



Interim Financial Report
for the quarter ended
31 March 2015

Bringing Technology
Innovation To Your Business

 Systems Limited



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Corporate Information

BOARD OF DIRECTORS

Mr. Aezaz Hussain <i>Chairman</i>	Non-executive
Mr. Asif Peer <i>CEO and Managing Director</i>	Executive
Mr. Arshad Masood <i>Director</i>	Non-executive
Mr. Omar Saeed <i>Director</i>	Independent
Mr. Ayaz Dawood <i>Director</i>	Independent
Mr. Asif Jooma <i>Director</i>	Independent
Mr. Tahir Masaud <i>Director</i>	Independent

AUDIT COMMITTEE

Mr. Ayaz Dawood <i>Chairman</i>
Mr. Omer Saeed <i>Member</i>
Mr. Tahir Masaud <i>Member</i>

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Omar Saeed <i>Chairman</i>
Mr. Asif Jooma <i>Member</i>
Mr. Tahir Masaud <i>Member</i>

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Affan Sajjad

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants
Lahore

LEGAL ADVISOR

Hassan & Hassan Advocates

BANKERS

Habib Metropolitan Bank Limited
United Bank Limited
Standard Chartered Bank (Pakistan) Limited
Albaraka Bank Limited
Bank Alfalah Limited
KASB Bank Limited
Dubai Islamic Bank
Faysal Bank Limited
Deutsche Bank AG

SHARES REGISTRAR

THK Associates (Private) Limited.
2nd Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road, Karachi.
T: +92 21 111-000-322
F: +92 21 35655595

REGISTERED OFFICE

Chamber of Commerce Building,
11 Sharae Aiwane Tijarat, Lahore,
Pakistan.
T: +92 42 36304825-35
F: +92 42 36368857

KARACHI OFFICE

E-5, Central Commercial Area,
Shaheed-e-Millat Road,
Karachi, Pakistan
T: +92 21 34549385-87
F: +92 21 34549389

DUBAI OFFICE

TechVista Systems FZ-LLC
Office 105, Building 11 Dubai Internet
City,
PO Box 500497, Dubai, UAE
T: + 9714 369 3525
F: +9714 456 3761

Director's Review

On behalf of the Board of Directors of Systems Limited we are pleased to present the Financial Statements together with the Consolidated Financial Statements for the quarter ended 31 March 2015.

GENERAL OVERVIEW

We have seen significant growth and demand of skilled resources and services in US Market, Technology spend has been increased and we envisage this trend will continue for foreseeable future. We have been focusing and strengthening our Center Of Excellence / Competency Centers to develop the required skillset at onsite and offshore to service our customers and prospects. We have invested in developing accelerators, frameworks, and solution templates for Apparel and Retail Segment. We have also developed Retail Business Intelligence tool. In BPO Services we have further aligned ourselves with the automation and strengthened our technology platform to increase our efficiency in performing the services. We have been using our Technology Platform to sell our BPO services and this has been instrumental in generating new business. Our Onsite BPO Center (Visionet Lender Services) has now 50+ resources onsite, this has allowed us to open up new business opportunities where hybrid resource model is essential requirement.

In 2015, company further solidified its base in MEA Region, we have active projects in UAE, Oman, Bahrain, Qatar, South Africa, Namibia and Saudi Arabia. We were able to strengthen our partnership with reputed and well-established regional partners. We have also strengthened our sales team to generate the direct business. Due to significant decline in oil prices, public sector IT spending has been sluggish in GCC region, we are expecting that IT spending will pick up again during the second half of 2015.

On the Domestic Front, we have seen growth in IT Spending from Private Sector. In Private Sector we made significant inroads in Telecom and Financial Institutions. In Public Sector we are heavily engaged with large entities such as PITB and Ministry of Revenue for Land Records.

FINANCIAL RESULTS

In the first quarter 2015, company's revenues grew by 25% as compared to first quarter 2014. Whereas, the profit before tax of the company grew by 50%. Company posted Earning per share of Pkr 1.10 as compared to Pkr 0.73 in the corresponding quarter last year. Cost of revenue increased from corresponding quarter, due to expansion in local and Middle East region at low margins. Company achieved its budgetary target for the quarter, and expected to continue on the pattern of surpassing budgetary profit for the year 2015. We have also invested in starting operations in new markets and building new competency centers and we believe that this will allow the company to sustain future growth.

