities	19,769,908	21,518,022
	65,469,571	88,349,906
	176,577,609	180,145,255

17 CONTINGENCIES AND COMMITMENTS

- 17.1** 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, 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 favor of the Company. Accordingly, no provisions have been made in these financial statements.
- 17.2** The income tax authorities had 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 favor of the Company. In respect of tax year 2013 the Company had already filed an 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.
- 17.3** The tax department had 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 had 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.
- 17.4** 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 had 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.
- 17.5** The income tax authorities had 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 repealed Companies Ordinance, 1984. 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.
- 17.6** During the year the tax department has issued an order under section 161 (1) of the Income Tax Ordinance, 2001 for the tax year 2018, which has been disposed off by the Commissioner on September 21, 2022 in favour of the company, all the demands from commissioner had been deleted except for an amount of Rs. 85,843, no provision has been made in this regards. Company has filed an appeal before the Appellate Tribunal against the above order. Furthermore, Commissioner has also filed appeal against the order. The management is confident that the eventual outcome of the matter will be decided in favour of the Company.
- 17.7** In previous year, the Honorable Commissioner (Appeals) Sindh Revenue Board passed an order against order of Assistant Commissioner wherein input tax adjustment had been allowed amounting Rs. 774,122/- and penalty amounting Rs. 4,730,329 had been set-a-side, however tax had been charged amounting to Rs. 2,554,198/- which had been paid by the Company for the tax period July 2014 to June 2016. The Company then filed a second appeal in the Honorable Appellate Tribunal Sindh Revenue Board against the order of the Commissioner (Appeals). During



the year, a miscellaneous application has been filed before the Honorable Appellate Tribunal in respect of the above and the earlier order has been rectified accordingly. The management is confident that the eventual outcome of the matter will be decided in favor of the Company.

	Note	2023 Rupees	2022 Rupees
18 OPERATING REVENUE			
Equity brokerage income		149,032,950	116,244,760
Fees and commission		1,096	1,025
Dividend income		421,406	1,057,969
		<u>149,455,452</u>	<u>117,303,754</u>
19 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries, allowances and other benefits		91,310,530	86,855,100
Traveling, conveyance and vehicle running		13,292,736	9,291,956
Rent rates and taxes		13,115,380	12,143,520
Utility charges		5,098,484	3,855,616
Postage, telephone and telegram		1,750,208	1,339,294
Repair and maintenance		4,132,704	4,048,082
Insurance		17,870,473	13,561,923
Depreciation	4	10,395,668	5,236,259
Amortisation	5	171,220	256,814
Entertainment		1,429,909	1,360,816
Newspaper and periodicals		49,835	42,971
Advertisement		1,257,400	531,250
Printing and stationery		676,435	636,974
Auditors' remuneration	19.1	400,000	400,000
Service charges	19.2	14,484,982	11,104,934
CDC charges		1,030,680	1,030,682
Fees and subscription	19.3	70,663,080	52,672,160
Commission		73,100	242,477
Office supplies		919,713	1,196,306
Allowance for impairment		92,364	-
		<u>248,214,901</u>	<u>205,807,134</u>
19.1 Auditors' remuneration			
Audit fee		210,000	210,000
Quarterly and half yearly review fee		150,000	150,000
Code of Corporate Governance		30,000	30,000
Out of pocket expenses		10,000	10,000
		<u>400,000</u>	<u>400,000</u>
19.2			
This include penalty paid to SECP during the year amounting to Rs. 100,025 (December 31, 2022: Rs. nil).			
19.3			
This include tax and other services obtained amounting to Rs. 158,100 (December 31, 2022: Rs. 803,800) from Riaz Ahmad, Saqib, Gohar and Co.			
20 OTHER CHARGES - NET	Note	2023 Rupees	2022 Rupees
Return on bank deposits		2,167,240	1,286,280
Return on exposure deposit with exchange		6,637,478	8,462,344
Loss on disposal of property, plant and equipment - net		-	(9,180)
Loss on translation of foreign exchange balances	20.1	(6,766,126)	(20,020,101)
		<u>2,038,592</u>	<u>(10,280,657)</u>

