

Interim Financial Report  
for the half year ended  
30 June 2016

Bringing Technology  
**Innovation** to your Business





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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

Ernst & Young Ford Rhodes Sidat Hyder  
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  
Bank Islami Limited  
Meezan Bank Limited  
Dubai Islamic Bank  
Faysal Bank Limited  
Deutsche Bank AG  
Silk Bank Limited

## 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 3693525  
F: +9714 456 3761

## WEB PRESENCE

[www.systemsltd.com](http://www.systemsltd.com)

## DIRECTOR'S REVIEW

On behalf of the Board of Directors we are pleased to present the Financial Statements together with the Consolidated Financial Statements for the half year ended June 30, 2016.

### MARKET OUTLOOK

Our business has been growing in line with our expectations, we have added many new logos this year from our US business and this has been the growth engine for us. We have been aggressively working on designing and implementing vertical based business solutions in the Apparel, Retail, ecommerce and Business Intelligence space, this investment will provide us differential advantage over our competitors in this segment. Our Investment in the leadership and re-alignment in our business model will strengthen our long term recurring revenues and sustainability. Our BPO business has shown strength over last 6 months as well and we expect this to be steady this year.

We have been adding new customers every quarter to our portfolio from MEA region, this is building our recurring revenue stream and will be the fuel for our future growth. With the consistent expansion and client acquisition our solution portfolio is growing and this is helping us in getting recurring business of Managed Services. We are foreseeing steady growth from our regional business.

On the Domestic Front, during first six months we have seen slower project closure rate from Public Sector with respect to the submitted proposals. We are expecting that these proposals will yield better closure rate during Q3 and Q4.

Our flagship product OneLoad has crossed monthly transactions of 120,000+, up from 30,000 at the start of the year. The company also completed its direct integration with all five telecom service providers and has ramped up to an annual transaction run rate of 1.5 million/year by Q3. The monthly throughput more than doubled to cross PKR 33 million. OneLoad also completed its integration with the banking switch, 1-Link, giving the company cash collection services at all branches of National Bank, Standard Chartered, Silk Bank and several others. OneLoad is aggressively ramping up its direct sales team and working on marketing campaigns with Telecom companies to increase its throughput and volume.

### FINANCIAL RESULTS

During the half year ended 2016, company's revenues grew by 22% as compared to the half year 2015. Gross profit and operating profit were recorded at PKR 390.55 million and PKR 239.65 million with a growth of 2% and 29% respectively. This was achieved through improving operational efficiency. Resultantly, company achieved profit after taxation of PKR 252.54 million, 14% above the corresponding period. Earnings per share increased by 11% from PKR 2.04 to PKR 2.27.

#### Unconsolidated

	Half year ended 30 June 2016	Half year ended 30 June 2015	Change %
Revenue	<b>1,338,353,187</b>	1,094,822,222	22.24%
Gross Profit	<b>390,551,260</b>	381,801,621	2.29%
Profit Before Taxation	<b>254,515,945</b>	229,496,505	10.90%
Profit After Taxation	<b>252,543,532</b>	221,150,739	14.20%
Earnings Per share (Rs)	<b>2.27</b>	2.04	11.27%

Consolidated revenue and gross profit increased significantly by about 36% and 19% respectively. Profit after tax increased by 12% from the corresponding period. Earnings per share increased by 9% from PKR 1.92 to PKR 2.09.

#### Consolidated

	Half year ended 30 June 2016	Half year ended 30 June 2015	Change %
Revenue	<b>1,562,677,245</b>	1,151,540,456	35.70%
Gross Profit	<b>427,528,679</b>	360,766,671	18.51%
Profit Before Taxation	<b>231,489,812</b>	213,921,797	8.21%
Profit After Taxation	<b>229,517,399</b>	205,576,031	11.65%
Earnings Per share (Rs)	<b>2.09</b>	1.92	8.85%

## FUTURE OUTLOOK

### 2016 Plans

The 2016 financial year is targeted towards achieving historical growth trend. This growth is attributed to the following factors:

- We are aggressively working on Service Delivery Model and developing end to end solutions to create recurring business model for our services.
- We are expecting OneLoad will create the disruption in Pakistan Payment Industry and will provide us desired growth in terms of revenue and valuation.
- Our relationship with most of our existing customers is of recurring nature and through our laser focused efforts and engagement management approach we are confident that majority of our customers will carry along with us and contribute to our growth.
- We are well poised to take advantage this year from our investment in innovation and solution development for Apparel/Retail, Business Process Automation and Business Intelligence.
- We have invested and aligned our resources to practice based structure and this is strengthening our market positioning to be a more specialized player versus generic player in the market.
- In Pakistan, Public Sector has been investing heavily in Information Technology Enabled Services and we are well poised to get good chunk of business due to our positioning and successful track record in Pakistan.
- Our relationship with Principals (IBM, Microsoft) have been solidified over past few years and we are getting good business references, leads and support globally.
- We are focused on sustainable growth through new business at desired margins.
- We are committed to continuously invest in innovation for our better future.
- With Pakistan Law and Order getting better we envision significant opportunities in our business, as our foreign customers/prospects will feel comfortable in visiting us and this will spur the growth in Pakistan IT Sector.
- We are expecting about 80% of our business from Export Services and hence dollar based, our expenses are in PKR and any dollar devaluation will help us in improving our overall profitability.
- Our Export Tax Exemption has been extended to 2019 and this has provided further confidence to the sector.
- Our new Office Building in Lahore will be partially operational in Q1-2017 and this will bring efficiency and savings by combining our four rental office locations to our own premise.

### ACKNOWLEDGEMENT

The Board takes this opportunity to thank the Company's valued customers, bankers and other stakeholders for their corporation and support. The Board greatly appreciates hard work and dedication of all employees of the Company.

On behalf of the Board



Asif Peer  
Chief Executive

23 August 2016  
Lahore

Condensed Interim  
Financial Information

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# AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

## Introduction

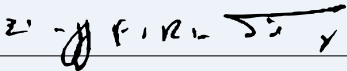
We have reviewed the accompanying condensed interim balance sheet of Systems Limited as at 30 June 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof, for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

## 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 information 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

  
Chartered Accountants

Engagement Partner: Naseem Akbar  
Lahore: 29 August 2016

# CONDENSED INTERIM BALANCE SHEET

as at 30 June 2016

Amounts in Rupees	Note	30 June 2016	31 December 2015
		Un-audited	Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	434,018,869	359,204,912
Intangibles	6	45,662,020	42,247,518
Long term deposits	7	9,895,100	9,895,100
Long term investments		51,077,980	51,077,980
Deferred taxation		5,570,581	809,510
<b>Total non-current assets</b>		<b>546,224,550</b>	463,235,020
<b>Current assets</b>			
Unbilled revenue		224,109,040	244,214,338
Trade debts	8	1,211,860,956	1,096,796,692
Advances - considered good	9	88,107,505	68,055,610
Trade deposits and short term prepayments	10	108,548,270	48,101,585
Interest accrued		1,468,963	12,585,928
Receivable from related parties	11	244,059,518	164,572,856
Tax refunds due from the Government		77,835,118	55,143,956
Short term investments	12	125,000,000	557,799,398
Cash and bank balances	13	327,730,162	144,644,586
<b>Total current assets</b>		<b>2,408,719,532</b>	2,391,914,949
<b>TOTAL ASSETS</b>		<b>2,954,944,082</b>	2,855,149,969

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.