	Quarter ended 31 March 2015	Quarter ended 31 March 2014	Change %
Revenue	535,969,750	427,449,702	25.38%
Gross Profit	180,482,547	167,158,927	7.97%
Profit Before Taxation	113,055,253	76,372,245	48.03%
Profit After Taxation	109,776,912	73,013,892	50.35%
Earnings Per share (Rs)	1.15	0.84	50.68%

Director's Review

LISTING OF THE COMPANY

On 30 January 2015, the Karachi, Lahore and Islamabad Stock Exchanges have approved the Company's application for formal listing of its ordinary shares. The trading of company shares started on January 3, 2015 under the ticker symbol "SYS". Company issued 13 million ordinary shares, out of which 9.75 million shares were issued through book building process to HNWI and 3.25 million shares were issued to general public through public subscription. Company's IPO received tremendous response from investors, as subscription was three times oversubscribed. The share was initially offered at Pkr 25 per shares, which increased to Pkr 40 per share due to oversubscription during book building process. The board places on record the appreciation for investors for showing confidence in the company.

FUTURE OUTLOOK

The 2015 proposed budget looks at a growth of 20% over the 2014 actual revenue. This growth will be attributed to following:

- Retention of current clients and new clients acquired in 2014.
- Focused in building accelerators, business solutions, and frameworks in the space where we have expertise, this will allow us to open new doors as well as generate profitable and repeatable business.
- Established Competency Centers and we are very focused on taking them to the next level.
- Strengthening and Solidifying our Partnerships and Client Base in MEA region.
- We have started our operation in Australia and we are looking to kick off business this year.
- Aligned and strengthened our partnerships with Principals (Microsoft, IBM, Informatica and MicroStrategy).
- Principals have recognized us and now we are in Microsoft President Club, which means we are one of the top 5% companies in Microsoft ERP Space. We are also IBM Advanced Partner and only value added reseller of Informatica and MicroStrategy in Pakistan.

ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation for the continued support of the shareholders, valued customers, suppliers and government, which enabled the company to achieve these results. The board will also like to express its appreciation for the services, loyalty and efforts being continuously rendered by the employees of the company and hope that they will continue with the same spirit in future.

On behalf of the Board



Asif Peer
Chief Executive

24 April 2015
Lahore

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Condensed Interim Balance Sheet

as at 31 march 2015

		Unaudited 31 March 2015	Audited 31 December 2014
	Note	Rupees	Rupees
SHARE CAPITAL AND RESERVES			
<u>Authorized</u>			
150,000,000 (2014: 150,000,000) ordinary shares of Rs.10 each	5	1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital		1,001,653,020	871,653,020
Reserves	6	429,124,151	39,124,151
Advance Against Issued Shares		-	520,000,000
Unappropriated profit		826,760,765	716,983,853
		2,257,537,936	2,147,761,024
<u>Non current liabilities</u>			
Long term advances		11,812,972	10,158,496
<u>Current liabilities</u>			
Trade and other payables		96,267,820	269,446,164
Unearned revenue		6,447,492	6,447,492
		102,715,312	275,893,656
Contingencies and commitments	7		
		2,372,066,220	2,433,813,176

The annexed notes 1 to 15 form an integral part of these financial statements.



		Unaudited 31 March 2015	Audited 31 December 2014
	Note	Rupees	Rupees
ASSETS			
<u>Non current assets</u>			
Property, plant and equipment	8	195,008,374	202,065,814
Intangibles	9	30,725,324	34,101,951
Long term investments		2,077,980	2,077,980
Long term deposits		12,346,357	12,346,357
Deferred taxation		1,483,224	1,483,224
		241,641,259	252,075,326
<u>Current assets</u>			
Trade debts-unsecured, considered good		1,071,505,548	1,014,135,953
Advances, deposits, prepayments and other receivables		184,638,704	106,438,245
Receivable from related parties -unsecured, considered good		78,928,628	47,728,753
Short term investments		549,997,083	30,204,644
Cash and bank balances		245,354,998	983,230,255
		2,130,424,961	2,181,737,850
		<u>2,372,066,220</u>	<u>2,433,813,176</u>



ASIF PEER
Chief Executive

Condensed Interim Profit and Loss Account

for the quarter ended 31 March 2015

	Note	31 March 2015 Rupees	31 March 2014 Rupees
Revenue	10	535,969,750	427,449,702
Direct cost		(355,487,203)	(260,290,775)
Gross profit		180,482,547	167,158,927
Distribution cost		(19,803,495)	(14,642,245)
Administrative expenses		(57,677,560)	(40,617,611)
Research and development expenses		(9,790,424)	(6,049,554)
Other operating expenses		-	(1,598,194)
		(87,271,479)	(62,907,604)
Operating profit		93,211,068	104,251,323
Finance cost		(669,962)	(1,008,838)
Other income		20,514,147	(26,870,240)
		19,844,185	(27,879,078)
Profit before taxation		113,055,253	76,372,245
Taxation	11	(3,278,341)	(3,358,353)
Profit after taxation		109,776,912	73,013,892
			<i>Restated</i>
Earnings per share			
Basic earnings per share (Rupees)	12	1.15	0.84
Diluted earnings per share (Rupees)	12	1.04	0.75

The annexed notes 1 to 15 form an integral part of these financial statements.