20.1 The exchange loss pertains to related party balance as disclosed in Note No. 28.



	Note	2023 Rupees	2022 Rupees
21 FINANCIAL CHARGES			
Bank charges		122,565	125,285
Mark-up on financing arrangements		157,284,168	111,646,777
		<u>157,406,733</u>	<u>111,772,062</u>
22 TAXATION			
Current	22.1	27,858,549	19,110,819
Prior		-	(3,635,399)
		<u>27,858,549</u>	<u>15,475,420</u>
22.1	Provision for current tax is based on minimum tax under section 113 (2022: minimum tax under section 113) of the Income Tax Ordinance, 2011 and final tax regime. Accordingly, tax reconciliation has not been presented in these financial statements.		
22.2	Being prudent, the Company has not recognized deferred tax asset of Rs. 39,714,653 (2022: Rs. 22,625,780) in respect of unused tax losses, to be expired by accounting year 2029, Rs. 4,647,169 (2022: Rs. 4,136,340) in respect of minimum tax available to be carried forward up to accounting year 2029 and Rs. 2,835,924 in respect of alternate corporate tax available to be carried forward up to accounting year 2033 under the Income Tax Ordinance, 2001, as sufficient taxable profits would not be available to utilize these unused tax credits in the foreseeable future. Consequently, net deferred tax asset amounting to Rs. 43,818,842 (2022: Rs. Rs. 23,690,340) comprising total deferred tax asset of Rs. 47,983,675 (2022: Rs. 30,079,509) and deferred tax liability of Rs. 4,164,833 (2022: Rs. 6,389,170) has not been recognised in these financial statements.		
23 LOSS PER SHARE	Note	2023	2022
Loss after taxation - Rupees		(107,453,088)	(101,914,453)
Weighted average number of ordinary shares		20,015,650	20,015,650
Earnings per share - basic and diluted	23.1	(5.37)	(5.09)
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, 2023 (December 31, 2022 : Nil) which could have any effect on the earnings per share if the option is exercised.		
24 CASH AND CASH EQUIVALENTS		2023 Rupees	2022 Rupees
Cash and bank balances		110,790,107	102,558,998
Short-term running finance		(59,144,617)	(2,333,386)
		<u>51,645,490</u>	<u>100,225,612</u>
25 FINANCIAL INSTRUMENTS BY CATEGORY		2023 Rupees	2022 Rupees
25.1 Financial assets and liabilities			
Financial assets			
- At amortised cost			
Loans and advances		943,391	1,538,583
Deposits		101,442,296	28,868,801
Trade debts - unsecured		27,411,570	12,439,476
Receivable under margin finance		134,622,057	113,991,656
Cash and bank balances		110,790,107	102,558,998
		<u>375,209,421</u>	<u>259,397,514</u>
- at fair value through profit or loss			
Short-term investments		283,141,515	818,932,475
- at fair value through other comprehensive income			
Long-term investments		21,260,889	20,951,860
		<u>21,260,889</u>	<u>20,951,860</u>



Financial liabilities	2023	2022
- at amortized cost	Rupees	Rupees
Long term loan	375,000,000	825,000,000
Short-term running finance	59,144,617	2,333,386
Accrued mark-up	12,245,281	21,720,465
Trade and other payables	152,339,891	148,799,441
	598,729,789	997,853,292

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 or loss as disclosed in Note 20.

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.

