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BMA CAPITAL MANAGEMENT LIMITED

UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of **BMA Capital Management Limited** (the Company) as at **30 June 2014** and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of cash flows and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes in accounting policies as disclosed in note 3.2 to the accompanying financial statements with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

Ernst & Young

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- (c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated statement of cash flows and unconsolidated statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The financial statements of the Company for the year ended 30 June 2013 were audited by another firm of chartered accountants who expressed a qualified opinion on those financial statements in their audit report dated 14 October 2013. The qualification pertains to the penalty of Rs.50 million imposed by the Securities and Exchange Commission of Pakistan, which was not recognised as liability by the Company. This matter has been resolved subsequent to the year end as reported in note 10 to the financial statements.

Chartered Accountants

Shabbir Yunus

Engagement Partner: Shabbir Yunus

Date:

Karachi

BMA CAPITAL MANAGEMENT LIMITED
UNCONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2014

| | June 30, 2014 | June 30, 2013 Restated (Note 26.3) | | June 30, 2014 | June 30, 2013 Restated (Note 26.3) |
|-----------------------------------------------------------------------------------------------------------------|------------------|---------------------------------------------|----------------------------------------------------------------------------------------|------------------|---------------------------------------------|
| EQUITY AND LIABILITIES | Note | (Rupees) | ASSETS | Note | (Rupees) |
| Share capital and reserves | | | Non-current assets | | |
| Authorized share capital 10,000,000 (June 30, 2013: 10,000,000) ordinary shares of Rs.10 each | | <u>100,000,000</u> | Property and equipment | 11 | 75,207,164 |
| | | <u>100,000,000</u> | Intangible assets | 12 | 1,949,481 |
| Issued, subscribed and paid-up capital 6,600,000 (June 30, 2013: 6,600,000) ordinary shares of Rs.10 each | 5 | 66,000,000 | Long term investments | 13 | 171,000,000 |
| Capital reserves - share premium | | 370,760,000 | Deferred tax - net | 7 | - |
| Revenue reserves - general reserve | | 54,500,000 | Long term advances (considered good) | 14 | 2,500,000 |
| Unappropriated profit | | 212,494,264 | Long term deposits | 15 | 6,658,573 |
| Total shareholders' equity | | <u>703,754,264</u> | Total non-current assets | | <u>257,315,218</u> |
| | | 605,659,444 | | | 251,350,207 |
| LIABILITIES | | | Current assets | | |
| Non-current liabilities | | | Receivable from customers | 16 | 110,877,080 |
| Liabilities against assets subject to finance lease | 6 | 18,800,896 | Advances (considered good) | 17 | 881,474 |
| Deferred tax - liability | 7 | 2,512,475 | Deposits and prepayments | 18 | 262,196,594 |
| Severance costs | | 24,794,504 | Receivable from related parties | 19 | 4,030,646 |
| Total non-current liabilities | | <u>46,107,875</u> | Other receivables | 20 | 1,108,531 |
| | | 33,554,705 | Short term investments - at fair value through profit or loss - held for trading | 21 | 260,370,716 |
| Current liabilities | | | Taxation - net | 22 | 67,180,389 |
| Current portion of liabilities against assets subject to finance lease | 6 | 10,809,640 | Cash and bank balances | 23 | 286,837,708 |
| Short term running finance under mark-up arrangement - secured | 8 | 141,875,702 | Total current assets | | <u>993,483,138</u> |
| Creditors, accrued and other liabilities | 9 | 348,250,875 | | | 766,652,846 |
| Total current liabilities | | <u>500,936,217</u> | TOTAL ASSETS | | <u>1,250,798,356</u> |
| | | 378,788,904 | | | 1,018,003,053 |
| TOTAL EQUITY AND LIABILITIES | | <u>1,250,798,356</u> | | | |
| | | 1,018,003,053 | | | |
| Contingencies and Commitments | 10 | | | | |

The annexed notes from 1 to 38 form an integral part of these unconsolidated financial statements.

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 Chief Executive


 Director

BMA CAPITAL MANAGEMENT LIMITED
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

| | | June 30, 2014 | June 30, 2013 Restated (Note 26.3) |
|----------------------------------------------------------------------------------------------------------|------|----------------------|---------------------------------------------|
| | Note | ----- (Rupees) ----- | |
| Operating revenue | 24 | 272,720,584 | 239,351,817 |
| Income from quoted securities | 25 | 142,774,194 | 126,344,333 |
| Unrealised gain / (loss) on remeasurement of investments carried at fair value through profit or loss | | 29,795,847 | (334,795) |
| | | <u>445,290,625</u> | <u>365,361,355</u> |
| Administration and distribution expenses | 26 | <u>(325,980,424)</u> | <u>(232,376,755)</u> |
| Operating profit | | 119,310,201 | 132,984,600 |
| Other operating charges | 27 | <u>(4,139,781)</u> | <u>(4,530,653)</u> |
| Financial charges | 28 | <u>(18,163,183)</u> | <u>(7,873,001)</u> |
| | | <u>(22,302,964)</u> | <u>(12,403,654)</u> |
| | | 97,007,237 | 120,580,946 |
| Other income | 29 | <u>22,417,765</u> | <u>24,825,192</u> |
| Profit before taxation | | 119,425,002 | 145,406,138 |
| Taxation - net | 30 | <u>(21,330,182)</u> | <u>(22,664,110)</u> |
| Profit for the year | | 98,094,820 | 122,742,028 |
| Earnings per share | 31 | 14.86 | 18.60 |

The annexed notes from 1 to 38 form an integral part of these unconsolidated financial statements.