AEZAZ HUSSAIN
Chairman

LAHORE



ASIF PEER
Chief Executive

Condensed Interim Statement of Comprehensive income for the quarter ended 31 March 2015

<i>Note</i>	31 March 2015 Rupees	31 March 2014 Rupees
Profit for the year	109,776,912	73,013,892
Other comprehensive income:	-	-
Total comprehensive income for the period	<u>109,776,912</u>	<u>73,013,892</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

LAHORE



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

Condensed Interim Cash Flow Statement

for the quarter ended 31 March 2015

	31 March 2015	31 March 2014
	Rupees	Rupees
<u>Cash flows from operating activities</u>		
Profit before taxation	109,776,912	76,372,245
<i>Adjustments of items not involving movement of cash:</i>		
Depreciation	15,506,653	11,956,515
Amortization	3,376,627	1,623,359
Provision for bad debts made during the year	5,719,683	143,903
Taxation	3,278,341	-
Finance cost	604,750	1,008,838
Exchange loss/ (gain) - net	-	33,820,546
Profit on bank deposits	(5,823,320)	(2,706,841)
Provision for workers welfare fund	-	1,598,194
Unrealized gain on investments	(9,416,642)	359,870
Gain on disposal of property, plant and equipment	(53,000)	-
Profit before working capital changes	13,193,092	47,804,384
	122,970,004	124,176,629
<u>Effect on cash flow due to working capital changes</u>		
<i>(Increase)/decrease in current assets:</i>		
Trade debts	(63,089,278)	(113,505,393)
Receivable from related parties	(31,199,875)	(12,797,320)
Advances, prepayments and other receivables	(78,200,459)	9,387,188
Unearned revenue	-	(1,378,346)
	(172,489,612)	(118,293,871)
<i>Increase/(decrease) in current liabilities:</i>		
Trade and other payables	(169,943,022)	5,360,421
	(342,432,634)	(112,933,450)
Cash generated from operations	(219,462,630)	11,243,179
Finance cost paid	(550,000)	(1,008,838)
Taxes paid	(6,568,413)	(3,346,481)
	(7,118,413)	(4,355,319)
Net cash inflow from operating activities	(226,581,043)	6,887,860
<u>Cash flows from investing activities</u>		
Fixed capital expenditure	(8,449,213)	(15,271,992)
Sale proceeds from disposal of property, plant and equipment	53,000	-
Investment in subsidiaries	-	(52,586,040)
Disposal/(purchase) of short term investments	(510,375,797)	-
Profit received on bank deposits	5,823,320	2,706,841
Net cash inflow / (outflow) from investing activities	(512,948,690)	(65,151,191)
<u>Cash flows from financing activities</u>		
Proceeds from issue of share capital	130,000,000	-
Advance against issue of shares	(130,000,000)	-
Increase in long term advances	1,654,476	1,502,535
Net cash inflow / (outflow) from financing activities	1,654,476	1,502,535
Increase/(decrease) in cash and cash equivalents	(737,875,257)	(56,760,796)
Cash and cash equivalents at the beginning of the year	983,230,255	141,865,098
Cash and cash equivalents at the end of year	245,354,998	85,104,302

The annexed notes 1 to 15 form an integral part of these financial statements.



AEZAZ HUSSAIN
Chairman

LAHORE



ASIF PEER
Chief Executive

Condensed Interim Statement of Changes in Equity

for the quarter ended 31 March 2015

	Revenue reserves					Total
	Share capital	Advance against issue of share capital	Share capital premium	Employee compensation reserve	Un-appropriated profit	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as on 01 January 2014 (Audited)	429,375,070	-	31,487,730	4,367	822,700,174	1,283,567,341
Total comprehensive income for the period (un-audited)	-	-	-	-	73,013,892	73,013,892
<u>Transactions with owners</u>						
Balance as on 31 March 2014 (Un-audited)	<u>429,375,070</u>	<u>-</u>	<u>31,487,730</u>	<u>4,367</u>	<u>822,700,174</u>	<u>1,283,567,341</u>
Balance as on 01 January 2015 (Audited)	871,653,020	520,000,000	39,119,784	4,367	716,983,853	2,147,761,024
Total comprehensive income for the period (Un-audited)	-	-	-	-	109,776,912	109,776,912
<u>Transactions with owners</u>						
Issuance of Shares (IPO)	130,000,000	(520,000,000)	390,000,000	-	-	-
Balance as at 31 March 2015 (Un-audited)	<u>1,001,653,020</u>	<u>-</u>	<u>429,119,784</u>	<u>4,367</u>	<u>826,760,765</u>	<u>2,257,537,936</u>

The annexed notes 1 to 15 form an integral part of these financial statements.



