

AKD HOSPITALITY LIMITED
FORMERLY
{AKD CAPITAL LIMITED}

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTHS PERIOD ENDED
31 DECEMBER 2021



AKD Hospitality Ltd.

(Formerly AKD Capital Ltd.)

DIRECTORS' REPORT

The Board of Directors of AKD Capital Limited is pleased to presents un-audited half yearly financial statements for the six months ended 31st December 2021.

During the period the company registered a loss after tax of Rupees 1.632 million. Operating results for the half year are not favorable as compared to the net loss (Rupees 0.591 million) after tax during the same period of last year. The main reason of increase in loss is due to recognized the allowance for expected credit loss (Rs. 0.7 million) during the period, which is the part of General & Administrative expenses.

Future Outlook:

Pakistan is an emerging country as far as tourism is concern especially after the improvement in law and order situation as well as Geo Political situation in the region. The tourism business has very bright future as far as revenue is concern. Pakistan has rich local traditions, has several very famous Archeological and Historical attraction, Natural and Cultural attractions all over the country and Northern area are the key areas in which tourism will flourish in future and to achieve our target are also exploring different options in line of company new principal line of business.

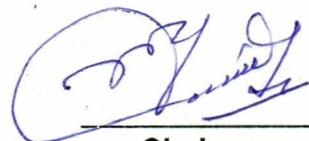
The Board of Directors also appreciated shareholders for their continued support.

For and on behalf of the Board



Chief Executive Officer





Chairman

Date: 24th February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of AKD Hospitality Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of AKD HOSPITALITY LIMITED (Formerly AKD CAPITAL LIMITED) ("the Company") as at 31 December 2021 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the financial statements for the six-months period then ended (herein-after referred to as "condensed interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-months period ended 31 December 2021 and 31 December 2020 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six-months period ended 31 December 2021.

Scope of Review

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

Conclusion

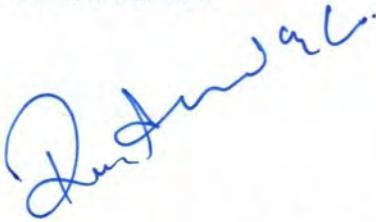
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material

Riaz Ahmad & Company

Chartered Accountants

respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Junaid Ashraf.



RIAZ AHMAD & COMPANY
Chartered Accountants

Place: Karachi

Date: 28 February 2022

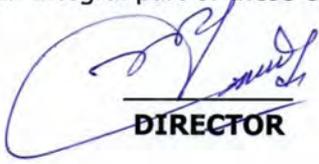
UDIN Number: RR202110045JBQT701Of

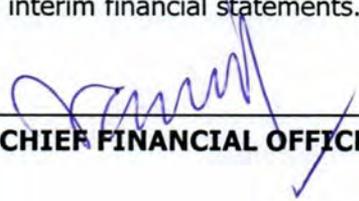
AKD HOSPITALITY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 DECEMBER 2021

	Note	Unaudited 31 December 2021 Rupees	Audited 30 June 2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	4	1,161,998	1,231,840
Right of use assets	5	356,458	475,277
Long-term investments	6	25,976,000	39,001,674
Long-term deposit		20,000	20,000
		<u>27,514,456</u>	<u>40,728,791</u>
CURRENT ASSETS			
Trade debts	7	2,300,000	2,400,000
Advance and prepayments		377,315	48,557
Other receivable	8	632,658	-
Advance income tax		1,968,877	912,487
Bank balances		201,352	526,155
		<u>5,480,202</u>	<u>3,887,199</u>
		<u>32,994,658</u>	<u>44,615,990</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 100,000,000 (30 June 2021: 100,000,000) ordinary shares of Rupees 10 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up share capital		25,072,733	25,072,733
Reserves		(5,700,225)	6,969,855
TOTAL EQUITY		<u>19,372,508</u>	<u>32,042,588</u>
NON CURRENT LIABILITIES			
Lease liability	9	133,411	260,613
Deferred tax liability		291,393	1,695,252
		<u>424,804</u>	<u>1,955,865</u>
CURRENT LIABILITIES			
Trade and other payables	10	2,740,616	2,624,121
Short term borrowing from associate	11	5,750,001	4,450,001
Provision for taxation		1,576,283	559,533
Current & overdue portion of lease liability	9	653,484	506,920
Unclaimed dividend		2,476,962	2,476,962
		<u>13,197,346</u>	<u>10,617,537</u>
TOTAL LIABILITIES		<u>32,994,658</u>	<u>44,615,990</u>
Contingencies and commitments	12		
TOTAL EQUITY AND LIABILITIES		<u>32,994,658</u>	<u>44,615,990</u>