	2023						
	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	-	-	-	943,391	-	943,391	943,391
Deposits	75,075,000	-	75,075,000	25,817,296	550,000	26,367,296	101,442,296
Trade debts - unsecured	-	-	-	27,411,570	-	27,411,570	27,411,570
Receivable under margin finance	134,622,057	-	134,622,057	-	-	-	134,622,057
Investments at FVTPL	283,141,515	-	283,141,515	-	-	-	283,141,515
Investments at FVOCI	-	-	-	-	21,260,889	21,260,889	21,260,889
Other receivables	-	-	-	-	-	-	-
Cash and bank balances	11,397,178	-	11,397,178	99,392,929	-	99,392,929	110,790,107
	<u>504,235,750</u>	<u>-</u>	<u>504,235,750</u>	<u>153,565,186</u>	<u>21,810,889</u>	<u>175,376,075</u>	<u>679,611,825</u>
Financial liabilities							
Long term loan	-	375,000,000	375,000,000	-	-	-	375,000,000
Accrued mark-up	-	-	-	12,245,281	-	12,245,281	12,245,281
Short-term running finance	59,144,617	-	59,144,617	-	-	-	59,144,617
Trade and other payables	-	-	-	152,339,891	-	152,339,891	152,339,891
	<u>59,144,617</u>	<u>375,000,000</u>	<u>434,144,617</u>	<u>164,585,172</u>	<u>-</u>	<u>164,585,172</u>	<u>598,729,789</u>
On-balance Sheet Gap	445,091,133	(375,000,000)	70,091,133	(11,019,986)	21,810,889	10,790,903	80,882,036
Off-balance Sheet Gap	-	-	-	-	-	-	-

2022

	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	-	-	-	1,538,583	-	1,538,583	1,538,583
Deposits	22,125,000	-	22,125,000	6,193,801	550,000	6,743,801	28,868,801
Trade debts - unsecured	-	-	-	12,439,476	-	12,439,476	12,439,476
Receivable under margin finance	113,991,656	-	113,991,656	-	-	-	113,991,656
Investments at FVTPL	818,932,475	-	818,932,475	-	-	-	818,932,475
Investments at FVOCI	-	-	-	-	20,951,860	20,951,860	20,951,860
Other receivables	-	-	-	-	-	-	-
Cash and bank balances	11,303,046	-	11,303,046	91,255,952	-	91,255,952	102,558,998
	<u>966,352,177</u>	<u>-</u>	<u>966,352,177</u>	<u>111,427,812</u>	<u>21,501,860</u>	<u>132,929,672</u>	<u>1,099,281,849</u>
Financial liabilities							
Long term loan	-	825,000,000	825,000,000	-	-	-	825,000,000
Accrued mark-up	-	-	-	21,720,465	-	21,720,465	21,720,465
Short-term running finance	2,333,386	-	2,333,386	-	-	-	2,333,386
Trade and other payables	-	-	-	148,799,441	-	148,799,441	148,799,441
	<u>2,333,386</u>	<u>825,000,000</u>	<u>827,333,386</u>	<u>170,519,906</u>	<u>-</u>	<u>170,519,906</u>	<u>997,853,292</u>
On-balance Sheet Gap	964,018,791	(825,000,000)	139,018,791	(59,092,094)	21,501,860	(37,590,234)	101,428,557
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 statement of financial position as investments at fair value through profit or loss. The management believes that 3% increase or decrease in the value of investments at fair value through profit or loss, while all other factors remaining constant would result in increase or decrease of the Company's profit by Rs. 8.494 million (December 31, 2022: Rs. 24.567 million).

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 reporting 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:



	2023 Rupees	2022 Rupees
Financial instruments carried at amortized cost		
Trade debts - unsecured	<u>27,411,570</u>	<u>12,439,476</u>
Payments over due		
1-360 days	<u>27,411,570</u>	<u>12,505,865</u>
Above 360 days	<u>1,752,588</u>	<u>1,593,835</u>
Allowance for impairment of trade debts	<u>(1,752,588)</u>	<u>(1,660,224)</u>
	<u>27,411,570</u>	<u>12,439,476</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	A-1+	AAA
Askari Bank Limited	PACRA	A-1+	AA+
Bank Al-Falah Limited	PACRA	A-1+	AA+
Bank Al- Habib Limited	PACRA	A-1+	AAA
Habib Bank Limited	VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
JS Bank Limited	PACRA	A-1+	AA-
MCB Bank Limited	PACRA	A-1+	AAA
Meezan Bank Limited	VIS	A-1+	AAA
Standard Chartered Bank Pakistan Limited	PACRA	A-1+	AAA
United Bank Limited	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.