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

Notes to the Condensed Interim Financial Information

for the quarter ended 31 March 2015

1 Status and activities

- 1.1 The Company was incorporated as a private limited company in Pakistan in the year 1977 and converted into an unquoted public limited company in August, 2005. The Company is principally engaged in the business of software development, trading of software and business process outsourcing services. The head office of the Company is situated at Chamber of Commerce building, 11-Shahra-e-Aiwan-e-Tijarat, Lahore.
- 1.2 During the year 2014, the Company has made an Initial Public Offer (IPO) through issue of 13 million ordinary shares of Rs. 10 each at a price of Rs. 40 per share (including premium of Rs. 30 per share) determined through book building process. Out of the total issue of 13 million ordinary shares, 9.75 million shares were subscribed through book building by high net worth individuals and institutional investors whereas the remaining 3.25 million shares were subscribed by the general public. The shares have been duly allotted during first quarter 2015. On 30 January 2015, the Karachi, Lahore and Islamabad Stock Exchanges have approved the Company's application for formal listing and quotation of shares.

2 Basis of preparation

This condensed interim financial information is not audited and has been prepared in condensed form and does not include all the information as is required to be provided in full set of annual financial statements. This condensed interim financial information should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2014.

2.1 Separate financial information

This condensed interim financial information comprises the financial information of Systems Limited only. Condensed interim consolidated financial information comprising financial information of Systems Limited and its subsidiary has been prepared and presented separately.

2.2 Statement of compliance

This condensed interim financial information of the Company for the quarter ended 31 March 2015 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.3 Basis of measurement

The condensed interim financial statements have been prepared under the historical cost convention, except for revaluation of certain financial instruments at fair value.

3 Accounting Policies

The accounting policies adopted for the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the company for the year ended 31 December 2014.

4 Use of Estimates and Judgment

The preparation of condensed interim financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgment, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.

In preparation of these condensed interim financial statements, the judgments, estimates and assumptions made by the management were the same as those that were applied in the preparation of the preceding annual published financial statements of the company for the year ended 31 December 2014.

5 Issued, subscribed and paid-up capital

31 March 2015	31 December 2014		Note	Unaudited 31 March 2015	Audited 31 December 2014
No. of shares	No. of shares			Rupees	Rupees
87,165,302	8,375,635	Ordinary shares of Rs. 10 /- each fully paid in cash		871,653,020	83,756,350
13,000,000	78,789,667	Ordinary shares of Rs. 10 /- each issued as fully paid bonus shares		130,000,000	787,896,670
<u>100,165,302</u>	<u>87,165,302</u>			<u>1,001,653,020</u>	<u>871,653,020</u>
6 Reserves					
		Share premium reserve	6.1	429,119,784	39,119,784
		Deferred employee compensation reserve	6.2	4,367	4,367
				<u>429,124,151</u>	<u>39,124,151</u>

7 Contingencies and commitments

7.1 Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 59.06 (2014: Rs. 63.05) million.

7.2 Commitments include capital commitments for construction of building of the Company amounting to Rs. 225.43 (2014: 225.43) million out of which Rs. 24.97 million has been paid in advance.

		Unaudited 31 March 2015	Audited 31 December 2014
		Rupees	Rupees
8	Property, plant and equipment		
	Opening Balance	202,065,814	329,299,811
	Additions	33,414,752	102,767,713
		235,480,566	432,067,524
	Disposals	-	(13,246,416)
	Advance for Building	(24,965,538)	-
	Depreciation	(15,506,653)	(216,755,294)
		195,008,375	202,065,814
9	Intangibles		
	Opening Balance	34,101,951	8,807,169
	Additions	-	33,102,870
		34,101,951	41,910,039
	Amortization	(3,376,627)	(7,808,088)
		30,725,324	34,101,951
		31 March 2015	March 2014
		Rupees	Rupees
10	Revenue - net		
	<u>Development and other services</u>		
	Export	439,133,455	341,509,133
	Local - gross	86,827,772	74,466,891
	Less: Sales tax on local sales	-	-
		86,827,772	74,466,891
	<u>Trading income</u>		
	Software sale - export	-	-
	Software sale - local	10,008,523	11,473,678
	Less: Sales tax on local sales	-	-
		10,008,523	11,473,678
		535,969,750	427,449,702

10.1 This represents sales tax chargeable under Provincial and Federal Sales tax laws.

		31 March 2015	March 2014	
	<i>Note</i>	Rupees	Rupees	
11	Provision for taxation	11.1	3,278,341	3,358,353

11.1 This represents tax chargeable under Normal Tax Regime on local sale of software and services. The income of the Company from export of software is exempt under clause 133 Part 1 of Second Schedule to the Income Tax Ordinance, 2001. Tax expenses represent higher of corporate tax @33% and alternate corporate tax @ 17% of accounting profit. The Company is recognizing provision for taxation @ 33% of its taxable profits as alternate corporate tax is lower than corporate tax.