LAHORE



**AEZAZ HUSSAIN**  
Chairman

Amounts in Rupees	Note	30 June 2016	31 December 2015
		Un-audited	Audited
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital 150,000,000 (2015: 150,000,000) ordinary shares of Rs. 10 each		<b>1,500,000,000</b>	1,500,000,000
Issued, subscribed and paid up share capital	14	<b>1,110,784,920</b>	1,106,808,760
Reserves		<b>436,429,515</b>	420,558,053
Unappropriated profit		<b>1,081,956,042</b>	968,260,624
<b>Total shareholders' equity</b>		<b>2,629,170,477</b>	2,495,627,437
<b>Non-current liabilities</b>			
Long term advances	15	<b>16,663,923</b>	7,652,045
<b>Current liabilities</b>			
Trade and other payables	16	<b>130,108,773</b>	237,042,067
Short term borrowings	17	<b>110,000,000</b>	-
Unearned revenue		<b>69,000,909</b>	109,811,070
Current portion of long term advances		-	5,017,350
<b>Total current liabilities</b>		<b>309,109,682</b>	351,870,487
Contingencies and commitments	18	-	-
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>2,954,944,082</b>	2,855,149,969



**ASIF PEER**  
Chief Executive

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

for the half year ended 30 June 2016

Amounts in Rupees	Note	Half year ended 30 June		Quarter ended 30 June	
		2016	2015	2016	2015
		Un-audited	Un-audited	Un-audited	Un-audited
Revenue		1,338,353,187	1,094,822,222	692,959,932	558,852,472
Cost of sales		947,801,927	713,020,601	490,958,636	357,533,398
<b>Gross profit</b>		<b>390,551,260</b>	381,801,621	<b>202,001,296</b>	201,319,074
Distribution cost		20,368,955	42,106,084	3,285,669	22,302,589
Administrative expenses		128,751,392	136,597,877	69,974,091	78,920,317
Research & development expenses		1,781,590	16,864,096	(2,687,921)	7,073,672
		150,901,937	195,568,057	70,571,839	108,296,578
<b>Operating profit</b>		<b>239,649,323</b>	186,233,564	<b>131,429,457</b>	93,022,496
Other income	19	15,640,677	44,406,670	4,531,816	23,892,523
		255,290,000	230,640,234	135,961,273	116,915,019
Finance cost		774,055	1,143,729	411,557	473,767
<b>Profit before taxation</b>		<b>254,515,945</b>	229,496,505	<b>135,549,716</b>	116,441,252
Taxation		1,972,413	8,345,766	(27,587)	5,067,425
<b>Profit after taxation</b>		<b>252,543,532</b>	221,150,739	<b>135,577,303</b>	111,373,827
<b>Earnings per share:</b>					
Basic earnings per share	21	2.27	2.04	1.22	1.03
Diluted earnings per share		2.26	2.02	1.22	1.02

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



**AEZAZ HUSSAIN**  
Chairman



**ASIF PEER**  
Chief Executive

LAHORE

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 30 June 2016

Amounts in Rupees	Note	Half year ended 30 June		Quarter ended 30 June	
		2016	2015	2016	2015
		<b>Un-audited</b>	Un-audited	<b>Un-audited</b>	Un-audited
Profit for the period		<b>252,543,532</b>	221,150,739	<b>135,577,303</b>	111,373,827
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>252,543,532</b>	221,150,739	<b>135,577,303</b>	111,373,827

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



**AEZAZ HUSSAIN**  
Chairman



**ASIF PEER**  
Chief Executive

LAHORE

# CONDENSED INTERIM CASH FLOW STATEMENT

for the half year ended 30 June 2016

Amounts in Rupees		30 June 2016	30 June 2015
		<b>Un-audited</b>	Un-audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	23	(91,404,464)	(67,752,497)
Finance cost paid		(774,055)	(1,143,729)
Taxes paid		(29,424,646)	(20,976,655)
		<b>(30,198,701)</b>	<b>(22,120,384)</b>
<b>Net cash used in operating activities</b>		<b>(121,603,165)</b>	<b>(89,872,881)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(111,213,777)	(54,129,446)
Development expenditure		(12,733,160)	(10,611,068)
Sale proceeds from disposal of property and equipment		2,955,805	5,062,824
Decrease in long term deposits		-	2,451,257
Purchase / (disposal) of short term investments		432,799,398	(633,370,095)
Profit received on bank deposits		2,436,539	9,298,774
<b>Net cash inflow / (outflow) from investing activities</b>		<b>314,244,804</b>	<b>(681,297,754)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from exercise of share options		15,297,522	7,234,477
Initial Public Offer (IPO) related expenses		-	(20,515,030)
Increase in short term borrowings		110,000,000	-
Dividend paid		(138,848,114)	(100,618,979)
Increase / (decrease) in long term advances		3,994,528	(1,399,862)
<b>Net cash outflow from financing activities</b>		<b>(9,556,064)</b>	<b>(115,299,394)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>183,085,576</b>	<b>(886,470,029)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>144,644,586</b>	<b>983,230,255</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>327,730,162</b>	<b>96,760,226</b>

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



**AEZAZ HUSSAIN**  
Chairman



**ASIF PEER**  
Chief Executive

LAHORE

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the half year ended 30 June 2016

Amount in Rupees	Issued, subscribed and paid-up share capital	Advance against issue of shares	Capital reserves		Revenue reserve		Total
			Share capital premium	Employee compensation reserve	Un-appropriated profit		
<b>Balance as on 31 December 2014 (Audited)</b>	871,653,020	520,000,000	39,119,784	4,367	716,983,853	<b>2,147,761,024</b>	
Issue of share capital	130,000,000	(520,000,000)		-	-	-	
Shares issued under Employees' Share Option Scheme	4,536,760	-	2,697,717	-	-	<b>7,234,477</b>	
Issuance of bonus shares	100,618,980	-	-	-	(100,618,980)	-	
Cash dividend	-	-	-	-	(100,618,979)	<b>(100,618,979)</b>	
IPO cost adjusted against share premium amount	-	-	(20,515,030)	-	-	<b>(20,515,030)</b>	
Total comprehensive income for the period (Un-audited)	-	-	-	-	221,150,739	<b>221,150,739</b>	
<b>Balance as on 30 June 2015 (Un-audited)</b>	<b>1,106,808,760</b>	-	<b>411,302,471</b>	<b>4,367</b>	<b>736,896,633</b>	<b>2,255,012,231</b>	
<b>Balance as on 31 December 2015 (Audited)</b>	1,106,808,760	-	411,302,586	9,255,467	968,260,624	<b>2,495,627,437</b>	
Shares issued under Employees' Share Option Scheme	3,976,160	-	11,321,362	-	-	<b>15,297,522</b>	
Adjustment to employee compensation reserve	-	-	-	4,550,100	-	<b>4,550,100</b>	
Cash dividend	-	-	-	-	(138,848,114)	<b>(138,848,114)</b>	
Total comprehensive income for the period (Un-audited)	-	-	-	-	252,543,532	<b>252,543,532</b>	
<b>Balance as on 30 June 2016 (Un-audited)</b>	<b>1,110,784,920</b>	-	<b>422,623,948</b>	<b>13,805,567</b>	<b>1,081,956,042</b>	<b>2,629,170,477</b>	

The annexed notes 1 to 26 form an integral part of this condensed interim financial information.



**AZAZ HUSSAIN**  
Chairman



**ASIF PEER**  
Chief Executive

**LAHORE**

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended 30 June 2016

## 1 STATUS AND ACTIVITIES

The Company is a public limited Company incorporated in Pakistan under the Companies Ordinance 1984, and is listed on the Pakistan Stock Exchange (formerly Karachi, Islamabad and Lahore Stock Exchanges). 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.

## 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 2015.

### 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 subsidiaries has been prepared and presented separately.

### 2.2 Statement of compliance

This condensed interim financial information of the Company for the half year ended 30 June 2016 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.

## 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 2015 except as follows:

### **New / Revised Standards, Interpretations and Amendments**

The Company has adopted the following amendment to IFRSs which became effective



# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended 30 June 2016

for the current period:

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

## Improvements to accounting standards issued by IASB

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendment to accounting standards did not have any effect on the condensed interim financial information.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any impact on the Company's financial statements for the period.

