

**Assurance Department**

**BMA CAPITAL MANAGEMENT LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
JUNE 30, 2019**

RSM Avais Hyder Liaquat Nauman  
Chartered Accountants

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**INDEPENDENT AUDITOR'S REPORT**  
**To the members of BMA Capital Management Limited**  
**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the annexed financial statements of BMA Capital Management Limited (the Company), which comprise the statement of financial position as at June 30, 2019, and the statement of profit or loss, the statement of 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, the 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, 2019 and of the profit, 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 / Institute of Cost and management Accountants (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.

**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.

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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 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, the statement of 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)

The engagement partner on the audit resulting in this independent auditor's report is Adnan Zaman.

  
Chartered Accountants  
Karachi  
Dated: 07 OCT 2019



**BMA CAPITAL MANAGEMENT LIMITED**  
**UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2019**

		June 30, 2019	June 30, 2018
	Note	-----Rupees-----	
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital		100,000,000	100,000,000
10,000,000 (June 30, 2018: 10,000,000)			
Ordinary shares of Rs. 10 each			
Issued, subscribed and paid up capital			
6,600,000 (June 30, 2018: 6,600,000)	5	66,000,000	66,000,000
Ordinary shares of Rs. 10 each			
Share premium		370,760,000	370,760,000
General reserve		54,500,000	54,500,000
Unappropriated profit		87,544,335	149,341,466
<b>Total shareholder's equity</b>		<b>578,804,335</b>	<b>640,601,466</b>
<b>LIABILITIES</b>			
<b>Non- current liabilities</b>			
Liabilities against assets subject to finance lease	6	22,831,481	37,800,326
Long term loan - Secured	7	200,000,000	50,000,000
		222,831,481	87,800,326
<b>Current liabilities</b>			
Current portion of liabilities against assets subject to	6	14,790,075	27,795,831
Current portion of long term loan	7	-	50,000,000
Short term running finance under mark up arrangement - se	8	509,982,432	340,381,849
Creditors against trading of shares and commodities		357,463,010	574,798,594
Creditors, accrued and other liabilities	9	37,347,648	36,503,179
		919,583,165	1,029,479,454
Contingencies and commitments	10		
<b>Total Equity and Liabilities</b>		<b>1,721,218,981</b>	<b>1,757,881,246</b>
<b>ASSETS</b>			
<b>Non current assets</b>			
Property and equipment	11	93,875,862	132,538,199
Intangible assets	12	2,228,909	1,997,316
Long term investments	13	153,000,000	174,353,582
Advances against property - unsecured (considered good)		2,500,000	2,500,000
Long term deposits	14	13,106,753	15,606,803
Loan to subsidiary	15	50,000,000	50,000,000
		314,711,524	376,995,900
<b>Current Assets</b>			
Receivables from customers	16	109,516,087	187,643,904
Advances - unsecured	17	2,003,918	2,278,865
Deposits and prepayments	18	404,498,089	249,090,742
Receivables from a related party	19	6,611,299	973,832
Other receivables	20	7,136,672	3,658,267
Short term investments - FVTPL	21	116,652,324	165,598,792
Taxation - net	22	184,205,414	143,797,209
Bank balances	23	575,883,654	627,843,735
		1,406,507,457	1,380,885,346
<b>Total Assets</b>		<b>1,721,218,981</b>	<b>1,757,881,246</b>

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.

  
**Chief Executive**

  
**Director**

— **BMA CAPITAL MANAGEMENT LIMITED**  
**UNCONSOLIDATED PROFIT OR LOSS ACCOUNT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

		June 30, 2019	June 30, 2018
	Note	-----Rupees-----	
Operating revenue	24	358,146,788	429,126,928
(Loss) / income from quoted securities	25	(2,351,214)	6,992,910
Income from clients on margin finance		9,181,381	21,263,670
Unrealized loss on remeasurement of investments carried at fair value through profit or	21.4	(7,229,207)	(32,145,033)
		<u>357,747,748</u>	<u>425,238,476</u>
Administration and distribution expenses	26	(418,370,269)	(460,387,502)
<b>Operating loss</b>		<u>(60,622,521)</u>	<u>(35,149,026)</u>
Other operating charges		(147,920)	(953,017)
Financial charges	27	(48,277,861)	(50,141,639)
		<u>(48,425,781)</u>	<u>(51,094,656)</u>
		<u>(109,048,302)</u>	<u>(86,243,682)</u>
Other income	28	63,002,828	37,672,664
<b>Loss before tax</b>		<u>(46,045,474)</u>	<u>(48,571,019)</u>
Taxation	29	(15,751,657)	(61,806,836)
<b>Loss after tax</b>		<u>(61,797,131)</u>	<u>(110,377,855)</u>
(Loss) per share - basic and diluted	30	<u>(9.36)</u>	<u>(16.72)</u>

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.