12 Earnings per share- basic and diluted

The calculation of basic and diluted earnings per share is based on profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding, as follows:

	31 March 2015	31 March 2014
	Rupees	Rupees
<u><i>Profit attributable to ordinary share holders</i></u>		
For basic and diluted earnings per share	109,776,912	73,013,892
<u><i>Weighted-average number of ordinary shares</i></u>		
For basic earnings per share	95,831,969	87,165,302
Effect of bonus shares approved but not issued	10,016,530	10,016,530
For diluted earnings per share	105,848,499	97,181,832

13 Transactions with related parties

Related parties comprises of associated companies, staff retirement fund, Directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment disclosed above, are as follows:

Name	Relationship	Nature of transactions	31 March 2015	31 March 2014
			Rupees	Rupees
E Processing Systems (Pvt) Ltd.	Subsidiary	Payment for expenses	3,100,000	6,358,334
		Interest income	-	-
			<u>3,100,000</u>	<u>6,358,334</u>
Tech Vista Systems FZ- LLC	Subsidiary	Sales	10,577,685	19,050,873
		Payment for expenses	17,720,678	2,838,013
			<u>28,298,363</u>	<u>21,888,886</u>
Vision Systems Incorporation	Common directorship	Sales	310,884,176	248,445,018
		Reimbursement of expenses	-	4,497,848
			<u>310,884,176</u>	<u>252,942,866</u>
Provident fund	Employee benefit plan	Contributions	<u>11,643,494</u>	<u>8,473,418</u>

14 Date of Authorization for issue

The financial statements were authorized for issue on 24 April 2015 by the Board of Directors.

15 General

15.1 Figures have been rounded off to nearest rupee.

15.2 Corresponding figures have been rearranged and reclassified, where necessary, for better presentation and disclosure. However, there have been no material rearrangements or reclassification.



AEAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

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Condensed Interim Consolidated Balance Sheet

as at 31 march 2015

	Note	Unaudited 31 March 2015 Rupees	Audited 31 December 2014 Rupees
SHARE CAPITAL AND RESERVES			
<u>Authorized</u>			
150,000,000 (2014: 150,000,000) ordinary shares of Rs.10 each	5	1,500,000,000	1,500,000,000
Issued, subscribed and paid-up capital		1,001,653,020	871,653,020
Reserves	6	429,124,151	39,208,094
Advance Against Issue of Shares		-	520,000,000
Unappropriated profit		791,191,168	687,263,344
		2,221,968,339	2,118,124,458
Non Controlling Interest		(6,273,660)	(5,099,886)
		2,215,694,679	2,113,024,572
<u>Non current liabilities</u>			
Long term advances		11,812,972	10,158,496
Provision for gratuity		1,664,378	1,651,087
		13,477,350	11,809,583
<u>Current liabilities</u>			
Trade and other payables		75,213,218	273,361,263
Unearned revenue		6,447,492	6,447,492
		81,660,710	279,808,755
Contingencies and commitments	7		
		2,310,832,739	2,404,642,910

The annexed notes 1 to 15 form an integral part of these financial statements.

LAHORE



AEZAZ HUSSAIN
Chairman

	<i>Note</i>	Unaudited 31 March 2015 Rupees	Audited 31 December 2014 Rupees
ASSETS			
<u><i>Non current assets</i></u>			
Property, plant and equipment	8	196,747,062	203,407,660
Intangibles	9	53,899,501	54,210,428
Long term deposits		18,555,969	14,346,357
Deferred taxation		1,483,224	1,483,224
		270,685,756	273,447,669
<u><i>Current assets</i></u>			
Trade debts-unsecured, considered good		963,923,411	997,641,923
Advances, deposits, prepayments and other receivables		269,328,159	114,105,810
Receivable from related parties -unsecured, considered good		7,065,012	2,150,066
Short term investments		549,997,083	30,204,644
Cash and bank balances		249,833,318	987,092,798
		2,040,146,983	2,131,195,241
		<u>2,310,832,739</u>	<u>2,404,642,910</u>



ASIF PEER
Chief Executive

Condensed Interim Consolidated Profit and Loss Account for the quarter ended 31 March 2015