## 4 USE OF ESTIMATES AND JUDGMENTS

The preparation of condensed interim 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 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 2015.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended 30 June 2016

Amounts in Rupees	Note	30 June 2016	31 December 2015
		<b>Un-audited</b>	Audited
<b>5 PROPERTY AND EQUIPMENT</b>			
Opening balance - net book value		<b>359,204,912</b>	202,065,814
Additions	<b>5.1</b>	<b>111,213,777</b>	229,936,881
		<b>470,418,689</b>	432,002,695
Less:			
Disposals - net book value	<b>5.2</b>	<b>1,208,270</b>	2,075,752
Depreciation		<b>35,191,550</b>	70,722,031
Closing balance - net book value		<b>434,018,869</b>	359,204,912

Amounts in Rupees	30 June 2016	31 December 2015
	<b>Un-audited</b>	Audited
<b>5.1 Detail of additions</b>		
Land - Freehold	-	12,040,000
Computers	<b>8,269,766</b>	49,712,459
Computer equipment and installations	<b>2,860,040</b>	6,843,614
Other equipment and installations	<b>1,002,888</b>	2,811,327
Generator	-	2,433,460
Furniture and fittings	<b>424,300</b>	3,442,671
Office equipment	<b>3,910,020</b>	943,210
Vehicles	<b>16,031,335</b>	19,691,728
Project assets	<b>903,000</b>	3,019,400
Mobile sets	<b>321,282</b>	1,861,126
Capital work in progress	<b>77,491,146</b>	127,137,886
	<b>111,213,777</b>	229,936,881

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended 30 June 2016

Amount in Rupees	Cost	Accumulated depreciation	Written down value
<b>5.2 Detail of disposals</b>			
<b>30 June 2016</b>			
Computers	2,617,424	2,617,424	-
Computer equipment and installations	2,775,761	2,761,594	14,167
Other equipment and installations	1,319,893	1,213,226	106,667
Generators	359,500	226,267	133,233
Furniture and fittings	1,177,894	1,177,894	-
Office equipment	510,000	510,000	-
Vehicles	6,346,703	5,392,500	954,203
Project assets	40,543	40,543	-
	<b>15,147,718</b>	<b>13,939,448</b>	<b>1,208,270</b>

Amount in Rupees	Cost	Accumulated depreciation	Written down value
<b>31 December 2015</b>			
Computers	939,985	939,985	-
Vehicles	6,728,562	4,652,819	2,075,743
Project assets	20,007	20,007	-
	<b>7,688,554</b>	<b>5,592,804</b>	<b>2,075,743</b>

Amounts in Rupees	30 June 2016	31 December 2015
	<b>Un-audited</b>	<b>Audited</b>
<b>6 INTANGIBLES</b>		
Opening balance - net book value	<b>42,247,518</b>	34,101,951
Additions	<b>12,733,160</b>	23,281,560
	<b>54,980,678</b>	57,383,511
Less:		
Amortization	<b>9,318,658</b>	15,135,993
Closing balance - net book value	<b>45,662,020</b>	42,247,518

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended 30 June 2016

## 7 LONG TERM DEPOSITS

This represents long term security deposits against rent agreement and carry no interest rate.

Amounts in Rupees	Note	30 June 2016	31 December 2015
		<b>Un-audited</b>	Audited
<b>8 TRADE DEBTS</b>			
Considered good - unsecured			
Export	8.1	<b>972,584,098</b>	814,509,381
Local		<b>249,778,757</b>	294,258,730
		<b>1,222,362,855</b>	1,108,768,111
Less: Provision for doubtful debts		<b>(10,501,899)</b>	(11,971,419)
		<b>1,211,860,956</b>	1,096,796,692

**8.1** This includes receivable from related parties i.e. Visionet Systems Incorporation and Tech Vista Systems FZ-LLC amounting to Rs. 576.98 million (2015: Rs 552.76 million) and Rs.354.37 million (2015: Rs 222.79 million) respectively.

Amounts in Rupees		30 June 2016	31 December 2015
		<b>Un-audited</b>	Audited
<b>9 ADVANCES - considered good</b>			
Advances to staff:			
against salary		<b>3,237,024</b>	4,958,554
against expenses		<b>34,126,706</b>	26,179,629
		<b>37,363,730</b>	31,138,183
Suppliers		<b>50,743,775</b>	36,917,427
		<b>88,107,505</b>	68,055,610
<b>10 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposits	10.1	<b>54,599,623</b>	41,176,013
Prepayments		<b>53,948,647</b>	6,925,572
		<b>108,548,270</b>	48,101,585

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended 30 June 2016

**10.1** This represents security bid bonds deposited with customers and carry no interest rate.

Amounts in Rupees	Note	30 June 2016	31 December 2015
		Un-audited	Audited
<b>11 RECEIVABLE FROM RELATED PARTIES</b>			
Visionet Systems Incorporation - USA		16,967,445	11,536,311
E-Processing Systems (Private) Limited		54,181,479	21,605,358
Tech Vista Systems FZ LLC - UAE		172,910,594	131,431,187
		<b>244,059,518</b>	164,572,856

## 12 SHORT TERM INVESTMENTS

Term deposit receipts	12.1	125,000,000	525,000,000
Investments at fair value		-	32,799,398
		<b>125,000,000</b>	557,799,398

**12.1** These carry interest at the rate of 5.85% (2015: 6% to 8.75%).

Amounts in Rupees	Note	30 June 2016	31 December 2015
		Un-audited	Audited
<b>13 CASH AND BANK BALANCES</b>			
Cash in hand		211,019	89,503
Cash at bank:			
Local currency:			
Current accounts		47,618,552	32,823,929
Deposit accounts	13.1	278,103,505	110,981,590
		<b>325,722,057</b>	143,805,519
Foreign currency		1,797,086	749,564
	13.2	<b>327,519,143</b>	144,555,083
		<b>327,730,162</b>	144,644,586

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended 30 June 2016

**13.1** These carry interest rate ranging from 4% to 4.5% (2015: 6.5% to 8.5%) per annum.

**13.2** Out of these, Rs 116,715,594 (2015: Rs. 99,266,540) are placed with Islamic banks.

Amounts in Rupees	Note	30 June 2016	31 December 2015
		Un-audited	Audited

## 14 SHARE CAPITAL

### 14.1 Authorized share capital

Ordinary shares of Rs. 10/- each	1,500,000,000	1,500,000,000
----------------------------------	---------------	---------------

### 14.2 Issued, subscribed and paid-up share capital

	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Un-audited	Audited	Un-audited	Audited
	—No. of shares—		—Rupees—	
Ordinary shares of Rs. 10/- each				
fully paid in cash	22,226,927	21,829,311	222,269,270	218,293,110
Ordinary shares of Rs. 10/- each				
issued as fully paid bonus shares	88,851,565	88,851,565	888,515,650	888,515,650
	<b>111,078,492</b>	110,680,876	<b>1,110,784,920</b>	1,106,808,760

#### 14.2.1 Reconciliation of issued, subscribed and paid-up share capital:

	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Un-audited	Audited	Un-audited	Audited
	—No. of shares—		—Rupees—	
Balance as at 1 January 2016	110,680,876	87,165,302	1,106,808,760	871,653,020
Initial Public Offering (IPO)	-	13,000,000	-	130,000,000
Stock options exercised	397,616	453,676	3,976,160	4,536,760
Bonus shares issued	-	10,061,898	-	100,618,980
Balance as at 30 June 2016	<b>111,078,492</b>	110,680,876	<b>1,110,784,920</b>	1,106,808,760

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended 30 June 2016

## 15 LONG TERM ADVANCES

This represents advances received from staff for sale of vehicles and carry no interest.