The annexed notes from 01 to 17 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

AKD HOSPITALITY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2021

	Note	Six-months period ended		Three-months period ended	
		31 December	31 December	31 December	31 December
		2021	2020	2021	2020
		Rupees	Rupees	Rupees	Rupees
INCOME					
Revenue		-	-	-	-
EXPENSES					
Administrative and general expenses		(2,669,201)	(1,879,926)	(1,884,954)	(1,118,853)
Finance cost		(19,362)	-	(8,992)	(39)
Other income		1,000,000	1,400,000	500,000	1,000,000
LOSS BEFORE TAXATION		(1,688,563)	(479,926)	(1,393,946)	(118,892)
Taxation					
- Current		(80,000)	(112,001)	32,000	(112,001)
- Prior		87,640	-	-	-
- Deferred tax		48,826	-	-	-
LOSS AFTER TAXATION		(1,632,097)	(591,927)	(1,361,946)	(230,893)
OTHER COMPREHENSIVE (LOSS)/INCOME					
Items that will not be reclassified subsequently to profit or loss:					
- Unrealized (loss)/gain arising on remeasurement of investments at 'fair value through other comprehensive income' - net		(11,037,983)	921,888	(6,422,750)	516,257
Items that may be reclassified subsequently to profit or loss:					
-		-	-	-	-
Other comprehensive (loss)/income for the period		(11,037,983)	921,888	(6,422,750)	516,257
Total comprehensive (loss)/gain for the period		(12,670,080)	329,961	(7,784,696)	285,364
Loss per share - basic and diluted	13	(0.65)	(0.24)	(0.54)	(0.09)

The annexed notes from 01 to 17 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

AKD HOSPITALITY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2021

Description	Issued, subscribed and paid-up share capital	Reserves				Sub Total	Total Equity
		Capital Reserves		Revenue Reserves			
		Share premium	Fair value reserve on 'Fair value through other comprehensive income' investments	General Reserve	Accumulated Loss		
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as at 30 June 2020 - Audited	25,072,733	20,891,600	(7,320,927)	752,000	(14,303,923)	18,750	25,091,483
Total comprehensive income for the period							
Loss for the period	-	-	-	-	(591,927)	(591,927)	(591,927)
Other comprehensive income	-	-	921,888	-	-	921,888	921,888
	-	-	921,888	-	(591,927)	329,961	329,961
Balance as at 31 December 2020 - Unaudited	25,072,733	20,891,600	(6,399,039)	752,000	(14,895,850)	348,711	25,421,444
Total comprehensive income for the period							
Loss for the period	-	-	-	-	(9,263,129)	(9,263,129)	(9,263,129)
Other comprehensive income	-	-	15,884,273	-	-	15,884,273	15,884,273
	-	-	15,884,273	-	(9,263,129)	6,621,144	6,621,144
Balance as at 30 June 2021 - Audited	25,072,733	20,891,600	9,485,234	752,000	(24,158,979)	6,969,855	32,042,588
Total comprehensive loss for the period							
Loss for the period	-	-	-	-	(1,632,097)	(1,632,097)	(1,632,097)
Other comprehensive Loss	-	-	(11,037,983)	-	-	(11,037,983)	(11,037,983)
	-	-	(11,037,983)	-	(1,632,097)	(12,670,080)	(12,670,080)
Gain realized on disposal of investment in equity instrument at FVTOCI	-	-	(8,517,251)	-	8,517,251	-	8,517,251
Balance as at 31 December 2021 - Unaudited	25,072,733	20,891,600	(10,070,000)	752,000	(17,273,825)	(5,700,225)	27,889,759

The annexed notes from 01 to 17 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE OFFICER

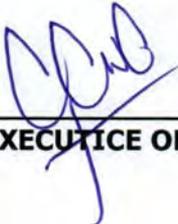

 DIRECTOR


 CHIEF FINANCIAL OFFICER

AKD HOSPITALITY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2021

	31 December 2021 Rupees	31 December 2020 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(1,688,563)	(479,926)
Adjustments for non cash items:		
Depreciation	188,661	80,041
Finance cost	19,362	-
Operating cash used before working capital changes	(1,480,540)	(399,885)
Changes in working capital		
Decrease/(increase) in current assets		
Trade debts	100,000	(900,000)
Advance and prepayments	(328,758)	(161,437)
Other receivable	(632,658)	-
Increase in current liabilities		
Trade and other payables	116,495	592,646
	(744,921)	(468,791)
Net working capital changes	(2,225,461)	(868,676)
Income tax paid	(1,248,750)	(52,873)
Net cash used in operating activities	(3,474,211)	(921,549)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investment	(35,948,000)	-
Proceeds from sale of investment	37,797,408	-
Net cash flow from investing activities	1,849,408	
CASH FLOW FROM FINANCING ACTIVITIES		
Short term borrowing from associate	1,300,000	1,050,001
Net cash flow from financing activity	1,300,000	1,050,001
Net (decrease)/increase in cash and cash equivalents	(324,803)	128,452
Cash and cash equivalents at the beginning of the period	526,155	161,236
Cash and cash equivalents at the end of the period	201,352	289,688