		31 March 2015	31 March 2014
	Note	Rupees	Rupees
Revenue	10	546,607,119	427,887,876
Direct cost		(369,645,919)	(263,159,488)
Gross profit		176,961,200	164,728,388
Distribution cost		(20,444,618)	(17,082,258)
Administrative expenses		(59,249,691)	(45,079,895)
Research and development expenses		(9,790,424)	(6,049,554)
Other operating expenses		-	(1,598,194)
		(89,484,733)	(69,809,901)
Operating profit		87,476,467	94,918,487
Finance cost		(1,960,318)	(1,067,388)
Other income		20,516,242	(25,021,630)
		18,555,924	(26,089,018)
Profit before taxation		106,032,391	68,829,469
Taxation	11	(3,278,341)	(3,358,353)
Profit after taxation		102,754,050	65,471,116
Attributable to:			
Owners of the Company		103,927,824	66,550,974
Non-controlling interest		(1,173,774)	(1,079,858)
		102,754,050	65,471,116
Earnings per share			<i>Restated</i>
Basic earnings per share (Rupees)	12	1.08	0.76
Diluted earnings per share (Rupees)	12	0.98	0.68

The annexed notes 1 to 15 form an integral part of these financial statements.



AEZAZ HUSSAIN
Chairman

LAHORE



ASIF PEER
Chief Executive

Condensed Interim Consolidated Statement of Comprehensive income for the quarter ended 31 March 2015

<i>Note</i>	31 March 2015 Rupees	31 March 2014 Rupees
Profit for the year	102,754,050	65,471,116
Other comprehensive income:		
Translation reserve on foreign operations	(83,943)	36,401
Total comprehensive income for the period	<u>102,670,107</u>	<u>65,507,517</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

LAHORE


 AEZAZ HUSSAIN
 Chairman


 ASIF PEER
 Chief Executive

Condensed Interim Consolidated Cash Flow Statement

for the quarter ended 31 March 2015

	31 March 2015	31 March 2014
	Rupees	Rupees
<u>Cash flows from operating activities</u>		
Profit before taxation	102,754,050	68,829,469
<u>Adjustments of items not involving movement of cash:</u>		
Depreciation	15,672,126	11,995,127
Amortization	3,376,627	1,623,359
Provision for bad debts made during the year	5,719,683	143,903
Increase in Provision for gratuity	13,291	117,613
Taxation	3,278,341	-
Finance cost	1,960,318	1,067,388
Exchange loss/ (gain) - net	604,750	35,157,849
Profit on bank deposits	(5,825,415)	(5,892,754)
Provision for workers welfare fund	-	1,598,194
Unrealized gain on investments	(9,416,642)	359,870
Exchange adjustment	-	380,997
Gain on disposal of property, plant and equipment	(53,000)	-
	15,330,079	46,551,546
Profit before working capital changes	118,084,129	115,381,015
<u>Effect on cash flow due to working capital changes</u>		
<u>(Increase)/decrease in current assets:</u>		
Trade debts	27,394,079	(114,086,491)
Long term deposits	(4,209,612)	(266,055)
Work in progress	-	(65,650)
Receivable from related parties	(4,914,946)	(4,497,848)
Advances, prepayments and other receivables	(149,396,934)	6,614,245
Unearned revenue	-	(1,378,346)
	(131,127,413)	(113,680,145)
<u>Increase/(decrease) in current liabilities:</u>		
Trade and other payables	(202,836,704)	11,169,559
	(333,964,117)	(102,510,586)
Cash generated from operations	(215,879,988)	12,870,429
Finance cost paid	(550,000)	(1,067,388)
Taxes paid	-	(3,346,481)
	(550,000)	(4,413,869)
Net cash inflow from operating activities	(216,429,988)	8,456,560
<u>Cash flows from investing activities</u>		
Fixed capital expenditure	(9,011,528)	(15,374,049)
Intangibles	(3,065,700)	-
Sale proceeds from disposal of property, plant and equipment	53,000	-
Investment in subsidiaries	-	(52,586,040)
Disposal/(purchase) of short term investments	(510,375,797)	-
Profit received on bank deposits	-	5,892,754
Net cash inflow / (outflow) from investing activities	(522,400,025)	(62,067,335)
<u>Cash flows from financing activities</u>		
Proceeds from issue of share capital	130,000,000	-
Advance against issue of shares	(130,083,943)	-
Increase in long term advances	1,654,476	1,502,535
Net cash inflow / (outflow) from financing activities	1,570,533	1,502,535
Increase/(decrease) in cash and cash equivalents	(737,259,480)	(52,108,240)
Cash and cash equivalents at the beginning of the year	987,092,798	143,962,251
Cash and cash equivalents at the end of year	249,833,318	91,854,011

The annexed notes 1 to 15 form an integral part of these financial statements.