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets				
- at fair value through profit or loss				
Government Securities	283,141,515	-	-	283,141,515
- at fair value through other comprehensive income				
Listed Securities	21,260,889	-	-	21,260,889
	<u>304,402,404</u>	<u>-</u>	<u>-</u>	<u>304,402,404</u>



December 31, 2022

Financial assets	Level 1	Level 2	Level 3	Total
	Rupees			
- at fair value through profit or loss Government Securities	818,932,475	-	-	818,932,475
- at fair value through other comprehensive income Listed Securities	12,951,860	-	-	12,951,860
	<u>831,884,335</u>	<u>-</u>	<u>-</u>	<u>831,884,335</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 plus total debts, where debt represents total long term borrowings and total equity represents paid-up capital, reserves and accumulated loss.

	2023 Rupees	2022 Rupees
Long term loan	375,000,000	825,000,000
Shareholders' equity	122,831,954	169,976,013
Total	<u>497,831,954</u>	<u>994,976,013</u>
Gearing ratio	75.33%	82.92%

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	
	2023	2022	2023	2022
	Rupees			
Remuneration	6,211,355	5,496,774	21,123,950	17,243,453
House rent allowance	2,795,110	2,473,548	9,505,777	7,759,554
Utility allowance	621,135	549,677	2,112,395	1,724,345
Commission and bonus	4,649,141	5,112,449	5,873,948	6,242,673
Any other remuneration	1,462,426	844,656	2,078,460	-
	<u>15,739,167</u>	<u>14,477,104</u>	<u>40,694,530</u>	<u>32,970,025</u>
Number of persons	<u>1</u>	<u>1</u>	<u>11</u>	<u>10</u>

27.1 The Company has provided company maintained car to the certain executives. The Company has paid fee to non-executive directors during the year amounting to Rs. 200,000 (December 31, 2022: 200,000). Further, the chief executive officer is 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, other than CEO.

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.



	2023 Rupees	2022 Rupees
Remuneration	<u><u>17,408,171</u></u>	<u><u>12,343,000</u></u>

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	2023 Rupees	2022 Rupees
Brokerage income earned from:			
Directors		<u><u>1,209,190</u></u>	<u><u>829,765</u></u>
Employees		<u><u>6,177</u></u>	<u><u>105,533</u></u>
Associate		<u><u>4,063,915</u></u>	<u><u>1,134,766</u></u>
Transactions			
Contribution to employees provident fund		<u><u>3,842,283</u></u>	<u><u>3,494,761</u></u>
Balances			
Payable to directors in their shares trading accounts		<u><u>21,686</u></u>	<u><u>233,660</u></u>
Payable to employees in their shares trading accounts		<u><u>594,833</u></u>	<u><u>29,380</u></u>
Receivable from employees in their shares trading accounts		<u><u>304</u></u>	<u><u>-</u></u>
Receivable from directors in their shares trading accounts		<u><u>276,420</u></u>	<u><u>2,591,750</u></u>
Balances of the holding company			
Payable to EFG Hermes Brokerage Holding (formerly EFG Hermes Frontier Holdings LLC) Equivalent to US\$ 24,406.22 (2022: US\$ 71,000.73)		<u><u>6,861,200</u></u>	<u><u>16,096,094</u></u>
Payable in PKR to EFG Hermes Brokerage Holding (formerly EFG Hermes Frontier Holdings LLC)		<u><u>14,600,745</u></u>	<u><u>-</u></u>
Contribution from a related party		<u><u>177,824,905</u></u>	<u><u>117,824,905</u></u>

28.1 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 OPERATING SEGMENTS

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting structure followed by the company.