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 Chief Executive


 Director

BMA CAPITAL MANAGEMENT LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

| | June 30, 2014 | June 30, 2013 Restated (Note 26.3) |
|------------------------------------------------|----------------------|---------------------------------------------|
| | ----- (Rupees) ----- | |
| Profit for the year | 98,094,820 | 122,742,028 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | 98,094,820 | 122,742,028 |

The annexed notes from 1 to 38 form an integral part of these unconsolidated financial statements.

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Chief Executive

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Director

BMA CAPITAL MANAGEMENT LIMITED
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

| | June 30, 2014 | June 30, 2013 Restated (Note 26.3) |
|----------------------------------------------------------------------------------------------------------|----------------------|---------------------------------------------|
| | ----- (Rupees) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 119,425,002 | 145,406,138 |
| Adjustments for: | | |
| Depreciation | 15,412,647 | 13,226,400 |
| Amortisation | 233,328 | 80,560 |
| Severance costs | 2,537,535 | 499,431 |
| Unrealised (gain) / loss on remeasurement of investments carried at fair value through profit or loss | (29,795,847) | 334,795 |
| Gain on disposal of property and equipment | (976,976) | (98,809) |
| Capital gain on listed securities | (125,999,808) | (91,263,543) |
| Provision for doubtful debts | - | 164,769 |
| Balances written off | 2,959,678 | 3,500,000 |
| Workers' Welfare Fund | 2,389,031 | 3,584,153 |
| Exchange gain | (990,557) | (491,442) |
| Dividend income | (16,774,386) | (35,080,790) |
| Financial charges | 18,163,183 | 7,873,001 |
| | (13,417,170) | 47,734,663 |
| Movement in: | | |
| Short term investments - at fair value through profit or loss - held for trading | (17,940,850) | 82,779,348 |
| Receivable from customers | (84,009,378) | 45,199,397 |
| Advances | 2,019,101 | (9,116,026) |
| Deposits and prepayments | 72,890,050 | 263,062 |
| Receivable from related parties | 436,666 | (1,519,559) |
| Other receivables | 1,801,404 | (143,255,870) |
| Creditors, accrued and other liabilities | (19,358,891) | 181,642,985 |
| | (57,579,068) | 203,728,000 |
| Financial charges paid | (16,327,429) | (9,935,482) |
| Taxes paid | (39,245,882) | (30,606,568) |
| Net cash (used in) / generated from operating activities | (113,152,379) | 163,185,950 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditure incurred | (4,337,203) | (2,492,476) |
| Long term deposits | 1,013,850 | (430,499) |
| Proceeds from disposal of property and equipment | 4,465,284 | 2,304,273 |
| Purchase of intangible assets | (17,000) | (922,558) |
| Dividend received | 10,707,426 | 34,905,790 |
| Net cash generated from investing activities | 11,832,357 | 33,364,530 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Lease rentals paid | (18,903,659) | (11,151,116) |
| Dividend paid | - | (66,000,000) |
| Net cash used in financing activities | (18,903,659) | (77,151,116) |
| Net (decrease) / increase in cash and cash equivalents | (120,223,681) | 119,399,364 |
| Cash and cash equivalents at beginning of the year | 407,061,389 | 145,786,323 |
| Cash and cash equivalents at end of the year | 286,837,708 | 265,185,687 |

The annexed notes from 1 to 38 form an integral part of these unconsolidated financial statements.

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Chief Executive

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Director

BMA CAPITAL MANAGEMENT LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

| | Issued, subscribed and paid-up capital | Reserves | | | Total reserves | Total |
|--------------------------------------------------------------------|-------------------------------------------------|-------------------------------------|--------------------|----------------------------------------------|--------------------|--------------------|
| | | Capital reserve Share premium | General reserve | Revenue reserves Unappropriated profit | | |
| ----- (Rupees) ----- | | | | | | |
| Balance as at July 01, 2012 | 66,000,000 | 370,760,000 | 54,500,000 | 57,657,416 | 482,917,416 | 548,917,416 |
| Changes in equity for the year ended June 30, 2013 | | | | | | |
| Profit for the year ended June 30, 2013 as restated (note 26.3) | - | - | - | 122,742,028 | 122,742,028 | 122,742,028 |
| Comprehensive income for the year | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 122,742,028 | 122,742,028 | 122,742,028 |
| Interim dividend @ 100% (Rs.10 per share) for 2012-2013 | - | - | - | (66,000,000) | (66,000,000) | (66,000,000) |
| Balance as at June 30, 2013 (Restated) | 66,000,000 | 370,760,000 | 54,500,000 | 114,399,444 | 539,659,444 | 605,659,444 |
| Changes in equity for the year ended June 30, 2014 | | | | | | |
| Profit for the year ended June 30, 2014 | - | - | - | 98,094,820 | 98,094,820 | 98,094,820 |
| Comprehensive income for the year | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | 98,094,820 | 98,094,820 | 98,094,820 |
| Balance as at June 30, 2014 | <u>66,000,000</u> | <u>370,760,000</u> | <u>54,500,000</u> | <u>212,494,264</u> | <u>637,754,264</u> | <u>703,754,264</u> |

The annexed notes from 1 to 38 form an integral part of these unconsolidated financial statements.

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Chief Executive



Director