Amounts in Rupees	Note	30 June 2016	31 December 2015
		<b>Un-audited</b>	Audited
<b>16 TRADE AND OTHER PAYABLES</b>			
Creditors		<b>20,580,988</b>	36,902,972
Advance from customers		<b>9,030,826</b>	19,484,724
Accrued expenses		<b>49,143,633</b>	124,930,336
Income tax deducted at source		<b>8,813,229</b>	17,930,514
Provident fund payable		<b>12,621,898</b>	11,607,008
Provision for WWF		<b>17,930,514</b>	7,203,746
Sales tax payable		<b>8,295,991</b>	16,982,767
Unclaimed dividend		<b>3,691,694</b>	-
		<b>130,108,773</b>	237,042,067

## 17 SHORT TERM BORROWINGS

This represents ERF obtained from Silk Bank Limited. The facility has a limit of Rs. 245 million and carries interest rate at SBP rate for ERF + 1% per annum. The financing is secured by way of:

- ranking charge amounting to Rs. 245 million over present and future current assets of the Company.
- lien over Export Entitlement statement duly verified by State Bank of Pakistan
- 100% cash collateralized in shape of lien over deposit in customer's profit bearing account / TDRs

## 18 CONTINGENCIES AND COMMITMENTS

Contingencies and commitments are same as that on 31 December 2015 except for those stated below:

- 18.1** Guarantees issued by the financial institutions on behalf of the Company amount to Rs.140.618 (2015:Rs. 129.07) million.
- 18.2** Commitments include capital commitments for construction of building of the Company amounting to Rs. 344.00 (2015: 344.00) million out of which Rs. 235 million has been paid in advance.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended 30 June 2016

Amounts in Rupees	Note	Half year ended 30 June		Quarter ended 30 June	
		2016	2015	2016	2015
		Un-audited	Un-audited	Un-audited	Un-audited
<b>19 OTHER INCOME</b>					
Income from financial assets:					
Profit on deposit accounts on:					
Commercial bank accounts		1,635,570	8,177,847	593,769	5,007,025
Islamic bank accounts		800,969	1,120,928	293,036	816,295
		<b>2,436,539</b>	9,298,775	<b>886,805</b>	5,823,320
Gain on short term investments	19.1	7,905,210	23,246,342	886,804	9,416,642
Exchange gain on translation of export debts - non derivative		2,035,732	5,843,920	3,596,639	5,041,981
Interest on loan to subsidiary		624,352	2,011,027	250,301	3,100,000
		<b>13,001,833</b>	40,400,064	<b>5,620,549</b>	23,381,943
Income from non-financial assets:					
Gain on disposal of property and equipment		1,747,534	2,987,081	44,572	53,000
Discount allowed		891,310	1,019,525	(1,133,305)	457,580
		<b>15,640,677</b>	44,406,670	<b>4,531,816</b>	23,892,523

19.1 This represents gain on disposal of short term investment in mutual funds and term deposit receipts.

## 20 OPERATING SEGMENT INFORMATION

### Geographical segments

For management purposes, the Group is organized into business units based on their geographical areas and has three reportable operating segments as follows:

North America

Middle East

Pakistan

No other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its operating segments separately for the purpose of performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.



# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended 30 June 2016

Amounts in Rupees	North America		Middle East		Pakistan		Total	
	Un-audited		Un-audited		Un-audited		Un-audited	
	Half year ended June 2016	2015	Half year ended June 2016	2015	Half year ended June 2016	2015	Half year ended June 2016	2015
Sales	821,940,545	665,675,267	152,143,471	190,913,911	364,269,171	238,233,044	1,338,353,187	1,094,822,222
Cost of sales	474,982,240	370,462,732	137,996,618	163,650,999	334,823,069	178,906,870	947,801,927	713,020,601
<b>Gross profit</b>	<b>346,958,305</b>	<b>295,212,535</b>	<b>14,146,853</b>	<b>27,262,912</b>	<b>29,446,102</b>	<b>59,326,174</b>	<b>390,551,260</b>	<b>381,801,621</b>
Distribution cost	1,416,546	-	1,590,484	17,227,170	17,361,925	24,878,914	20,368,955	42,106,084
Research and development expenses	457,171	3,732,282	624,831	6,032,274	699,589	7,099,540	1,781,591	16,864,096
Administrative expenses	84,901,196	82,043,312	15,554,977	25,215,821	28,295,219	29,338,744	128,751,392	136,597,877
	87,774,913	85,775,594	17,770,292	48,475,265	46,356,733	61,317,198	150,901,938	195,568,057
<b>Profit / (loss) before taxation and unallocated income and expenses</b>	<b>260,183,392</b>	<b>209,436,941</b>	<b>(3,623,439)</b>	<b>(21,212,353)</b>	<b>(16,910,631)</b>	<b>(1,991,024)</b>	<b>239,649,322</b>	<b>186,233,564</b>
<b>Unallocated income and expenses:</b>								
Other income							15,640,677	44,406,670
Finance cost							774,054	1,143,728
							14,866,623	43,262,942
<b>Profit before taxation</b>							<b>254,515,945</b>	<b>229,496,506</b>
Taxation							1,972,413	8,345,766
<b>Profit after taxation</b>							<b>252,543,532</b>	<b>221,150,740</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended 30 June 2016

Amounts in Rupees	Note	Half year ended 30 June		Quarter ended 30 June	
		2016	2015	2016	2015
		Un-audited	Un-audited	Un-audited	Un-audited
<b>21 EARNINGS PER SHARE</b>					
<b>Basic earnings per share</b>					
Profit after taxation for the period		252,543,532	221,150,739	135,577,303	111,373,827
Average number of ordinary shares in issue during the period		111,023,630	108,378,760	111,078,492	108,378,760
Basic - in Rupees		2.27	2.04	1.22	1.03
<b>Diluted earnings per share</b>					
Profit after taxation for the period		252,543,532	221,150,739	135,577,303	111,373,827
Average number of ordinary shares in issue during the period		111,835,130	109,621,145	111,492,376	109,621,145
Diluted - in Rupees		2.26	2.02	1.22	1.02

## 22 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, are as follows:

Amounts in Rupees	Related party	Relationship	Nature of transactions	Half year ended 30 June	
				2016	2015
				Un-audited	Un-audited
	E-Processing Systems (Pvt.) Ltd.	Subsidiary	Payment for expenses	53,557,127	12,759,964
			Interest income	624,352	2,011,027
				54,181,479	14,770,991
	Tech Vista Systems FZ - LLC	Subsidiary	Sales	340,417,420	89,939,043
			Payment for expenses	172,910,594	-
				513,328,014	89,939,043
	Visionet Systems Incorporation - USA	Common directorship	Sales	576,984,948	648,531,017
			Reimbursement of expenses	16,967,445	-
				593,952,393	648,531,017
	Provident fund	Employee benefit plan	Contributions	74,094,584	24,832,569

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended 30 June 2016

Amounts in Rupees	Half year ended 30 June	
	2016	2015
	Un-audited	Un-audited
<b>23 CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	254,515,945	229,496,505
Adjustments of items not involving movement of cash:		
Depreciation on property and equipment	35,191,550	32,358,319
Amortization of intangibles	9,318,658	7,261,927
Provision for bad debts - net	(1,469,520)	-
Adjustment to employees' compensation reserve	4,550,100	-
Finance cost	774,055	1,143,729
Exchange gain - net	(2,035,732)	(5,843,920)
Profit on bank deposits	(2,436,539)	(9,298,774)
Gain on short term investment	(7,905,210)	-
Gain on disposal of property and equipment	(1,747,534)	(2,987,081)
	24,239,828	22,634,199
<b>Profit before working capital changes</b>	<b>288,755,773</b>	<b>252,130,704</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase)/decrease in current assets:		
Trade debts	(111,559,013)	(78,056,635)
Unbilled revenue - net	(20,704,863)	(6,447,492)
Receivable from related parties	(79,486,662)	(51,845,402)
Trade deposits and short term prepayments	(60,446,685)	(6,587,712)
Advances	(20,051,895)	(47,597,791)
Interest accrued	19,022,175	(4,115,810)
	(273,226,943)	(194,650,842)
(Decrease)/increase in current liabilities:		
Trade and other payables	(106,933,294)	(125,232,359)
	(380,160,237)	(319,883,201)
<b>Cash generated from operations</b>	<b>(46,884,201)</b>	<b>(60,406,811)</b>

## 24 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issuance on 23 August 2016 by the Board of Directors of the Company.