The annexed notes from 01 to 17 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

AKD HOSPITALITY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTHS PERIOD ENDED 31 DECEMBER 2021

1. THE COMPANY AND ITS OPERATIONS

1.1 AKD Hospitality Limited (Formerly AKD Capital Limited) {"the Company"} was incorporated as a Public Limited Company in the year 1936 under Companies Act, 1913 (Now the Companies Act, 2017). Shares of the Company are quoted on the Pakistan Stock Exchange Limited. During the prior year the Company through special resolution passed in its extra ordinary general meeting held on 01 February 2021 altered the Memorandum of Association by changing its name from "AKD Capital Limited" to "AKD Hospitality Limited" and its principal line of business from "the business of real estate / providing consultancy, projects financing and management, investment in listed securities and to engage in leasing" to "tourism business including hospitality business, motel, destination management services, developing and building tourism attractions and to undertake all ancillary business activities to provide end to end service solutions". The registered office of the Company is situated at 511, 5th floor Continental Trade Center, Clifton, Karachi.

1.2 GOING CONCERN ASSUMPTIONS

These condensed interim financial statements have accumulated losses of Rs. 17.274 million. current liabilities exceeds current assets by Rupees 7.717 million. The Company's primary commercial operations i.e. "tourism business including hospitality business, motel, destination management services, developing and building tourism attractions and to undertake all ancillary business activities to provide end to end service solutions remained at halt during the period. These factors indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management, however, is proactively considering new business avenues and looking for different options. The Company has come up with a plan to engage itself in the tourism & hospitality business. For this, the Company has changed its principal line of business as disclosed in Note 1.1 on approval from its shareholders and now is in the process to finalize the operational plan.

Further, the Company has in place contract from construction venture for provision of consultancy services as at the reporting date from which lucrative inflows of funds are expected. Furthermore, the sponsor directors and management of the Company are committed to the viable and profitable commercial operations of the Company in the ensuing financial year and strongly believe that the Company will continue as a going concern.

These condensed interim financial statements, therefore, have been prepared on going concern basis and do not include any adjustment relating to the realization of its assets and liquidation of any liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.1.1** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2021. These condensed interim financial statements are unaudited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.
- 2.1.2** The comparatives in the condensed interim statement of financial position presented in the condensed interim financial statements as at 31 December 2021 have been extracted from the annual audited financial statements for the year ended 30 June 2021, where as the comparative in condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are extracted from unaudited condensed interim financial statement for the six-months period ended 31 December 2020.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2021.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2021.

Others	Note	Unaudited 31 December 2021 Rupees	Audited 30 June 2021 Rupees
Cnergycio Pk Limited - quoted			
3,800,000 (30 June 2021: Nil) fully paid ordinary shares of Rupees 10 each. Equity held 0.06% (30 June 2021: Nil) and Cost of Rupees 35,948,000 (30 June 2021: Nil)		25,878,000	-
Javedan Corporation Limited - quoted			
Nil (30 June 2021: 921,888) fully paid ordinary shares of Rupees 10 each. Equity held Nil (30 June 2021: 0.3%) and Cost of Rupees 28,063,407 (30 June 2021: Rupees 28,063,407)		-	38,903,674
		<u>25,976,000</u>	<u>39,001,674</u>

6.1 Investment in AKD REIT Management Company Limited has been fully provided in prior years. This Company is required to seek prior approval from Securities & Exchange Commission of Pakistan before disposing of this investments.

6.2 This represents investments in the ordinary shares of Creek Developers (Private) Limited (CDPL) that is in the process of building towers. CDPL is currently classified as a level 3 financial assets and is measured at fair value on reporting dates. However due to volatility in the underlying assumptions relevant to the valuation, there is a wide range of possible fair value measurement and cost is considered to represent the best estimate of fair value within that range. This Company is required to seek prior approval from Defense Housing Authority before disposing of this investment.

7. TRADE DEBTS - Considered good & unsecured

Related party:

R.A. Enterprises	7.1	7,200,833	6,600,833
Less: Allowance for expected credit loss			
As at 01 July		4,200,833	4,200,833
Recognised during the period/year		700,000	-
As at 30 December		4,900,833	4,200,833
		<u>2,300,000</u>	<u>2,400,000</u>

7.1 This balance represents the billing made against consultancy services provided in connection with infrastructure designing of the construction project.