30 PROVIDENT FUND RELATED DISCLOSURES

The following information is based on un-audited financial statements of the provident fund as at December 31, 2023 and December 31, 2022:

	Note	2023 Rupees	2022 Rupees
Size of the fund - total assets		27,112,927	25,724,713
Fair value of investments	30.1	27,112,927	25,724,713
Cost of investments made		25,999,825	25,896,252
Percentage of investments made		100%	100%

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

	2023 Percentage	2022	2023 Rupees	2022 Rupees
Bank deposits	4%	7%	1,010,661	1,109,763
Treasury bills	95%	92%	25,703,516	24,423,325
Listed securities	1%	1%	398,750	191,625
	<u>100%</u>	<u>100%</u>	<u>27,112,927</u>	<u>25,724,713</u>

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:

	2023 Rupees	2022 Rupees
Total assets	744,624,356	1,188,534,407
Less: Total liabilities	(621,792,402)	(1,018,558,394)
Less: Revaluation reserves (created upon revaluation of fixed assets)	-	-
	<u>122,831,954</u>	<u>169,976,013</u>

32 COMPUTATION OF LIQUID CAPITAL
AS ON DECEMBER 31, 2023

S. No.	Head of Account	Note	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets					
1.1	Property & Equipment		44,393,413	44,393,413	-
1.2	Intangible Assets		4,042,489	4,042,489	-
1.3	Investment in Govt. Securities (150,000*99)		283,141,515	-	283,141,515
	Investment in Debt. Securities				
	If listed than:				
	i. 5% of the balance sheet value in the case of tenure upto 1 year.		-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.		-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.		-	10.00%	-
	If unlisted than:				
	i. 10% of the balance sheet value in the case of tenure upto 1 year.		-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.		-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.		-	15.00%	-
	Investment in Equity Securities				
1.5	i. If listed 15% or VaR of each securities on the cut off date as computed by the Securities Exchange for respective securities whichever is higher. [Provided that if any of these securities are pledged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital.]		21,260,889	21,260,889	-
	ii. If unlisted, 100% of carrying value.		-	-	-
1.6	Investment in subsidiaries		-	100.00%	-
	Investment in associated companies/undertaking				
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.		-	-	-
	ii. If unlisted, 100% of net value.		-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity (i) 100% of net value, however any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital may be taken in the calculation of LC.		7,175,000	7,175,000	-
1.9	Margin deposits with exchange and clearing house.	3	82,210,000	-	82,210,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.		-	-	-
1.11	Other deposits and prepayments		11,012,443	11,012,443	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)		-	-	-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties		-	-	-
1.13	Dividends receivables.		-	-	-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. (<i>Securities purchased under repo arrangement shall not be included in the investments.</i>)		-	-	-
	Advances and receivables other than trade Receivables				
	(i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months.		391,641	-	391,641
1.15	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation .		-	-	-
	(iii) In all other cases 100% of net value		8,602,536	8,602,536	-
	Receivables from clearing house or securities exchange(s)				
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.		9,570,696	-	9,570,696
1.17	Receivables from customers				
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VaR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>		134,622,057	240,430,364	134,622,057



S. No.	Head of Account	Note	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. ii. Net amount after deducting haircut		-	-	-
	iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, iii. Net amount after deducting haircut		-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. iv. Balance sheet value		16,204,836	-	16,204,836
	v. Incase of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VaR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. v. Lower of net balance sheet value or value determined through adjustments		10,930,010	9,006,249	1,923,761
	vi. In the case of amount of receivable form related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner: (i). Up to 30 days, values determined after applying VaR based haircuts (ii). Above 30 days but upto 90 days, values determined after applying 50% or VaR based haircuts whichever is higher (iii). Above 90 days, 100% haircut shall be applicable.vi. Lower of net balance sheet value or value determined through adjustments		276,724	304	276,420
1.18	Cash and Bank balances				
	i. Bank Balance-proprietary accounts		13,078,120	-	13,078,120
	ii. Bank balance-customer accounts		97,661,987	-	97,661,987
	iii. Cash in hand		50,000	-	50,000
	Subscription money against investment in IPO / offer for sale (asset)		-	-	-
1.19	(i) No haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.				
	(ii) In case of Investment in IPO where shares have been allotted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities.				
	(iii) In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VaR based haircut whichever is higher, will be applied on Right Shares.				
1.20	Total Assets		744,624,356		639,131,033
	2. Liabilities				
2.1	Trade Payables				
	i. Payable to exchanges and clearing house		-	-	-
	ii. Payable against leveraged market products		-	-	-
	iii. Payable to customers		111,108,038	-	111,108,038
2.2	Current Liabilities				
	i. Statutory and regulatory dues		5,093,938	-	5,093,938
	ii. Accruals and other payables		71,445,809	-	71,445,809
	iii. Short-term borrowings		59,144,617	-	59,144,617
	iv. Current portion of subordinated loans		-	-	-
	v. Current portion of long term liabilities		-	-	-
	vi. Deferred Liabilities		-	-	-
	vii. Provision for taxation		-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements		-	-	-
2.3	Non-Current Liabilities				
	i. Long-Term financing		-	100%	-
	a. Long-Term financing obtained from financial instituon: Long term portion of financing obtained from a financial institution including amount due against finance lease		375,000,000	375,000,000	-
	ii. Other long-term financing		-	-	-
	iii. Staff retirement benefits		-	-	-
	Note: (a) 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. (b) Nill in all other cases		-	-	-
2.4	Subordinated Loans				
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.		-	-	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP		-	-	-