## 25 CORRESPONDING FIGURES

Corresponding figures have been re-arranged where necessary for the purpose of comparison, however no significant re-arrangements have been made.

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the half year ended 30 June 2016

## 26 GENERAL

**26.1** The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 30 June 2016 and 30 June 2015 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

**26.2** Figures have been rounded off to the nearest rupee unless otherwise stated.



**AEZAZ HUSSAIN**  
Chairman



**ASIF PEER**  
Chief Executive

LAHORE

Condensed Interim  
Consolidated Financial Information

# CONDENSED INTERIM CONSOLIDATED BALANCE SHEET

as at 30 June 2016

Amounts in Rupees	Note	30 June 2016	31 December 2015
		<b>Un-audited</b>	Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	<b>438,822,411</b>	362,703,298
Intangibles	6	<b>100,940,306</b>	83,233,400
Long term deposits	7	<b>17,618,451</b>	11,901,100
Deferred taxation		<b>5,570,581</b>	809,510
<b>Total non-current assets</b>		<b>562,951,749</b>	458,647,308
<b>Current assets</b>			
Unbilled revenue		<b>420,036,915</b>	369,960,316
Trade debts	8	<b>998,061,292</b>	961,694,628
Advances	9	<b>116,560,068</b>	72,877,563
Trade deposits and short term prepayments	10	<b>139,682,278</b>	114,239,639
Interest accrued		<b>1,468,963</b>	5,058,561
Receivable from related parties	11	<b>16,967,445</b>	11,536,311
Tax refunds due from Government		<b>77,835,818</b>	55,143,956
Short term investments	12	<b>125,000,000</b>	557,799,398
Cash and bank balances	13	<b>409,144,329</b>	193,593,856
<b>Total current assets</b>		<b>2,304,757,108</b>	2,341,904,228
<b>TOTAL ASSETS</b>		<b>2,867,708,857</b>	2,800,551,536

The annexed notes 1 to 26 form an integral part of this condensed interim consolidated financial information.

LAHORE

  
**AEZAZ HUSSAIN**  
 Chairman

Amounts in Rupees	Note	30 June 2016	31 December 2015
		Un-audited	Audited
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital 150,000,000 (2015: 150,000,000) ordinary shares of Rs. 10 each		<b>1,500,000,000</b>	1,500,000,000
Issued, subscribed and paid up share capital	14	<b>1,110,784,920</b>	1,106,808,760
Reserves		<b>436,576,841</b>	420,591,135
Unappropriated profit		<b>988,622,596</b>	895,921,042
<b>Total shareholders' equity</b>		<b>2,535,984,357</b>	2,423,320,937
<b>Non-controlling interest</b>		<b>(11,779,005)</b>	(9,746,736)
		<b>2,524,205,352</b>	2,413,574,201
<b>Non-current liabilities</b>			
Long term advances	15	<b>16,663,923</b>	12,669,395
Provision for gratuity		<b>1,288,102</b>	1,616,973
<b>Total non-current liabilities</b>		<b>17,952,025</b>	14,286,368
<b>Current liabilities</b>			
Trade and other payables	16	<b>146,550,571</b>	262,879,897
Short term borrowings	17	<b>110,000,000</b>	-
Unearned revenue		<b>69,000,909</b>	109,811,070
<b>Total current liabilities</b>		<b>325,551,480</b>	372,690,967
<b>Contingencies and commitments</b>	18	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,867,708,857</b>	2,800,551,536



**ASIF PEER**  
Chief Executive

# CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the half year ended 30 June 2016

Amounts in Rupees	Note	Half year ended 30 June		Quarter ended 30 June	
		2016	2015	2016	2015
		Un-audited	Un-audited	Un-audited	Un-audited
Revenue		1,562,677,245	1,151,540,456	808,594,080	604,933,337
Cost of sales		1,135,148,566	790,773,785	582,605,405	421,127,866
<b>Gross profit</b>		<b>427,528,679</b>	360,766,671	<b>225,988,675</b>	183,805,471
Distribution cost		60,412,536	55,733,885	19,887,032	35,289,267
Administrative expenses		146,637,883	142,313,668	81,647,474	83,063,977
Research & development expenses		1,781,591	16,864,096	(2,687,920)	7,073,672
		208,832,010	214,911,649	98,846,586	125,426,916
<b>Operating profit</b>		<b>218,696,669</b>	145,855,022	<b>127,142,089</b>	58,378,555
Other income	19	14,570,115	71,669,819	3,888,531	51,153,577
		233,266,784	217,524,841	131,030,620	109,532,132
Finance cost		1,776,972	3,603,044	894,188	1,642,726
<b>Profit before taxation</b>		<b>231,489,812</b>	213,921,797	<b>130,136,432</b>	107,889,406
Taxation		1,972,413	8,345,766	(27,587)	5,067,425
<b>Profit after taxation</b>		<b>229,517,399</b>	205,576,031	<b>130,164,019</b>	102,821,981
<b>Attributable to:</b>					
Equity holders of the parent		231,549,668	208,154,057	131,090,257	104,226,233
Non-controlling interest		(2,032,269)	(2,578,026)	(926,238)	(1,404,252)
		229,517,399	205,576,031	130,164,019	102,821,981
<b>Earnings per share:</b>					
Basic earnings per share	20	2.09	1.92	1.18	0.96
Diluted earnings per share		2.07	1.90	1.18	0.95

The annexed notes 1 to 26 form an integral part of this condensed interim consolidated financial information.



**AEZAZ HUSSAIN**  
Chairman



**ASIF PEER**  
Chief Executive

LAHORE



# CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 30 June 2016

Amounts in Rupees	Half year ended 30 June		Quarter ended 30 June	
	2016	2015	2016	2015
	Un-audited	Un-audited	Un-audited	Un-audited
Profit for the period	229,517,399	205,576,031	130,164,019	102,821,981
Other comprehensive income				
Exchange differences on translation of foreign operations	114,244	78,996	89,290	-
<b>Total comprehensive income for the period</b>	<b>229,631,643</b>	<b>205,655,027</b>	<b>130,253,309</b>	<b>102,821,981</b>
<b>Attributable to:</b>				
Equity holders of the parent	231,663,912	208,233,053	131,179,547	104,226,233
Non-controlling interest	(2,032,269)	(2,578,026)	(926,238)	(1,404,252)
	<b>229,631,643</b>	<b>205,655,027</b>	<b>130,253,309</b>	<b>102,821,981</b>

The annexed notes 1 to 26 form an integral part of this condensed interim consolidated financial information.



**AEZAZ HUSSAIN**  
Chairman



**ASIF PEER**  
Chief Executive

# CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

for the half year ended 30 June 2016

Amounts in Rupees	Note	30 June 2016	30 June 2015
		<b>Un-audited</b>	Un-audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	23	<b>(46,884,201)</b>	(60,406,811)
Finance cost paid		<b>(1,776,972)</b>	(3,603,044)
Gratuity paid		<b>(328,871)</b>	(54,877)
Taxes paid		<b>(29,425,346)</b>	(20,977,355)
		<b>(31,531,189)</b>	(24,635,276)
<b>Net cash used in operating activities</b>		<b>(78,415,390)</b>	(85,042,087)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		<b>(113,543,471)</b>	(55,923,979)
Development expenditure		<b>(27,025,564)</b>	(15,666,460)
Sale proceeds from disposal of property and equipment		<b>2,955,805</b>	5,062,824
Increase in long term deposits		<b>(5,717,351)</b>	(4,757,147)
(Purchase) / disposal of short term investments		<b>432,799,398</b>	(633,370,095)
Profit received on short term investments		<b>11,494,808</b>	15,965,794
Profit received on bank deposits		<b>2,444,058</b>	9,300,870
<b>Net cash inflow / (outflow) from investing activities</b>		<b>303,407,683</b>	(679,388,193)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from exercise of share options		<b>15,297,522</b>	7,234,487
Increase in short term borrowings		<b>110,000,000</b>	
Initial Public Offer (IPO) related expenses		<b>-</b>	(20,515,030)
Dividend paid		<b>(138,848,114)</b>	(100,618,979)
Increase / (decrease) in long term advances		<b>3,994,528</b>	(1,399,862)
<b>Net cash outflow from financing activities</b>		<b>(9,556,064)</b>	(115,299,384)
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>215,436,229</b>	(879,729,664)
<b>Effect of exchange translation reserve</b>		<b>114,244</b>	78,996
<b>Cash and cash equivalents at the beginning of the period</b>		<b>193,593,856</b>	987,092,798
<b>Cash and cash equivalents at the end of the period</b>		<b>409,144,329</b>	107,442,160

The annexed notes 1 to 26 form an integral part of this condensed interim consolidated financial information.



