

Akik Capital (Private) Limited

Directors Report for the Year Ended June 30, 2021

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, 2021.

Akik Capital (Private) Limited ("the Company", "Akik"), Al-Hamdolillah, commenced commercial operations on August 6, 2020. For the year ended June 30, 2021, massively supported by buoyant volumes at PSX, Akik, Al-Hamdolillah, earned a Profit after Tax (PAT) of Rs27.2mn, including sizeable realized and un-realized gains on its equity portfolio.

AL-Hamdolillah, we were able to make decent inroads into the Institutional and HNW broking market and feel humbled by the response we received from our clients.

We understand that broking business has its steep cycles and remain mindful of this, as we try to build our franchise. We are also aware of the limitations of our business model, since we do not operate in any leverage / futures market as a broker and choose to limit ourselves to select Institutional and HNW Clients.

Future Outlook

FY22 that has just begun, is unlikely to be as exciting in terms of broking volumes, as the economy consolidates post pandemic. While valuations remain fantastic, markets need fresh inflow of funds from new players and increased depth.

For the year ahead, Insha Allah, we will continue to focus on our core broking business. The plan is to Insha Allah further strengthen our institutional business and also look at other viable revenue options.

We are extremely thankful to Allah (SWT) for a start that is far better than our initial estimates and pray for Akik's continued success.

We also are thankful to our regulators, stakeholders, clients and colleagues for their wonderful support.

Thank You

Muhammad Qasim Lakhani, CFA
Chief Executive



September 24, 2021



KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

AKIK CAPITAL (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

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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, 2021, 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, 2021 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.

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.
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- 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 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 Mohammad Hanif Razzak.



Chartered Accountants

Karachi:

Dated: 24 SEP 2021



AKIK CAPITAL (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	June-'2021 ----(Rupees)----	June-'2020
<u>ASSETS</u>			
NON CURRENT ASSETS			
Property & equipments	4	8,539,968	559,461
Intangible assets	5	3,302,527	2,500,000
Advance for purchase of investment property	6	13,000,000	-
Long term deposits	7	413,600	200,000
		25,256,095	3,259,461
CURRENT ASSETS			
Trade debts - considered good	8	5,546,293	-
Short Term Investments	9	87,746,073	49,948,160
Advance, Deposits & Prepayments	10	5,536,554	-
Cash and Bank Balance	11	8,399,727	698,101
		107,228,647	50,646,261
		132,484,742	53,905,722
<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			
5,000,000 ordinary shares of Rs. 10 each allotted for consideration paid in cash	12	50,000,000	50,000,000
Un-appropriated profit		29,885,149	2,663,842
Share subscription money	13	21,000,000	-
		100,885,149	52,663,842
NON- CURRENT LIABILITIES			
Deferred tax liability	9	1,985,528	694,670
CURRENT LIABILITIES			
Short term loan	14	-	231,135
Trade and other payables	15	26,427,346	282,853
Provision for Taxation		3,186,719	33,222
		29,614,065	547,210
Contingencies & Commitment	16	-	-
		132,484,742	53,905,722

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


Chief Executive


Director

AKIK CAPITAL (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

		June-'2021	For the period from April 20, 2020 to June 30, 2021
	Note	---	(Rupees)---
Operating Revenues	17	74,541,641	-
Net gain on disposal of short term investments		8,123,465	284,235
Unrealized gain on re-measurement of short term investments		13,236,851	4,631,136
		95,901,958	4,915,371
Expenses			
Incorporation expenses charged off		-	(331,135)
Operating and administrative expenses	18	(57,385,216)	(1,189,284)
		(57,385,216)	(1,520,419)
		38,516,742	3,394,952
Other Income		103,446	-
		38,620,188	3,394,952
Finance cost - Bank charges		(1,251,015)	(3,218)
Profit before taxation		37,369,174	3,391,734
Provision for Taxation:	19	(10,147,867)	(727,892)
Profit after taxation		27,221,307	2,663,842
Other Comprehensive income :			
Comprehensive income		-	-
Total comprehensive income		27,221,307	2,663,842
Earning Per Share -Basic & Diluted	20	5.44	0.53

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


Chief Executive


Director

AKIK CAPITAL (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid up capital	Unappropriated Profit	Total
	-----Rupees.-----		
Balance as on July 01, 2019	-	-	-
Shares issued during the year	50,000,000	-	50,000,000
Profit after taxation for the period ended June 30, 2020	-	2,663,842	2,663,842
Other Comprehensive income	-	-	-
	-	2,663,842	2,663,842
Balance as at June 30, 2020	50,000,000	2,663,842	52,663,842
Profit after taxation for the year ended June 30, 2021	-	27,221,307	27,221,307
Other Comprehensive income	-	-	-
	-	27,221,307	27,221,307
Balance as at June 30, 2021	50,000,000	29,885,149	79,885,149

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


Chief Executive


Director

AKIK CAPITAL (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2021

		June-'2021	For the period from April 20, 2020 to June 30, 2020
	Note	---(Rupees)---	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		37,369,174	3,391,734
Adjustments for non-cash changes and other items:			
Depreciation	4	665,194	15,726
Amortization	5	267,473	-
Unrealized gain on re-measurement of investments		(13,236,851)	(4,631,136)
		(12,304,184)	(1,223,676)
Working capital changes			
Current assets			
Trade debts - considered good		(5,546,293)	-
Advance, Deposits & Prepayments		(5,536,554)	-
		(11,082,847)	-
Current liabilities			
Short term loan		(231,135)	-
Trade and other payables		26,144,493	513,988
Cash generated from operations		39,895,501	(709,688)
Long term deposits		(213,600)	(200,000)
Tax paid during the year		(5,703,511)	-
Net cash generated from operating activities		33,978,389	(909,688)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition in property & equipment	4	(8,645,701)	(575,187)
Addition in Investment Property		(13,000,000)	-
Addition in intangible assets		(1,070,000)	(2,500,000)
Short term investments		(24,561,062)	(45,317,024)
Net cash (used in) investing activities		(47,276,763)	(48,392,211)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued during the period		-	50,000,000
Share subscription money		21,000,000	-
Net cash generated from financing activities		21,000,000	50,000,000
Net (decrease) / increase in cash and cash equivalents		7,701,626	698,101
Cash and cash equivalents at the beginning of the period		698,101	-
Cash and cash equivalents at the end of the period	21	8,399,727	698,101

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


Chief Executive


Director