S. No.	Head of Account	Note	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Advance against shares for Increase in Capital of Securities broker				
2.5	100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.				
2.6	Total Liabilities		621,792,402		246,792,402
3. Ranking Liabilities Relating to :					
Concentration in Margin Financing					
3.1	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.		-	64,627,862	64,627,862
Concentration in securities lending and borrowing					
3.2	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL. (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed		-	-	-
Net underwriting Commitments					
3.3	(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) in any other case : 12.5% of the net underwriting commitments		-	-	-
Negative equity of subsidiary					
3.4	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary		-	-	-
Foreign exchange agreements and foreign currency positions					
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurrency less total liabilities denominated in foreign currency		-	-	-
3.6	Amount Payable under REPO		-	-	-
Repo adjustment					
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.		-	-	-
Concentrated proprietary positions					
3.8	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position,then 10% of the value of such security		-	-	-
Opening Positions in futures and options					
3.9	i. In case of customer positions, the total margin requirements in respect of open postions less the amount of cash deposited by the customer and the value of securities held as collateral/pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met		-	-	-
Short sell positions					
3.10	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.		-	-	-
3.11	Total Ranking Liabilities		-	64,627,862	64,627,862

Calculation Summary of Liquid Capital

- (i) Adjusted value of assets (serial number 1.20)
- (ii) Less: Adjusted value of liabilities (serial number 2.6)
- (iii) Less: Total ranking liabilities (series number 3.11)

639,131,033
(246,792,402)
(64,627,862)

327,710,769



	2023	2022
33 NUMBER OF EMPLOYEES		
Number of employees as at year end	<u>40</u>	<u>45</u>
Average number of employees during the year	<u>43</u>	<u>45</u>

34 DATE OF AUTHORIZATION

These financial statements have been authorized for issue on March 20, 2024 by the Board of Directors of the Company.

35 GENERAL

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

35.2 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



FORM 34
PATTERN OF SHAREHOLDING

1 Incorporation Number 0040559

2 Name of the Company EFG HERMES PAKISTAN LIMITED

3 Pattern of holding of the shares held by the shareholders as at 31-12-2023

4	No. of Shareholders	Shareholdings	Total Shares Held
	524	1	To 100 21,276
	169	101	To 500 63,686
	1611	501	To 1000 905,678
	224	1001	To 5000 492,159
	35	5001	To 10000 256,735
	13	10001	To 15000 162,528
	7	15001	To 20000 121,900
	2	20001	To 25000 45,950
	1	25001	To 30000 29,000
	2	30001	To 35000 61,300
	2	35001	To 40000 75,000
	1	40001	To 45000 44,100
	2	45001	To 50000 96,500
	1	60001	To 65000 65,000
	1	65001	To 70000 66,500
	1	80001	To 85000 85,000
	2	85001	To 90000 174,500
	4	95001	To 100000 398,000
	2	100001	To 105000 203,000
	1	120001	To 125000 125,000
	1	125001	To 130000 126,500
	1	140001	To 145000 142,000
	1	145001	To 150000 150,000
	1	165001	To 170000 169,000
	1	210001	To 215000 215,000
	1	285001	To 290000 288,500
	1	330001	To 335000 331,726
	1	825001	To 830000 825,563
	1	990001	To 995000 990,566
	1	1075001	To 1080000 1,076,001
	1	1995001	2000000 2,000,000
	1	10205001	10210000 10,207,982
	2617		20,015,650

