

Akik Capital (Private) Limited

Directors Report for the Year Ended June 30, 2023

On behalf of the Board of Directors of Akik Capital (Private) Limited, I take pleasure in presenting to you an over-view of Akik Capital's performance for the year ended June 30, 2023.

Akik Capital (Private) Limited ("the Company", "Akik"), Al-Hamdolillah, closed the year with PAT at Rs2.9mn (EPS: Rs0.42). Profitability was supported by portfolio gains, as broking revenue slipped 34% year-on-year. Overall volumes at the exchange were down circa 34%, impacting our business as well.

Akik Capital's primary focus remained on institutional business, with corporate clients contributing to almost 74% of our broking revenue.


Future Outlook

Valuations at PSX remain extremely attractive, and will Insha Allah prove as the main trigger for a sustained recovery over the next few years, Insha Allah. Key variables to look out for, Insha Allah, in FY24 include – political stability in Pakistan and region (Middle East), local interest rates and key commodity prices.

Over-all, we expect the broking business environment to improve Insha Allah and continue to pray to Allah SWT for Akik's success in FY24. Insha Allah.

We remain thankful to Allah SWT for Akik's performance since inception (August 2020) and are also thankful to our regulators, stakeholders, clients and colleagues for their wonderful support.

Thank You

A handwritten signature in black ink, appearing to be "Muhammad Qasim Lakhani", written over a horizontal line.

Muhammad Qasim Lakhani
Chief Executive

October 7, 2023

AKIK CAPITAL (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Independent Auditors' Report

To the members of AKIK Capital (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **AKIK Capital (Private) Limited**, ("the Company") which comprise the statement of financial position as at June 30, 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 a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 June 30, 2023 and of the profit, 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.

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

Management is responsible for the other information. The other information comprises the information included in for Director's 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.

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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 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 is 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.

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- 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 a 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.

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; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) the Company was in compliance with the requirement 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 financial statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Mohammad Tanvir.


Chartered Accountants

Karachi:

Dated: October 07, 2023

UDIN: AR202310225qEBWQjGJr

AKIK CAPITAL (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023 ----(Rupees)----	2022
<u>ASSETS</u>			
NON CURRENT ASSETS			
Property & equipment	4	12,343,488	15,428,152
Investment property	5	19,486,000	14,970,800
Intangible assets	6	3,328,386	4,085,053
Long term deposits	7	413,600	413,600
		35,571,474	34,897,605
CURRENT ASSETS			
Trade receivables	8	5,893,762	3,813,455
Short Term Investments	9	83,066,897	86,921,772
Advance and Prepayments	10	1,765,818	758,353
Income Tax Refundable		276,743	-
Cash and Bank Balances	11	17,576,933	33,296,473
		108,580,153	124,790,053
		144,151,627	159,687,658
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
<u>AUTHORIZED CAPITAL</u>			
8,000,000 Ordinary Shares of Rs. 10 each		80,000,000	80,000,000
Issued, subscribed and paid up capital			
7,100,000 ordinary shares of Rs. 10 each allotted for consideration paid in cash	12	71,000,000	71,000,000
Un-appropriated profit		42,587,381	39,594,134
		113,587,381	110,594,134
NON- CURRENT LIABILITIES			
Deferred tax liability	13	825,201	3,637,600
CURRENT LIABILITIES			
Trade and other payables	14	29,739,045	45,455,924
Contingencies & Commitments	15	-	-
		144,151,627	159,687,658

The annexed notes 1 to 34 form an integral part of these financial statements.

Signature

Signature
Chief Executive

Signature
Director

AKIK CAPITAL (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 ---(Rupees)---	2022
Operating Revenues	16	37,020,133	55,846,794
Net gain on disposal of listed shares	17	34,929,829	4,802,309
Unrealized gain on re-measurement of listed shares	9.1	1,376,706	15,860,805
		73,326,668	76,509,908
Expenses			
Operating and administrative expenses	18	(52,674,090)	(49,753,417)
Other expenses	19	(9,028,770)	(8,587,314)
		(61,702,860)	(58,340,731)
		11,623,808	18,169,177
Other Income		-	12,308
		11,623,808	18,181,485
Finance cost - Bank charges		(1,455,657)	(1,213,141)
Profit before taxation		10,168,151	16,968,344
Provision for Taxation:	20	(7,174,904)	(7,259,359)
Profit after taxation		2,993,247	9,708,985
Other Comprehensive income :			
Comprehensive income		-	-
Total comprehensive income		2,993,247	9,708,985
Earning Per Share -Basic & Diluted	21	0.42	1.37

The annexed notes 1 to 34 form an integral part of these financial statements.

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Chief Executive

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Director

AKIK CAPITAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid up capital	Unappropriated Profit	Total
	-----Rupees.-----		
Balance as on July 01, 2021	50,000,000	29,885,149	79,885,149
Shares issued during the year	21,000,000	-	21,000,000
Total comprehensive income for the year	-	9,708,985	9,708,985
Balance as at June 30, 2022	<u>71,000,000</u>	<u>39,594,134</u>	<u>110,594,134</u>
Total comprehensive income for the year	-	2,993,247	2,993,247
Balance as at June 30, 2023	<u><u>71,000,000</u></u>	<u><u>42,587,381</u></u>	<u><u>113,587,381</u></u>

The annexed notes 1 to 34 form an integral part of these financial statements.

10/8/23


Chief Executive


Director

AKIK CAPITAL (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		---(Rupees)---	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		10,168,151	16,968,344
Adjustments for non-cash changes and other items:			
Depreciation	4	3,212,807	3,846,816
Amortization	6	756,667	417,474
Loss on disposal in property & equipment - computers		67,357	-
Unrealized gain on re-measurement of investments	9.1	(1,376,706)	(15,860,805)
		<u>2,660,125</u>	<u>(11,596,515)</u>
Working capital changes			
Current assets			
Trade receivables		(2,080,307)	1,732,838
Advance and Prepayments		(1,007,465)	4,778,201
		<u>(3,087,772)</u>	<u>6,511,039</u>
Current liabilities			
Trade and other payables		(15,716,879)	19,028,578
		<u>(5,976,375)</u>	<u>30,911,446</u>
Cash (used in) / generated from operations			
		<u>(10,264,046)</u>	<u>(8,794,006)</u>
Net cash (used in) / generated from operating activities		<u>(16,240,421)</u>	<u>22,117,440</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in property & equipment	4	(267,500)	(10,735,000)
Addition in Investment Property		(4,515,200)	(1,970,800)
Addition in intangible assets		-	(1,200,000)
Sale proceeds from disposal in property, plant & equipment		72,000	-
Net increase in short term investments		5,231,581	16,685,106
Net cash (used in) investing activities		<u>520,881</u>	<u>2,779,306</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash generated from financing activities			
		<u>(15,719,540)</u>	<u>24,896,746</u>
Net (decrease) / increase in cash and cash equivalents		<u>33,296,473</u>	<u>8,399,727</u>
Cash and cash equivalents at the beginning of the year		<u>17,576,933</u>	<u>33,296,473</u>
Cash and cash equivalents at the end of the year	22	<u>17,576,933</u>	<u>33,296,473</u>

The annexed notes 1 to 34 form an integral part of these financial statements.

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Chief Executive


Director