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

Condensed Interim Consolidated Statement of Changes in Equity

for the quarter ended 31 March 2015

	Revenue reserves				Share capital	Advance against issue of share capital	Employee compensation reserve			Un-appropriated profit	Translation Reserve	Total Equity attributable to shareholders of parent company	Non Controlling Interest	Total
	Share capital	Share capital premium	Share capital premium	Employee compensation reserve			Rupees	Rupees	Rupees					
Balance as on 01 January 2014 (Audited)	429,375,070	-	31,487,730	4,367	-	808,434,215	-	-	1,268,956,756	-	-	(1,789,180)	1,267,167,576	
Total comprehensive income for the period (Un- Audited)	-	-	-	-	66,550,974	36,401	36,401	66,587,375	-	-	-	(1,079,858)	65,507,517	
<u>Transactions with owners</u>														
Balance as on 31 March 2014 (Un-audited)	429,375,070	-	31,487,730	4,367	874,985,189	36,401	874,985,189	1,335,888,757	-	-	(2,869,038)	1,333,019,719		
Balance as on 01 January 2015 (Audited)	871,653,020	520,000,000	39,119,784	4,367	687,263,344	83,943	687,263,344	2,118,124,458	-	-	(5,099,886)	2,113,024,572		
Total comprehensive income for the period (Un-audited)	-	(520,000,000)	390,000,000	-	103,927,824	(83,943)	103,927,824	103,843,881	-	-	-	(1,173,774)	102,670,107	
<u>Transaction with owners</u>														
Issuance of Shares (IPO)	130,000,000	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 March 2015 (Un-audited)	1,001,653,020	-	429,119,784	4,367	791,191,168	-	791,191,168	2,222,052,282	-	-	(6,273,660)	2,215,694,679		

The annexed notes 1 to 15 form an integral part of these financial statements.



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

Notes to the Condensed Interim Consolidated Financial Information for the quarter ended 31 March 2015

1 Status and activities

- 1.1 The Company was incorporated as a private limited company in Pakistan in the year 1977 and converted into an unquoted public limited company in August, 2005. The Company is principally engaged in the business of software development, trading of software and business process outsourcing services. The head office of the Company is situated at Chamber of Commerce building, 11- Shakra-e-Aiwan-e-Tijarat, Lahore.

The Group consists of the following subsidiaries,

E Processing Systems (Pvt.) Ltd.

E Processing Systems (PV.) Ltd is 70% owned subsidiary of Systems Ltd. It was incorporated on 06 February 2013 as a Private Limited Company under Companies Ordinance 1984. E-Processing Systems (Pvt.) Ltd specializes in developing mobile e-payment solutions and value-added services for the local market.

Techvista Systems FZ-LLC

Techvista Systems FZ-LLC is 100% owned subsidiary of Systems Ltd. It is a limited liability company incorporated in Dubai Technology and Media Free Zone Authority. The principal objective of the company is software development and providing business process outsourcing solution.

- 1.2 During the year 2014, the Company has made an Initial Public Offer (IPO) through issue of 13 million ordinary shares of Rs. 10 each at a price of Rs. 40 per share (including premium of Rs. 30 per share) determined through book building process. Out of the total issue of 13 million ordinary shares, 9.75 million shares were subscribed through book building by high net worth individuals and institutional investors whereas the remaining 3.25 million shares were subscribed by the general public. The shares have been duly allotted during first quarter 2015. On 30 January 2015, the Karachi, Lahore and Islamabad Stock Exchanges have approved the Company's application for formal listing and quotation of shares.

2 Basis of preparation

This condensed interim consolidated financial information is not audited and has been prepared in condensed form and does not include all the information as is required to be provided in full set of annual financial statements. This condensed interim consolidated financial information should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2014.

2.1 Consolidated financial statements

This condensed interim consolidated financial information comprises the financial information of Systems Limited and its subsidiaries.

2.2 Statement of compliance

This condensed interim consolidated financial information of the Company for the quarter ended 31 March 2015 has been prepared in accordance with the requirements of international Accounting Standard (IAS) 34-interim Financial Reporting and provisions of the directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.3 Basis of measurement

The condensed interim consolidated financial information has been prepared under the historical cost convention, except for revaluation of certain financial instruments at fair value as disclosed.

3 Accounting Policies

The accounting policies adopted for the preparation of these condensed interim consolidated financial information are consistent with those applied in the preparation of the preceding annual published financial statements of the company for the year ended December 31, 2014.

4 Use of Estimates and Judgment

The preparation of condensed interim consolidated financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgment, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.

In preparation of this condensed interim consolidated financial information, the judgments, estimates and assumptions made by the management were the same as those that were applied in the preparation of the preceding annual published financial statements of the company for the year ended December 31, 2014.