**AEZAZ HUSSAIN**  
Chairman



**ASIF PEER**  
Chief Executive

LAHORE

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half year ended 30 June 2016

Amount in Rupees	Capital reserves			Revenue reserve		Total Equity attributable to shareholders of parent company	Non-controlling Interest	Total
	Issued, subscribed and paid-up share capital	Advance against issue of shares	Share capital premium	Employee compensation reserve	Foreign currency translation reserve			
Balance as at 31 December 2014 (Audited)	871,653,020	520,000,000	39,119,784	4,367	83,943	687,263,344	(5,099,886)	2,113,024,572
Issue of share capital	1,30,000,000	(520,000,000)	390,000,000	-	-	-	-	-
Shares issued under Employees' Share Option Scheme	4,536,760	-	2,697,717	-	-	-	-	7,234,477
Issuance of bonus shares	100,618,980	-	-	-	(100,618,980)	-	-	-
Cash dividend	-	-	-	-	(100,618,979)	-	-	(100,618,979)
IPO cost adjusted against share premium amount	-	-	(20,515,000)	-	-	-	-	(20,515,000)
Total comprehensive income for the period (Un-audited)	-	-	-	-	78,996	208,154,057	(2,578,026)	205,655,027
Balance as at 30 June 2015 (Un-audited)	1,106,808,760	-	411,302,471	4,367	162,939	694,179,452	(7,677,912)	2,204,780,077
Balance as at 31 December 2015 (Audited)	1,106,808,760	-	411,302,586	9,255,467	33,082	895,921,042	(9,746,736)	2,413,574,201
Shares issued under Employees' Share Option Scheme	3,976,160	-	11,321,362	-	-	-	-	15,297,522
Adjustment to employee compensation reserve	-	-	-	4,550,100	-	-	-	4,550,100
Cash dividend	-	-	-	-	(138,848,114)	-	-	(138,848,114)
Total comprehensive income for the period (Un-audited)	-	-	-	-	114,244	231,549,668	(2,032,269)	229,631,643
Balance as at 30 June 2016 (Un-audited)	1,110,784,920	-	422,623,948	13,805,567	147,326	988,622,956	(11,779,005)	2,524,205,352

The annexed notes 1 to 26 form an integral part of this condensed interim consolidated financial information.



**AEZAZ HUSSAIN**  
Chairman



**ASIF PEER**  
Chief Executive

**LAHORE**

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

for the half year ended 30 June 2016

## 1 THE GROUP AND ITS OPERATIONS

### Holding company

Systems Limited (the Company) is a public limited company incorporated in Pakistan under the Companies Ordinance 1984, and is listed on the Pakistan Stock Exchange (formerly Karachi, Islamabad and Lahore Stock Exchanges). 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- Shahr-e-Aiwan-e-Tijarat, Lahore.

### Subsidiary companies

TechVista Systems FZ - LLC, a limited liability company incorporated in Dubai Technology and Media Free Zone Authority, is a 100% owned subsidiary of Systems Limited. The Company is principally engaged in software development and providing business process outsourcing solutions.

E-Processing Systems (Private) Limited, a private limited company registered under Companies Ordinance, 1984 incorporated on 06 February 2013, is a 70% owned subsidiary of Systems Limited. The Company is principally engaged in the business of purchase and sale of airtime and software development including the development of systems and infrastructure.

## 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 Group for the year ended 31 December 2015.

### 2.1 Consolidated financial statements

This condensed interim consolidated financial information comprises the financial information of Systems Limited and its subsidiaries, here-in-after referred to as "the Group".

### 2.2 Statement of compliance

This condensed interim consolidated financial information of the Group for the half year ended 30 June 2016 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.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

for the half year ended 30 June 2016

## 2.3 Basis of measurement

This condensed interim consolidated financial information has been prepared under the historical cost convention.

## 3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim consolidated financial information are consistent with those applied in the preparation of the preceding annual published financial statements of the Group for the year ended 31 December 2015 except as follows:

### **New / Revised Standards, Interpretations and Amendments**

The Company has adopted the following amendment to IFRSs which became effective for the current period:

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)

IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

### **Improvements to accounting standards issued by IASB**

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendment to accounting standards did not have any effect on the condensed interim consolidated financial information.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

for the half year ended 30 June 2016

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any impact on the Company's financial statements for the period.

## 4 USE OF ESTIMATES AND JUDGMENTS

The preparation of condensed interim consolidated financial information in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, 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 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 Group for the year ended 31 December 2015.

Amounts in Rupees	Note	30 June 2016	31 December 2015
		Un-audited	Audited
<b>5 PROPERTY AND EQUIPMENT</b>			
Opening balance - net book value		<b>362,703,298</b>	203,407,660
Additions	<b>5.1</b>	<b>113,543,471</b>	233,187,031
		<b>476,246,769</b>	436,594,691
Less:			
Disposals - net book value	<b>5.2</b>	<b>1,208,271</b>	2,134,552
Depreciation		<b>36,216,087</b>	71,756,841
Closing balance - net book value		<b>438,822,411</b>	362,703,298

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

for the half year ended 30 June 2016

Amounts in Rupees	30 June 2016	31 December 2015
	Un-audited	Audited
<b>5 PROPERTY AND EQUIPMENT</b>		
<b>5.1 Detail of additions</b>		
Land - Freehold	-	12,040,000
Computers	8,553,991	52,809,354
Computer equipment and installations	2,860,040	6,843,614
Other equipment and installations	1,002,888	2,811,327
Generator	-	2,433,460
Furniture and fittings	424,300	3,568,111
Office equipment	4,136,937	943,210
Vehicles	17,849,887	19,691,728
Project assets	903,000	3,019,400
Mobile sets	321,282	1,861,126
Capital work in progress	77,491,146	127,165,701
	<b>113,543,471</b>	<b>233,187,031</b>

Amount in Rupees	Cost	Accumulated depreciation	Written down value
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## 5.2 Detail of disposals

### 30 June 2016

Computers	2,617,424	2,617,423	1
Computer equipment and installations	2,775,761	2,761,594	14,167
Other equipment and installations	1,319,893	1,213,226	106,667
Generators	359,500	226,267	133,233
Furniture and fittings	1,177,894	1,177,894	-
Office equipment	510,000	510,000	-
Vehicles	6,346,703	5,392,500	954,203
Project assets	40,543	40,543	-
	<b>15,147,718</b>	<b>13,939,447</b>	<b>1,208,271</b>

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

for the half year ended 30 June 2016

Amount in Rupees	Cost	Accumulated depreciation	Written down value
<b>31 December 2015</b>			
Computers	1,015,585	956,776	58,809
Vehicles	6,728,562	4,652,819	2,075,743
Project assets	20,007	20,007	-
	7,764,154	5,629,602	2,134,552

Amounts in Rupees	30 June 2016	31 December 2015
	<b>Un-audited</b>	Audited
<b>6 INTANGIBLES</b>		
Opening balance - net book value	<b>83,233,400</b>	54,210,428
Additions	<b>27,025,564</b>	44,158,965
	<b>110,258,964</b>	98,369,393
Less:		
Amortization	<b>9,318,658</b>	15,135,993
Closing balance - net book value	<b>100,940,306</b>	83,233,400

## 7 LONG TERM DEPOSITS

This represents long term security deposits against rent agreements and carry no interest rate.