5	Categories of Shareholders	Shares held	Percentage
5.1	Directors, Chief Executive Officer, and their spouse and minor children	991,071	4.95
5.2	Associated Companies	10,207,982	51.00
5.3	NIT and ICP	-	-
5.4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	-	-
5.5	Insurance Companies	-	-
5.6	Modarabas and Mutual Funds	-	-
5.7	General Public	-	-
	a. Local	8,163,596	40.79
	b. Foreign	10,207,985	51.00
5.8	Others (Joint Stock Companies, Brokrage Houses, Employees Funds, Trustees, etc.)	653,001	3.26
5.9	Shareholders holding 10%	10,207,982	51.00



Pattern of Shareholding under Rule 5.19.11(x) of the Code of Corporate Governance as on December 31, 2023 (additional information)

Categories of Shareholders	Number of Shareholders	Number of shares Held	% of Shareholding
1 ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES.			
EFG-Hermes Frontier Holdings Llc	1	10,207,982	51.00
2 MUTUAL FUNDS			
3 DIRECTORS THEIR SPOUSE AND MINOR CHILDREN			
Mr. Mohamed Hussein Mahmoud Mohamed Ebeid	1	1	
Mr. Murad Ansari	1	1	
Mr. Fayyaz Ilyas	1	990,566	
Mr. Freyan Byram Avari	1	501	
Mr. Johannes Hailu Gunnell	1	1	
Ms. Sarah Kwena Maja	1	1	
		991,071	4.95
<u>SPOUSE OF DIRECTORS</u>		-	
<u>MINOR CHILDREN OF DIRECTORS</u>		-	
4 EXECUTIVES			
5 PUBLIC SECTOR COMPANIES & CORPORATIONS			
6 BANKS, DEVELOPMENT FINANCE INSTITUTION			
7 OTHERS (INDIVIDUALS, BROKERAGE HOUSE, JOINT STOCK COMPANIES)			
		8,816,597	44.05
		20,015,650	100

Summary of Shareholding - Origin Wise

Origin	No. of Shares	%
Foreign	10,207,985	51.00
Local	9,807,662	49.00

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/INTRESTS IN THE COMPANY			
Names	Number Of Shareholders	Number of Shares Held	% of Shareholding
EFG-Hermes Frontiers Holdings LLC	1	10,207,982	51.00
Mr. Khalid Riaz	1	2,000,000	9.99
Mr. Azneem Bilwani	1	1,076,001	5.38

SHAREHOLDERS HOLDING 10% 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



Pattern Of Shareholding as on December 31, 2023

[Sub-Regulation 2(e) of Regulation 34 under chapter IV of Securities Brokers (licensing and Operation) Regulations, 2016

SHAREHOLDERS HOLDING 5% OR MORE OF THE VOTING SHARES/INTRESTS IN THE COMPANY			
Names	Number Of Shareholders	Number of Shares Held	% of Shareholding
EFG-Hermes Frontiers Holdings LLC	1	10,207,982	51.00
Mr. Khalid Raiz	1	2,000,000	9.99
Mr. Azneem Bilwani	1	1,076,001	5.38
CHANGES IN SHAREHOLDINGS HOLDING ABOVE 5%			
Names	Holding Balance as at December 31 2022	Holding Balance as at December 31 2023	Changes
EFG-Hermes Frontiers Holdings LLC	10,207,982	10,207,982	-
Mr. Khalid Riaz	2,000,000	2,000,000	-
Mr. Azneem Bilwani	-	1,076,001	1,076,001



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 25th Annual General Meeting of the Company to be held on Thursday, April 25, 2024 at 4:00 PM and / or any adjournment thereof.

Signed this _____ day of _____ 2024.

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.