  
**Chief Executive**

  
**Director**

BMA CAPITAL MANAGEMENT LIMITED  
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2019

	June 30, 2019	June 30, 2018
	-----Rupees-----	
Loss after tax	(61,797,131)	(110,377,855)
Other comprehensive income		
Fair value adjustment - available for sale inves	-	(19,027,608)
<b>Total comprehensive loss</b>	<u>(61,797,131)</u>	<u>(129,405,463)</u>

The annexed notes from 1 to 39 form an integral part of these unconsolidat


*Immanah*  
Chief Executive

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Director

**BMA CAPITAL MANAGEMENT LIMITED**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Issued, subscribed and paid-up capital	Reserves					Total reserves	Total
		Capital reserve	Share premium	General Reserve	Fair value adjustment	Unappropriated profit		
		----- (Rupees) -----						
Balance as on July 01 2017	66,000,000	370,760,000	54,500,000	38,763,828	315,883,100	779,906,928	845,906,928	
Loss after tax	-	-	-	-	(110,377,855)	(110,377,855)	(110,377,855)	
Other comprehensive income	-	-	-	(19,027,608)	-	-	(19,027,608)	
Dividend for the year @ Rs. 11.5	-	-	-	-	(75,900,000)	(75,900,000)	(75,900,000)	
Balance as at June 30, 2018	66,000,000	370,760,000	54,500,000	19,736,221	129,605,245	593,629,073	640,601,466	
Impact of IFRS-9 (transfer of gai held through other comprehensive income to unappropriated profi	-	-	-	(19,736,221)	19,736,221	-	-	
Balance as at July 1, 2018	66,000,000	370,760,000	54,500,000	-	149,341,466	593,629,073	640,601,466	
Loss after tax	-	-	-	-	(61,797,131)	(61,797,131)	(61,797,131)	
Dividend payout	-	-	-	-	-	-	-	
Balance as at June 30, 2019	66,000,000	370,760,000	54,500,000	-	87,544,335	531,831,942	578,804,335	

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.

  
**Chief Executive**

  
**Director**



**BMA CAPITAL MANAGEMENT LIMITED**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

June 30, 2019 June 30, 2018

-----Rupees-----

**CASH FLOW FROM OPERATING ACTIVITIES**

Loss before tax	(46,045,474)	(48,571,019)
<b>Adjustment for non-cash and other items:</b>		
Depreciation	22,600,097	23,567,298
Amortization	286,952	775,842
Provision for doubtful debts	1,192,116	6,578,065
Provision for doubtful advances	550,581	-
Unrealized loss on remeasurement of investments carried at fair value through profit or loss	7,229,207	32,145,033
Gain on disposal of property and equipment	(9,071,646)	(3,124,166)
Capital loss on securities-net	3,159,800	7,586,358
Dividend income	(808,586)	(14,579,268)
Financial charges	48,277,861	50,141,639
	<u>27,370,909</u>	<u>54,519,782</u>

**Decrease / (increase) in current assets**

Receivable from customers	77,603,001	452,741,452
Advances, deposits, prepayments and other receivables	-	-
Advances	(275,634)	(1,605,246)
Deposit and Prepayments	(155,407,347)	720,289,872
Receivable from related party	(5,637,467)	(973,832)
Other receivables	(3,279,876)	30,355,324
	<u>(86,997,323)</u>	<u>1,200,807,570</u>

**Increase / (decrease) in current liabilities**

Creditors, accrued and other liabilities	(217,478,131)	(213,683,672)
Financial charges paid	(47,290,846)	(58,029,386)
Taxes paid	(56,159,862)	(70,575,788)
<b>Net cash (used in) / generated from operating activities</b>	<u>(380,555,252)</u>	<u>913,038,506</u>

**CASH FLOW FROM INVESTING ACTIVITIES**

Capital expenditure made	(7,880,842)	(36,539,637)
Proceeds from disposal of investment	60,719,628	119,994,425
Long term deposits reimbursed	2,500,050	(2,888,560)
Proceeds from disposal of property and equipment	43,407,625	6,918,778
Purchase of intangible assets	(518,545)	-
Dividend received	610,057	14,608,018
<b>Net cash generated from investing activities</b>	<u>98,837,973</u>	<u>102,093,024</u>

**CASH FLOW FROM FINANCING ACTIVITIES**

Lease rentals paid	(39,843,385)	(1,448,555)
Long term loan received	150,000,000	-
Repayment of loan	(50,000,000)	(500,000,000)
Dividend paid	-	(75,900,000)
Loan to subsidiary	-	(50,000,000)
Short term running finance - net	169,600,583	(474,473,650)
<b>Net cash generated from / (used in) financing activities</b>	<u>229,757,198</u>	<u>(1,101,822,205)</u>

Net decrease in cash and cash equivalents	(51,960,081)	(86,690,675)
Cash and cash equivalents at beginning of the year	627,843,735	714,534,410
<b>Cash and cash equivalents at end of the year</b>	<u>575,883,654</u>	<u>627,843,735</u>

The annexed notes from 1 to 39 form an integral part of these unconsolidated financial statements.

*Amunawis*  
**Chief Executive**

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**Director**