5 Issued, subscribed and paid-up capital

31 March 2015	31 December 2014		Unaudited 31 March 2015	Audited 31 December 2014
No. of shares	No. of shares		Rupees	Rupees
87,165,302	8,375,635	Ordinary shares of Rs. 10 /- each fully paid in cash	871,653,020	83,756,350
13,000,000	78,789,667	Ordinary shares of Rs. 10 /- each issued as fully paid bonus shares	130,000,000	787,896,670
<u>100,165,302</u>	<u>87,165,302</u>		<u>1,001,653,020</u>	<u>871,653,020</u>

		Unaudited 31 March 2015	Audited 31 December 2014
	Note	Rupees	Rupees
6	Reserves		
	Share premium reserve	6.1 429,119,784	39,119,784
	Deferred employee compensation reserve	6.2 4,367	4,367
	Translation reserve on foreign operations	-	83,943
		<u>434,224,037</u>	<u>39,208,094</u>
7	Contingencies and commitments		
7.1	Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 59.06 (2014: Rs. 63.05) million.		
7.2	Commitments include capital commitments for construction of building of the Company amounting to Rs. 225.43 (2014: 225.43) million out of which Rs. 24.97 million has been paid in advance.		
		Unaudited 31 March 2015	Audited 31 December 2014
		Rupees	Rupees
8	Property, plant and equipment		
	Opening Balance	203,407,660	146,543,659
	Additions	33,977,066	76,940,567
		237,384,726	223,484,226
	Disposals	-	7,990,399
	Advance for Building	(24,965,538)	-
	Capital Work in Progress	-	39,671,939
	Depreciation	(15,672,126)	(51,758,106)
		<u>196,747,062</u>	<u>203,407,660</u>
9	Intangibles		
	Opening Balance	54,210,428	16,052,886
	Additions	3,065,700	45,965,632
		57,276,128	62,018,518
	Amortization	(3,376,627)	(7,808,090)
		<u>53,899,501</u>	<u>54,210,428</u>

		31 March 2015	31 March 2014
	Note	Rupees	Rupees
10 Revenue - net			
<u>Development and other services</u>			
Export		449,770,824	341,947,307
Local - gross		86,827,772	74,466,891
Less: Sales tax on local sales	21.1	-	-
		86,827,772	74,466,891
<u>Trading income</u>			
Software sale - export		-	-
Software sale - local		10,008,523	11,473,678
Less: Sales tax on local sales	21.1	-	-
		10,008,523	11,473,678
		546,607,119	427,887,876

10.1 This represents sales tax chargeable under Provincial and Federal Sales tax laws.

		31 March 2015	31 March 2014
	Note	Rupees	Rupees
11 Provision for taxation		3,278,341	3,358,353
	11.1	3,278,341	3,358,353

11.1 This represents tax chargeable under Normal Tax Regime on local sale of software and services. The income of the Company from export of software is exempt under clause 133 Part 1 of Second Schedule to the Income Tax Ordinance, 2001. Tax expenses represent higher of corporate tax @33% and alternate corporate tax @ 17% of accounting profit. The Company is recognizing provision for taxation @ 33% of its taxable profits as alternate corporate tax is lower than corporate tax.

12 Earnings per share- basic and diluted

The calculation of basic and diluted earnings per share is based on profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding, as follows:

	31 March 2015	31 March 2014
	Rupees	Rupees
<u>Profit attributable to ordinary share holders</u>		
For basic and diluted earnings per share	103,927,824	66,550,974
	Shares	Shares Restated
<u>Weighted-average number of ordinary shares</u>		
For basic earnings per share	95,831,969	87,165,302
Effect of bonus shares approved but not issued	10,016,530	10,016,530
For diluted earnings per share	105,848,499	97,181,832

13 Transactions with related parties

Related parties comprises of associated companies, staff retirement fund, Directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment disclosed above, are as follows:

Name	Relationship	Nature of transactions	31 March 2015	31 March 2014
			Rupees	Rupees
Vision Systems Incorporation	Common directorship	Sales	310,884,176	248,445,018
		Reimbursement of expenses	-	4,497,848
			<u>310,884,176</u>	<u>252,942,866</u>
Provident fund	Employee benefit plan	Contributions	<u>11,643,494</u>	<u>8,473,418</u>

14 Date of Authorization for issue

The financial statements were authorized for issue on 24 April 2015 by the Board of Directors.

15 General

15.1 Figures have been rounded off to nearest rupee.

15.2 Corresponding figures have been rearranged and reclassified, where necessary, for better presentation and disclosure. However, there have been no material rearrangements or reclassification.



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

Lahore - Head Office

Chamber of Commerce Building,
11 Sharae Aiwane Tijarat,
Lahore, Pakistan
T: +92 42 36304825-35
F: +92 42 36368857

Karachi

E-5, Central Commercial Area,
Shaheed-e-Millat Road,
Karachi, Pakistan
T: +92 21 34549385-87
F: +92 21 34549389

Dubai

TechVista Systems FZ-LLC
Office 105, Building 11 Dubai Internet City,
PO Box 500497, Dubai, UAE
T: + 9714 369 3525
F: +9714 456 3761