Amounts in Rupees	30 June 2016	31 December 2015
	<b>Un-audited</b>	Audited
<b>8 TRADE DEBTS</b>		
Considered good - unsecured		
Export	8.1 <b>618,209,042</b>	677,611,263
Local	<b>390,354,149</b>	296,054,784
	<b>1,008,563,191</b>	973,666,047
Less: Provision for doubtful debts	<b>(10,501,899)</b>	(11,971,419)
	<b>998,061,292</b>	961,694,628



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

for the half year ended 30 June 2016

**8.1** This includes receivable against sales of services from Visionet Systems Incorporation - USA amounting to Rs. 576.98 million (2015: Rs 552.76 million).

Amounts in Rupees	30 June 2016	31 December 2015
	Un-audited	Audited
<b>9 ADVANCES - considered good</b>		
Advances to staff:		
against salary	10,863,135	9,780,507
against expenses	36,297,822	26,179,629
	47,160,957	35,960,136
Suppliers	69,399,111	36,917,427
	116,560,068	72,877,563
<b>10 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>		
Security deposits	59,694,828	43,012,627
Prepayments	79,987,450	71,227,012
	139,682,278	114,239,639
<b>11 RECEIVABLE FROM RELATED PARTIES</b>		
Visionet Systems Incorporation - USA	16,967,445	11,536,311
<b>12 SHORT TERM INVESTMENTS</b>		
Term deposit receipts	12.1 125,000,000	525,000,000
Investments at fair value	-	32,799,398
	125,000,000	557,799,398

**12.1** These carry interest at the rate of 5.85% (2015: 6% to 8.75%).

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

for the half year ended 30 June 2016

Amounts in Rupees	Note	30 June 2016	31 December 2015
		Un-audited	Audited
<b>13 CASH AND BANK BALANCES</b>			
Cash in hand		214,318	92,408
Cash at bank:			
Local currency:			
Current accounts		75,921,514	42,604,487
Deposit accounts	13.1	331,211,411	150,147,397
		407,132,925	192,751,884
Foreign currency		1,797,086	749,564
	13.2	408,930,011	193,501,448
		409,144,329	193,593,856

**13.1** These carry interest rate ranging from 4% to 4.5% (2015: 6.5% to 8.5%) per annum.

**13.2** Out of these, Rs 116,715,594 (2015: Rs. 99,266,540) are placed with Islamic banks.

Amounts in Rupees	Note	30 June 2016	31 December 2015
		Un-audited	Audited
<b>14 SHARE CAPITAL</b>			
<b>14.1 Authorized share capital</b>			
Ordinary shares of Rs. 10/- each		1,500,000,000	1,500,000,000

## 14.2 Issued, subscribed and paid-up share capital

	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Un-audited	Audited	Un-audited	Audited
	— No. of shares —		— Rupees —	
Ordinary shares of Rs. 10/- each				
fully paid in cash	22,226,927	21,829,311	222,269,270	218,293,110
Ordinary shares of Rs. 10/- each				
issued as fully paid bonus shares	88,851,565	88,851,565	888,515,650	888,515,650
	111,078,492	110,680,876	1,110,784,920	1,106,808,760

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

for the half year ended 30 June 2016

### 14.2.1 Reconciliation of issued, subscribed and paid-up share capital:

	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Un-audited —No. of shares—	Audited	Un-audited —Rupees—	Audited
Balance as at 1 January 2016	110,680,876	87,165,302	1,106,808,760	871,653,020
Initial Public Offering (IPO)	-	13,000,000	-	130,000,000
Stock options exercised	397,616	453,676	3,976,160	4,536,760
Bonus shares issued	-	10,061,898	-	100,618,980
Balance as at 30 June 2016	111,078,492	110,680,876	1,110,784,920	1,106,808,760

### 15 LONG TERM ADVANCES

This represents advances received from staff for sale of vehicles and carry no interest.

Amounts in Rupees	Note	30 June 2016	31 December 2015
		Un-audited	Audited

### 16 TRADE AND OTHER PAYABLES

Creditors	27,421,934	40,230,374
Advance from customers	9,030,826	19,484,724
Accrued expenses	58,610,392	149,315,585
Income tax deducted at source	8,947,322	7,328,925
Provident fund payable	12,621,898	11,607,008
Provision for WWF	17,930,514	17,930,514
Sales tax payable	8,295,991	16,982,767
Unclaimed dividend	3,691,694	-
	146,550,571	262,879,897

### 17 SHORT TERM BORROWINGS

This represents ERF obtained from Silk Bank Limited. The facility has a limit of Rs. 245 million and carries interest rate at SBP rate for ERF + 1% per annum. The financing is secured by way of:

- ranking charge amounting to Rs. 245 million over present and future current assets of the Company.
- lien over Export Entitlement statement duly verified by State Bank of Pakistan
- 100% cash collateralized in shape of lien over deposit in customer's profit bearing account / TDRs

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

for the half year ended 30 June 2016

## 18 CONTINGENCIES AND COMMITMENTS

Contingencies and commitments are same as that on 31 December 2015 except for those stated below:

- 18.1** Guarantees issued by the financial institutions on behalf of the Group amount to Rs.140.618 (2015: Rs. 129.07) million.
- 18.2** Commitments include capital commitments for construction of building of the Group amounting to Rs. 344.00 (2015: 344.00) million out of which Rs. 235 million has been paid in advance.

Amounts in Rupees	Note	Half year ended 30 June		Quarter ended 30 June	
		2016	2015	2016	2015
		Un-audited	Un-audited	Un-audited	Un-audited
<b>19 OTHER INCOME</b>					
Income from financial assets:					
Profit on deposit accounts on:					
Commercial bank accounts		1,635,570	8,177,847	593,769	5,007,025
Islamic bank accounts		808,488	1,123,023	293,035	816,295
		<b>2,444,058</b>	9,300,870	<b>886,804</b>	5,823,320
Gain on short term investments	19.1	7,905,210	23,246,342	886,804	9,416,642
Exchange gain on translation of export debts					
- non derivative		1,582,003	6,031,272	3,203,656	5,137,284
Group services		-	29,084,729	-	30,265,751
		<b>11,931,271</b>	67,663,213	<b>4,977,264</b>	50,642,997
Income from non-financial assets:					
Gain on disposal of property and equipment		1,747,534	2,987,081	44,572	53,000
Discount allowed		891,310	1,019,525	(1,133,305)	457,580
		<b>14,570,115</b>	71,669,819	<b>3,888,531</b>	51,153,577

- 19.1** This represents gain on disposal of short term investment in mutual funds and term deposit receipts.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

## for the half year ended 30 June 2016

Amounts in Rupees	Half year ended 30 June		Quarter ended 30 June	
	2016	2015	2016	2015
	Un-audited	Un-audited	Un-audited	Un-audited
<b>20 EARNINGS PER SHARE</b>				
<b>Basic earnings per share</b>				
Profit for the period attributable to equity holders of the Parent	231,549,668	208,154,057	131,090,257	104,226,233
Average number of ordinary shares in issue during the period	111,023,630	108,378,760	111,078,492	108,378,760
Basic - in Rupees	2.09	1.92	1.18	0.96
<b>Diluted earnings per share</b>				
Profit for the period attributable to equity holders of the Parent	231,549,668	208,154,057	131,090,257	104,226,233
Average number of ordinary shares in issue during the period	111,835,130	109,621,145	111,492,376	109,621,145
Diluted - in Rupees	2.07	1.90	1.18	0.95

## 21 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, are as follows:

Amounts in Rupees	Half year ended 30 June		Un-audited	Un-audited
	2016	2015		
Related party	Relationship	Nature of transactions		
Visionet Systems	Common directorship	Sales	576,984,948	648,531,017
Incorporation - USA		Reimbursement of expenses	16,967,445	-
			593,952,393	648,531,017
Provident fund	Employee benefit plan	Contributions	74,094,584	24,832,569

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

for the half year ended 30 June 2016

## 22 OPERATING SEGMENT INFORMATION

### Geographical segments

For management purposes, the Group is organized into business units based on their geographical areas and has three reportable operating segments as follows:

North America  
Middle East  
Pakistan

Management monitors the operating results of its operating segments separately for the purpose of performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

	North America		Middle East		Pakistan		Inter-Segment Eliminations		Total	
	Un-audited Half year ended June 2016	2015	Un-audited Half year ended June 2016	2015	Un-audited Half year ended June 2016	2015	Un-audited Half year ended June 2016	2015	Un-audited Half year ended June 2016	2015
Sales	821,940,545	665,675,267	538,738,958	337,561,148	364,799,435	238,377,756	(162,801,693)	(90,073,715)	1,562,677,245	1,151,540,456
Cost of sales	474,982,240	370,462,731	484,197,974	329,436,303	338,770,045	180,948,466	(162,801,693)	(90,073,715)	1,135,148,566	790,773,785
Gross profit	346,958,305	295,212,536	54,540,984	8,124,845	26,029,390	57,429,290	-	-	427,528,679	360,766,671
Distribution cost	1,416,542	-	39,265,604	29,410,171	19,730,390	26,323,714	-	-	60,412,536	55,733,885
Research and development expenses	457,171	3,730,282	624,831	6,030,274	699,589	7,099,540	-	-	1,781,591	16,864,096
Administrative expenses	85,591,389	82,043,312	32,841,858	27,674,637	28,204,636	32,575,719	-	-	146,637,883	142,313,668
Profit / (loss) before taxation and unallocated income and expenses	87,465,102	85,775,594	72,732,293	63,137,082	48,634,615	65,998,973	-	-	208,832,010	214,911,649
	259,493,203	209,436,942	(18,191,309)	(55,012,237)	(22,605,225)	(8,569,683)	-	-	218,696,669	145,855,022
Unallocated income and expenses:										
Other income									14,570,115	71,669,819
Finance cost									1,776,972	3,603,044
Profit before taxation									12,793,143	68,066,775
Taxation									231,489,812	213,921,797
Profit after taxation									1,972,413	8,345,766
									229,517,399	205,576,031

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

## for the half year ended 30 June 2016

**22.1** Inter segment sales and purchases have been eliminated.

### 22.2 Allocation of assets and liabilities

	North America		Middle East		Pakistan		Inter Segment Eliminations		Total	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
<b>Segment operating assets</b>										
Property and equipment	-	-	3,409,586	2,049,783	435,212,845	340,653,515	-	-	438,822,411	362,703,298
Intangibles	-	-	-	-	100,940,306	83,233,400	-	-	100,940,306	83,233,400
Long term deposits	-	-	4,717,351	-	12,901,100	11,901,100	-	-	17,618,451	11,901,100
Long term investments	-	-	-	-	51,077,980	51,077,980	(51,077,980)	-	-	-
Deferred taxation	-	-	-	-	5,570,581	809,510	-	-	5,570,581	809,510
Unbilled revenue	-	-	1,959,278,875	1,257,459,778	224,109,040	244,214,338	-	-	420,036,715	369,960,316
Trade debts	-	-	202,166,318	85,019,129	1,211,860,956	1,098,592,746	(415,944,982)	(221,917,247)	998,061,292	961,694,628
Advances	-	-	28,452,543	4,821,953	88,107,525	68,055,610	-	-	116,540,048	72,877,563
Trade deposits - and short term prepayments	-	-	31,134,008	66,032,524	108,546,270	48,207,115	-	-	139,622,278	114,239,639
Interest accrued	-	-	-	-	1,468,943	12,885,928	-	(7,527,367)	1,448,763	5,088,561
Receivable from related parties	-	-	30,089,744	-	244,059,519	164,572,856	(257,181,818)	(153,036,545)	16,947,445	11,536,311
Tax refunds due from Government	-	-	-	-	77,885,818	55,143,956	-	-	77,885,818	55,143,956
Short term investments	-	-	-	-	125,000,000	557,799,398	-	-	125,000,000	557,799,398
Cash and bank balances	-	-	75,617,832	48,065,836	333,526,497	145,228,020	-	-	409,144,329	193,593,856
<b>Total operating assets</b>	-	-	571,714,237	331,735,203	3,020,219,400	2,902,375,472	(774,224,780)	(433,539,139)	2,867,708,837	2,800,551,536
<b>Segment operating liabilities</b>										
Long term advances	-	-	-	-	16,643,923	12,669,395	-	-	16,643,923	12,669,395
Long term financing	-	-	-	-	46,654,109	21,605,357	(46,654,109)	(21,605,357)	-	-
Short term borrowing	-	-	-	-	110,000,000	-	-	-	110,000,000	-
Trade and other payables	-	-	632,525,787	376,904,366	132,990,059	239,233,946	(618,645,315)	(533,348,435)	146,550,571	262,879,897
Provision for gratuity	-	-	1,288,102	1,616,973	-	7,527,367	(7,527,374)	-	1,288,102	1,616,973
Markup on long term financing	-	-	-	-	7,527,376	109,811,070	-	-	-	-
Unearned revenue	-	-	-	-	69,000,909	-	-	-	69,000,909	109,811,070
<b>Total operating liabilities</b>	-	-	633,813,889	378,521,339	382,834,416	390,337,155	(673,146,800)	(382,481,159)	345,503,505	386,977,335

**22.3** All assets and liabilities of the North America segment have been allocated to Pakistan segment.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

for the half year ended 30 June 2016

Amounts in Rupees	Half year ended 30 June	
	2016	2015
	Un-audited	Un-audited
<b>23 CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	231,489,812	213,921,797
Adjustments of items not involving movement of cash:		
Depreciation on property and equipment	36,216,087	32,742,541
Amortization of intangibles	9,318,658	7,261,927
Provision for bad debts made during the period	(1,469,520)	-
Adjustment to employees' compensation reserve	4,550,100	-
Finance cost	1,776,972	3,603,044
Exchange (gain) / loss - net	(1,582,003)	(6,031,272)
Profit on bank deposits	(2,444,058)	(9,300,870)
Gain on short term investment	(7,905,210)	(23,246,342)
Gain on disposal of property and equipment	(1,747,534)	(2,987,081)
	36,713,492	2,041,947
<b>Profit before working capital changes</b>	<b>268,203,304</b>	<b>215,963,744</b>
<b>Effect on cash flow due to working capital changes</b>		
Increase in current assets:		
Trade debts	(33,315,141)	(12,535,312)
Unbilled revenue - net	(50,076,599)	(65,855,894)
Receivable from related parties	(5,431,134)	(13,045,794)
Advances	(43,682,505)	(50,018,905)
Trade deposits and short term prepayments	(25,442,639)	(2,719,663)
	(157,948,018)	(144,175,568)
Decrease in current liabilities:		
Unearned revenue	(40,810,161)	(6,447,492)
Trade and other payables	(116,329,326)	(125,747,495)
	(157,139,487)	(132,194,987)
<b>Cash generated from operations</b>	<b>(46,884,201)</b>	<b>(60,406,811)</b>

## 24 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information was authorized for issuance on 23 August 2016 by Board of Directors of the Company.

## 25 CORRESPONDING FIGURES

Corresponding figures have been re-arranged where necessary for the purpose of comparison, however no significant re-arrangements have been made.



# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

## for the half year ended 30 June 2016

### 26 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

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Chairman



**ASIF PEER**  
Chief Executive

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