7.2 The maximum aggregate amount receivable from related party at the end of any month during the period was Rupees 7.2 million (30 June 2021: Rupees 6.6 million).

8. OTHER RECEIVABLE - Considered good & unsecured	Note	Unaudited 31 December 2021 Rupees	Audited 30 June 2021 Rupees
Related Parties - Unsecured			
Creek Developers (Private) Limited (CDPL)	8.1	4,451,084	4,451,084
AKD Securities Limited		632,658	-
		5,083,742	4,451,084
Less: Allowance for expected credit loss			
As at 01 July		(4,451,084)	-
Recognized during the period / year		-	(4,451,084)
As at 31 December		(4,451,084)	(4,451,084)
		632,658	-

8.1 This represents the balance receivable of allocated share of common expenses.

8.2 The maximum aggregate amount receivable from CDPL at the end of any month during the period was Rupees 4.451 million (June 2021: Rupees 4.451 million) were impaired and provided for.

8.3 The maximum aggregate amount receivable from AKDSL at the end of any month during the period was Rupees 0.633 million (June 2021: Nil) were impaired and provided for.

9. LEASE LIABILITY

Balance as at 01 July	767,533	-
Addition during the period/year under IFRS 16	-	712,915
Finance cost	19,362	54,618
Less: payment made during the period/year	-	-
	786,895	767,533
Overdue portion shown under current Liabilities	(405,000)	(270,000)
Current portion shown under current Liabilities	(248,484)	(236,920)
Non Current portion	133,411	260,613

10. TRADE AND OTHER PAYABLES

Accrued liabilities	1,019,913	1,038,363
Payable to AKD Securities Limited	10.1	1,107,590
Withholding tax payable		318,591
Provision for workers' welfare fund		294,522
		2,740,616
		2,624,121

10.1 This represents the balance payable against common expenses paid by AKD Securities Limited (an associated company).

11. SHORT TERM BORROWING FROM ASSOCIATE

Loan from related party	11.1	5,750,001	4,450,001
-------------------------	------	------------------	-----------

11.1 This represents interest free loan obtained from AKD Group Holdings (Private) Limited a related party. The loan is payable on demand.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

- a) In 2012, an individual filed case in the Honorable High Court of Sindh against Defence Housing Authority (DHA) alleging the land belongs to the previous project and designated as amenity plot and made the Company as pro-forma defendant. Presently, the matter is pending in Honorable High Court of Sindh. The management and its legal counsel are confident that the Company is not a party to the aforesaid case, therefore, the eventual outcome would be favorable and would not result in any financial loss to the Company.

12.2 Commitment

There were no commitments other than lease commitment (Note 9) as disclosed in these condensed interim financial statements.

13. LOSS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic loss per share of the Company which is based on:

	Unaudited		Unaudited	
	Six-Months Period Ended	31 December	Three-Months Period Ended	31 December
	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees
Loss for the period - Rupees	(1,632,097)	(591,927)	(1,361,946)	(230,893)
Number of ordinary shares in issue - Number	2,507,471	2,507,471	2,507,471	2,507,471
Loss per share - Rupees	(0.65)	(0.24)	(0.54)	(0.09)

14. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related companies and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

	Related party	Relationship	Nature of transaction	Unaudited		Unaudited	
				Six-Months Period Ended	31 December	Three-Months Period Ended	31 December
				Rupees	Rupees	Rupees	Rupees
i.	AKD Securities Limited	Common directorship and 2.28% shareholding	Expenses credited	191,807	180,000	95,904	90,000
ii.	AKD Group Holdings (Private) Limited	Holding Company	Funds Received	1,300,000	1,050,001	300,000	3,950,000
iii.	R.A. Enterprises	Sponsor's interest	Consultancy income Collection during the period	1,000,000	1,400,000	500,000	1,000,000
				400,000	500,000	400,000	-

- 14.1 The receivable / payable balances with related parties as at 31 December 2021 are disclosed in the respective notes to the condensed interim financial statements.

15. FINANCIAL RISK MANAGEMENT

There have been no significant changes in the risk management policies since the year end.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's audited annual financial statements for the year ended 30 June 2021.

16. DATE OF AUTHORISATION

These condensed interim financial statements were approved and authorised for issue on 24th Feb 2022 by the Board of Directors of the Company.

17. GENERAL

- No significant reclassification / rearrangement of the corresponding figures has been made during the period in these condensed interim financial statements.
- Figures have been rounded off to the nearest Rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER