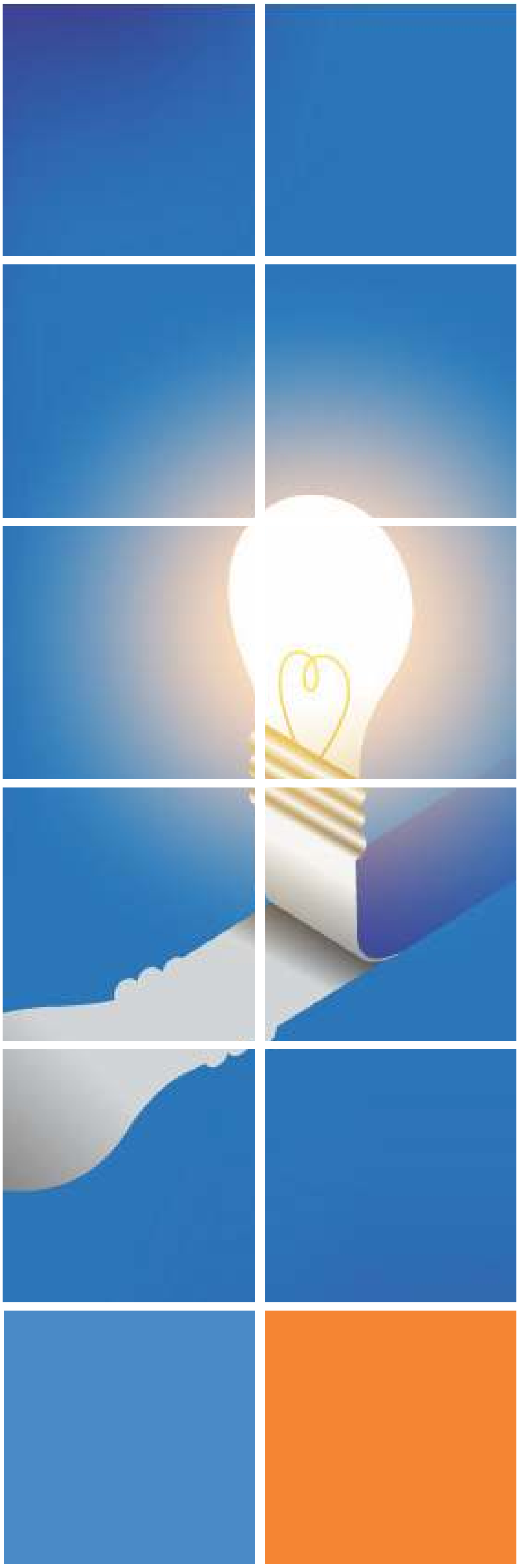
Annual Report
2015

Bringing Technology
Innovation to your Business

Systems Limited



Contents

Company Information

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

Mr. Ayaz Dawood
Chairman

Mr. Omer Saeed
Member

Mr. Tahir Masaud
Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Omar Saeed
Chairman

Mr. Asif Jooma
Member

Mr. Tahir Masaud
Member

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

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


Where does 38 years of
Business Technology get you?
It gets you to Systems Limited.

Profile of the Board of Directors

Mr. Aezaz Hussain
Chairman/Non-Executive Director

Mr. Aezaz Hussain founded Systems Limited in 1977 as the first software house in Pakistan. His professional acumen provided the overall direction for turn-key computer projects involving systems design, hardware selection and installation, and the planning and management of large scale industrial projects. Within the organization, he has been responsible for the internal restructuring needed to respond to periodic shifts in the Company's strategy. Mr. Aezaz was also involved in the acquisition of Visionet Systems, Inc., in New Jersey, USA. His main role is the development of enterprise strategy.

He was a member of Pakistan's Information Technology Commission, which advised the President of Pakistan on IT related matters and national policies. He has been a member of a number of Committees and Advisory bodies set up by the government on information technology strategies and on the development of public sector/government information systems.

He was a founding Member and Founding President of Pakistan Software Houses Association (PASHA).

He is a Member, Economic Advisory Board, Government of Pakistan and of the Information Technology Commission of Pakistan as well as the Council of the Computer Society of Pakistan. He is a Member of the Board of TEVTA Lahore.

Mr. Asif Peer
Chief Executive Officer

Mr. Asif started his professional career with Systems Limited, Pakistan, in 1996 straight out from University. Out of the 20 years of his Professional Experience, Mr. Asif has spent 13 years in US and played vital role in the success and growth of Systems Limited US Office as Chief Operating Officer.

Currently, as the CEO of Systems Limited, he is leading the organization into a new era of growth in both IT and BPO sector by strengthening strategic partnerships with clients, vendors, and further strengthening the Company's business model towards the leading edge technology solution provider.

Mr. Asif holds a BCS degree from FAST and an MBA degree in Finance & Marketing from Institute of Business Administration.

Mr. Arshad Masood
Non-Executive Director

Mr. Arshad Masood started his career with IBM Corporation in the US and held various professional and managerial positions, including Sales Manager. He was a consistent top performer and his primary objective was to enhance customer relationship, protect the revenue base and identify new revenue opportunities.

In 1994, Mr. Arshad Masood founded Visionet Systems Inc., USA which was acquired as subsidiary by Systems Limited in 1997. As the founder, Mr. Arshad Masood envisioned and executed a strategy to create a general purpose consulting and a solutions Company.

Mr. Arshad Masood as President is responsible for Sales & Marketing and for managing the engagements with key clients of the group in the US. He helped Visionet Systems, Inc. build a strategy and value proposition for products and services in the mortgage industry.

Mr. Arshad Masood holds a BSc (Engineering) degree from Engineering University Lahore, a M.Sc. degree from University of Guelph, Canada, and a MBA degree from Baruch College, New York.

Mr. Omar Saeed
Independent Director

Mr. Omar Saeed is the Chief Executive of Service Industries Limited. He is also the founder and Chairman of Ovex Technologies and sits on the Boards of System Limited and Atlas Battery Limited.

He is also a member of the National Policy Platform formed by the Competitiveness Support Fund.

He teaches Entrepreneurship at LUMS where he is an adjunct faculty member.

Mr. Omar got his Bachelors degree from Brown University and MBA from Harvard Business School, and currently serves as the President of the Harvard Business School Club of Pakistan.

Mr. Omar Saeed also serves as a Chairman of Human Resource and Remuneration Committee of Systems Limited.

Mr. Ayaz Dawood
Independent Director

Mr. Ayaz Dawood is serving BRR Investments (Private) Ltd.(Managers of BRR Guardian Modaraba and Crescent Standard Modaraba) as its Chief Executive.

He has the distinction of being Founder of Burj Bank (Dawood Islamic Bank), Dawood Family Takaful, Dawood Equities Limited, First Dawood Investment Bank, Dawood Capital Management, managers of First Dawood Mutual Fund, Dawood Money Market Fund and Dawood Islamic Fund.

Mr. Dawood has also served Modaraba Association of Pakistan as its Chairman. He is a director of Japan Power Company Limited and Chairman of its Human Resource Committee and a director of Systems Limited and Chairman of its Audit Committee.

A member of Young Presidents Organization, Mr. Dawood is a graduate in Economics from McGill University, Montreal and completed his MBA in Finance and Money and Financial Markets with distinction from Colombia Business School, New York.

Mr. Asif Jooma
Independent Director

Mr. Asif Jooma started his career in the corporate sector with ICI Pakistan in 1983 and has over 28 years of extensive experience in senior commercial and leadership roles. Following early years with ICI Pakistan and subsequently Pakistan PTA Limited, Asif Jooma was appointed Managing Director of Abbott Laboratories Pakistan Limited in 2007. After serving there for nearly six years, he was appointed Chief Executive of ICI Pakistan Limited in February 2013.

A Bachelor of Arts in Developmental Economics from Boston University, Mr. Asif has previously served as President, American Business Council (ABC), President of Overseas Investors Chamber of Commerce & Industry (OICCI) and Chairman of Pharma Bureau. He also serves as a Director on NIB Bank Limited, Systems Limited and Board of Investment, Government of Pakistan.

Mr. Tahir Masaud
Independent Director

Mr. Tahir Masaud is the Chief Executive Officer of IGI Insurance Limited and a Director on the Board of IGI Life Insurance Limited. He joined as a Director on Board of Systems Limited on 18 March 2015.

Mr. Masaud brings with him over 17 years of rich and varied experience gained in senior leadership positions within the general insurance sector in Pakistan and United Kingdom. His background includes sales and marketing administration, product development and project management.

He is a Chartered Insurer with an Advanced Diploma in Insurance (ACII) from Chartered Insurance Institute, United Kingdom. Mr. Tahir has completed his post graduations in Computer Sciences and Business Administration from Lahore University of Management Sciences (LUMS), Pakistan. He has attended numerous professional development programs in Pakistan, United Kingdom and Germany.

Our Vision

Systems Limited as an Institution is committed to being the Leader of IT & ITES in the Region through our Thought Leadership, Sustained Service Delivery Excellence, Strong Customer Focused Employees, Strong relationship with our Customers, Partners, and Vendors. To that end we must continuously innovate, enhance our service offerings, achieve superior financial results and increase value to our clients and trusted shareholders. These unwavering expectations provide the foundation of our commitment to those whom we interact.

Our Mission

Systems Limited is dedicated to provide the Highest Quality Business Solutions, IT & IT Enabled Services and People to our clients and business partners that earns their respect and loyalty, we aim to be the number one service provider through our battle tested methodologies, processes, frameworks and customer focused resources in the niche Industry and Technology/Business Sector we operate.

Values

INSPIRED BY CUSTOMER

- Customer Value – Focus on the customer value enhancement driven by our customer insights that result in growth of practice areas and position solution at the top priority for our customers.
- Innovation – Deliver big bold innovative solutions that challenges the assumptions of the market and enhances the margins by adding value for customers.

ENABLED BY SYSTEMS WAY

- People & Culture – Our people and culture is driven by high performance aligned with strategic goals and structure that enables staff to focus on core areas of expertise and on time delivery.
- Excellent Execution – Organized around excellent execution, sharing best practices across our operating markets, ensuring delegated decision making and empowered accountability.

About Systems Limited

Systems Limited is a globally recognized leader of the next-generation IT and BPO services with a track record of successfully delivering large-scale projects. Since its inception in 1977, the company has been the first in many innovations in the technology and BPO industry. It has constantly reinvented itself every few years and today, it stands as a truly innovative company that has taken the center stage and is considered to be the most valuable company for IT and BPO services in Pakistan.

Its vast list of customers features several Fortune 500 companies, government and corporate entities. Its offices and operations span across North America, UAE, Qatar, Oman and Australia. It also has ongoing projects in countries like Saudi Arabia, South Africa, Namibia and Canada and its workforce is focused to provide great customer experience to its valued customers across the world.

Being a leading Microsoft and IBM partner with deep experience public and private sectors, Systems Limited is uniquely positioned to deliver a complete solution to its customers. Its Centers of Excellence are ERP, CRM, BI, Portals & Collaboration, e-Commerce, Mobility and Managed Services. Systems Limited is a one stop shop that offers end-to-end and cohesive solution to its customers.

Leaders in IT

The country's first Information Technology company that provides business solutions, Business Process Outsourcing services, and is the largest software exporter in Pakistan.

Corporate Legacy

We have 38 years of sustainable, profitable growth with over 2,500+ client-focused employees globally.

Employee Ownership

From its inception, SL was meant to be an employee-owned enterprise. Some 38 years later, its leaders or top performing employees, past and present, own 84pc of its stock.

Financial Strength

Our Group turnover exceeds over 50 Million USD, providing us a financial strength to grow 25% year over year.

Core Services & Solutions

We possess proven expertise in deploying and supporting ERP, Mobile, BPM, Turnkey and Complex Software solutions.

Certified Global Enterprise

We are SSAE-16 and ISO 9001:2000 & 27001:2005 certified company.

HISTORY AND STRUCTURE

Systems Limited was founded in 1977 as Pakistan's first software house. Since its inception, innovation and commitment to technical excellence has been the basis of its leadership role in the IT industry. In the mid-nineties Systems Limited recognized that its growth was limited by the size of the IT services market in Pakistan. Therefore, Systems Limited launched its international operations for the first time in the US in 1997. Since then the company's international operations grew radically, and it acquired several high profile clients from amongst the Fortune 500 companies in the US and the main source of delivery for offshore was done from Pakistan. Throughout these years, Systems Limited focused on software services using its strong domain expertise in certain industry verticals as well as technology services.

Over the past 10 years, Systems Limited has developed its strong presence in the US mortgage industry, Apparel and Retail sectors. These sectors have been the engine of growth for development of software products and services revenue. In early-2000s, Systems Limited initiated its BPO services in Pakistani domestic market and its clients in North America in 2006. In year 2012, Systems Limited launched its operations in the Middle East markets that further gave boost to its export business.

Systems Limited's customers are primarily businesses, and with the recent launch of OneLoad, a digital payment aggregation platform with many other benefits that come with a mobile payment gateway, we are now reaching out to large number of consumers as well. OneLoad is launched through EP Systems, a subsidiary of Systems Limited, and the beta launch feedback has been excellent. More value additions are on the way for OneLoad, and consumers across Pakistan are experiencing the convenience brought to them by the Systems Limited brand, within palm of their hand.

Services and Solutions

Delivering Value to Our Clients

SERVICES

Business Process Outsourcing

Data Entry
Consolidate, analyze and visualize your data

Scanning, Indexing and Archiving
The cutting-edge digitization experience

Consulting Services

Process Consulting
Boost productivity with optimized IT services

Management Consultancy
Your strategic partner for a resilient IT strategy

Information Security & Compliance
Protecting your data integrity

User Experience
Creating people-centered and elegant digital solutions

Software & IT Services

Systems Integration
Harness the power of global best practices

Database Administration
Flexible, scalable and 24/7 available DBA solutions

Application Development & Maintenance
Meeting your unique business requirements

Systems Re-engineering
Innovative business solutions

Outsourcing Services

Staff Augmentation
Connecting you with the right people

SOLUTION AREAS

Business Process Management
Driving Process Improvements Through IT Innovation

Business Intelligence
Enhance, extend and support your decision making process

Enterprise Resource Planning
Gain competitive edge through innovation and performance

Enterprise Application Integration
Enable single integration pillar to connect all systems

Document Management
Going 'paperless' for rapid, easy and convenient data storage

Customer Relationship Management
Craft a superior customer experience to uplift business

e-Commerce
Save money, save time, and sell more with a powerful e-commerce solution

Product Lifecycle Management
Accelerate product innovation and maximize profitability

Portals and Collaboration
Successfully deploy web portals for a streamlined & collaboration

Mobile Apps
Indulge in positive innovation with next generation technology

Human Capital Management
Unify the entire recruit-to-retire spectrum into a single system-of-record

What makes us distinctive is our ability
to assist clients and meet challenges.

Partnerships and Recognitions

This past year, Systems Limited was able to strengthen its relationship with its partners, particularly with Microsoft, which recognized the company as top 5% of its partners in the world by giving us recognition as Microsoft Dynamics President's Club partner for the second year in a row, making Systems Limited the only Pakistani company in this prestigious tier. This recognition is granted to the elite partners who reach key business milestones while maintaining a constant dedication to the highest levels of customer satisfaction and an active pursuit of product and technological advancement. In the same year, Systems Limited successfully delivered upon multiple large-scale IBM implementations that resulted in upgrading its partnership status to IBM Premier Business Partner.

Being a technology-agnostic company, Systems Limited also spanned its capabilities by entering into partnership with global giant players including Informatica, MicroStrategy, Intel, HP and Dell. These partnerships would have not been possible without flawless projects delivery and customer support service. All these business closures and partnerships prove that Systems Limited is the leading IT services brand. There is no IT company running in Pakistan that has such a diversified technological capability.

Moreover, through the company's involvement in P@sha's Nest i/O and Punjab Information Technology Board's (PITB) Plan 9, Plan X and TechHub initiatives, the company's brand is growing in the eyes of entrepreneurs as a mentor. Pakistan Software Export Board recently showcased Systems Limited in a documentary created to foster Foreign Direct Investment, and PITB TechHub Connect celebrated a week of Systems Limited by recognizing it as an 'IT Hero' of Pakistan.

Our Products

EdgeAX is a highly collaborative and scalable software solution designed to address the global needs of enterprises in the Apparel and Retail Industries. Merging our unique implementation methodologies with industry's best practices, we integrated Microsoft Dynamics AX 2012, a leading enterprise solution, and further extended its capabilities to create EdgeAX suite of business solutions that helps businesses thrive and compete in a rapidly changing global environment.

Each component of the EdgeAX suite has been built upon the core strengths of MS Dynamics AX infrastructure to maintain an end-to-end delivery of complex solutions. The modules' work flows and functionality follow the Apparel and Retail industry standards that highlight our value added business processes and guarantees greater ROI to our clients.

EDGEAX

Accelerate product delivery in a global omni-channel environment

www.edgeax.com

OneLoad is a unique product offering for the local market that provides aggregated prepaid airtime recharge and a host of other value-added services. Using a multi-channel approach, OneLoad facilitates the purchase and disbursement of mobile prepaid vouchers and using SMS, IVR, the web, and mobile apps. With an integrated and seamless service ecosystem, OneLoad offers an extremely simple, convenient and easy-to-use service:

Users can easily create a OneLoad account online and easily credit it through a vast, extensive outreach of well over 25,000+ branded retail outlets around the country. Using their OneLoad account, consumers can avail services from multiple mobile operators and utility companies at the tip of their fingers using SMS or mobile app - there is no need to make multiple, physical trips to the shop anymore.

one load

Add more value to your business with a smart e-payment solution

www.oneLoadpk.com

Globally, leading organizations consider their employees as an asset rather than overheads because of business results they deliver. SysHCM, Human Capital Management solution of Systems Limited, offers organizations the tools to help manage, share and steer the vast capabilities of its staff, to focus on its critical talent and support strategic HR processes. It enables organizations to create a workforce that can become its most coveted competitive advantage. The modular architecture of SysHCM application makes it simple to add modules to the core application as your organization grows.

The application supports organizations to lower its human resource costs, streamline the entire recruit-to-retire spectrum, expand the talent pool, shorten the hiring process and make it easy for employees to manage their own HR information and benefits.

SYSHCM

Boost efficiency by automating your HR operations with an advanced HCM solution

Talent Suite is a suite of products that cater to your complete human capital management needs. From recruitment to retirement, complete employee management cycle can be handled through our AX Talent Suite. AX Talent Suite is your top Microsoft Dynamics AX add on for managing your employees from profiles, to payrolls, and from performance to final settlements.

AX Talent Suite

Business Model and Competencies

Business benefits:

Competency Activities: skill mapping, competency specific processes and methods and collaboration

Capability Enhancement: training materials, certifications, events, knowledge sharing and innovation

Market Related: pre-sales, proof of concept, build tools & accelerators, project support and collateral

Emerging Technologies: technology is changing so we need to be in sync with emerging technologies

R&D: creativity, market-driven formation of new products, repeat success stories across new markets

Technology shifts and changes are quicker and deeper than ever, tools and platforms are ever changing so there was a need to leverage and build on our combined expertise and experience. Believing in the combined knowledge of our employees, the real challenge is in capturing and using this knowledge and experience in our daily engagements. That called for a platform to share and collaborate.

The company established a practice-oriented structure to bring together resources from all across the company to participate, collaborate, and leverage upon the combined knowledge and strength. It enabled cross-skilling, up-skilling and multi-skilling in practice areas. It enabled sharing of best practices and encouraged innovation so that we are able to capture our IP and capitalize on our HR investments.

All the professional service staff is aligned in the following practice structure:

- Application Development & Maintenance
- Business Intelligence and Data Integration
- Business Process Outsourcing
- Customer Relationship Management
- E-Commerce
- Enterprise Resource Planning
- Middleware & Business Process Management
- Mobility, Portals & Collaboration

The horizontal business functions such as DBA, PMO, UX, QA, Admin, Finance, HR, Infrastructure and Marketing continue to support these practice areas. This new structure will help us transform to higher value business, realize quick wins and fast invest to benefit opportunities, share intellectual property and staff across operating countries and new markets, creating business focus, thus strengthening our customer confidence and accelerating business growth.

Testimonials

"The system provided by Systems Limited is in use since 1994 and has been expanded to cover other customs functions. We are thankful to Systems Limited for their remarkable services."

Pakistan Customs
Government of Pakistan

"We made the best decision by deploying this ERP as it enabled us to have the most integrated processes and the most accurate data with minimal errors."

Dr. Arshad Saleem
Director Commercial, Pharmatec

"We are highly satisfied with the services provided by Systems Limited to accomplish the objectives of the assigned project"

Osama Bin Saeed
Provincial ICT Manager, LRMIS Board of Revenue, Punjab

"We selected Systems Limited's state-of-the-art Oracle's JDE EnterpriseOne ERP solution and chose them because of their expertise, competitive rates, and extensive experience."

Saleem Butt
COO, Hascol Petroleum Limited

"One of the things that makes Systems Limited's execution of the JamaPunji portal stand out so much is the fact that they understood the core concept"

Akif Saeed
SECP Commissioner, SECP

"We selected Systems Limited because of its suitability for Indus Homes Limited business functions and processes."

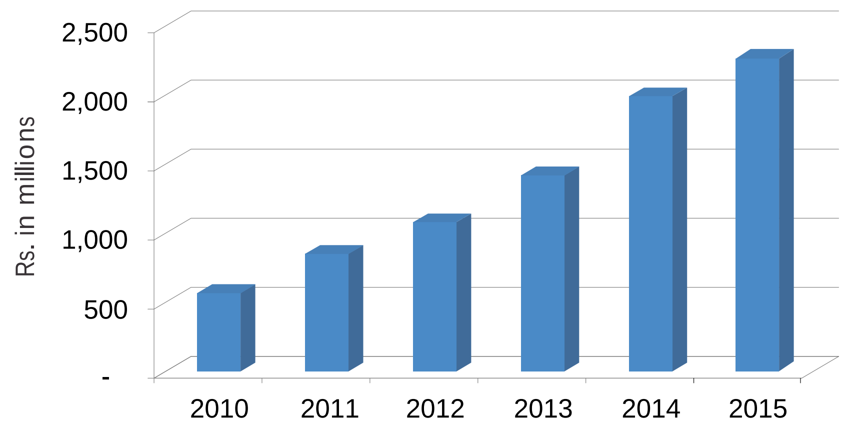
Ahmed Fraz
CFO, Indus Home Limited

Land Record Management Information System
Board of Revenue, Punjab

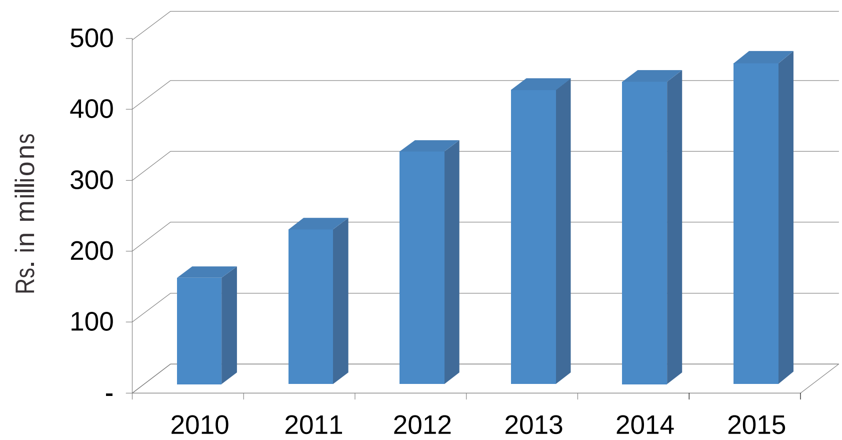
Financial Analysis

SIX YEARS AT A GLANCE

UNCONSOLIDATED	2015	2014	2013	2012	2011	2010
Operating Performance *(Rs.)*						
Revenue	2,263,290,351	1,922,615,854	1,420,562,189	1,080,598,569	851,579,957	567,712,428
Cost of sales	1,506,544,772	1,242,708,948	859,467,123	615,454,025	528,297,644	341,708,011
Gross profit	756,745,579	679,906,906	561,095,066	465,144,544	323,282,313	226,004,417
Operating expenses	381,082,023	283,560,402	202,692,544	152,997,391	118,018,168	89,376,455
Finance cost	2,121,044	3,985,590	3,402,989	9,681,423	9,993,493	7,281,838
Other income	91,963,242	38,502,506	70,805,575	43,808,631	25,232,616	18,658,654
Profit before tax	465,505,754	430,863,420	425,805,108	346,274,361	220,503,268	148,004,778
Taxation	12,991,024	4,143,840	10,663,819	18,391,150	2,219,459	(1,919,422)
Profit after tax	452,514,730	426,719,580	415,141,289	327,883,211	218,283,809	149,924,200
Earnings per share	4.14	4.47	4.91	7.76	5.61	5.78
Profitability Analysis *(% age)*						
Gross profit to Revenue	33.44	35.36	39.50	43.05	37.96	39.81
Operating expenses to Revenue	16.84	14.75	14.27	14.16	13.86	15.74
Profit after tax to Revenue	19.99	22.19	29.22	30.34	25.63	26.41

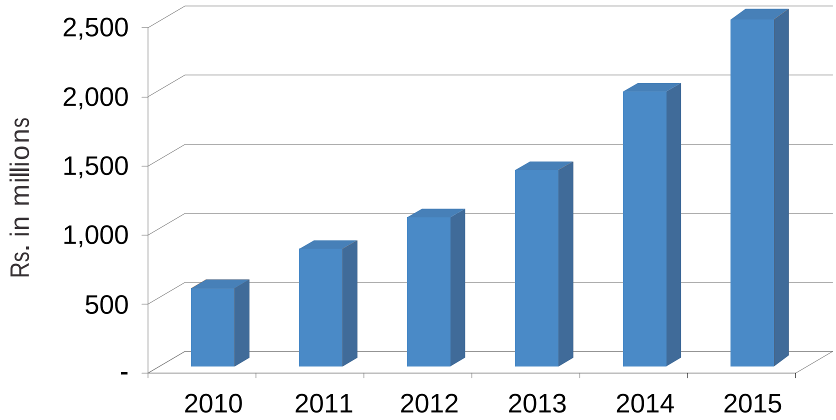


REVENUE

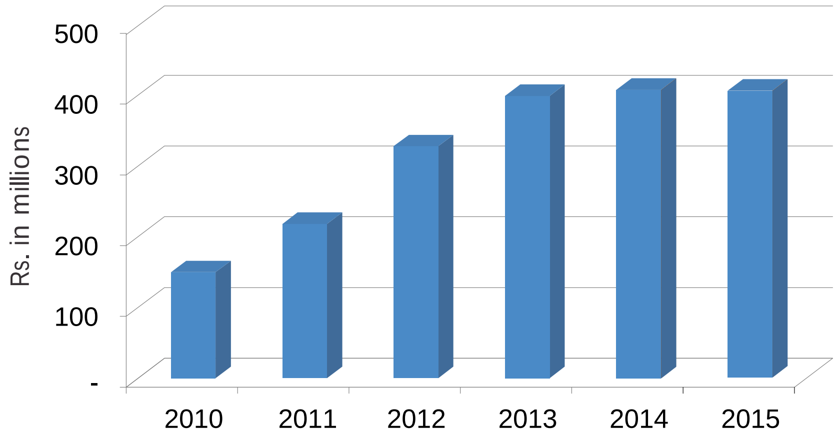


PROFIT AFTER TAX

CONSOLIDATED	2015	2014	2013	2012	2011	2010
Operating Performance *(Rs.)*						
Revenue	2,470,725,663	1,922,711,560	1,423,069,361	1,080,598,569	851,579,957	567,712,428
Cost of sales	1,669,924,222	1,245,857,134	861,356,300	615,454,025	528,297,644	341,708,011
Gross profit	800,801,441	676,854,426	561,713,061	465,144,544	323,282,313	226,004,417
Operating expenses	468,002,671	296,403,020	219,338,781	152,997,391	118,018,168	89,376,455
Finance cost	3,065,865	3,995,964	3,457,811	9,681,423	9,993,493	7,281,838
Other income	88,506,926	35,342,737	70,833,470	43,808,631	25,232,616	18,658,654
Profit before tax	418,239,831	411,798,179	409,749,939	346,274,361	220,503,268	148,004,778
Taxation	12,991,024	4,143,840	10,663,819	18,391,150	2,219,459	(1,919,422)
Profit after tax	405,248,807	407,654,339	399,086,120	327,883,211	218,283,809	149,924,200
Earnings per share	3.75	4.31	4.74	7.76	5.61	5.78
Profitability Analysis *(% age)*						
Gross profit to Revenue	32.41	35.20	39.47	43.05	37.96	39.81
Operating expenses to Revenue	18.94	15.42	15.41	14.16	13.86	15.74
Profit after tax to Revenue	16.40	21.20	28.04	30.34	25.63	26.41



REVENUE



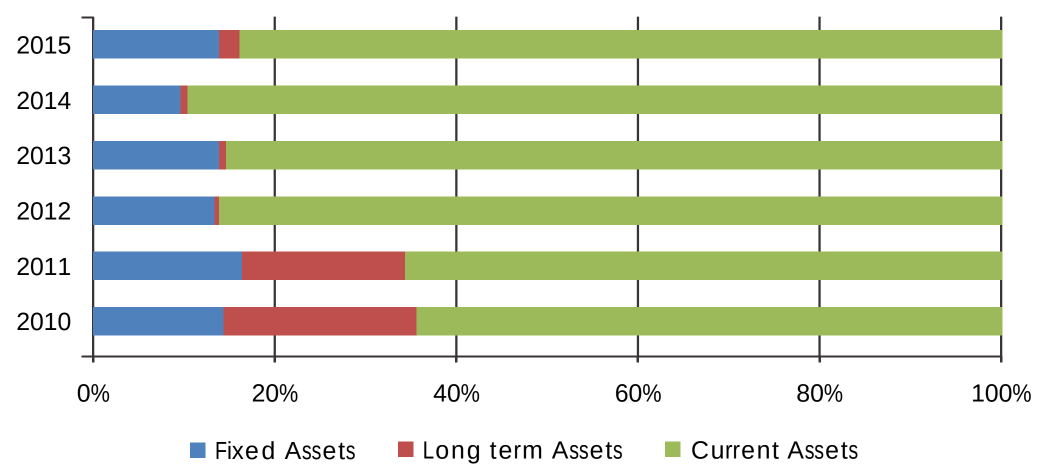
PROFIT AFTER TAX

Financial Analysis

HORIZONTAL ANALYSIS - BALANCE SHEET

Rupees in million	2015 Rs.	2015 Vs. 2014 %	2014 Rs.	2014 Vs. 2013 %	2013 Rs.	2013 Vs. 2012 %	2012 Rs.	2012 Vs. 2011 %	2011 Rs.	2011 Vs. 2010 %	2010 Rs.	2010 Vs. 2009 %
ASSETS												
Non-current assets												
Property and equipment	359.20	77.76	202.07	11.29	181.57	36.67	132.85	3.30	128.61	44.62	88.93	6.25
Intangibles	42.25	23.90	34.10	287.06	8.81	3.28	8.53	32.25	6.45	205.69	2.11	441.03
Long term deposits	9.90	(19.84)	12.35	102.13	6.11	-	6.11	(65.11)	17.51	234.16	5.24	92.65
Long term investments	51.08	2355.77	2.08	-	2.08	100.00	-	(100.00)	132.12	2.79	128.53	205.08
Deferred taxation	0.81	(45.27)	1.48	100.00	-	-	-	-	-	-	-	-
Total non-current assets	463.24	83.77	252.08	26.95	198.57	34.63	147.49	(48.19)	284.69	26.64	224.81	74.35
Current assets												
Work in progress	-	-	-	(100.00)	0.69	100.00	-	-	-	-	-	-
Unbilled revenue	244.21	24.06	196.85	98.88	98.98	57.26	62.94	100.00	-	-	-	-
Trade debts	1,096.80	34.20	817.28	38.40	590.53	24.16	475.62	15.77	410.83	64.32	250.02	(12.21)
Advances	68.06	169.33	25.27	22.14	20.69	242.55	6.04	(2.11)	6.17	510.89	1.01	431.58
Trade deposits and short term prepayments	48.10	(4.83)	50.54	111.91	23.85	27.34	18.73	(7.51)	20.25	(19.00)	25.00	184.74
Interest accrued	12.59	298.42	3.16	100.00	-	-	-	-	0.04	-	0.04	(60.00)
Receivable from related parties	164.57	244.79	47.73	47.13	32.44	4225.33	0.75	(69.26)	2.44	103.33	1.20	(74.14)
Tax refunds due from the Government	55.14	100.73	27.47	691.64	3.47	100.00	-	-	10.16	92.79	5.27	92.34
Short term investments	557.80	1747.02	30.20	(87.50)	241.65	129.03	105.51	181.36	37.50	(45.41)	68.69	1196.04
Cash and bank balances	144.64	(85.29)	983.23	593.05	141.87	(39.89)	236.00	339.89	53.65	(5.38)	56.70	(19.69)
Total current assets	2,391.91	9.63	2,181.73	89.03	1,154.17	27.45	905.59	67.38	541.04	32.63	407.93	8.16
TOTAL ASSETS	2,855.15	17.31	2,433.81	79.92	1,352.74	28.46	1,053.08	27.53	825.73	30.50	632.74	25.03
EQUITY AND LIABILITIES												
Issued, subscribed and paid up share capital	1,106.81	26.98	871.65	103.00	429.38	1.57	422.76	8.67	389.04	50.00	259.36	-
Reserves	420.56	975.05	39.12	24.23	31.49	20.42	26.15	428.28	4.95	334.21	1.14	2.70
Unappropriated profit	968.26	35.05	716.98	(12.85)	822.70	67.18	492.11	48.38	331.66	17.63	281.96	64.95
Total shareholders' equity	2,495.63	53.32	1,627.75	26.81	1,283.57	36.40	941.02	29.68	725.65	33.77	542.46	25.74
Advance against issue of shares	-	(100.00)	520.00	100.00	-	-	-	-	-	-	-	-
Non-current liabilities												
Long term advances	7.65	13.00	6.77	(21.37)	8.61	44.71	5.95	114.80	2.77	9.49	2.53	13.45
Deferred taxation	-	-	-	(100.00)	1.13	242.42	0.33	(38.89)	0.54	80.00	0.30	500.00
Total non-current liabilities	7.65	13.00	6.77	43.87	9.74	(55.10)	6.28	89.72	3.31	16.96	2.83	24.12
Current liabilities												
Trade and other payables	237.04	(12.03)	269.45	374.13	56.83	48.93	38.16	22.31	31.20	36.36	22.88	199.48
Unearned revenue	109.81	1602.48	6.45	367.39	1.38	100.00	-	-	-	-	-	-
Short term borrowings	-	-	-	-	-	(100.00)	62.38	-	62.38	-	62.38	-
Current portion of:												
- long term advances	5.02	48.08	3.39	177.87%	1.22	24.49	0.98	(32.88)	1.46	317.14	0.35	(51.39)
- liabilities subject to finance lease	-	-	-	-	-	-	-	-	-	(100.00)	0.27	(83.73)
Interest accrued	-	-	-	-	-	(100.00)	1.49	(13.87)	1.73	10.19	1.57	100.00
Provision for taxation	-	-	-	-	-	(100.00)	2.77	-	-	-	-	-
Total current liabilities	351.87	25.99	279.29	369.95	59.43	(43.82)	105.78	9.31	96.77	10.66	87.45	20.79
TOTAL EQUITY AND LIABILITIES	2,855.15	17.31	2,433.81	79.92	1,352.74	28.46	1,053.08	27.53	825.73	30.50	632.74	25.03

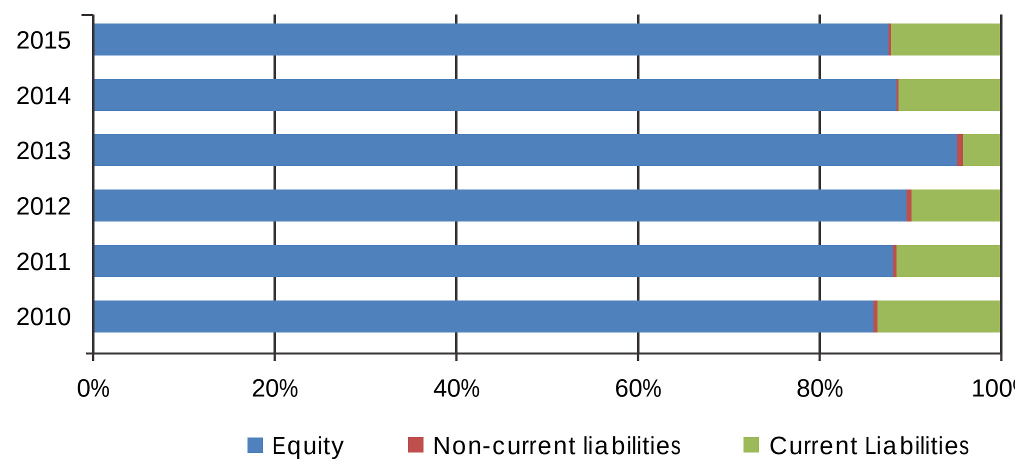
BALANCE SHEET ANALYSIS (ASSETS)



VERTICAL ANALYSIS - BALANCE SHEET

	2015		2014		2013		2012		2011		2010	
Rupees in million	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
ASSETS												
Non-current assets												
Property and equipment	359.20	12.58	202.07	8.30	181.57	13.42	132.85	12.62	128.61	15.58	88.93	14.05
Intangibles	42.25	1.48	34.10	1.40	8.81	0.65	8.53	0.81	6.45	0.78	2.11	0.33
Long term deposits	9.90	0.35	12.35	0.51	6.11	0.45	6.11	0.58	17.51	2.12	5.24	0.83
Long term investments	51.08	1.79	2.08	0.00	2.08	0.15	-	-	132.12	16.00	128.53	20.31
Deferred taxation	0.81	0.03	1.48	0.06	-	-	-	-	-	-	-	-
Total non-current assets	463.24	16.22	252.08	10.36	198.57	14.68	147.49	14.01	284.69	34.48	224.81	35.53
Current assets												
Work in progress	-	-	-	-	0.69	0.05	-	-	-	-	-	-
Unbilled revenue	244.21	8.55	196.85	8.09	98.98	7.32	62.94	5.98	-	-	-	-
Trade debts	1,096.80	38.41	817.28	33.58	590.53	43.65	475.62	45.16	410.83	49.75	250.02	39.51
Advances	68.06	2.38	25.27	1.04	20.69	1.53	6.04	0.57	6.17	0.75	1.01	0.16
Trade deposits and short term prepayments	48.10	1.68	50.54	2.08	23.85	1.76	18.73	1.78	20.25	2.45	25.00	3.95
Interest accrued	12.59	0.44	3.16	0.13	-	-	-	-	0.04	0.00	0.04	0.01
Receivable from related parties	164.57	5.76	47.73	1.96	32.44	2.40	0.75	0.07	2.44	0.30	1.20	0.19
Tax refunds due from the Government	55.14	1.93	27.47	1.13	3.47	0.26	-	-	10.16	1.23	5.27	0.83
Short term investments	557.80	19.54	30.20	1.24	241.65	17.86	105.51	10.02	37.50	4.54	68.69	10.86
Cash and bank balances	144.64	5.07	983.23	40.40	141.87	10.49	236.00	22.41	53.65	6.50	56.70	8.96
Total current assets	2,391.91	83.78	2,181.73	89.64	1,154.17	85.32	905.59	85.99	541.04	65.52	407.93	64.47
TOTAL ASSETS	2,855.15	100.00	2,433.81	100.00	1,352.74	100.00	1,053.08	100.00	825.73	100.00	632.74	100.00
EQUITY AND LIABILITIES												
Issued, subscribed and paid up share capital	1,106.81	38.77	871.65	35.81	429.38	31.74	422.76	40.15	389.04	47.11	259.36	40.99
Reserves	420.56	14.73	39.12	1.61	31.49	2.33	26.15	2.48	4.95	0.60	1.14	0.18
Unappropriated profit	968.26	33.91	716.98	29.46	822.70	60.82	492.11	46.73	331.66	40.17	281.96	44.56
Total shareholders' equity	2,495.63	87.41	1,627.75	66.88	1,283.57	94.89	941.02	89.36	725.65	87.88	542.46	85.73
Advance against issue of shares	-	-	520.00	21.37	-		-		-		-	
Non-current liabilities												
Long term advances	7.65	0.27	6.77	0.28	8.61	0.64	5.95	0.57	2.77	0.34	2.53	0.40
Deferred taxation	-	-	-	-	1.13	0.08	0.33	0.03	0.54	0.07	0.30	0.05
Total non-current liabilities	7.65	0.27	6.77	0.28	9.74	0.72	6.28	0.60	3.31	0.41	2.83	0.45
Current liabilities												
Trade and other payables	237.04	8.30	269.45	11.07	56.83	4.20	38.16	3.62	31.20	3.78	22.88	3.62
Unearned revenue	109.81	3.85	6.45	0.27	1.38	0.10	-	-	-	-	-	-
Short term borrowings	-	-	-	-	-	-	62.38	5.92	62.38	7.55	62.38	9.86
Current portion of:												
- long term advances	5.02	0.18	3.39	0.14	1.22	0.09	0.98	0.09	1.46	0.18	0.35	0.06
- liabilities subject to finance lease	-	-	-	-	-	-	-	-	-	-	0.27	0.04
Interest accrued	-	-	-	-	-	-	1.49	0.14	1.73	0.21	1.57	0.25
Provision for taxation	-	-	-	-	-	-	2.77	0.26	-	-	-	-
Total current liabilities	351.87	12.32	279.29	11.48	59.43	4.39	105.78	10.04	96.77	11.72	87.45	13.82
TOTAL EQUITY AND LIABILITIES	2,855.15	100.00	2,433.81	100.00	1,352.74	100.00	1,053.08	100.00	825.73	100.00	632.74	100.00

BALANCE SHEET ANALYSIS (EQUITY)



Financial Analysis

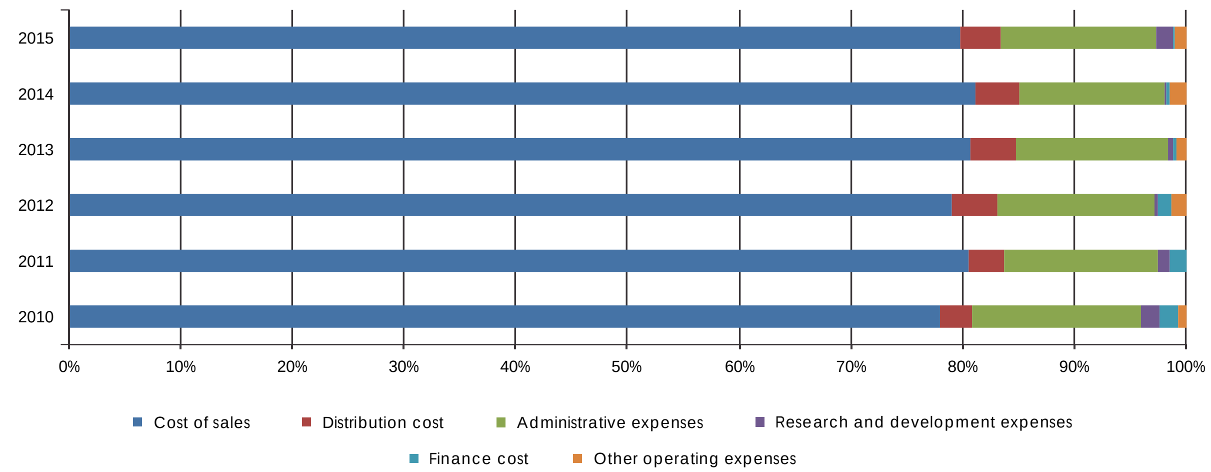
HORIZONTAL ANALYSIS - PROFIT AND LOSS ACCOUNT

Rupees in million	2015 Rs.	2015 Vs. 2014 %	2014 Rs.	2014 Vs. 2013 %	2013 Rs.	2013 Vs. 2012 %	2012 Rs.	2012 Vs. 2011 %	2011 Rs.	2011 Vs. 2010 %	2010 Rs.	2010 Vs. 2009 %
Revenue	2,263.29	17.72	1,922.62	35.34	1,420.56	31.46	1,080.60	26.89	851.58	50.00	567.71	24.54
Cost of sales	(1,506.54)	21.23	(1,242.71)	44.59	(859.47)	39.65	(615.45)	16.50	(528.30)	54.60	(341.71)	18.93
Gross profit	756.75	11.30	679.91	21.18	561.09	20.63	465.15	43.88	323.28	43.04	226.00	34.12
Distribution cost	(69.63)	16.95	(59.54)	37.19	(43.40)	38.70	(31.29)	49.64	(20.91)	68.49	(12.41)	33.30
Administrative expenses	(262.30)	32.05	(198.63)	36.50	(145.52)	32.91	(109.49)	21.35	(90.23)	35.34	(66.67)	10.73
Research and development expenses	(29.21)	1102.06	(2.43)	(53.89)	(5.27)	170.26	(1.95)	(71.62)	(6.87)	(6.66)	(7.36)	100.00
	(361.14)	38.58	(260.60)	34.20	(194.19)	36.05	(142.73)	20.95	(118.01)	36.52	(86.44)	24.34
Operating profit	395.61	(5.65)	419.31	14.28	366.90	13.80	322.42	57.07	205.27	47.08	139.56	40.98
Other income	91.96	138.86	38.50	(45.63)	70.81	61.63	43.81	73.64	25.23	35.21	18.66	(16.06)
	487.57	6.50	457.81	4.59	437.71	19.52	366.23	58.89	230.50	45.68	158.22	30.52
Other operating expenses	(19.95)	(13.11)	(22.96)	169.80	(8.51)	(17.06)	(10.26)	100.00	-	(100.00)	(2.94)	27.83
Finance cost	(2.12)	(46.87)	(3.99)	17.35	(3.40)	(64.88)	(9.68)	(3.10)	(9.99)	37.23	(7.28)	21.13
	(22.07)	(18.11)	(26.95)	126.28	(11.91)	(40.27)	(19.94)	99.60	(9.99)	(2.25)	(10.22)	22.98
Profit before taxation	465.50	8.04	430.86	1.19	425.80	22.96	346.29	57.04	220.51	48.99	148.00	31.08
Taxation	(12.99)	213.77	(4.14)	(61.16)	(10.66)	(42.03)	(18.39)	728.38	(2.22)	(215.63)	1.92	(178.37)
Profit after taxation	452.51	6.04	426.72	2.79	415.14	26.61	327.90	50.21	218.29	45.60	149.92	35.72

VERTICAL ANALYSIS - PROFIT AND LOSS ACCOUNT

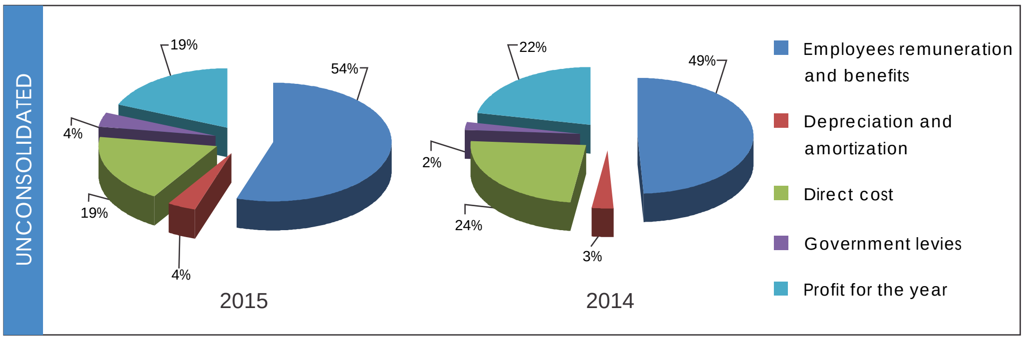
Rupees in million	2015 Rs.	2015 %	2014 Rs.	2014 %	2013 Rs.	2013 %	2012 Rs.	2012 %	2011 Rs.	2011 %	2010 Rs.	2010 %
Revenue	2,263.29	100.00	1,922.62	100.00	1,420.56	100.00	1,080.60	100.00	851.58	100.00	567.71	100.00
Cost of sales	(1,506.54)	(66.56)	(1,242.71)	(64.64)	(859.47)	(60.50)	(615.45)	(56.95)	(528.30)	(62.04)	(341.71)	(60.19)
Gross profit	756.75	33.44	679.91	35.36	561.09	39.50	465.15	43.05	323.28	37.96	226.00	39.81
Distribution cost	(69.63)	(3.08)	(59.54)	(3.10)	(43.40)	(3.06)	(31.29)	(2.90)	(20.91)	(2.46)	(12.41)	(2.19)
Administrative expenses	(262.30)	(11.59)	(198.63)	(10.33)	(145.52)	(10.24)	(109.49)	(10.13)	(90.23)	(10.60)	(66.67)	(11.74)
Research and development expenses	(29.21)	(1.29)	(2.43)	(0.13)	(5.27)	(0.37)	(1.95)	(0.18)	(6.87)	(0.81)	(7.36)	(1.30)
	(361.14)	(15.96)	(260.60)	(13.55)	(194.19)	(13.67)	(142.73)	(13.21)	(118.01)	(13.86)	(86.44)	(15.23)
Operating profit	395.61	17.48	419.31	21.81	366.90	25.83	322.42	29.84	205.27	24.10	139.56	24.58
Other income	91.96	4.06	38.50	2.00	70.81	4.98	43.81	4.05	25.23	2.96	18.66	3.29
	487.57	21.54	457.81	23.81	437.71	30.81	366.23	33.89	230.50	27.07	158.22	27.87
Other operating expenses	(19.95)	(0.88)	(22.96)	(1.19)	(8.51)	(0.60)	(10.26)	(0.95)	-	0.00	(2.94)	(0.52)
Finance cost	(2.12)	(0.09)	(3.99)	(0.21)	(3.40)	(0.24)	(9.68)	(0.90)	(9.99)	(1.17)	(7.28)	(1.28)
	(22.07)	(0.98)	(26.95)	(1.40)	(11.91)	(0.84)	(19.94)	(1.85)	(9.99)	(1.17)	(10.22)	(1.80)
Profit before taxation	465.50	20.57	430.86	22.41	425.80	29.97	346.29	32.05	220.51	25.89	148.00	26.07
Taxation	(12.99)	(0.57)	(4.14)	(0.22)	(10.66)	(0.75)	(18.39)	(1.70)	(2.22)	(0.26)	1.92	0.34
Profit after taxation	452.51	19.99	426.72	22.19	415.14	29.22	327.90	30.34	218.29	25.63	149.92	26.41

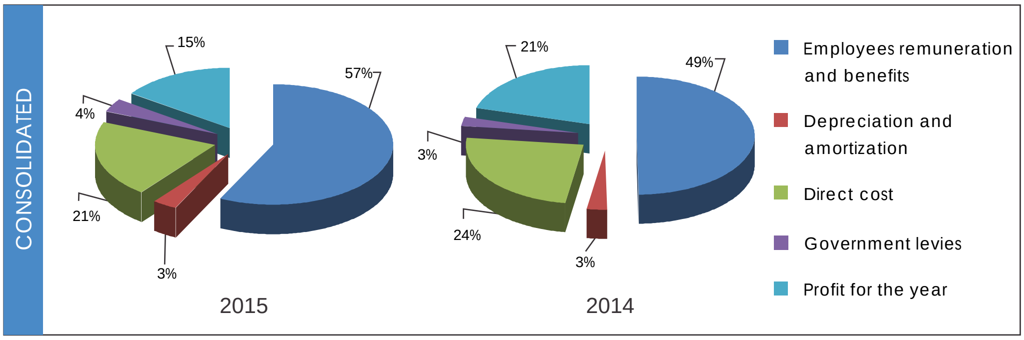
ANALYSIS OF EXPENSES



STATEMENT OF VALUE ADDITION

	UNCONSOLIDATED		CONSOLIDATED	
	2015	2014	2015	2014
Wealth Generated				
Gross revenue	2,343,538,766	1,963,847,850	2,550,974,078	1,970,271,905
Other income	91,963,242	16,689,230	88,506,926	13,691,938
	2,435,502,008	1,980,537,080	2,639,481,004	1,983,963,843
Wealth Distributed				
Employees remuneration and benefits	1,338,989,913	972,645,161	1,508,857,252	983,931,003
Depreciation and amortization	94,921,024	59,274,927	86,892,835	59,566,196
Direct cost	455,836,902	476,521,576	545,242,671	481,108,120
Government levies	93,239,439	45,375,836	93,239,439	51,704,185
Profit for the year	452,514,730	426,719,580	405,248,807	407,654,339
	2,435,502,008	1,980,537,080	2,639,481,004	1,983,963,843





DUPONT ANALYSIS

Rupees in million	2015					
Profit	453	Revenue	2,263	Total assets	2,855	ROE
Revenue	2,263	Total assets	2,855	Equity	2,496	
Profit margin	19.99%	Assets turnover	79.27%	Equity multiplier	114.41%	18.13%

Rupees in million	2014					
Profit	427	Revenue	1,923	Total assets	2,434	ROE
Revenue	1,923	Total assets	2,434	Equity	1,628	
Profit margin	22.19%	Assets turnover	79.00%	Equity multiplier	149.52%	26.22%

Shareholders' Information

REGISTERED OFFICE

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

SHARE 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

LISTING ON STOCK EXCHANGES

Ordinary shares of Systems Limited listed on Pakistan Stock Exchange Limited.

STOCK CODE / SYMBOL

The stock code / symbol for trading in ordinary shares of Systems Limited at Karachi, Lahore and Islamabad stock exchanges is SYS.

STATUTORY COMPLIANCE

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan Regulations and the listing requirements.

DIVIDEND

The Board of Directors has recommended 12.5 % cash dividend on ordinary shares for the year ended 31 December 2015.

BOOK CLOSURE DATES

The Register of Members and Share Transfer Books of the Company will remain closed from 21 April 2016 to 27 April 2016 both days inclusive.

DIVIDEND REMITTANCE

Ordinary dividend declared and approved at the Annual General Meeting will be paid within the statutory time limit of 30 days.

(i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the Company on or before the book closure date.

(ii) For shares held in electronic from: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

WITHHOLDING OF TAX & ZAKAT ON ORDINARY DIVIDEND

As per the provisions of the Income Tax Ordinance, 2001, income tax is deductible at source by the Company at the rate of 10% wherever applicable.

Zakat is also deductible at source form the ordinary dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction.

DIVIDEND WARRANTS

Cash dividends are paid through dividend warrants addressed to the ordinary shareholders whose names appear in the Register of Shareholders at the date of book closure.

GENERAL MEETINGS & VOTING RIGHTS

Pursuant to section 158 of The Companies Ordinance 1984, Systems Limited holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

Shareholders having holding of at least 10% of voting rights may also apply to the Board of Directors to call for meeting of shareholders, and if the Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All ordinary shares issued by the Company carry equal voting rights, Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in the Company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

INVESTOR'S GRIEVANCES

To date none of the investors or shareholders has filed any significant complaint against any service provided by the Company to its shareholders.

PROXIES

Pursuant to Section 161 of The Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another member as his/her proxy to attend and vote instead of him/her. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to appoint a proxy.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the Company not less than forty-eight hours before the meeting.

SERVICE STANDARDS

Systems Limited has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For requests received through post	For requests received over the counter
Transfer of shares	30 days after receipt	30 days after receipt
Transmission of shares	30 days after receipt	30 days after receipt
Issue of duplicate share certificates	30 days after receipt	30 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	1 day after receipt

Well qualified personnel of the Shares Registrar have been entrusted with the responsibility of ensuring that services are rendered within the set time limits.

WEB PRESENCE

Updated information regarding the Company can be accessed at its website, www.systemsltd.com. The website contains the latest financial results of the Company together with the Company's profile.

Fundamental knowledge and understanding of financial market is crucial for the general public and lack of financial literacy or capability makes them vulnerable to frauds. SECP recognizes the importance of investor education and therefore initiated this investor education program, called 'JamaPunji', an investor training program, to promote financial literacy in Pakistan.

www.jamapunji.pk

Chairman's review

Dear Shareholders,

It gives me great pleasure to welcome the new shareholders and I also take the opportunity to thank the earlier shareholders for their support over the years. I on behalf of the company assure you of our commitment to continue building shareholder value. We are confident of doing so because of our historical commitment of providing excellent service to our clients who are central to our continued success and growth.

2015 was a significant one in our history as it was our first as a listed company. After a successful IPO in February and an encouraging response by investors, Systems Limited continued its growth path in 2015.

One of the key purpose for the IPO funds was to invest in establishing new markets and your company has successfully done this starting from the UAE market. The revenue from this initiative has been encouraging and promises a steady growth in the years to come. However as expected the margins from the new markets and clients has been initially at a low compared to what we have achieved from our long established market in North America. This has affected overall profitability. However we are confident that as these new markets mature and we get into long term repeat revenue relationships with our clients in these markets, our profitability from these markets will also be as healthy as it has been from the established clients.

The encouraging fact is that despite the focus on new markets, the revenue from our established market in the North America has continued to grow and be as profitable.

I would like to commend the management team for their success and wish them God Speed in their endeavor to make 2016 an even better year.

I would also like to thank the members of our board who have provided the leadership and guidance to the management team.

Sincerely

Aezaz Hussain
Chairman

CEO's review

Year 2015 had been a tremendous year for Systems Limited. While we remained at par in overachieving our growth goals, we marked the year with a key milestone of listing Systems Limited on the local stock exchanges. Both the phases of IPO were over three times oversubscribed, which is a testimony to our credibility and brand positioning as the market leader.

As a result of these business and operational expansion, Systems Limited's Y-O-Y revenue growth exceeded 18% in Pakistan. We acquired a number of new customers and successfully completed projects in both corporate and public sectors in Pakistan, GCC, North America and Australian regions. For BPO services in Pakistan, it was a great year in which we completed and were acknowledged for various land record automation projects while others are near to completion with regard to Board of Revenue - Sindh, Punjab and KPK. As for international BPO operations, we continued to focus on achieving operational efficiency and in turn successfully delivered upon large-scale projects throughout the year.

The company bagged several PASHA ICT Awards 2015 for – Best in Export Growth, Best in HR Excellence, Best in Business Process Outsourcing and runner up in Project Management category at Pakistan All Software Houses Association (P@ SHA) ICT Awards 2015. The aim of these award is to provide a platform to honor the company's cutting-edge technology innovation as well as leading professionals across the ICT industry. The awards pay homage to Pakistani innovators acknowledging their creative talent, excellence and innovation in the field of Information and Communications Technology.

Additionally, Systems Limited was named as the Microsoft Dynamics President's Club Partner for second year in the row. This recognition as the market leader and a preferred partner is the result of collaboration and team work of all the departments including Sales, Marketing, UI/UX, Human Resources, Administration and Finance and Support for their incredible contributions throughout the year towards our common goals.

In 2015, Human Resource department has done great work in capacity building with in-house sessions, soft skills training, and technical skills enhancement programs for Systemers who have gained more than 1000's certifications by now. These and so many other initiatives taken by HR have resulted in a 10% increase in employee retention, with cultural awareness trainings, performance-based increments, mentoring programs and opportunities for global exposure. Future HR programs in the pipeline include High Potential Identification, Leadership Expectations Framework, Succession Management, Performance Management Enhancement and Competency-Based Talent Management.

As we step into 2016, we have set aggressive growth and profitability goals and important milestones ahead. We would be strengthening our focus towards achieving operational excellence and delivering unparalleled services to our customers. We also plan to align organizational structure as per the Centers of Excellence. In this year, we would be making contributions to the career development, planning and growth of our most cherished assets, our employees and create exceptional value for our shareholders.

Asif Peer
Chief Executive

Directors' Report
to the Shareholders

The Board of Directors is pleased to present the Company's 39th Annual Report together with Audited Financial Statements and Auditors Report for the year ended 31 December 2015.

MARKET OUTLOOK

We have seen growth and demand of skilled resources and services in US Market, our strategy to align ourselves with various competency centers has paid off and we have received good recurring revenue stream from our customers. We have invested heavily 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 invested in the accuracy of our OCR/ICR solution through Machine Learning and Artificial Intelligence. We have been using our Technology Platform to sell our BPO services and this has been instrumental in the growth of our business. We have signed up our first EdgeAX customer of our Apparel and Retail Offering and we believe this will be the key building block in the growth of our Apparel and Retail Practice. We have also acquired number of new logos during 2015. We believe this will help the group in enhancing the growth of the company and we will have a solid base for repeatable and diversified business and clients across the globe.

During 2015 we have expanded our base in MEA Region, during the first quarter of 2015 we have changed our business strategy from selling through local partners to direct selling through our own relationship and sales force, we have invested and hired top notch local sales, presales and project management resources to expand and solidify our foot print in the region. Our change in direction and strategy started paying off during the 2nd half of 2015, we have signed up many large public and private sector accounts in both UAE and Qatar. We are still well aligned with our regional partners to support us in generating indirect business as well. Due to significant decline in oil prices, public sector IT spending has been sluggish in GCC region, we are expecting first half of 2016 will be slow as well and IT spending will be picking up again during the second half of 2016.

During 2015 we have also started our Australia operation and we were able to sign up few projects, which will help us in establishing references in the Australian market and will provide us diversified future growth.

On the Domestic Front, we have seen growth in IT Spending from Public and Private Sector.

During 2015 we have signed up many large public sector projects, which has provided us significant top line growth, in addition to the growth we have also been able to groom our resources for Enterprise Class Application Delivery and Customer Handling experience, which is the key for our growth and success globally.

FINANCIAL RESULTS

In the year 2015 the Company's revenues grew by 18% as compared to the year 2014. Cost of sales for the year were recorded at Rs. 1.51 billion with an increase of 21% from last year mainly due to expansion and capacity building in local and Middle East region. The Company invested heavily in getting market share by investing from bottom line. This investment will help achieve future revenue and profit targets. Gross profit of your company increased by 11% to Rs. 756.75 million compared to Rs. 679.91 million during last year. There is a significant increase in other income on account of gain on short term investments and favorable exchange rates as against the last year. Resultantly, your company achieved profit before taxation of Rs. 465.51 million, 8% above last year. Earnings per share decreased by 7% mainly due to increase in the number of ordinary shares by 23 million on account of Initial Public Offering (IPO) of 13 million and bonus issue of 10 million ordinary shares issued by the Company. Summary of Financial Results is as follows:

Unconsolidated			
Particulars	2015	2014	Y/Y
Revenue	2,263,290,351	1,922,615,854	18%
Gross profit	756,745,579	679,906,906	11%
Profit before taxation	465,505,754	430,863,420	8%
Profit after taxation	452,514,730	426,719,580	6%
Earnings per share	4.14	4.47	(7%)

Consolidated			
Particulars	2015	2014	Y/Y
Revenue	2,470,725,663	1,922,711,560	29%
Gross profit	800,801,441	676,854,426	18%
Profit before taxation	418,239,831	411,798,179	2%
Profit after taxation	405,248,807	407,654,339	(1%)
Earnings per share	3.75	4.31	(13%)

Upgrading your business future through technology and innovation

Directors' Report
to the Shareholders

PERFORMANCE REVIEW

The Systems Limited brand has had a monumental year in 2015 due to a variety of reasons elaborated in this annual report, as we took it upon ourselves to prove there is so much more we can do. Hence, in the following pages, we will proceed on a self-monitoring process, outlining our achievements in 2015, our challenges in 2016 and key strategies to surmount the challenges to our goals.

2015: ACHIEVEMENTS

Financial Performance

Revenues and profits are the lifeblood of any organization, without which it cannot grow or surmount future adversity. We are pleased to announce that Systems Limited achieved revenues of 2.26 billion and net profits of 452.5 million in the fiscal year 2015, registering an increase of 18% per and 6% per cent, respectively over the previous financial years.

Equity Structure

Equity structure, management structure and the execution of strategy are pivotal to the unlocking of an organization's optimal value. Systems Limited has been an employee-owned company since its inception and in order to take it to the next level, its stakeholders decided to go public. Through a successful IPO and increased investor confidence, Systems Limited raised funds required for its future expansion.

Management Structure

Management structure was one of the key tasks in 2015. Reporting to the Chief Executive Officer, a team of executive-level professionals were put in place for the positions of Marketing & Sales, Strategy, Human Resources and BPO division. In 2015, we fulfilled our objective of creating a strong management structure for our practice areas. With the formation of Centers of Excellence and the structuring of the practice areas, Systems Limited has completed the groundwork for actualizing its vision 2020.

Quality Certifications

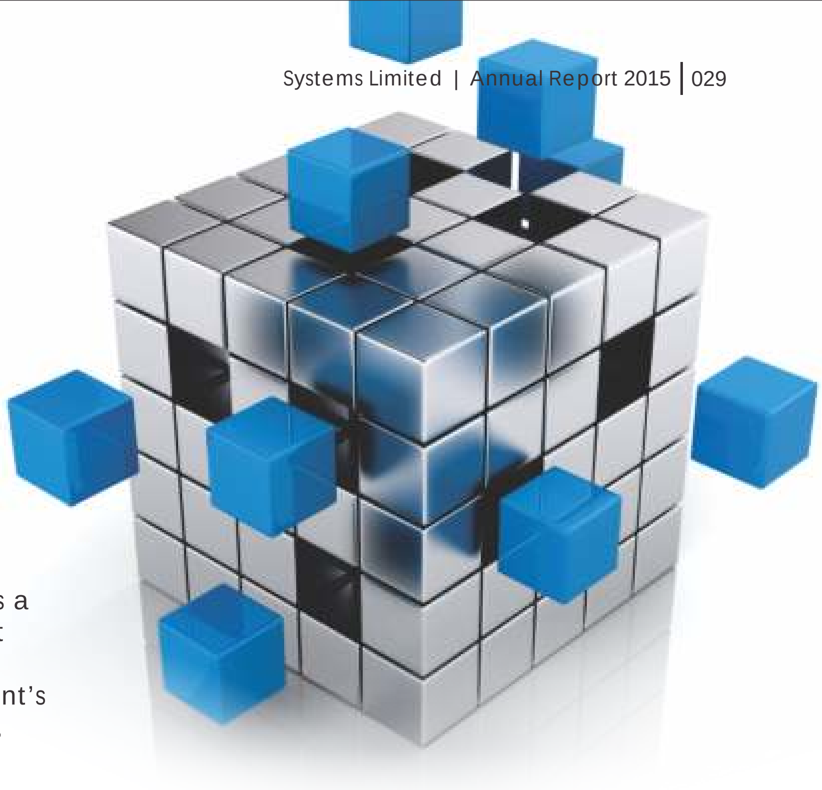
Effective systems and processes are integral to a successful organization. An objective, third-party vindication of our systems and processes, to ensure that they are in line with international best practices is crucial to Systems Limited's growth into a global company. In this light, we are pleased to confirm that Systems Limited, has been awarded the ISO9001 quality certification in 2015 as well. We aim to transfer Systems Limited's systems and processes to our new markets in the international arena. In due course, our international businesses will also be equipped to seek world-class certification and testify to the quality of our Group's operations, worldwide.

Geographical Expansion

One of the primary reasons for Systems Limited to go public was to raise funds required for geographical expansion. Through a successful IPO in early-2015 and increased investor confidence, Systems Limited's established its subsidiary, TechVista Systems expanded its presence beyond UAE to include Australia, Qatar and Oman as well. Systems Limited is now an internationally recognized brand with significant export growth in international markets and double the customer references it had before. Having laid these foundations of our operations abroad, we will commence molding and tailoring our business model for each international market. We are more than confident that, with the right execution, Systems Limited will ride the crest of strong customer demand to greater growth and achievements.

Product Development

Passion for Excellence comes from expecting more of ourselves than others. This core value manifested itself as we strive for innovation, creating innovative products like OneLoad (mobile airtime aggregation platform), EasyPay (Pakistan's first-ever payment gateway for Telenor), JamaPunji (an investor portal by SECP) and success in our proprietary OCR technology for BPO. We implore everyone at Systems Limited to focus on creating process efficiencies with technology led innovations, and those in the Professional Services division should aspire to create reusable solutions, accelerators and frameworks within your respective technology domains. This will help us increase the pace at which we realize our vision.



CHALLENGES AND OBJECTIVES

While our achievements in 2015 serve as a promising start for Systems Limited's next lap, the path forward will be lined with challenges demanding our management's dedicated focus and concerted efforts.

2016: CHALLENGES

• Will our new international markets and new practices contribute positively.	• Will macroeconomic factors continue to work in our favor to support our goals.
• Will our profitability be constrained due to investment in new markets.	• Will the global economy continue its part of expansion.

These questions are representative. They are by no means exhaustive. Having marked the boundaries of our battleground and identified the obstacles ahead, we summarize key objectives for 2015 as follows:

2016: OBJECTIVES

Growth Momentum

We will continue our top line growth momentum and accelerate our bottom line growth and leverage on our 2015 investment.

Centers of Excellence

We have aligned our resource poll towards specialized and focused practice areas and competency centers. Nurturing these practices and transforming them into standalone profit centers is the most critical process. We must ensure that they will contribute positively.

Employee Engagement & Culture

A cornerstone in our management philosophy is to build a distinctive Systems way. To attain the vision 2020, Systems Limited must be driven by objectives, measurable performance and monitoring. Having successfully implemented the culture of Management by Objectives and Key Performance Indicators among senior management, we will proceed to percolate this philosophy to the subsidiaries, so as to permeate this process through every level of our organization. To ensure the continuity of Systems Limited, we have also proceeded to put in place a management succession plan commencing with Pakistan and eventually with all subsidiaries.

Accelerating Innovation

The history of Systems Limited is replete with disruptive innovation by its employees at all levels and the successful conversion of these ideas to provide products and services to our clients. This has been possible because of continuous commitment of Systems Limited to invest in Research and Development and its commitment towards employee-ownership. In this respect, Systems Limited launched SILa (the Systems Ideas Lab) initiative last year. SILa reinforces our and new ideas. We are actively investing in ideas and proposals that are evaluated and approved by the Steering Committee and taking these from ideas to realities.

INDUSTRIAL / SECTOR ANALYSIS

Macro Business Climate:

- Software IT export is $2bn, projected to grow (at 35% Y-o-Y) to $6bn by 2020
- Increasing number of IT education focused universities and graduates
- Market maturity with technology adaption and e-government initiatives
- Country risk – poor perception on domestic law and order situation
- Commodity price pressure is putting pressure on MEA public sector IT spending

Competitive Dynamics:

- Highly competitive and dynamic market with large untapped potential
- Differentiations quickly copied. Frequent hiring of each others resources
- High cost of new customer acquisition
- Quick changes in technology landscape
- Slow adoption of technology trends in local market
- High resistance of change in local and MEA clients

SWOT Analysis

internal factors

Negative Factors

positive factors

external factors

STRENGTHS

- Experience and knowledgebase
- Leadership and human capital
- Financial strength
- Local references
- Partnerships
- Employee Ownership

WEAKNESSES

- Market maturity
- Price margins
- Scarce experienced resources in local market
- Employee turnover to MEA
- Higher receivables ratio in regional and domestic market

OPPORTUNITIES

- Access to market
- Domain expertise
- Recurring business
- Repeat success stories
- Innovation and product development
- Growth in North American market

THREATS

- Country risk
- Price war
- Information security
- Competition hiring resource
- Government support for the industry
- Changing tax laws

FUTURE OUTLOOK

2016 Plans

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

- 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.
- Our Geographic Diversification Strategy will play vital role in our growth this year.
- 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 focusing on Sustainable growth this year and critically focused on signing new business which has desired margin.
- 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 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.
- OneLoad product development has been completed and now we are working aggressively towards launch and commercialization.
- Our Export Tax Exemption will most likely be extended for next 5 years and this will provide further confidence to the sector.
- Our new Office Building in Lahore will be operational towards end of this year and this will bring efficiency and savings by combining our four rental office locations to our own premise.

RISK FACTORS

Following are some of the risk factors that may impact our business and financial results:

- World perception of Pakistan
- Global Economic Downturn
- Pricing Pressures
- Resource Availability

World Perception of Pakistan

Although world perception of Pakistan has been enhancing and we are seeing improvements over the last year; but still there is negativity and we do not have a clean chit. The volatile situation of security in Pakistan is still a risk for us.

To mitigate this risk we have diversified our business in various regions and expanded our footprint locally and regionally. We are heavily focused on creating IP based solution offerings, which can be sold in any country without hindrance of perception.

Global Economic Downturn

With the commodity pricing falling and less demand in China we are envisioning this year will be difficult especially for Oil producing countries in GCC and ITES demand can be slow.

Since, we are not relying on one region and we do not have strong dependency on any specific region or a client so we are confident even with the global downturn we will achieve our growth targets.

Pricing Pressure

Given the scarce IT resources in Market cost of Resources are going up year on year.

In order to mitigate this risk we will continue to induct Fresh Graduates from top notch universities, and working on proper resource mix, where senior resources can be utilized as more customer facing and client engagement role and back office work can be done by the junior resources, this will help us in balancing the cost of resources in various engagements.

Resource Availability

High profile IT consultants and Engineers are in heavy demand and very hard to find, and considering our growth target, this is extremely hard to find quality resources.

In order to mitigate this risk this year we have been heavily focused on in-house and outside training of our resources to bring them at the level where we can use them effectively. We have also signed up with many recruitment firms. So, we can continuously screen and select leaders, who are essential for our sustainable growth.

Directors' Report
to the Shareholders

CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAMEWORK

As required by the Code of Corporate Governance, the directors are pleased to confirm that:

- The financial statements prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the Company have been maintained;
- Appropriately accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and there have been no departures therefrom;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts about the Company's ability to continue as a going concern.

KEY OPERATING AND FINANCIAL DATA

Key operating and financial data for the last six years is annexed with the annual report.

DIVIDEND

The Board of Directors has recommended 12.5% cash dividend on ordinary shares for the year ended 31 December 2015.

INVESTMENTS OF PROVIDENT FUND

The value of provident fund operated by the Company, based on the un-audited accounts of the fund as on 31 December 2015 amounts to Rs. 139.63 million.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board comprises of seven (7) directors, out of which four (4) are Independent Directors, two (2) are Non-Executive Directors and one (1) Executive Director (CEO/MD).

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee comprises of three (3) Non-Executive Directors including the Chairman of the Committee. All members of Audit Committee are Independent Directors. The terms of reference of Audit Committee, which is in line with the Code of Corporate Governance, has been presented and approved by the Board of Directors.

COMPOSITION OF THE HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Company has established Human Resource and Remuneration Committee in accordance with requirements of the Code of Corporate Governance. The Committee consists of three (3) Non-Executive Directors which are also Independent Directors.

BOARD'S AND COMMITTEES' MEETINGS

Board of Directors

During the year, five (5) meetings of the Board of Directors were held. The attendance of each Director is as follows:

Name of Directors	Attendance
Mr. Aezaz Hussain	5
Mr. Asif Peer	5
Mr. Arshad Masood	4
Mr. Omer Saeed	5
Mr. Ayaz Dawood	5
Mr. Asif Jooma	4
Mr. Tahir Masaud	3

Leave of absence was granted to the Directors who could not attend the Board Meetings.

Audit Committee

During the year, four (4) meetings of the Audit Committee were held. The attendance of each director is as follows:

Name of Directors	Attendance
Mr. Ayaz Dawood	4
Mr. Omer Saeed	1
Mr. Tahir Masaud	3

Leave of absence was granted to the Directors who could not attend the meetings of Audit Committee.

Human Resource and Remuneration Committee

During the year, one (1) meeting of the Committee was held. The attendance of each director is as follows:

Name of Directors	Attendance
Mr. Omer Saeed	1
Mr. Asif Jooma	1
Mr. Tahir Masaud	1

NEW APPOINTMENTS ON THE BOARD

During the year, two (2) new directors, Mr. Asif Jooma and Mr. Tahir Masaud, were appointed to fill the casual vacancies. The Board wishes to place on record its appreciation of the valuable services rendered by outgoing Directors, Syed Zahoor Hassan and Mr. Amir Zia during the tenure of their office and welcomes the new Directors who will hold office for the remainder of the term.

DIRECTORS' TRAINING PROGRAMS

During the year, the Board arranged Orientation Courses for its Directors. Three (3) of the directors, Mr. Asif Peer, Mr. Ayaz Dawood and Mr. Tahir Masaud have completed the Directors' Training Program from recognized institutions of Pakistan that meet the criteria specified by SECP. Furthermore, the Board has put in place a mechanism for an annual evaluation of the Board's own performance.

TRADING BY DIRECTORS, EXECUTIVES AND THEIR SPOUSES AND MINOR CHILDREN

The Company's Directors, executives and their spouses and minor children did not trade in the Company's shares during the year ended 31 December 2015.

REVIEW OF RELATED PARTIES TRANSACTIONS

In compliance with the Code of Corporate Governance and applicable laws and regulations, details of all related parties transactions are placed before the Audit Committee and upon recommendation of the Audit Committee, the same are placed before the Board for review and approval.

QUARTERLY AND ANNUAL FINANCIAL STATEMENTS

The financial statements were duly endorsed by CEO and CFO before approval of the Board. Quarterly financial statements of the Company, along with consolidated financial statements of the Group, were approved, published and circulated to shareholders within one month of the closing date, while Half Yearly financial statements of the Company and consolidated financial statements of the Group were reviewed by the external auditors, approved by the Board, published and circulated to shareholders within two months of the closing date.

CORPORATE SOCIAL RESPONSIBILITY

The Company acknowledges its responsibility towards society and performs its duty by providing financial assistance to projects for society development by various charitable institutions on consistent basis.

EMPLOYEE STOCK OPTION POLICY

The Company is operating an Employee Stock Option Scheme approved by Securities and Exchange Commission of Pakistan. According to scheme, 100% options become exercisable after completion of vesting period of 2 years and an exercise period of 3 years from the date the option is vested.

According to the requirements of section 12 of Employees Stock Option Rules, 2001 following disclosure is made for the year ended 31 December 2015.

The Company has granted 811,500 options to its employees during the year 2015, which will be available for exercise in 2017.

The detail of options granted to the directors and employees of the Company during the year 2015 are as follows:

Chief Executive Officer	540,000 options
Other Employees	271,500 options

No employee was granted option amounting to one percent or more of the issued capital of the Company.

The grant price of these options in accordance with the approved mechanism is Rs. 25.45 per option. Price of options is determined by taking average of the following:

- One (1) time last audited Annual Revenue divided by Total Outstanding Shares
- Six (6) times last audited Annual Profit before Tax divided by Total Outstanding Shares
- Breakup value calculated by dividing last audited equity by Total Shares Outstanding

453,676 shares were issued during the year ended 31 December 2015 due to exercise of options granted in the years 2013 or before, by the employees. On exercise of these options Rs. 7,236,132 were received in the Company.

PATTERN OF SHAREHOLDING

The Pattern of Shareholding as at 31 December 2015, is presented on page on 38.

AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, has completed its tenure for the year 2015 and retire at the conclusion of the 39th Annual General Meeting. Being eligible, they have offered themselves for re-appointment.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements of the Company together with its subsidiary companies E-Processing Systems (Private) Limited and Tech Vista Systems FZ-LLC are also included.

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

31 March 2016
Lahore

Combining innovation and putting data to work

We implement solutions that befit all your business needs

Pattern of Shareholding

The shareholding in the Company as at 31 December 2015 is as follows:

	Number of shareholders	Number of shares held	Percentage of holding
Directors and their spouses and minor children	08	36,764,490	33.22%
Associated companies, undertakings and related parties	02	6,291,610	05.68%
NIT and ICP	-	-	00.00%
Banks, DFIs and NBFIs	-	-	00.00%
Insurance Companies	01	56,000	00.05%
Modarabas and Mutual Funds	25	9,284,668	08.39%
General Public	3764	50,770,273	45.87%
Investment Companies	17	5,243,989	04.74%
Others			
Joint Stock Companies	20	1,394,249	01.26%
Total	3,837	110,680,876	100%

The pattern of holding of shares held by the shareholders as at 31 December 2015 is as follows:

Number of shareholders	Shareholding From	Shareholding To	Total shares held
761	1	100	33,054
474	101	500	207,815
1,538	501	1,000	977,553
644	1,001	5,000	1,558,047
141	5,001	10,000	1,193,735
79	10,001	20,000	1,172,561
56	20,001	30,000	1,421,074
10	30,001	40,000	371,000
16	40,001	50,000	746,517
7	50,001	60,000	388,500
8	60,001	70,000	530,684
3	70,001	80,000	222,094
6	80,001	90,000	513,700
6	90,001	100,000	597,435
47	100,001	500,000	9,393,078
17	500,001	1,000,000	12,602,398
10	1,000,001	2,000,000	14,064,219
9	2,000,001	4,000,000	23,061,499
1	4,000,001	6,000,000	4,188,033
3	6,000,001	8,000,000	22,259,099
1	8,000,001	16,000,000	15,178,781
3,837			110,680,876

Information of shareholding as at 31 December 2015 as required under Code of Corporate Governance is as follows:

Category no.	Shareholder's category	Number of shares held	Percentage %
1.	Associated Companies, undertakings and related parties		
	M/S IGI Insurance Limited	4,188,033	3.78%
	M/S B.R.R. Guardian Modarba	2,103,577	1.90%
		6,291,610	5.68%
2.	Mutual Funds		
	Tundra Pakistan Fund	2,413,000	2.18%
	CDC - Trustee MCB Pakistan Stock Market Fund	1,732,250	1.57%
	CDC - Trustee Alfalah GHP Islamic Stock Fund	383,000	0.35%
	CDC - Trustee Alfalah GHP Stock Fund	753,000	0.68%
	CDC - Trustee Alfalah GHP Alpha Fund	420,000	0.38%
	CDC - Trustee PICIC Stock Fund	384,875	0.35%
	CDC - Trustee PICIC Islamic Stock Fund	539,650	0.49%
	CDC - Trustee MCB Pakistan Asset Allocation Fund	390,367	0.35%
	Others	2,268,526	2.05%
		9,284,668	8.39%
3.	Directors and their spouses and minor children		
	Aezaz Hussain	14,282,234	12.90%
	Neelam Hussain	105,109	0.09%
	Asif Peer	5,979,658	5.40%
	Arshad Masood	16,384,745	14.80%
	Omar Saeed	1,095	0.00%
	Chaudhary Tahir Masaud	100	0.00%
	Asif Jooma	549	0.00%
	Ayaz Dawood	11,000	0.01%
		36,764,490	33.22%
4.	Executives	-	00.00%
5.	Public Sector Companies and Corporations	-	00.00%
6.	Banks, DFIs and NBFIs, Insurance Companies, Modarabas and Pension Funds	6,303,489	5.70%
7.	Shareholders holding five percent or more voting rights		
	Aezaz Hussain	14,282,234	12.90%
	Asif Peer	5,979,658	05.40%
	Arshad Masood	16,384,745	14.80%
	Salma Mian	7,976,865	07.21%
	Manzurul Haq	6,742,822	06.09%
		51,366,324	46.41%

Annual General Meeting

Annual General Meeting on 27th April 2016 at Chamber of Commerce Building, 11 Sharae Aiwane Tijarat, Lahore at 12:30 p.m

Notice is hereby given to all the members of Systems Limited (the "Company") that 39th Annual General Meeting of the Company is scheduled to be held on 27 April 2016 at 12:30 P.M. at Chamber of Commerce Building, 11 Sharae Aiwan-e-Tijarat, Lahore to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on 24 April 2015.
2. To, receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2015 together with the Board of Directors' and Auditors' report thereon.
3. To approve and declare cash dividend @ 12.5 % i.e. PKR 1.25/ per share, for the year ended 31 December 2015 as recommended by the Board of Directors
4. To appoint Auditors and fix their remuneration for the year ending 31 December 2016. The Board of Directors upon recommendation of audit committee has recommended M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, being eligible for appointment as auditors of the company for the year ending 31 December 2016.

Other Business:

5. Any other Business with the permission of the Chair.

By order of the Board

Affan Sajjad
Company Secretary

Date: 06 April 2016
Lahore

NOTES:

1. The Share Transfer books of the Company will be closed from 21 April 2016 to 27 April 2016 (both days inclusive). Transfer received at the address of M/s THK Associates (Pvt.) Limited, 2nd Floor, State Life Building No. 3, Dr. Zia-uddin Ahmed Road, Karachi at the close of business on 20 April 2016 will be treated in time for the purpose of above entitlement to the transferees.
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Proxies completed in all respect, in order to be effective, must be received at the Registered Office of the Company not less than forty eight (48) hours before the time of meeting.
3. Pursuant to the directive of the Securities & Exchange Commission of Pakistan, CNIC numbers of shareholders are mandatorily required to be mentioned on Dividend Warrants. Shareholders are, therefore, requested to submit a copy of their CNIC (if not already provided) to the Company Share Registrar, M/s THK Associates (Pvt.) Limited, 2nd Floor, State Life Building No. 3, Dr. Zia-uddin Ahmed Road, Karachi.
4. The Government of Pakistan through Finance Act, 2015 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding Tax on the amount of dividend paid by the companies/banks. These tax rates are as follows:

   (a) For filers of income tax returns 12.5%
   (b) For non-filers of income tax returns 17.5%

   To enable the Company to make tax deduction on the amount of cash dividend @12.5% instead of 17.5% all shareholders whose names are not entered into the Active Tax- payers list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend, otherwise tax on their cash dividend will be deducted @17.5% instead of 12.5%.

   The joint shareholders are requested to provide shareholding proportions of principal shareholders & joint shareholders as withholding tax will be determined separately on Filer/Non-filer status based on their shareholding proportions otherwise it will be assumed that shares are equally held.

   The Corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas physical shareholders should send a copy of their NTN Certificate to the Company or Company's Share Registrar, M/s. THK Associates (Pvt.) Limited. The shareholders while sending NTN or NTN Certificate, as the case may be, must quote Company name and their respective folio numbers.
5. SECP through its notification SRO 787(1) /2014 dated September 8, 2014 has allowed the circulations of Audited Financial Statement along with Notice of Annual General Meeting to the Members through e-mail. Therefore, all members of the Company who wish to receive soft copy of Annual Report are requested to send their e-mail addresses. The consent form for electronic transmission could be downloaded from the Company Website: www.systemsltd.com Audited financial statements & reports are being placed on the aforesaid website.
6. All the account holders whose registration details are uploaded as per CDC Regulations shall authenticate their identity by showing original CNIC at the time of attending the meeting. In case of corporate entity, a certified copy of resolution of the Board of Directors / valid Power of Attorney having the name and specimen signature of the nominee should be produced at the time of meeting.

Statement of Compliance

with best practices of the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of Pakistan Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. As of 31 December 2015, the Board comprises of the following;

Category	Names
Independent Directors	Mr. Tahir Masud Mr. Omar Saeed Mr. Ayaz Dawood Mr. Asif Jooma
Executive Director	Mr. Asif Peer
Non-Executive Directors	Mr. Aezaz Hussain Mr. Arshad Masood

   The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Syed Zahoor Hassan and Mr. Amir Zia resigned on March 18, 2015. Mr. Asif Jooma and Mr. Tahir Masaud was appointed on March 18, 2015 to fill the casual vacancy.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has arranged Orientation Courses for its Directors during the year. Mr. Muhammad Asir Peer, Mr. Ayaz Dawood and Mr. Tahir Masud has completed the Director's Training Program from recognized institutions of Pakistan that meet the criteria specified by the SECP. Further, the Directors have also provided declarations that they are aware of their duties, powers and responsibilities under the Companies Ordinance, 1984 and the Listing Regulations of the Stock Exchange. Furthermore, the Board has put in place a mechanism for an annual evaluation of the Board's own performance.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three members, of whom all are independent directors

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom all are independent directors and the chairman of the committee.

18. The board has outsourced the internal audit function to Uzair Hammad Faisal & Co. Chartered Accountants, which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and their representatives are involved in the internal audit function on a full time basis. Further, as required under clause xxxi of Code of Corporate Governance, the company has also appointed a full time employee other than CFO as Head of Internal Audit to act as coordinator between firm providing internal audit services and the Board.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board

Asif Peer
Chief Executive

31 March 2016
Lahore

Review Report to the Members

on the Statement of Compliance with best practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the statement) contained in the Code of Corporate Governance prepared by the Board of Directors of Systems Limited (the Company) for the year ended 31 December 2015 to comply with the Rule Book of Pakistan Stock Exchange Limited (formerly known as Karachi, Lahore and Islamabad Stock Exchanges), where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all the risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2015.

Chartered Accountants
Engagement Partner: Naseem Akbar

Lahore.
Date: 31 March 2016

Separate Financial Statements

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Systems Limited ("the Company") as at 31 December 2015 and the related profit and loss account, cash flow statement, statement of comprehensive income and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement, statement of comprehensive income and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other matter

The financial statements of the Company for the year ended 31 December 2014 were audited by another firm of chartered accountants whose report dated 18 March 2015 expressed an unqualified opinion.

Chartered Accountants

Engagement Partner: Naseem Akbar
Lahore.
Date : 31 March 2016

BALANCE SHEET
AS AT DECEMBER 31, 2015

Amounts in rupees	Note	2015	2014
ASSETS			
Non-current assets			
Property and equipment	5	359,204,912	202,065,814
Intangibles	6	42,247,518	34,101,951
Long term deposits		9,895,100	12,346,357
Long term investments	7	51,077,980	2,077,980
Deferred taxation	8	809,510	1,483,224
Total non-current assets		463,235,020	252,075,326
Current assets			
Unbilled revenue	9	244,214,338	196,852,530
Trade debts	10	1,096,796,692	817,283,423
Advances	11	68,055,610	25,269,376
Trade deposits and short term prepayments	12	48,101,585	50,536,901
Interest accrued		12,585,928	3,164,738
Receivable from related parties	13	164,572,856	47,728,753
Tax refunds due from the Government	14	55,143,956	27,467,230
Short term investments	15	557,799,398	30,204,644
Cash and bank balances	16	144,644,586	983,230,255
Total current assets		2,391,914,949	2,181,737,850
TOTAL ASSETS		2,855,149,969	2,433,813,176

The annexed notes from 1 to 42 form an integral part of these financial statements.

AEZAZ HUSSAIN
Chairman

Amounts in rupees	Note	2015	2014
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
150,000,000 (2014: 150,000,000) ordinary shares of Rs. 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid up share capital	*17*	1,106,808,760	871,653,020
Reserves	*18*	420,558,053	39,124,151
Unappropriated profit		968,260,624	716,983,853
Total shareholders' equity		2,495,627,437	1,627,761,024
Advance against issue of shares		-	520,000,000
Non-current liabilities			
Long term advances	*19*	7,652,045	6,766,611
Current liabilities			
Trade and other payables	*20*	237,042,067	269,446,164
Unearned revenue	*21*	109,811,070	6,447,492
Current portion of long term advances		5,017,350	3,391,885
Total current liabilities		351,870,487	279,285,541
CONTINGENCIES AND COMMITMENTS	*22*	-	-
TOTAL EQUITY AND LIABILITIES		2,855,149,969	2,433,813,176

ASIF PEER
Chief Executive

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015

Amounts in rupees	Note	2015	2014
Revenue	23	2,263,290,351	1,922,615,854
Cost of sales	24	(1,506,544,772)	(1,242,708,948)
Gross profit		756,745,579	679,906,906
Distribution cost	25	(69,629,714)	(59,542,078)
Administrative expenses	26	(262,301,728)	(198,631,669)
Research and development expenses	27	(29,201,984)	(2,429,418)
		(361,133,426)	(260,603,165)
Operating profit		395,612,153	419,303,741
Other income	28	91,963,242	38,502,506
		487,575,395	457,806,247
Other operating expenses	29	(19,948,597)	(22,957,237)
Finance cost	30	(2,121,044)	(3,985,590)
		(22,069,641)	(26,942,827)
Profit before taxation		465,505,754	430,863,420
Taxation	31	(12,991,024)	(4,143,840)
Profit after taxation		452,514,730	426,719,580
Earnings per share			(Restated)
Basic earnings per share	35	4.14	4.47
Diluted earnings per share	35	4.09	4.43

The annexed notes from 1 to 42 form an integral part of these financial statements.

AEZAZ HUSSAIN
Chairman

ASIF PEER
Chief Executive

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

Amounts in rupees	2015	2014
Profit for the year	452,514,730	426,719,580
Other comprehensive income:	-	-
Total comprehensive income for the year	452,514,730	426,719,580

The annexed notes from 1 to 42 form an integral part of these financial statements.

AEZAZ HUSSAIN
Chairman

ASIF PEER
Chief Executive

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

Amounts in rupees	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	36	88,216,127	318,751,417
Finance cost paid		(2,121,044)	(3,985,590)
Taxes paid		(27,005,173)	(30,761,689)
		(29,126,217)	(34,747,279)
Net cash flows from operating activities		59,089,910	284,004,138
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(229,936,881)	(79,953,402)
Development expenditures		(23,281,560)	(33,102,870)
Sale proceeds from disposal of property and equipment		6,765,562	13,435,356
Investment in subsidiary		(49,000,000)	-
(Purchase) / disposal of short term investments		(525,000,000)	214,360,082
Profit received on short term investments		31,714,561	11,057,949
Decrease / (Increase) in long term deposits		2,451,257	(6,237,924)
Net cash (outflow) / inflow from investing activities		(786,287,061)	119,559,191
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	14,083,494
Initial Public Offer (IPO) related expenses		(20,515,030)	520,000,000
Proceeds from exercise of share options		7,234,592	-
Dividend paid		(100,618,979)	(96,609,391)
Increase in long term advances		2,510,899	327,725
Net cash (outflow) / inflow from financing activities		(111,388,518)	437,801,828
(Decrease) / Increase in cash and cash equivalents		(838,585,669)	841,365,157
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	16	144,644,586	983,230,255

The annexed notes from 1 to 42 form an integral part of these financial statements.

AEZAZ HUSSAIN
Chairman

ASIF PEER
Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

			Capital reserves		Revenue reserve	
Amounts in rupees	Issued, subscribed and paid up share capital	Advance against issue of shares	Share capital premium	Employee compensation reserve	Un-appropriated profit	Total
Balance as on 01 January 2014	429,375,070	-	31,487,730	4,367	822,700,174	1,283,567,341
Total comprehensive income for the year	-	-	-	-	426,719,580	426,719,580
Transactions with owners						
Exercise of options	6,451,440	-	7,632,054	-	-	14,083,494
100% Bonus issue of 43,582,651 ordinary shares of Rs. 10 each	435,826,510	-	-	-	(435,826,510)	-
Final dividend for the year ended 31 December 2013 at the rate of Rs. 2.25 per share	-	-	-	-	(96,609,391)	(96,609,391)
	442,277,950	-	7,632,054	-	(532,435,901)	(82,525,897)
Advance received during the year	-	520,000,000	-	-	-	520,000,000
Balance as on 31 December 2014	871,653,020	520,000,000	39,119,784	4,367	716,983,853	2,147,761,024
Total comprehensive income for the year	-	-	-	-	452,514,730	452,514,730
Transactions with owners						
Issue of share capital	130,000,000	(520,000,000)	390,000,000	-	-	-
Exercise of options	4,536,760	-	2,697,832	-		7,234,592
Share based payments				9,251,100	-	9,251,100
10% Bonus issue of 10,061,898 ordinary shares of Rs. 10 each	100,618,980	-	-	-	(100,618,980)	-
Initial Public Offer (IPO) related expenses	-	-	(20,515,030)	-	-	(20,515,030)
Final dividend for the year ended 31 December 2014 at the rate of Rs. 1 per share	-	-	-	-	(100,618,979)	(100,618,979)
	235,155,740	(520,000,000)	372,182,802	9,251,100	(201,237,959)	(104,648,317)
Balance as at 31 December 2015	1,106,808,760	-	411,302,586	9,255,467	968,260,624	2,495,627,437

The annexed notes from 1 to 42 form an integral part of these financial statements.

AEZAZ HUSSAIN
Chairman

ASIF PEER
Chief Executive

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. LEGAL STATUS AND NATURE OF BUSINESS

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. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

3. BASIS OF MEASUREMENT

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention except for short term investments which are stated at fair value.

3.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures have been rounded off to the nearest rupees unless otherwise stated.

3.3 Use of estimates and judgments

The Company's significant accounting policies are stated in Note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.3.1 Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature are in accordance with law, the amounts are shown as contingent liabilities.

3.3.2 Useful life and residual values of property and equipment

The Company reviews the useful lives of property and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

3.3.3 Provision for doubtful debts

The Company regularly reviews its receivables for impairment, if any. The provision in this regard is made, based on management's estimate, where the prospects of recovery are doubtful.

3.3.4 Stage of completion

The Company determines stage of completion on the basis of services performed to date as a percentage of total services to be performed.

3.3.5 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of financial statements of the Company are consistent with previous year except as described in Note 4.1.

4.1 New, amended standards and interpretations which became effective

The Company has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

Improvements to Accounting Standards Issued by the IASB

IFRS 2 Share-based Payment - Definitions of vesting conditions

IFRS 3 Business Combinations – Accounting for contingent consideration in a business combination

IFRS 3 Business Combinations - Scope exceptions for joint ventures

IFRS 8 Operating Segments – Aggregation of operating segments

IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortization

IAS 24 Related Party Disclosures - Key management personnel

IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

4.2 Taxation

4.2.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

4.2.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income in which case it is included in other comprehensive income.

4.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at historic cost. Cost of operating fixed assets consist of purchase cost, borrowing cost pertaining to construction period and directly attributable cost of bringing the asset to working condition. Subsequent costs are included in the assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Depreciation on property, plant and equipment is charged to income by applying straight line method on pro rata basis so as to write off the historical cost of the assets over their estimated useful lives at the rates given in Note 5. Depreciation charge commences from the month in which the asset is available for use and continues until the month of disposal.

The assets residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of operating fixed assets represented by the difference between the sale proceeds and the carrying amount of the asset is included in income.

4.4 Capital work-in-progress

Capital work in progress represents expenditure on property and equipment which are in the course of construction and installation. Transfers are made to relevant property and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less identified impairment loss, if any.

4.5 Intangible assets

Intangible assets acquired from the market are carried at cost less accumulated amortization and any impairment losses.

Expenditure on research (or the research phase of an internal project) is recognized as an expense in the period in which it is incurred;

Development costs incurred on specific projects are capitalized when all the following conditions are satisfied:

Completion of the intangible asset is technically feasible so that it will be available for use or sale.

The Company intends to complete the intangible asset and use or sell it.

The Company has the ability to use or sell the intangible asset.

Development costs not meeting the criteria for capitalization are expensed as incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and impairment losses. These are amortized using straight line method at the rate given in note 6. Full month amortization on additions is charged in the month of acquisition and no amortization is charged in month of disposal.

The Company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.6 Impairment

4.6.1 Financial assets including receivables

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor indications that a debtor or issuer will enter bankruptcy. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit and loss and reflected in an allowance account against receivables.

4.6.2 Non financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit, or CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss account.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.7 Staff benefits

The Company has the following plans for its employees:

4.7.1 Provident fund

The Company operates a funded recognized provident fund contribution plan which covers all permanent employees. Equal contributions are made on monthly basis both by the Company and the employees at 10% of basic pay.

4.7.2 Employees' share option scheme

The Company operates an equity settled share based Employees Stock Option Scheme. The compensation committee of the Board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options.

The fair value of the grant of share options is measured at grant date and recognized as an employee compensation expense, with a corresponding increase in equity, on the straight line basis over the vesting period. The fair value of the options granted is measured at option discount i.e. excess of option price at date of grant of option under a scheme over exercise price of option.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

4.8 Investments

Management determines the classification of its investments at the time of purchase depending on the purpose for which the investments are acquired and re-evaluates this classification at the end of each financial year. Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current.

Investments are either classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale investments or investment in subsidiary and associated companies, as appropriate. When investments are recognized initially, they are measured at fair value, plus, in case of investments not at fair value through profit or loss, directly attributable transaction cost.

4.8.1 Investments in equity instruments of subsidiaries and associates

Investments in subsidiaries and associates where the Company has significant influence are measured at cost in the Company's separate financial statements.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27 'Consolidated and separate financial statements'. Investments in associates, in the consolidated financial statements, are being accounted for using the equity method.

4.8.2 Investments at fair value through profit or loss

Investments that are acquired principally for the purpose of generating profit from short term fluctuations in price are classified as investments at fair value through profit or loss. Investments at fair value through profit or loss are initially recognized at cost (excluding transaction cost), being the fair value of the consideration given. Subsequent to initial recognition they are recognized at fair value unless fair value cannot be reliably measured. Any surplus or deficit on revaluation of investment is recognized in the profit or loss account.

All purchases and sale of investments are recognized on trade date, which is the date the Company commits to purchase, or sell the investment.

4.8.3 Investments held to maturity

These are investments with fixed pre determinable payment and fixed maturity. The company has the positive intent and ability to hold till maturity. These are stated at amortized cost.

4.8.4 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange prevailing at the balance sheet date. Transactions during the year are converted into Rupees at the exchange rate prevailing at the date of such transaction. All exchange differences are charged to profit and loss account.

4.9 Trade debts

Trade debts from local customers are stated at cost while foreign debtors are stated at revalued amount by applying exchange rate applicable on the balance sheet reporting date.

4.9.1 Provision for doubtful debts

The Company reviews its trade and other receivable on each balance sheet date to assess whether the provision should be recorded in the profit and loss account relating to doubtful receivable. Judgment by the management is made of the amount and timing of future cash flows while determining the extent of provision required. Such estimation involves the application of the Company's provision for doubtful debt policy including the assessment of credit history of the counter party. Actual cash flows may differ resulting in subsequent change in provisions.

4.10 Trade and other payables

Liabilities for trade and other accounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.11 Provisions and contingencies

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.12 Revenue recognition

4.12.1 Professional services

Revenue from professional / software services includes fixed price contracts and time and material contracts. Revenue from services performed under fixed price contracts is recognized in accordance with the percentage of completion method. Revenue from services performed under time and material contracts is recognized as services are provided.

4.12.2 License and license support services

Revenue from license contracts without major customization is recognized when the license agreement is signed, delivery of software has occurred, fee is fixed or determinable and collectability is probable. Revenue from license contracts with major modification, customization and development is recognized on percentage of completion method. Revenue from support services is recognized on time proportion basis.

4.12.3 Outsourcing services

Revenue from business process outsourcing services is recognized on completion of processing. Revenue from other outsourcing services is recognized as services are provided.

4.12.4 Consultancy

Revenue from provision of consultancy services is recognized as the work is performed.

4.12.5 Sale of third party software

Revenue from sale of third party software is recognized when delivery has occurred and invoices are raised to the customer.

4.13 Other income

Profit on deposit account and gain on short term investments is recognized on accrual basis. Miscellaneous income is recognized on receipt basis.

4.14 Financial instruments

4.14.1 Financial assets

Significant financial assets include trade debts, advances, long term deposits and cash and bank balances. Finances and receivables from clients are stated at their nominal value as reduced by provision for doubtful finances and receivable, while other financial assets are stated at cost.

4.14.2 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include short term ijarah rentals, musharika and morabaha finances, salam finances, accrued markup, trade and other payables and dividends payable. Markup based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

4.14.3 Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Company looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.14.4 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has legal enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

4.15 Finance cost

Finance cost is charged to profit and loss account in the year in which it is incurred.

4.16 Cash and cash equivalents

Cash and cash equivalents are stated in the balance sheet at cost. For the purpose of the Cash flow Statement, cash and cash equivalents comprise of cash in hand, cheques/demand draft in hand and deposits in the bank.

4.17 Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term unless another systematic basis is representative of the time pattern of the Company’s benefit.

4.18 Dividends and appropriation reserves

Dividends distribution to Company's shareholders is recognized as a liability in the period in which dividends are approved by Company's shareholders.

4.19 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting profit and loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for the facts of all diluted potential ordinary shares.

4.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (the CEO) to assess segment's performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other operating expenditures, other income, finance cost, corporate assets, income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

4.21 Standards, Interpretations and Amendments to Published Approved Accounting Standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	01 January 2016
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard	IASB effective date (Annual periods beginning on or after)
IFRS 9 -Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 -Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

Amounts in rupees	Note	2015	2014

5. PROPERTY AND EQUIPMENT

Operating fixed assets	5.1	192,395,087	162,393,875
Capital work in progress	5.2	166,809,825	39,671,939
		359,204,912	202,065,814

5.1 Operating fixed assets

2015

DESCRIPTION	Cost				Depreciation					
	Cost as at 01 January	Additions	Disposals	Cost as at 31 December	Accumulated depreciation as at 01 January	Depreciation charge	Disposals	Accumulated depreciation as at 31 December	Net book value as at 31 December	Depreciation rate (% per annum)
	Amounts in rupees				Amounts in rupees					
Land - free hold	40,990,412	12,040,000	-	53,030,412	-	-	-	-	53,030,412	-
Computers	158,943,162	49,712,459	939,985	207,715,636	103,236,461	38,903,747	939,976	141,200,232	66,515,404	33
Computer equipment and installations	30,871,263	6,843,614	-	37,714,877	22,684,931	4,587,936	-	27,272,867	10,442,010	33
Other equipment and installations	21,951,051	2,811,327	-	24,762,378	15,471,625	3,189,831	-	18,661,456	6,100,922	20
Generator	17,389,462	2,433,460	-	19,822,922	9,912,696	2,391,745	-	12,304,441	7,518,481	20
Furniture and fittings	50,219,736	3,442,671	-	53,662,407	39,346,967	5,524,640	-	44,871,607	8,790,800	20
Office equipment	11,459,841	943,210	-	12,403,051	6,680,717	1,790,831	-	8,471,548	3,931,503	20
Vehicles	40,134,878	19,691,728	6,728,562	53,098,044	14,288,023	10,553,754	4,652,819	20,188,958	32,909,086	25
Project assets	4,532,726	3,019,400	20,007	7,532,119	4,086,293	2,656,742	20,007	6,723,028	809,091	Project life
Mobile sets	2,657,329	1,861,126	-	4,518,455	1,048,272	1,122,805	-	2,171,077	2,347,378	33
	379,149,860	102,798,995	7,688,554	474,260,301	216,755,985	70,722,031	5,612,802	281,865,214	192,395,087	

2014

DESCRIPTION	Cost				Depreciation					
	Cost as at 01 January	Additions	Disposals	Cost as at 31 December	Accumulated depreciation as at 01 January	Depreciation charge	Disposal	Accumulated depreciation as at 31 December	Net book value as at 31 December	Depreciation rate (% per annum)
	Amounts in rupees				Amounts in rupees					
Land - free hold	40,990,412	-	-	40,990,412	-	-	-	-	40,990,412	-
Computers	119,351,555	40,014,107	422,500	158,943,162	75,827,964	27,570,147	161,650	103,236,461	55,706,701	33
Computers equipment and installations	22,907,832	7,963,431	-	30,871,263	18,748,359	3,936,572	-	22,684,931	8,186,332	33
Other equipment and installations	19,707,506	2,319,145	75,600	21,951,051	12,777,065	2,694,560	-	15,471,625	6,479,426	20
Generator	12,412,469	4,976,993	-	17,389,462	8,541,795	1,370,901	-	9,912,696	7,476,766	20
Furniture and fittings	47,084,704	3,135,032	-	50,219,736	35,051,760	4,295,207	-	39,346,967	10,872,769	20
Office equipment	9,825,312	1,634,529	-	11,459,841	5,213,469	1,467,248	-	6,680,717	4,779,124	20
Vehicles	39,054,607	13,788,587	12,708,316	40,134,878	10,231,871	9,138,419	5,082,267	14,288,023	25,846,855	25
Project assets	3,737,526	795,200	-	4,532,726	3,712,084	374,209	-	4,086,293	446,433	Project life
Mobile sets	1,512,859	1,184,470	40,000	2,657,329	440,798	619,574	12,100	1,048,272	1,609,057	33
	316,584,782	75,811,494	13,246,416	379,149,860	170,545,165	51,466,837	5,256,017	216,755,985	162,393,875	

5.1.1 The cost of owned assets include assets amounting to Rs. 281.87 (2014: 151.68) million with nil book value.

Amounts in rupees	Note	2015	2014

5.2 Capital work in progress

Advance to supplier		7,466,611	23,295,538
Land improvements		4,791,256	4,316,890
Building - freehold		154,551,958	12,059,511
	5.2.1	166,809,825	39,671,939

5.2.1 This represents in progress construction of the Company's new office building.

5.2.2 The following is the movement in capital work-in-progress during the year:

Amounts in rupees	Note	2015	2014
Balance at the beginning of the year		39,671,939	35,530,031
Additions during the year		127,137,886	4,141,908
Balance at the end of the year		166,809,825	39,671,939

5.3 Depreciation charge for the year has been allocated as follows:

	Note	2015	2014
Cost of sales	24	55,763,630	41,106,178
Distribution cost	25	2,108,947	1,135,128
Administrative expenses	26	11,843,419	9,104,230
Research and development expenses	27	1,006,035	121,301
		70,722,031	51,466,837

5.4 Disposal of property and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Particulars of buyer
	Amounts in rupees						
Vehicles							
Toyota Corolla	1,312,537	1,312,537	-	1,312,537	1,312,537	Company Policy	Mushtaq Patni
Suzuki Cultus	872,885	872,885	-	872,885	872,885	Company Policy	Laique Ahmed
Toyota Corolla	1,531,340	1,148,505	382,835	1,531,340	1,148,505	Company Policy	Syed Aamir Turab Gillani
Suzuki Cultus	1,011,800	548,058	463,742	1,011,800	548,058	Company Policy	Adeel Edhi
Suzuki Swift	1,000,000	416,667	583,333	1,000,000	416,667	Company Policy	Rauf Ahmed
Suzuki Swift	1,000,000	354,167	645,833	1,000,000	354,167	Company Policy	Syed Umer Javed
	6,728,562	4,652,819	2,075,743	6,728,562	4,652,819		
Other							
Miscellaneous	959,992	959,983	9	37,000	36,991	Negotiation	Various
2015	7,688,554	5,612,802	2,075,752	6,765,562	4,689,810		

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Particulars of buyer
	Amounts in rupees						
Vehicles							
Honda Civic	2,495,421	780,513	1,714,908	2,495,421	780,513	Company Policy	Asharaf Kapadia
Toyota Corolla	1,606,265	970,452	635,813	1,606,265	970,452	Company Policy	Kashif Krimi
Honda City	1,586,604	793,302	793,302	1,586,604	793,302	Company Policy	Usman Asif
Honda City	1,546,740	161,119	1,385,621	1,546,740	161,119	Company Policy	Wali Muhammad Qadri
Suzuki Cultus	1,034,061	236,972	797,089	1,034,061	236,972	Company Policy	Tariq Gill
Toyota Corolla	1,010,125	163,527	846,598	1,010,125	163,527	Company Policy	Muhammad Nasar Sabih
Suzuki Cultus	1,004,300	669,533	334,767	1,004,300	669,533	Company Policy	Muhammad Zahid Hussain
Honda City	1,000,000	125,000	875,000	1,000,000	125,000	Company Policy	Warood Choudhry
Suzuki Cultus	862,110	736,386	125,724	862,110	736,386	Company Policy	Nadeem Yusuf
Suzuki Mehran	562,690	445,463	117,227	562,690	445,463	Company Policy	Adnan Yaqoob
	12,708,316	5,082,267	7,626,049	12,708,316	5,082,267		
Other							
Miscellaneous	538,100	173,750	364,350	727,040	362,690	Negotiation	Various
2014	13,246,416	5,256,017	7,990,399	13,435,356	5,444,957		

6. INTANGIBLES

2015										
Particulars	Cost as at 1 January	Additions	Disposals	Cost as at 31 December	Accumulated Amortization as at 1 January	Amortization charge for the period	Disposals	Accumulated Amortization as at 31 December	Book value as at 31 December	Rate
	Amounts in rupees									
Computer software	53,289,042	23,281,560	4,462,849	72,107,753	19,187,091	15,135,993	4,462,849	29,860,235	42,247,518	30%

2014										
Particulars	Cost as at 1 January	Additions	Disposals	Cost as at 31 December	Accumulated Amortization as at 1 January	Amortization charge for the period	Disposals	Accumulated Amortization as at 31 December	Book value as at 31 December	Rate
	Amounts in rupees									
Computer software	20,186,172	33,102,870	-	53,289,042	11,379,001	7,808,090	-	19,187,091	34,101,951	30%

6.1 The cost of the intangibles include intangible assets amounting to Rs. 9.98 million (2014: 5.34 million) with nil book value.

6.2 Additions include in-house developed intangibles amounting to Rs. 20.97 (2014: 26.05) million capitalized during the current year.

Amounts in rupees	Note	2015	2014
6.3 Amortization charge for the period has been allocated as follows:			
Cost of sales	24	12,732,828	6,707,439
Distribution cost	25	239,289	94,367
Administrative expenses	26	1,889,566	982,874
Research and development expenses	27	274,310	23,410
		15,135,993	7,808,090

7. LONG TERM INVESTMENTS

Investment in subsidiaries - at cost - unquoted	Note	2015	2014
E Processing Systems (Private) Limited.	7.1	49,700,030	700,030
TechVista Systems FZ- LLC	7.2	1,377,950	1,377,950
		51,077,980	2,077,980

7.1 This represents 70% share in Company's subsidiary E Processing Systems (Private) Limited, a company engaged in the business of purchase and sale of airtime and software development including the development of systems and infrastructure in Pakistan. The subsidiary was incorporated on 06 Feb 2013. The share capital has been fully acquired in cash.

During the year, Company has acquired 70,000 additional shares of E Processing Systems (Private) Limited at the rate of Rs. 700 per share with a premium of Rs. 690 per share.

7.2 This represents 100% share in Company's subsidiary, TechVista Systems FZ- LLC, a company set up in Dubai Technology and Media Free Zone Authority engaged in providing a host of services including enterprise application integration and software development and has been registered as a limited liability company on 03 April 2013.

Amounts in rupees	2015	2014

8. DEFERRED TAXATION

Taxable temporary differences		
Depreciation on property and equipment	77,048	-
Amortization on intangibles	1,054,043	-
	1,131,091	-
Deductible temporary differences		
Depreciation on property and equipment	-	810,308
Amortization on intangibles	-	228,485
Provision for doubtful debts	826,471	444,431
Minimum tax	1,114,130	-
	1,940,601	1,483,224
Deferred tax asset	809,510	1,483,224

9. UNBILLED REVENUE

This represents work performed but not billed to the client. Revenue against this has been recognized on the basis of percentage of work done in accordance with IAS-18 "Revenue".

Amounts in rupees	*Note*	2015	2014

10. TRADE DEBTS

Considered good - unsecured			
Export	*10.1*	814,509,381	671,031,948
Local		282,287,311	146,251,475
		1,096,796,692	817,283,423
Considered doubtful - unsecured			
Local		11,971,419	5,719,683
Less: Provision for doubtful debts	*10.2*	(11,971,419)	(5,719,683)
		-	-
		1,096,796,692	817,283,423

10.1 This includes receivable against sale of services from Visionet Systems Incorporation and Techvista Systems FZ - LLC amounting to Rs. 552.76 (2014: 496.26) million and Rs. 222.79 (2014: Rs. 99.31) million respectively.

Amounts in rupees	Note	2015	2014
10.2 *Balance as at 01 January*		5,719,683	8,948,300
Provision made during the year		11,971,419	1,143,961
Less: provision reversed during the year		(5,045,000)	-
Net charge for the year	*29*	6,926,419	1,143,961
Less:			
Bad debts written off		(674,683)	(4,372,578)
Balance as at 31 December		11,971,419	5,719,683

10.3 Aging analysis of the amounts due from related parties is as follows:

	2015		2014	
Amounts in rupees	Visionet Systems Incorporation - USA	Tech Vista Systems FZ-LLC - UAE	Visionet Systems Incorporation - USA	Tech Vista Systems FZ-LLC - UAE
Not past due	494,968,822	64,538,484	115,695,106	2,759,402
Past due but not impaired:				
- Not more than three months	57,796,623	-	194,438,234	10,598,568
- More than three months but not more than six months	-	47,806,756	185,060,656	31,452,165
- More than six months	-	110,447,683	-	54,497,458
	552,765,445	222,792,923	495,193,996	99,307,593

Amounts in rupees	Note	2015	2014

11. ADVANCES - considered good

	Note	2015	2014
Advances to staff:			
against salary		4,958,554	1,782,142
against expenses		26,179,629	16,443,332
	11.1	31,138,183	18,225,474
Advances to suppliers		36,917,427	7,043,902
		68,055,610	25,269,376

11.1 It includes advances to executives amounting to Rs. 20.13 (2014: Rs. 13.77) million.

Amounts in rupees	Note	2015	2014

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits		41,176,013	25,961,122
Prepayments	12.1	6,925,572	24,575,779
		48,101,585	50,536,901

12.1 This includes prepaid IPO expenditures of Rs. Nil (2014: 18.48) million which mainly includes listing fees of Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad stock exchange), underwriting commission and consulting fees.

Amounts in rupees	Note	2015	2014

13. RECEIVABLE FROM RELATED PARTIES

Considered good - unsecured

Visionet Systems Incorporation - USA	13.1	11,536,311	2,150,066
E - Processing Systems (Private) Limited	13.2	21,605,358	40,036,747
Tech Vista FZ LLC - UAE	13.3	131,431,187	5,541,940
		164,572,856	47,728,753

13.1 This represents amount receivable against expenses incurred on behalf of Visionet Systems Incorporation and are payable on demand by the related party. These receivables are unsecured and interest free.

13.2 This represents amount receivable against expenses incurred on behalf of E-Processing (Private) Limited and are payable on demand by the related party. These receivables are unsecured and are subject to interest at the rate of 9% (2014:12%) on the outstanding balance at the end of each month.

13.3 This represents amount receivable against expenses incurred on behalf of Techvista Systems FZ - LLC and are payable on demand by the related party. These receivables are unsecured and interest free.

Amounts in rupees	Note	2015	2014

14. TAX REFUNDS DUE FROM GOVERNMENT

Balance as at 01 January		27,467,230	3,465,939
Income tax paid during the year		39,994,036	30,761,689
Provision for the year	31	(12,317,310)	(6,760,398)
Balance as at 31 December		55,143,956	27,467,230

Amounts in rupees	Note	2015	2014

15. SHORT TERM INVESTMENTS

Held to maturity			
Habib Metropolitan Bank		300,000,000	-
Faysal Bank Limited		50,000,000	-
Bank Alfalah Limited		25,000,000	-
Mezan Bank limited		150,000,000	-
	15.1	525,000,000	-
Investment at fair value through profit and loss			
NAFA Fund units 275,938 (2014: 269,871)		30,204,644	27,290,414
Add: Unrealized gain on investments at fair value through profit and loss		2,594,754	2,914,230
		32,799,398	30,204,644
		557,799,398	30,204,644

15.1 These are Term Deposit Receipts (TDRs) carrying markup at rates ranging from 6% to 8.75% (2014: 7% to 8.50%) per annum.

Amounts in rupees	Note	2015	2014

16. CASH AND BANK BALANCES

Cash in hand		89,503	38,861
Cash at bank:			
Local currency:			
Current accounts	16.1	32,823,929	699,070,911
Saving accounts	16.2	110,981,590	283,401,017
		143,805,519	982,471,928
Foreign currency		749,564	719,466
		144,644,586	983,230,255

16.1 This includes amount of subscription money aggregating to Rs. Nil (2014: 687.63) million received from high net worth individuals, institutional investors and general public against the shares offered through IPO out of which Rs. 167.63 (2014: Nil) million have been refunded to unsuccessful applicants during the year.

16.2 These carry markup at the rate of 6.5% to 8.5% (2014: 7.5% to 9.5%) per annum. Moreover, these include Rs. Nil (2014: 184.99) million in KASB Bank which the Company is unable to withdraw due to imposition of moratorium by Federal Government on application of State Bank of Pakistan for a period of six months effective from 17 November 2014.

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		2015	2014
Number of shares			Amounts in rupees	
21,829,311	8,375,635	Ordinary shares of Rs. 10/- fully paid in cash	218,293,110	83,756,350
88,851,565	78,789,667	Ordinary shares of Rs. 10/- each fully paid up as bonus shares	888,515,650	787,896,670
110,680,876	87,165,302		1,106,808,760	871,653,020

17.1 Reconciliation of ordinary shares

2015	2014		2015	2014
Number of shares			Amounts in rupees	
87,165,302	42,937,507	Balance at 1 January	871,653,020	429,375,070
13,000,000	-	Shares issued through Initial Public Offering	130,000,000	-
453,676	645,144	Stock options exercised	4,536,760	6,451,440
10,061,898	43,582,651	Bonus shares issued during the year	100,618,980	435,826,510
110,680,876	87,165,302	Balance at 31 December	1,106,808,760	871,653,020

Amounts in rupees	Note	2015	2014
18. RESERVES - capital			
Share premium reserve	18.1	411,302,586	39,119,784
Deferred employee compensation reserve	18.2	9,255,467	4,367
		420,558,053	39,124,151

18.1 This reserve shall be utilized only for the purpose as specified in section 83(2) of the Companies Ordinance, 1984.

18.2 This represents balance amount after exercise of share options by the employees under the Employee Stock Option Scheme approved by SECP. According to the scheme, 100% options become exercisable after completion of vesting period from date of grant. The options have a vesting period of 2 years and an exercise period of 3 years from the date the option is vested.

18.3 The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year:

Amounts in rupees	2015		2014	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	Rupees	Number	Rupees	Number
Outstanding at 1 January	25.59	884,561	21.83	1,098,820
Granted during the year	25.45	811,500	40.83	430,885
Exercised during the year	15.95	(453,676)	21.83	(645,144)
Outstanding at 31 December	23.50	1,242,385	25.59	884,561

19. LONG TERM ADVANCES

This represents advances received from staff and will be adjusted as per Company's car policy against sale of vehicles.

Amounts in rupees	Note	2015	2014
20. TRADE AND OTHER PAYABLES			
Creditors		38,902,972	13,085,865
Advance from customers		19,484,724	24,266,750
Accrued liabilities		124,930,336	28,137,009
Provision for Worker's Welfare Fund (WWF)	*22.3*	17,930,514	17,930,514
Payable to unsuccessful applicants - IPO		-	167,628,000
Provident fund payable		11,607,008	7,200,376
Withholding income tax payable		7,203,746	485,923
Sales tax payable		16,982,767	10,711,727
		237,042,067	269,446,164

21. UNEARNED REVENUE

It represents license, maintenance and services fee received in advance. The license and services fee are transferred to revenue on work done basis where as maintenance is transferred to revenue on time proportion basis.

22. CONTINGENCIES AND COMMITMENTS

Commitments

22.1 Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 129.12 million (2014: Rs. 63.05 million).

22.2 Commitments include capital commitments for construction of building of the Company amounting to Rs. 344 million (2014: 225.43 million) out of which Rs. 115.02 million have been invoiced.

Contingencies

22.3 During the current period as well as last year, the Company has not charged Workers' Welfare Fund (WWF) under WWF Ordinance, 1971 amounting to Rs. 9.3 (2014: Rs. 8.9) million respectively, as the amendments made through Finance Act 2006 and 2008 relating to scope and applicability of the same has been declared unconstitutional by the Honorable Lahore High Court through its judgment number 2011 PLD 2643. The matter is pending before the Honorable Supreme Court of Pakistan. However, management is confident that the decision of the Lahore High Court shall prevail, accordingly no provision has been made by the Company during the year in this regard.

22.4 The Deputy Commissioner Inland Revenue has issued withholding tax assessment orders u/s 161/205 of the Income Tax Ordinance 2001 (the Ordinance) for the tax year 2010 and 2012 whereby tax amounting to Rs. 779,513 and Rs. 13,540,966 respectively has been levied. The Company preferred appeals against the orders which are pending adjudications.

22.5 The Company filed an undertaking pursuant to Income Tax (Second Amendment) Ordinance, 2015, thereby opting out of minimum tax on services under section 153(1)(b) of the Ordinance. The Assistant Commissioner, Inland Revenue has declined the undertaking against which the Company has filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication, which might result in tax liability of Rs. 30.25 million.

22.6 The Company has filed appeals before the Commissioner Inland Revenue (Appeals) against the orders passed under section 122(5A) of the Ordinance by the Additional Commissioner Inland Revenue for payment of additional amount Rs. 10.6 million and Rs. 9 million in respect of tax years 2010 and 2011 respectively.

Pending adjudication of the above matters, the tax consultants and management of the Company expect favorable outcome of the appeals and anticipate no outflow of economic benefits.

Amounts in rupees	*Note*	2015	2014
23. REVENUE - net			
Development and other services:			
Export		1,721,701,661	1,419,780,765
Local		485,235,228	324,836,908
Less: Sales tax on local sales	*23.1*	(52,288,117)	(26,944,437)
		432,947,111	297,892,561
Trading income:			
Software sale - export		37,469,733	87,323,353
Software sale - local		99,132,144	138,235,173
Less: Sales tax on local sales	*23.1*	(27,960,298)	(20,615,998)
		71,171,846	117,619,175
		2,263,290,351	1,922,615,854

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

Amounts in rupees	Note	2015	2014

24. COST OF SALES

Salaries, allowances and amenities	24.1	1,097,060,524	796,874,996
Printing and stationery		2,166,640	1,287,818
Computer supplies		7,691,033	4,717,926
Rent, rates and taxes		64,318,508	56,645,263
Electricity, gas and water		47,767,645	44,002,788
Traveling and conveyance		65,708,794	66,049,796
Repair and maintenance		15,932,005	9,272,826
Postage, telephone and telegrams		40,202,289	28,469,379
Vehicle running and maintenance		6,223,802	3,117,248
Entertainment		3,807,971	1,837,004
Fee and subscriptions		5,175,070	19,522,332
Insurance		1,964,645	1,269,270
Provision for impairment		-	694,757
Depreciation	5.3	55,763,630	41,106,178
Amortization	6.3	12,732,828	6,707,439
		1,426,515,384	1,081,575,020
Purchase of software for trading		80,029,388	161,133,928
		1,506,544,772	1,242,708,948

24.1 This includes employees retirement benefit expense amounting to Rs. 44.29 (2014: Rs. 30.22) million.

Amounts in rupees	Note	2015	2014

25. DISTRIBUTION COST

Salaries, allowances and amenities	25.1	46,740,888	40,887,524
Printing and stationery		480,179	501,671
Computer supplies		585,298	443,725
Rent, rates and taxes		1,422,489	949,317
Electricity, gas and water		987,607	642,831
Traveling and conveyance		9,304,984	9,650,331
Repair and maintenance		429,591	137,925
Postage, telephone and telegrams		1,127,686	1,195,417
Vehicle running and maintenance		860,058	1,022,986
Entertainment		767,744	101,603
Insurance		213,788	118,534
Fee and subscriptions/Training		442,498	238,963
Shows/Seminars/Advertising		3,794,139	2,305,209
Depreciation	5.3	2,108,947	1,135,128
Amortization	6.3	239,289	94,367
Tender documents		124,529	116,547
		69,629,714	59,542,078

25.1 This includes employees retirement benefit expense amounting to Rs. 1.74 (2014: Rs. 1.49) million.

Amounts in rupees	Note	2015	2014

26. ADMINISTRATIVE EXPENSES

Salaries, allowances and amenities	26.1	171,610,572	133,294,808
Printing and stationery		3,373,902	1,039,153
Computer supplies		4,342,920	3,336,391
Rent, rates and taxes		4,168,623	7,580,772
Electricity, gas and water		6,355,570	7,125,624
Traveling and conveyance		11,358,295	8,422,142
Repair and maintenance		8,021,124	5,207,364
Postage, telephone and telegrams		8,242,104	5,005,280
Vehicle running and maintenance		2,573,171	2,406,366
Legal and professional		17,984,289	3,844,195
Auditors' remuneration	26.2	1,200,000	1,460,000
Entertainment		1,759,158	1,948,413
Donations	26.3	38,500	684,000
Fee and subscriptions/Training		5,175,790	5,183,544
Insurance		669,178	670,143
Hiring cost		1,139,699	653,499
Newspapers, books and periodicals		74,498	374,816
Depreciation	5.3	11,843,419	9,104,230
Amortization	6.3	1,889,566	982,874
Others		481,350	308,055
		262,301,728	198,631,669

26.1 This includes employees retirement benefit expense amounting to Rs. 7.19 (2014: Rs. 5.5) million.

Amounts in rupees	2015	2014
26.2 Auditors' remuneration	EY	KPMG
Statutory audit fee	800,000	650,000
Half yearly and quarterly audits	-	810,000
Half yearly review	400,000	-
	1,200,000	1,460,000

26.3 The Directors or their spouses have no interest in the Donee's fund.

Amounts in rupees	Note	2015	2014

27. RESEARCH AND DEVELOPMENT EXPENSES

	Note	2015	2014
Salaries, allowances and amenities	*27.1*	23,577,929	1,587,833
Computer supplies		387,222	115,132
Printing and stationery		15,197	-
Rent, rates and taxes		931,443	179,196
Electricity, gas and water		529,755	103,482
Traveling and conveyance		1,232,344	111,138
Repair and maintenance		359,884	41,237
Postage, telephone and telegrams		567,230	86,966
Vehicle running and maintenance		118,189	25,539
Entertainment		86,080	-
Fee and subscriptions/Training		94,312	24,165
Insurance		22,054	10,019
Depreciation	*5.3*	1,006,035	121,301
Amortization	*6.3*	274,310	23,410
		29,201,984	2,429,418

27.1 This includes employees retirement benefit expense amounting to Rs. 0.77 (2014: Rs. 0.02) million.

Amounts in rupees	2015	2014

28. OTHER INCOME

	2015	2014
Income from financial assets:		
Profit on deposit accounts	11,553,132	15,920,632
Gain on short term investments	43,730,505	13,972,179
Exchange gain on translation of export debts	25,061,317	-
Interest on loan to subsidiary	4,362,629	3,164,738
	84,707,583	33,057,549
Income from non-financial assets:		
Gain on disposal of property and equipment	4,689,810	5,444,957
Others	2,565,849	-
	7,255,659	5,444,957
	91,963,242	38,502,506

29. OTHER OPERATING EXPENSES

	2015	2014
Provision for doubtful debts	6,926,419	1,143,961
Bad debts - direct written off	13,022,178	-
Exchange loss on translation of export debts	-	21,813,276
	19,948,597	22,957,237

30. FINANCE COST

	2015	2014
Markup on guarantee commission	380,512	403,591
Bank charges and commission	1,740,532	3,581,999
	2,121,044	3,985,590

Amounts in rupees	Note	2015	2014

31. TAXATION

	Note	2015	2014
Income tax			
- Current	31.1&31.2	10,082,379	6,760,398
- Prior		2,234,931	-
		12,317,310	6,760,398
Deferred tax expense / (income)		673,714	(2,616,558)
		12,991,024	4,143,840

31.1 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.

31.2 This represents minimum tax under section 153 of Income Tax Ordinance, 2001 (2014: 33% of taxable income). Reconciliation of accounting profit and tax charge for the year is meaningless in view of the said section.

32. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows:

	Chief Executive Officer		Non Executive Directors		Executives	
Numbers	2015	2014	2015	2014	2015	2014
Number of persons	1	1	6	6	533	334
Amounts in rupees	2015	2014	2015	2014	2015	2014
Managerial remuneration	23,000,000	24,400,000	-	-	745,232,242	461,490,249
Retirement benefits	1,200,000	960,000	-	-	41,163,662	25,676,206
	24,200,000	25,360,000	-	-	786,395,904	487,166,455

The Chief Executive Officer and certain executives are also provided with free medical reimbursements, mobile phone facility and free use of the Company maintained cars in accordance with their entitlement.

During the current year, Chief Executive Officer and certain executives of the Company exercised stock option under employee stock option scheme according to which 223,406 (2014: 223,975) shares were allotted to them respectively.

33. OPERATING SEGMENT INFORMATION

Geographical segments

For management purposes, the Systems Limited 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.

Amounts in rupees	North America 2015	North America 2014	Middle East 2015	Middle East 2014	Pakistan 2015	Pakistan 2014	Total 2015	Total 2014
Sales	1,429,263,768	1,121,196,014	329,907,627	386,747,450	504,118,956	414,672,390	2,263,290,351	1,922,615,854
Cost of sales	(805,465,436)	(614,972,794)	(298,883,462)	(306,404,879)	(402,195,874)	(321,331,275)	(1,506,544,772)	(1,242,708,948)
Gross profit	623,798,332	506,223,220	31,024,165	80,342,571	101,923,082	93,341,115	756,745,579	679,906,906
Distribution cost	-	-	(18,647,821)	(25,494,780)	(50,981,893)	(34,047,298)	(69,629,714)	(59,542,078)
R & D	(7,140,212)	(26,900)	(9,802,475)	(951,266)	(12,259,297)	(1,451,252)	(29,201,984)	(2,429,418)
Administrative expenses	(168,964,471)	(119,762,879)	(38,653,440)	(33,534,001)	(54,683,817)	(45,334,789)	(262,301,728)	(198,631,669)
	(176,104,683)	(119,789,779)	(67,103,736)	(59,980,047)	(117,925,007)	(80,833,339)	(361,133,426)	(260,603,165)
Profit / (loss) before taxation and unallocated income and expenses	447,693,649	386,433,441	(36,079,571)	20,362,524	(16,001,925)	12,507,776	395,612,153	419,303,741

Amounts in rupees	2015	2014
Unallocated income and expenses:		
Other operating expenses	(19,948,597)	(22,957,237)
Other income	91,963,242	38,502,506
Finance cost	(2,121,044)	(3,985,590)
	69,893,601	11,559,679
Profit before taxation	465,505,754	430,863,420
Taxation	(12,991,024)	(4,143,840)
Profit for the year	452,514,730	426,719,580

33.1 All assets and liabilities of the Company have been allocated to Pakistan segment.

34. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel (Note 32). The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes to the financial statements. Other significant transactions with related parties are as follows:

Undertaking	Relation	Nature of transaction	2015 Amounts in rupees	2014 Amounts in rupees
E Processing Systems (Private) Limited.	Subsidiary	Payment for expenses	24,769,646	25,661,610
		Interest income	4,362,629	3,164,738
Tech Vista Systems FZ-LLC - UAE	Subsidiary	Sales	201,472,306	146,062,711
		Payment for expenses	124,766,009	-
Visionet Systems Incorporation - USA	Common Directorship	Sales	1,390,832,102	1,083,629,875
		Reimbursement of expenses	36,767,441	23,623,310
Staff retirement funds		Contribution	55,504,158	38,199,915

35. EARNINGS PER SHARE- BASIC AND DILUTED

Earnings per share are calculated by dividing the net profit for the year by weighted average number of shares outstanding during the year as follows:

Amounts in rupees	2015	2014
35.1 Basic earnings per share		
Profit for the year after tax	452,514,730	426,719,580

Number os shares	2015	2014
		Restated
Weighted-average number of ordinary shares as at 31 December	109,294,130	95,408,727
Basic earnings per share (Rupees)	4.14	4.47

The earnings per share of prior year has been adjusted to reflect the changes of bonus shares issued during the year ended 31 December 2015.

Amounts in rupees	2015	2014
35.2 Diluted earnings per share		
Profit for the year after tax	452,514,730	426,719,580

Number os shares	2015	2014
		Restated
Weighted-average number of ordinary shares (basic)	109,294,130	95,408,727
Effect of share options	1,242,385	884,561
Weighted average number of ordinary shares - diluted	110,536,515	96,293,288
Diluted earnings per share (Rupees)	4.09	4.43

Amounts in rupees	2015	2014

36. CASH GENERATED FROM OPERATIONS

	2015	2014
Profit before taxation	465,505,754	430,863,420
Adjustment for:		
Depreciation on property and equipment	70,722,031	51,466,837
Amortization of intangibles	15,135,993	7,808,090
Provision for bad debts	6,926,419	1,143,961
Bad debts - written off	13,022,178	-
Provision for impairment	-	694,757
Finance cost	2,121,044	3,985,590
Exchange gain on translation of export debts	(25,061,317)	21,813,276
Gain on short term investments	(43,730,505)	(13,972,179)
Share based payment expense	9,251,100	-
Gain on disposal of property and equipment	(4,689,810)	(5,444,957)
	509,202,887	498,358,795
Working capital changes		
Decrease / (increase) in current assets		
Unbilled revenue - net	56,001,770	5,069,146
Trade debts	(274,400,549)	(347,587,150)
Advances	(42,786,234)	(34,423,135)
Receivable from related parties	(116,844,103)	(15,293,370)
Trade deposits and short term prepayments	2,435,316	-
	(375,593,800)	(392,234,509)
(Decrease) / increase in current liabilities		
Trade and other payables	(45,392,960)	212,627,131
	(420,986,760)	(179,607,378)
Cash generated from operations	88,216,127	318,751,417

37. FINANCIAL RISK MANAGEMENT

Financial instruments comprise advances, deposits, interest accrued, trade debts, other receivables, receivable from related parties, cash and bank balances and trade and other payables.

The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

This note represents information about the Company's exposure to each of the above risks, it's objectives, policies and processes for measuring and managing risk, and it's management of capital.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

37.1 Market risk

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the profit and loss account.

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax.

Amounts in rupees	Changes in Rate	Effects on Profit Before Tax 2015	Effects on Profit Before Tax 2014
USD	+1	81,570,803	67,175,141
	-1	(81,570,803)	(67,175,141)
Reporting date rate:			
USD		104.6	100.4

(b) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Company's investment strategy is to maximize investment returns

Management believes that sensitivity analysis is unrepresentive of the price risks

(c) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

37.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored.

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Amounts in rupees	2015	2014
Unbilled revenue	244,214,338	196,852,530
Trade debts	1,096,796,692	817,283,423
Advances	4,958,554	1,782,142
Trade deposits and short term prepayments	41,176,013	25,961,122
Receivable from related parties	164,572,856	47,728,753
Interest accrued	12,585,928	3,164,738
Short term investment	525,000,000	-
Cash and bank balances	144,555,083	983,191,394
	2,233,859,464	2,075,964,102
The aging of trade receivables at the reporting date is:		
0 - 120 days	805,765,482	582,352,530
121 - 365 days	216,681,022	225,251,684
Above one year	86,321,607	15,398,892
	1,108,768,111	823,003,106
Impairment above one year	(11,971,419)	(5,719,683)
	1,096,796,692	817,283,423

As at year end, 91% of trade debts (2014: 80%) are represented by two customers amounting to Rs. 874 million (2014: Rs. 595 million). The management believes that the Company is not exposed to customer concentration risk as these customers are related parties of the Company.

Based on past experience and policy of the Company, the management believes that an impairment allowance is necessary in respect of trade receivables past due by one year except if those receivables are recovered subsequent to year end and if management has sufficient grounds to believe that the amounts will be recovered.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investments held with some major counterparties at the balance sheet date:

Banks	Rating			2015	2014
	Short term	Long term	Agency	Amounts in rupees	
Habib Metropolitan Bank	A1+	AA+	PACRA	362,868,557	105,880,000
Bank Islami	A1	A+	PACRA	33,020,729	-
Nafa Asset Management Fund	5 Star	4 Star	PACRA	32,799,398	30,204,644
United Bank Limited	A-1+	AA+	JCR-VIS	30,159,195	52,213,354
Faysal Bank	A1+	AA	PACRA	62,686,970	54,509,373
Standard Chartered Bank Limited	A1+	AAA	PACRA	1,480,199	2,838,562
Albarakah Bank Limited	A1	A	PACRA	1,425,068	1,394,141
Meezan Bank	A1+	AA	JCR-VIS	151,010,307	-
Dubai Islamic Bank	A1	A+	JCR-VIS	910,384	17,208,754
Bank Alfalah Limited	A1+	AA	PACRA	25,501,210	66,217,230
Deutsche Bank Limited	P-1	A2	Moody's	460,970	1,011,900
KASB Bank Limited	C	B	PACRA	31,494	194,658,080
Habib Bank Limited	A1+	AA	JCR-VIS	-	83,520,000
Silk Bank	A2	A-	JCR-VIS	-	4,300,000
Summit Bank	A1	A	JCR-VIS	-	390,000,000
Samba Bank	A1	AA	JCR-VIS	-	1,960,000
Askari Bank	A1+	AA	JCR-VIS	-	7,480,000
				702,354,481	1,013,396,038

37.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The following are the contractual maturities of financial liabilities:

The following are the contractual maturities of financial liabilities as at 31 December 2015:

Amounts in rupees	Carrying amount	Less than one year	One to five years	More than five years
Trade and other payables	217,557,343	217,557,343	-	-
Long term advances	12,669,395	5,017,350	7,652,045	-
	230,226,738	222,574,693	7,652,045	-

The following are the contractual maturities of financial liabilities as at 31 December 2014:

Amounts in rupees	Carrying amount	Less than one year	One to five years	More than five years
Trade and other payables	245,179,414	245,179,414	-	-
Long term advances	10,158,496	3,391,885	6,766,611	
	255,337,910	248,571,299	6,766,611	-

37.4 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

37.5 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2015, the Company held the following financial instruments carried at fair value:

Amounts in rupees	2015	Level 1	Level 2	Level 3
Assets measured at fair value				
Mutual funds	32,799,398	32,799,398	-	-

Date of valuation : 31 December 2015

There were no liabilities measured at fair value as at 31 December 2015.

As at 31 December 2014, the Company held the following financial instruments carried at fair value:

Amounts in rupees	2014	Level 1	Level 2	Level 3
Assets measured at fair value				
Mutual funds	30,204,644	30,204,644	-	-

Date of valuation : 31 December 2014

There were no liabilities measured at fair value as at 31 December 2014.

37.6 Capital risk management

The Company's policy is to safeguard the Company's ability to remain as a going concern and ensure a strong capital base in order to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Board of Directors monitors the returns on capital, which the Company defines as net operating income divided by total shareholders' equity. The Company's objectives when managing:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

b) to provide an adequate return to shareholders by pricing products.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

Consistent with the industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the balance sheet less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt (as defined above).

Amounts in rupees	2015	2014
The debt - to- equity ratio as to 31 December is as follows		
Net debt	-	-
Total equity	2,495,627,437	1,627,761,024
Capital gearing ratio	-	-

Since the Company, has healthy cash flows at period end which is primarily because of higher revenue resulting in profits and increased equity due to new shares issued, therefore, it does not carry any long term or short term debts at 31 December 2015.

The Company is not subject to any externally-imposed capital requirements.

38. PROVIDENT FUND TRUST

38.1 The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984, and the rules formulated for this purpose. The salient information of the fund is as follows:

Amounts in rupees	2015	2014
Size of the fund (net assets)	193,416,811	149,726,979
Cost of investment made (actual investments made)	139,630,775	105,210,667
Percentage of investment made (cost of investments)	72.19%	70.27%
Fair value of investments	139,630,775	105,210,667

38.2 Break-up of investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

Description	2015		2014	
	Investments	% of investment as size of the fund	Investments	% of investment as size of the fund
	Rupees	%	Rupees	%
At fair value				
Mutual Funds	52,554,756	37.6%	40,361,532	38.4%
Term Deposit Receipts	65,076,019	46.6%	42,849,135	40.7%
Defense saving certificates	22,000,000	15.8%	22,000,000	20.9%
	139,630,775	100%	105,210,667	100%

38.3 The above information is based on unaudited financial statements of the provident fund.

	2015	2014
39. NUMBER OF EMPLOYEES		
Number of employees at the end of the year	1,829	1,254
Average number of employees during the year	1,660	1,409

40. POST BALANCE SHEET EVENTS

The Directors in their meeting held on 31 March 2016 have recommended a final dividend of Rs. 1.25 per share (2014: Rs. 1 per share) amounting to Rs. 138.351 million (2014: Rs. 100.165 million) and bonus shares at the rate of NIL (2014: 10%) in respect of year ended December 31, 2015. The financial statements for the year ended December 31, 2015 do not include the effect of these appropriations which will be accounted for in the year in which it is approved.

41. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue in the Board of Directors meeting held on 31 March 2016.

42. CORRESPONDING FIGURES

Corresponding figures have been re-classified for better presentation, in respect of following:

Balance sheet	Rupees
From:	
Advances, deposits, prepayments and other receivables have been shown separately on the face of the balance sheet as:	106,438,245
To:	
Advances	25,269,376
Tax refunds due from government	27,467,230
Interest accrued	3,164,738
Trade deposits and short term prepayments	50,536,901
	106,438,245
Profit and loss account	
Provision for doubtful debts reclassified from 'Distribution cost' to 'Other operating expenses'	1,143,961
Exchange loss reclassified from 'Other income' to Other operating expenses'	21,813,276

AEZAZ HUSSAIN
Chairman

ASIF PEER
Chief Executive

Consolidated Financial Statements

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Systems Limited (the Holding Company) and its subsidiary companies (together referred to as Group) as at 31 December 2015 and the related consolidated Profit and Loss Account, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary company namely E-Processing Systems (Private) Limited except for a subsidiary company namely TechVista Systems FZ-LLC which was audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at 31 December 2015 and the results of their operations for the year then ended.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2014 were audited by another firm of chartered accountants whose report dated 18 March 2015 expressed an unqualified opinion.

Chartered Accountants

Engagement Partner: Naseem Akbar
Lahore.
Date: 31 March 2016

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2015

Amounts in rupees	Note	2015	2014
ASSETS			
Non-current assets			
Property and equipment	5	362,703,298	203,407,660
Intangibles	6	83,233,400	54,210,428
Long term deposits		11,901,100	14,346,357
Deferred taxation	7	809,510	1,483,224
Total non-current assets		458,647,308	273,447,669
Current assets			
Unbilled revenue	8	369,960,316	252,055,058
Trade debts	9	961,694,628	745,586,865
Advances	10	72,877,563	27,725,933
Trade deposits and short term prepayments	11	114,239,639	58,912,647
Interest accrued		5,058,561	-
Receivable from related parties	12	11,536,311	2,150,066
Tax refunds due from the Government	13	55,143,956	27,467,230
Short term investments	14	557,799,398	30,204,644
Cash and bank balances	15	193,593,856	987,092,798
Total current assets		2,341,904,228	2,131,195,241
TOTAL ASSETS		2,800,551,536	2,404,642,910

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

AEZAZ HUSSAIN
Chairman

Amounts in rupees	Note	2015	2014
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
150,000,000 (2014: 150,000,000) ordinary shares of Rs. 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid up share capital	16	1,106,808,760	871,653,020
Reserves	17	420,591,135	39,208,094
Unappropriated profit		895,921,042	687,263,344
Total shareholders' equity		2,423,320,937	1,598,124,458
Non-controlling interest		(9,746,736)	(5,099,886)
		2,413,574,201	1,593,024,572
Advance against issue of shares		-	520,000,000
Non-current liabilities			
Long term advances	18	7,652,045	6,766,611
Provision for gratuity		1,616,973	1,651,087
Total non-current liabilities		9,269,018	8,417,698
Current liabilities			
Trade and other payables	19	262,879,897	273,361,263
Unearned revenue	20	109,811,070	6,447,492
Current portion of long term advances		5,017,350	3,391,885
Total current liabilities		377,708,317	283,200,640
CONTINGENCIES AND COMMITMENTS	21	-	-
TOTAL EQUITY AND LIABILITIES		2,800,551,536	2,404,642,910

ASIF PEER
Chief Executive

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2015

Amounts in rupees	Note	2015	2014
Revenue	22	2,470,725,663	1,922,711,560
Cost of sales	23	(1,669,924,222)	(1,245,857,134)
Gross profit		800,801,441	676,854,426
Distribution cost	24	(72,778,492)	(62,068,776)
Administrative expenses	25	(342,295,586)	(206,647,353)
Research and development expenses	26	(29,201,984)	(2,429,418)
		(444,276,062)	(271,145,547)
Operating profit		356,525,379	405,708,879
Other income	27	88,506,926	35,342,737
		445,032,305	441,051,616
Other operating expenses	28	(23,726,609)	(25,257,473)
Finance cost	29	(3,065,865)	(3,995,964)
		(26,792,474)	(29,253,437)
Profit before taxation		418,239,831	411,798,179
Taxation	30	(12,991,024)	(4,143,840)
Profit after taxation		405,248,807	407,654,339
Attributable to:			
Equity holders of the parent		409,895,657	411,265,030
Non-controlling interest		(4,646,850)	(3,610,691)
		405,248,807	407,654,339
Earnings per share			(Restated)
Basic earnings per share	34	3.75	4.31
Diluted earnings per share	34	3.71	4.27

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

AEZAZ HUSSAIN
Chairman

ASIF PEER
Chief Executive

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

Amounts in rupees	2015	2014
Profit for the year	405,248,807	407,654,339
Other comprehensive income		
Other comprehensive income to be reclassified to profit and loss account in subsequent periods (net of tax):		
Exchange differences on translation of foreign operation	(50,861)	428,539
Total comprehensive income for the year, net of tax	405,197,946	408,082,878
Attributable to:		
Equity holders of the parent	409,844,796	411,693,569
Non-controlling interest	(4,646,850)	(3,610,691)
	405,197,946	408,082,878

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

AEZAZ HUSSAIN
Chairman

ASIF PEER
Chief Executive

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

Amounts in rupees	Note	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	104,857,668	332,333,336
Finance cost paid		(3,065,865)	(3,995,964)
Taxes paid		(26,879,994)	(30,761,689)
		(29,945,859)	(34,757,653)
Net cash flows from operating activities		74,911,809	297,575,683
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(233,159,216)	(81,082,475)
Development expenditures		(44,158,965)	(45,965,632)
Sale proceeds from disposal of property and equipment		6,824,362	13,435,356
(Purchase) / disposal of short term investments		(525,000,000)	214,360,082
Profit received on short term investments		36,077,190	11,057,949
Decrease / (Increase) in long term deposits		2,445,257	(4,480,783)
Net cash (outflow) / inflow from investing activities		(756,971,372)	107,324,497
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	14,083,494
Advance received against issue of shares		-	520,000,000
Initial Public Offer (IPO) related expenses		(20,515,030)	-
Proceeds from exercise of share options		7,234,592	-
Dividend paid		(100,618,979)	(96,609,391)
Increase in long term advances		2,510,899	327,725
Net cash (outflow) / inflow from financing activities		(111,388,518)	437,801,828
Net foreign exchange difference		(50,861)	428,539
(Decrease) / Increase in cash and cash equivalents		(793,448,081)	842,702,008
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	15	193,593,856	987,092,798

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

AEZAZ HUSSAIN
Chairman

ASIF PEER
Chief Executive

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

Amounts in rupees	Issued, subscribed and paid up share capital	Advance against issue of shares	Capital reserves			Revenue reserve	Total equity attributable to shareholders of parent company	Non controlling interest	Total
			Share capital premium	Employee compensation reserve	Foreign currency translation reserve	Un-appropriated profit			
Balance as on 01 January 2014	429,375,070	-	31,487,730	4,367	(344,596)	808,434,215	1,268,956,786	(1,489,195)	1,267,467,591
Profit for the year	-	-	-	-	-	411,265,030	411,265,030	(3,610,691)	407,654,339
Other comprehensive income for the year	-	-	-	-	428,539		428,539	-	428,539
Total comprehensive income	-	-	-	-	428,539	411,265,030	411,693,569	(3,610,691)	408,082,878
Transactions with owners									
Exercise of options	6,451,440	-	7,632,054	-	-	-	14,083,494	-	14,083,494
100% Bonus issue of 43,582,651 ordinary shares of Rs. 10 each	435,826,510	-	-	-	-	(435,826,510)	-	-	-
Final dividend for the year ended 31 December 2013 at the rate of Rs. 2.25 per share	-	-	-	-		(96,609,391)	(96,609,391)		(96,609,391)
	442,277,950	-	7,632,054	-	-	(532,435,901)	(82,525,897)	-	(82,525,897)
Advance received during the year	-	520,000,000	-	-	-	-	520,000,000	-	520,000,000
Balance as on 31 December 2014	871,653,020	520,000,000	39,119,784	4,367	83,943	687,263,344	2,118,124,458	(5,099,886)	2,113,024,572
Profit for the year	-	-	-	-	-	409,895,657	409,895,657	(4,646,850)	405,248,807
Other comprehensive income for the year	-	-	-	-	(50,861)	-	(50,861)	-	(50,861)
Total comprehensive income	-	-	-	-	(50,861)	409,895,657	409,844,796	(4,646,850)	405,197,946
Transactions with owners									
Issue of share capital	130,000,000	(520,000,000)	390,000,000	-	-	-	-	-	-
Exercise of options	4,536,760	-	2,697,832	-	-	-	7,234,592	-	7,234,592
Share based payments	-	-	-	9,251,100	-	-	9,251,100	-	9,251,100
10% Bonus issue of 10,061,898 ordinary shares of Rs. 10 each	100,618,980	-	-	-	-	(100,618,980)	-	-	-
Initial Public Offer (IPO) related expenses	-	-	(20,515,030)	-	-	-	(20,515,030)	-	(20,515,030)
Final dividend for the year ended 31 December 2014 at the rate of Rs. 1 per share	-	-	-	-	-	(100,618,979)	(100,618,979)	-	(100,618,979)
	235,155,740	(520,000,000)	372,182,802	9,251,100	-	(201,237,959)	(104,648,317)	-	(104,648,317)
Balance as at 31 December 2015	1,106,808,760	-	411,302,586	9,255,467	33,082	895,921,042	2,423,320,937	(9,746,736)	2,413,574,201

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.

AEZAZ HUSSAIN
Chairman

ASIF PEER
Chief Executive

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

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- Shahra-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.

Based on the audited financial statements of TechVista Systems FZ - LLC , the subsidiary has net accumulated losses of Rs. 49 million (AED 1.69 million) and its current liabilities exceeded its current assets by Rs. 48 million (AED 1.66 million) as on 31 December 2015. The shareholders of Holding Company has confirmed to have made the arrangements to provide funds to enable the Company to meet its liabilities of the business as they fall due. Without qualifying opinion in this regard, auditors of TechVista Systems FZ-LLC drew attention to the above mentioned matter in their report.

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.

Based on the audited financial statements of E-Processing System (Private) Limited, the subsidiary has net accumulated losses of Rs. 34.49 million and its currents liabilities exceeded its current assets by Rs. 7 million as on 31 December 2015. The Company is in the process of developing its product i.e. One Load Software and the commercial operations of the product was in beta testing phase and few retailers were given access to the system. Based on projected results of the subsidiary's operations and market research, the management is confident that the subsidiary will revert to profitable position in near future.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

3. BASIS OF MEASUREMENT

3.1 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention except for short term investments which are stated at fair value.

3.2 Principles of consolidation

The consolidated financial statements include the financial statements of Systems Limited and its subsidiary companies, here-in-after referred to as “the Group”.

3.2.1 Subsidiaries

A Company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Holding Company obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

All intra-Company balances, transactions and unrealized gains and losses resulting from intra-Company transactions and dividends are eliminated in full.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

3.2.2 Non-controlling interest

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Group either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interest result in gains and losses for the Group and are recorded in the consolidated statement of changes in equity.

3.3 Functional and presentation currency

Items included in these consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Figures have been rounded off to the nearest rupees unless otherwise stated.

3.4 Use of estimates and judgments

The Group's significant accounting policies are stated in Note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

3.4.1 Provision for taxation

The Group takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its views on items of material nature are in accordance with law, the amounts are shown as contingent liabilities.

3.4.2 Useful life and residual values of property and equipment

The Group reviews the useful lives of property and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

3.4.3 Provision for doubtful debts

The Group regularly reviews its receivables for impairment, if any. The provision in this regard is made, based on management's estimate, where the prospects of recovery are doubtful.

3.4.4 Stage of completion

The Group determines stage of completion on the basis of services performed to date as a percentage of total services to be performed.

3.4.5 Provisions

A provision is recognized in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of consolidated financial statements of the Group are consistent with previous year except as described in Note 4.1.

4.1 New, amended standards and interpretations which became effective

The Group has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

IFRS 10 – Consolidated Financial Statements

IFRS 11 – Joint Arrangements

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions

Improvements to Accounting Standards Issued by the IASB

IFRS 2 Share-based Payment - Definitions of vesting conditions

IFRS 3 Business Combinations – Accounting for contingent consideration in a business combination

IFRS 3 Business Combinations - Scope exceptions for joint ventures

IFRS 8 Operating Segments – Aggregation of operating segments

IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets

IFRS 13 Fair Value Measurement - Scope of paragraph 52 (portfolio exception)

IAS16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortization

IAS 24 Related Party Disclosures - Key management personnel

IAS 40 Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the consolidated financial statements.

4.2 Taxation

4.2.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

4.2.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to other comprehensive income in which case it is included in other comprehensive income.

4.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at historic cost. Cost of operating fixed assets consist of purchase cost, borrowing cost pertaining to construction period and directly attributable cost of bringing the asset to working condition. Subsequent costs are included in the assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated profit and loss account during the period in which they are incurred.

Depreciation on property and equipment is charged to income by applying straight line method on pro rata basis so as to write off the historical cost of the assets over their estimated useful lives at the rates given in Note 5. Depreciation charge commences from the month in which the asset is available for use and continues until the month of disposal.

The assets residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of operating fixed assets represented by the difference between the sale proceeds and the carrying amount of the asset is included in income.

4.4 Capital work-in-progress

Capital work in progress represents expenditure on property and equipment which are in the course of construction and installation. Transfers are made to relevant property and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less identified impairment loss, if any.

4.5 Intangible assets

Intangible assets acquired from the market are carried at cost less accumulated amortization and any impairment losses.

Expenditure on research (or the research phase of an internal project) is recognized as an expense in the period in which it is incurred;

Development costs incurred on specific projects are capitalized when all the following conditions are satisfied:

Completion of the intangible asset is technically feasible so that it will be available for use or sale.

The Group intends to complete the intangible asset and use or sell it.

The Group has the ability to use or sell the intangible asset.

Development costs not meeting the criteria for capitalization are expensed as incurred.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and impairment losses. These are amortized using straight line method at the rate given in note 6. Full month amortization on additions is charged in the month of acquisition and no amortization is charged in month of disposal.

The Group assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.6 Impairment

4.6.1 Financial assets including receivables

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired may include default or delinquency by a debtor indications that a debtor or issuer will enter bankruptcy. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in consolidated profit and loss and reflected in an allowance account against receivables.

4.6.2 Non financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in consolidated profit and loss account.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.7 Staff benefits

The Group has the following plans for its employees:

4.7.1 Provident fund

The Group operates a funded recognized provident fund contribution plan which covers all permanent employees. Equal contributions are made on monthly basis both by the Group and the employees at 10% of basic pay.

4.7.2 Employees' share option scheme

The Group operates an equity settled share based Employees Stock Option Scheme. The compensation committee of the Board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Holding Company's shares at a price determined on the date of grant of options.

The fair value of the grant of share options is measured at grant date and recognized as an employee compensation expense, with a corresponding increase in equity, on the straight line basis over the vesting period. The fair value of the options granted is measured at option discount i.e. excess of option price at date of grant of option under a scheme over exercise price of option.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

4.7.3 Gratuity

"Provision is made for TechVista (the "Subsidiary") employees' end of service benefits in accordance with the UAE Federal labour laws."

4.8 Investments

Management determines the classification of its investments at the time of purchase depending on the purpose for which the investments are acquired and re-evaluates this classification at the end of each financial year. Investments intended to be held for less than twelve months from the consolidated balance sheet date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current.

Investments are either classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale investments or investment in subsidiary and associated companies, as appropriate. When investments are recognized initially, they are measured at fair value, plus, in case of investments not at fair value through profit or loss, directly attributable transaction cost.

4.8.2 Investments at fair value through profit or loss

Investments that are acquired principally for the purpose of generating profit from short term fluctuations in price are classified as investments at fair value through profit or loss. Investments at fair value through profit or loss are initially recognized at cost (excluding transaction cost), being the fair value of the consideration given. Subsequent to initial recognition they are recognized at fair value unless fair value cannot be reliably measured. Any surplus or deficit on revaluation of investment is recognized in the consolidated profit or loss account.

All purchases and sale of investments are recognized on trade date, which is the date the Group commits to purchase, or sell the investment.

4.8.3 Investments held to maturity

These are investments with fixed pre determinable payment and fixed maturity. The Group has the positive intent and ability to hold till maturity. These are stated at amortized cost.

4.8.4 Foreign currency transactions and translation

Assets and liabilities in foreign currencies are translated into Rupees at the rate of exchange prevailing at the balance sheet date. Transactions during the year are converted into Rupees at the exchange rate prevailing at the date of such transaction. All exchange differences are charged to consolidated profit and loss account.

On consolidation, the assets and liabilities of foreign operations are translated into Pak Rupees at the rate of exchange prevailing at the reporting date and their profit and loss account are translated at average rates prevailing during the year. The exchange differences arising on translation for consolidation are recognized in consolidated other comprehensive income. On disposal of a foreign operation, the component of consolidated other comprehensive income relating to that particular foreign operation is recognized in consolidated profit and loss account.

4.9 Trade debts

Trade debts from local customers are stated at cost while foreign debtors are stated at revalued amount by applying exchange rate applicable on the balance sheet reporting date.

4.9.1 Provision for doubtful debts

The Group reviews its trade and other receivable on each balance sheet date to assess whether the provision should be recorded in the consolidated profit and loss account relating to doubtful receivable. Judgment by the management is made of the amount and timing of future cash flows while determining the extent of provision required. Such estimation involves the application of the Group's provision for doubtful debt policy including the assessment of credit history of the counter party. Actual cash flows may differ resulting in subsequent change in provisions.

4.10 Trade and other payables

Liabilities for trade and other accounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

4.11 Provisions and contingencies

Provisions are recognized in the consolidated balance sheet when the Group has a legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.12 Revenue recognition

4.12.1 Professional services

Revenue from professional / software services includes fixed price contracts and time and material contracts. Revenue from services performed under fixed price contracts is recognized in accordance with the percentage of completion method. Revenue from services performed under time and material contracts is recognized as services are provided.

4.12.2 License and license support services

Revenue from license contracts without major customization is recognized when the license agreement is signed, delivery of software has occurred, fee is fixed or determinable and collectability is probable. Revenue from license contracts with major modification, customization and development is recognized on percentage of completion method. Revenue from support services is recognized on time proportion basis.

4.12.3 Outsourcing services

Revenue from business process outsourcing services is recognized on completion of processing. Revenue from other outsourcing services is recognized as services are provided.

4.12.4 Consultancy

Revenue from provision of consultancy services is recognized as the work is performed.

4.12.5 Sale of third party software

Revenue from sale of third party software is recognized when delivery has occurred and invoices are raised to the customer.

4.13 Other income

Profit on deposit account and gain on short term investments is recognized on accrual basis. Miscellaneous income is recognized on receipt basis.

4.14 Financial instruments

4.14.1 Financial assets

Significant financial assets include trade debts, advances, long term deposits and cash and bank balances. Finances and receivables from clients are stated at their nominal value as reduced by provision for doubtful finances and receivable, while other financial assets are stated at cost.

4.14.2 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities include short term ijarah rentals, musharika and morabaha finances, salam finances, accrued markup, trade and other payables and dividends payable. Markup based financial liabilities are recorded at gross proceeds received. Other liabilities are stated at their nominal value.

4.14.3 Recognition and derecognition

All the financial assets and financial liabilities are recognized at the time when the Group becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the Group looses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

4.14.4 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the consolidated balance sheet if the Group has legal enforceable right to set off the recognized amount and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

4.15 Finance cost

Finance cost is charged to consolidated profit and loss account in the year in which it is incurred.

4.16 Cash and cash equivalents

Cash and cash equivalents are stated in the consolidated balance sheet at cost. For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise of cash in hand, cheques/demand draft in hand and deposits in the bank.

4.17 Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight-line basis over the lease term unless another systematic basis is representative of the time pattern of the Group's benefit.

4.18 Dividends and appropriation reserves

Dividends distribution to Group's shareholders is recognized as a liability in the period in which dividends are approved by Group's shareholders.

4.19 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting profit and loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for the facts of all diluted potential ordinary shares.

4.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer (the CEO) to assess segment's performance, and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other operating expenditures, other income, finance cost, corporate assets, income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the year to acquire property and equipment.

4.21 Standards, Interpretations and Amendments to Published Approved Accounting

Standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	01 January 2016
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 9 -Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 -Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

Amounts in rupees	Note	2015	2014

5. PROPERTY AND EQUIPMENT

	Note	2015	2014
Operating fixed assets	5.1	195,893,473	163,735,721
Capital work in progress	5.2	166,809,825	39,671,939
		362,703,298	203,407,660

5.1 Operating fixed assets

2015	Cost					Depreciation						
DESCRIPTION	Cost as at 01 January	Additions	Disposals	Exchange differences	Cost as at 31 December	Accumulated depreciation as at 01 January	Depreciation charge	Disposals	Exchange differences	Accumulated depreciation as at 31 December	Net book value as at 31 December	Depreciation rate (% per annum)
	Amounts in rupees					Amounts in rupees						
Land - free hold	40,990,412	12,040,000	-	-	53,030,412	-	-	-	-	-	53,030,412	-
Computers	160,058,314	52,809,354	1,015,585	334,344	212,186,427	103,474,149	39,863,461	956,776	40,268	142,421,102	69,765,325	33
Computer equipment and installations	31,164,298	6,843,614	-	(293,035)	37,714,877	22,712,873	4,587,936	-	(27,942)	27,272,867	10,442,010	33
Other equipment and installations	21,951,051	2,811,327	-	-	24,762,378	15,471,625	3,189,831	-	-	18,661,456	6,100,922	20
Generator	17,389,462	2,433,460	-	-	19,822,922	9,912,696	2,391,745	-	-	12,304,441	7,518,481	20
Furniture and fittings	50,453,888	3,568,111	-	1,630	54,023,629	39,397,187	5,590,664	-	8,573	44,996,424	9,027,205	20
Office equipment	11,486,554	943,210	-	628	12,430,392	6,692,073	1,799,903	-	(5,147)	8,486,829	3,943,563	20
Vehicles	40,134,878	19,691,728	6,728,562	-	53,098,044	14,288,023	10,553,754	4,652,819	-	20,188,958	32,909,086	25
Project assets	4,532,726	3,019,400	20,007	-	7,532,119	4,086,293	2,656,742	20,007	-	6,723,028	809,091	Project life
Mobile sets	2,657,329	1,861,126	-	-	4,518,455	1,048,272	1,122,805	-	-	2,171,077	2,347,378	33
	380,818,912	106,021,330	7,764,154	43,567	479,119,655	217,083,191	71,756,841	5,629,602	15,752	283,226,182	195,893,473	

2014	Cost					Depreciation						
DESCRIPTION	Cost as at 01 January	Additions	Disposals	Exchange differences	Cost as at 31 December	Accumulated depreciation as at 01 January	Depreciation charge	Disposals	Exchange differences	Accumulated depreciation as at 31 December	Net book value as at 31 December	Depreciation rate (% per annum)
	Amounts in rupees					Amounts in rupees						
Land - free hold	40,990,412	-	-	-	40,990,412	-	-	-	-	-	40,990,412	-
Computers	119,382,975	41,097,839	422,500	-	160,058,314	75,829,508	27,806,291	161,650	-	103,474,149	56,584,165	33
Computers equipment and installations	23,170,831	7,993,467	-	-	31,164,298	18,770,316	3,942,557	-	-	22,712,873	8,451,425	33
Other equipment and installations	19,707,506	2,319,145	75,600	-	21,951,051	12,777,065	2,694,560	-	-	15,471,625	6,479,426	20
Generator	12,412,469	4,976,993	-	-	17,389,462	8,541,795	1,370,901	-	-	9,912,696	7,476,766	20
Furniture and fittings	47,318,856	3,135,032	-	-	50,453,888	35,063,253	4,333,934	-	-	39,397,187	11,056,701	20
Office equipment	9,836,720	1,649,834	-	-	11,486,554	5,214,412	1,477,661	-	-	6,692,073	4,794,481	20
Vehicles	39,054,607	13,788,587	12,708,316	-	40,134,878	10,231,871	9,138,419	5,082,267	-	14,288,023	25,846,855	25
Project assets	3,737,526	795,200	-	-	4,532,726	3,712,084	374,209	-	-	4,086,293	446,433	Project life
Mobile sets	1,512,859	1,184,470	40,000	-	2,657,329	440,798	619,574	12,100	-	1,048,272	1,609,057	33
	317,124,761	76,940,567	13,246,416	-	380,818,912	170,581,102	51,758,106	5,256,017	-	217,083,191	163,735,721	

5.1.1 The cost of owned assets include assets amounting to Rs. 281.87 (2014: 151.68) million with nil book value.

Amounts in rupees	Note	2015	2014

5.2 Capital work in progress

	Note	2015	2014
Advance to supplier		7,466,611	23,295,538
Land improvements		4,791,256	4,316,890
Building - freehold		154,551,958	12,059,511
	5.2.1	166,809,825	39,671,939

Amounts in rupees	Note	2015	2014

5.2.1 This represents in progress construction of the Group's new office building.

5.2.2 The following is the movement in capital work-in-progress during the year:

		2015	2014
Balance at the beginning of the year		39,671,939	35,530,031
Additions during the year		127,137,886	4,141,908
Balance at the end of the year		166,809,825	39,671,939

5.3 Depreciation charge for the year has been allocated as follows:

	Note	2015	2014
Cost of sales	23	56,676,436	41,390,320
Distribution cost	24	2,116,795	1,142,255
Administrative expenses	25	11,957,575	9,104,230
Research and development expenses	26	1,006,035	121,301
		71,756,841	51,758,106

5.4 Disposal of property and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Particulars of buyer
	Amounts in rupees						
Vehicles							
Toyota Corolla	1,312,537	1,312,537	-	1,312,537	1,312,537	Group Policy	Mushtaq Patni
Suzuki Cultus	872,885	872,885	-	872,885	872,885	Group Policy	Laique Ahmed
Toyota Corolla	1,531,340	1,148,505	382,835	1,531,340	1,148,505	Group Policy	Syed Aamir Turab Gillani
Suzuki Cultus	1,011,800	548,058	463,742	1,011,800	548,058	Group Policy	Adeel Edhi
Suzuki Swift	1,000,000	416,667	583,333	1,000,000	416,667	Group Policy	Rauf Ahmed
Suzuki Swift	1,000,000	354,167	645,833	1,000,000	354,167	Group Policy	Syed Umer Javed
	6,728,562	4,652,819	2,075,743	6,728,562	4,652,819		
Other							
Miscellaneous	1,035,592	976,783	58,809	95,800	36,991	Negotiation	Various
2015	7,764,154	5,629,602	2,134,552	6,824,362	4,689,810		

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Profit	Mode of disposal	Particulars of buyer
	Amounts in rupees						
Honda Civic	2,495,421	780,513	1,714,908	2,495,421	780,513	Group Policy	Asharaf Kapadia
Toyota Corolla	1,606,265	970,452	635,813	1,606,265	970,452	Group Policy	Kashif Krimi
Honda City	1,586,604	793,302	793,302	1,586,604	793,302	Group Policy	Usman Asif
Honda City	1,546,740	161,119	1,385,621	1,546,740	161,119	Group Policy	Wali Muhammad Qadri
Suzuki Cultus	1,034,061	236,972	797,089	1,034,061	236,972	Group Policy	Tariq Gill
Toyota Corolla	1,010,125	163,527	846,598	1,010,125	163,527	Group Policy	Muhammad Nasar Sabih
Suzuki Cultus	1,004,300	669,533	334,767	1,004,300	669,533	Group Policy	Muhammad Zahid Hussain
Honda City	1,000,000	125,000	875,000	1,000,000	125,000	Group Policy	Warood Choudry
Suzuki Cultus	862,110	736,386	125,724	862,110	736,386	Group Policy	Nadeem Yusuf
Suzuki Mehran	562,690	445,463	117,227	562,690	445,463	Group Policy	Adnan Yaqoob
	12,708,316	5,082,267	7,626,049	12,708,316	5,082,267		
Other							
Miscellaneous	538,100	173,750	364,350	727,040	362,690	Negotiation	Various
2014	13,246,416	5,256,017	7,990,399	13,435,356	5,444,957		

6. INTANGIBLES

2015										
Particulars	Cost as at 1 January	Additions	Disposals	Cost as at 31 December	Accumulated Amortization as at 1 January	Amortization charge for the period	Disposals	Accumulated Amortization as at 31 December	Book value as at 31 December	Rate
	Amounts in rupees									
Computer software	73,397,519	44,158,965	4,462,849	113,093,635	19,187,091	15,135,993	4,462,849	29,860,235	83,233,400	30%

2014										
Particulars	Cost as at 1 January	Additions	Disposals	Cost as at 31 December	Accumulated Amortization as at 1 January	Amortization charge for the period	Disposals	Accumulated Amortization as at 31 December	Book value as at 31 December	Rate
	Amounts in rupees									
Computer software	27,431,887	45,965,632	-	73,397,519	11,379,001	7,808,090	-	19,187,091	54,210,428	30%

6.1 The cost of the intangibles include intangible assets amounting to Rs. 9.98 million (2014: 5.34 million) with nil book value.

6.2 Additions include in-house developed intangibles amounting to Rs. 20.97 (2014: 26.05) million capitalized during the current year.

Amounts in rupees	Note	2015	2014
6.3 Amortization charge for the period has been allocated as follows:			
Cost of sales	23	12,732,828	6,707,439
Distribution cost	24	239,289	94,367
Administrative expenses	25	1,889,566	982,874
Research and development expenses	26	274,310	23,410
		15,135,993	7,808,090

7. DEFERRED TAXATION

	2015	2014
Taxable temporary differences		
Depreciation on property and equipment	77,048	-
Amortization on intangibles	1,054,043	-
	1,131,091	-
Deductible temporary differences		
Depreciation on property and equipment	-	810,308
Amortization on intangibles	-	228,485
Provision for doubtful debts	826,471	444,431
Minimum tax	1,114,130	-
	1,940,601	1,483,224
Deferred tax asset	809,510	1,483,224

8. UNBILLED REVENUE

This represents work performed but not billed to the client. Revenue against this has been recognized on the basis of percentage of work done in accordance with IAS-18 "Revenue".

Amounts in rupees	Note	2015	2014

9. TRADE DEBTS

Considered good - unsecured			
Export	*9.1*	677,611,263	571,724,311
Local		284,083,365	173,862,554
		961,694,628	745,586,865
Considered doubtful - unsecured			
Local		11,971,419	8,182,396
Less: Provision for doubtful debts	*9.2*	(11,971,419)	(8,182,396)
		-	-
		961,694,628	745,586,865

9.1 This includes receivable against sale of services from Visionet Systems Incorporation - USA amounting to Rs. 552.76 (2014: 495.19) million.

Amounts in rupees	Note	2015	2014
9.2 *Balance as at 01 January*		8,182,396	8,948,300
Provision made during the year		11,971,419	3,606,674
Less: provision reversed during the year		(7,507,713)	-
Net charge for the year	*28*	4,463,706	3,606,674
Less:			
Bad debts written off		(674,683)	(4,372,578)
Balance as at 31 December		11,971,419	8,182,396
9.3 Aging analysis of the amounts due from related parties is as follows:			
Visionet Systems Incorporation - USA			
Not past due		494,968,822	115,695,106
Past due but not impaired:			
- Not more than three months		57,796,623	194,438,234
- More than three months but not more than six months		-	185,060,656
		552,765,445	495,193,996

10. ADVANCES - considered good

Advances to staff:			
against salary		9,780,507	4,238,699
against expenses		26,179,629	16,443,332
	10.1	35,960,136	20,682,031
Advances to suppliers		36,917,427	7,043,902
		72,877,563	27,725,933

10.1 It includes advances to executives amounting to Rs. 20.13 (2014: Rs. 13.77) million.

Amounts in rupees	Note	2015	2014

11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits		43,012,627	28,079,470
Prepayments	11.1	71,227,012	30,833,177
		114,239,639	58,912,647

11.1 This includes prepaid IPO expenditures of Rs. Nil (2014: 18.48) million which mainly includes listing fees of Pakistan Stock Exchange (formerly Karachi, Lahore and Islamabad stock exchange), underwriting commission and consulting fees.

Amounts in rupees	Note	2015	2014

12. RECEIVABLE FROM RELATED PARTIES

Considered good - unsecured			
Visionet Systems Incorporation - USA	12.1	11,536,311	2,150,066

12.1 This represents amount receivable against expenses incurred on behalf of Visionet Systems Incorporation and are payable on demand by the related party. These receivables are unsecured and interest free.

Amounts in rupees	Note	2015	2014

13. TAX REFUNDS DUE FROM THE GOVERNMENT

Balance as at 01 January		27,467,230	3,465,939
Income tax paid during the year		39,994,036	30,761,689
Provision for the year	30	(12,317,310)	(6,760,398)
Balance as at 31 December		55,143,956	27,467,230

14. SHORT TERM INVESTMENTS

Held to maturity			
Habib Metropolitan Bank		300,000,000	-
Faysal Bank Limited		50,000,000	-
Bank Alfalah Limited		25,000,000	-
Meezan Bank limited		150,000,000	-
	14.1	525,000,000	-
Investment at fair value through profit and loss			
NAFA Fund units 275,938 (2014: 269,871)		30,204,644	27,290,414
Add: Unrealized gain on investments at fair value through profit and loss		2,594,754	2,914,230
		32,799,398	30,204,644
		557,799,398	30,204,644

14.1 These are Term Deposit Receipts (TDRs) carrying markup at rates ranging from 6% to 8.75% (2014: 7% to 8.50%) per annum.

Amounts in rupees	Note	2015	2014

15. CASH AND BANK BALANCES

	Note	2015	2014
Cash in hand		92,408	76,861
Cash at bank:			
Local currency:			
Current accounts	15.1	42,604,487	699,353,085
Saving accounts	15.2	150,147,397	283,423,583
		192,751,884	982,776,668
Foreign currency		749,564	4,239,269
		193,593,856	987,092,798

15.1 This includes amount of subscription money aggregating to Rs. Nil (2014: 687.63) million received from high net worth individuals, institutional investors and general public against the shares offered through IPO out of which Rs. 167.63 (2014: Nil) million have been refunded to unsuccessful applicants during the year.

15.2 These carry markup at the rate of 6.5% to 8.5% (2014: 7.5% to 9.5%) per annum. Moreover, these include Rs. Nil (2014: 184.99) million in KASB Bank which the Group is unable to withdraw due to imposition of moratorium by Federal Government on application of State Bank of Pakistan for a period of six months effective from 17 November 2014.

16. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		2015	2014
Number os shares			Amounts in rupees	
21,829,311	8,375,635	Ordinary shares of Rs. 10/- fully paid in cash	218,293,110	83,756,350
88,851,565	78,789,667	Ordinary shares of Rs. 10/- each fully paid up as bonus shares	888,515,650	787,896,670
110,680,876	87,165,302		1,106,808,760	871,653,020

16.1 Reconciliation of ordinary shares

2015	2014		2015	2014
Number os shares			Amounts in rupees	
87,165,302	42,937,507	Balance at 1 January	871,653,020	429,375,070
13,000,000	-	Shares issued through Initial Public Offering	130,000,000	-
453,676	645,144	Stock options exercised	4,536,760	6,451,440
10,061,898	43,582,651	Bonus shares issued during the year	100,618,980	435,826,510
110,680,876	87,165,302	Balance at 31 December	1,106,808,760	871,653,020

Amounts in rupees	Note	2015	2014

17. RESERVES - capital

Share premium reserve	17.1	411,302,586	39,119,784
Deferred employee compensation reserve	17.2	9,255,467	4,367
Translation reserve on foreign operations		33,082	83,943
		420,591,135	39,208,094

17.1 This reserve shall be utilized only for the purpose as specified in section 83(2) of the Companies Ordinance, 1984.

17.2 This represents balance amount after exercise of share options by the employees under the Employee Stock Option Scheme approved by SECP. According to the scheme, 100% options become exercisable after completion of vesting period from date of grant. The options have a vesting period of 2 years and an exercise period of 3 years from the date the option is vested.

17.3 The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year:

	2015		2014	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Amounts in rupees	Rupees	Number	Rupees	Number
Outstanding at 1 January	25.59	884,561	21.83	1,098,820
Granted during the year	25.45	811,500	40.83	430,885
Exercised during the year	15.95	(453,676)	21.83	(645,144)
Outstanding at 31 December	23.50	1,242,385	25.59	884,561

18. LONG TERM ADVANCES

This represents advances received from staff and will be adjusted as per Group's car policy against sale of vehicles.

Amounts in rupees	Note	2015	2014

19. TRADE AND OTHER PAYABLES

Creditors		40,230,374	13,385,653
Advance from customers		19,484,724	26,969,004
Accrued liabilities		148,678,767	28,926,148
Provision for Worker's Welfare Fund (WWF)	21.3	17,930,514	17,930,514
Payable to unsuccessful applicants - IPO		-	167,628,000
Provident fund payable		11,607,008	7,200,376
Withholding income tax payable		7,328,925	485,923
Sales tax payable		16,982,767	10,711,727
Other payables		636,818	123,918
		262,879,897	273,361,263

20. UNEARNED REVENUE

It represents license, maintenance and services fee received in advance. The license and services fee are transferred to revenue on work done basis where as maintenance is transferred to revenue on time proportion basis.

21. CONTINGENCIES AND COMMITMENTS

Commitments

21.1 Guarantees issued by the financial institutions on behalf of the Group amount to Rs. 129.12 million (2014: Rs. 63.05 million).

21.2 Commitments include capital commitments for construction of building of the Group amounting to Rs. 344 million (2014: 225.43 million) out of which Rs. 115.02 million have been invoiced.

Contingencies

21.3 During the current period as well as last year, the Group has not charged Workers' Welfare Fund (WWF) under WWF Ordinance, 1971 amounting to Rs. 9.3 (2014: Rs. 8.9) million respectively, as the amendments made through Finance Act 2006 and 2008 relating to scope and applicability of the same has been declared unconstitutional by the Honorable Lahore High Court through its judgment number 2011 PLD 2643. The matter is pending before the Honorable Supreme Court of Pakistan. However, management is confident that the decision of the Lahore High Court shall prevail, accordingly no provision has been made by the Group during the year in this regard.

21.4 The Deputy Commissioner Inland Revenue has issued withholding tax assessment orders u/s 161/205 of the Income Tax Ordinance 2001 (the Ordinance) for the tax year 2010 and 2012 whereby tax amounting to Rs. 779,513 and Rs. 13,540,966 respectively has been levied. The Holding Company preferred appeals against the orders which are pending adjudications.

21.5 The Holding Company filed an undertaking pursuant to Income Tax (Second Amendment) Ordinance, 2015, thereby opting out of minimum tax on services under section 153(1)(b) of the Ordinance. The Assistant Commissioner, Inland Revenue has declined the undertaking against which the Company has filed an appeal before Commissioner Inland Revenue (Appeals) which is pending adjudication, which might result in tax liability of Rs. 30.25 million.

21.6 The Holding Company has filed appeals before the Commissioner Inland Revenue (Appeals) against the orders passed under section 122(5A) of the Ordinance by the Additional Commissioner Inland Revenue for payment of additional amount Rs. 10.6 million and Rs. 9 million in respect of tax years 2010 and 2011 respectively. The appeals filed by the Holding Company are pending adjudications.

Pending adjudication of the above matters, the tax consultants and management of the Company expect favorable outcome of the appeals and anticipate no outflow of economic benefits.

Amounts in rupees	*Note*	2015	2014
22. REVENUE - net			
<u>Development and other services:</u>			
Export		1,928,771,475	1,419,780,765
Local		485,600,726	324,836,908
Less: Sales tax on local sales	*22.1*	(52,288,117)	(26,944,437)
		433,312,609	297,892,561
<u>Trading income:</u>			
Software sale - export		37,469,733	87,323,353
Software sale - local		99,132,144	138,330,879
Less: Sales tax on local sales	*22.1*	(27,960,298)	(20,615,998)
		71,171,846	117,714,881
		2,470,725,663	1,922,711,560

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

Amounts in rupees	Note	2015	2014

23. COST OF SALES

Salaries, allowances and amenities	23.1	1,198,802,967	798,084,596
E - link connectivity charges		2,927,163	1,106,333
Air time consumed		-	48,962
Printing and stationery		2,166,640	1,301,183
Computer supplies		7,692,833	4,733,590
Rent, rates and taxes		66,287,832	56,645,263
Electricity, gas and water		47,767,645	44,002,788
Traveling and conveyance		97,485,016	66,210,274
Repair and maintenance		15,932,005	9,275,826
Postage, telephone and telegrams		42,261,124	28,776,021
Vehicle running and maintenance		6,223,802	3,117,248
Entertainment		3,853,247	1,743,385
Third party consultancy		13,622,739	-
Trade margin		506,334	93,619
Fee and subscriptions		11,470,870	19,522,332
Insurance		3,349,973	1,269,270
Provision for impairment		-	694,757
Depreciation	5.3	56,676,436	41,390,320
Amortization	6.3	12,732,828	6,707,439
Others		135,380	-
		1,589,894,834	1,084,723,206
Purchase of software for trading		80,029,388	161,133,928
		1,669,924,222	1,245,857,134

23.1 This includes employees retirement benefit expense amounting to Rs. 44.29 (2014: Rs. 30.22) million.

Amounts in rupees	Note	2015	2014

24. DISTRIBUTION COST

Salaries, allowances and amenities	24.1	49,570,724	43,114,142
Printing and stationery		573,504	501,671
Computer supplies		585,298	443,725
Rent, rates and taxes		1,422,489	949,317
Electricity, gas and water		987,607	642,831
Traveling and conveyance		9,517,264	9,917,335
Repair and maintenance		429,591	137,925
Postage, telephone and telegrams		1,127,686	1,195,417
Vehicle running and maintenance		860,058	1,022,986
Entertainment		767,744	101,603
Insurance		213,788	118,534
Fee and subscriptions/Training		442,498	238,963
Shows/Seminars/Advertising		3,799,628	2,310,842
Depreciation	5.3	2,116,795	1,142,255
Amortization	6.3	239,289	94,367
Tender documents		124,529	136,863
		72,778,492	62,068,776

24.1 This includes employees retirement benefit expense amounting to Rs. 1.74 (2014: Rs. 1.49) million.

Amounts in rupees	*Note*	2015	2014

25. ADMINISTRATIVE EXPENSES

Salaries, allowances and amenities	*25.1*	236,905,632	141,144,432
Printing and stationery		4,176,134	1,041,747
Computer supplies		4,346,320	3,343,601
Rent, rates and taxes		6,299,507	7,580,772
Electricity, gas and water		6,355,570	7,125,624
Traveling and conveyance		19,235,891	8,663,615
Repair and maintenance		8,045,933	5,207,364
Postage, telephone and telegrams		9,828,424	5,027,783
Vehicle running and maintenance		2,573,171	2,406,366
Legal and professional		18,673,814	4,031,141
Auditors' remuneration	*25.2*	1,400,000	1,716,025
Entertainment		1,765,769	1,952,029
Donations	*25.3*	38,500	684,000
Fee and subscriptions/Training		5,659,214	5,183,544
Insurance		669,178	670,143
Hiring cost		1,139,699	-
Newspapers, books and periodicals		74,498	374,816
Depreciation	*5.3*	11,957,575	9,104,230
Amortization	*6.3*	1,889,566	982,874
Others		1,261,191	407,247
		342,295,586	206,647,353

25.1 This includes employees retirement benefit expense amounting to Rs. 7.19 (2014: Rs. 5.5) million.

Amounts in rupees	2015	2014
25.2 Auditors' remuneration	EY	KPMG
Statutory audit fee	900,000	906,025
Half yearly and quarterly audits	100,000	810,000
Half yearly review	400,000	-
	1,400,000	1,716,025

25.3 The Directors or their spouses have no interest in the Donee's fund.

Amounts in rupees	Note	2015	2014

26. RESEARCH AND DEVELOPMENT EXPENSES

Salaries, allowances and amenities	*26.1*	23,577,929	1,587,833
Computer supplies		387,222	115,132
Printing and stationery		15,197	-
Rent, rates and taxes		931,443	179,196
Electricity, gas and water		529,755	103,482
Traveling and conveyance		1,232,344	111,138
Repair and maintenance		359,884	41,237
Postage, telephone and telegrams		567,230	86,966
Vehicle running and maintenance		118,189	25,539
Entertainment		86,080	-
Fee and subscriptions/Training		94,312	24,165
Insurance		22,054	10,019
Depreciation	*5.3*	1,006,035	121,301
Amortization	*6.3*	274,310	23,410
		29,201,984	2,429,418

26.1 This includes employees retirement benefit expense amounting to Rs. 0.77 (2014: Rs. 0.02) million.

Amounts in rupees	Note	2015	2014

27. OTHER INCOME

Income from financial assets:			
Profit on deposit accounts		11,558,797	15,920,632
Gain on short term investments		43,730,505	13,972,179
Exchange gain on translation of export debts		25,061,317	-
		80,350,619	29,892,811
Income from non-financial assets:			
Gain on disposal of property and equipment		4,689,810	5,444,957
Others		3,466,497	4,969
		8,156,307	5,449,926
		88,506,926	35,342,737

28. OTHER OPERATING EXPENSES

Provision for doubtful debts		4,463,706	3,606,674
Bad debts - direct written off		19,262,903	-
Exchange loss on translation of export debts		-	21,650,799
		23,726,609	25,257,473

29. FINANCE COST

Markup on guarantee commission		380,512	403,591
Bank charges and commission		2,685,353	3,592,373
		3,065,865	3,995,964

Amounts in rupees	Note	2015	2014

30. TAXATION

Income tax			
- Current	(30.1)&(30.2)	10,082,379	6,760,398
- Prior		2,234,931	-
		12,317,310	6,760,398
Deferred tax expense / (income)		673,714	(2,616,558)
		12,991,024	4,143,840

30.1 This represents tax chargeable under Normal Tax Regime on local sale of software and services. The income of the Holding Company from export of software is exempt under clause 133 Part 1 of Second Schedule to the Income Tax Ordinance, 2001.

30.2 This represents minimum tax under section 153 of Income Tax Ordinance, 2001 (2014: 33% of taxable income). Reconciliation of accounting profit and tax charge for the year is meaningless in view of the said section.

31. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Group are as follows:

	Chief Executive Officer		Executive Director		Non Executive Directors		Executives	
Amounts in rupees	2015	2014	2015	2014	2015	2014	2015	2014
Number of persons	1	1	1	1	6	6	587	344

Amounts in rupees	2015	2014	2015	2014	2015	2014	2015	2014
Managerial remuneration	23,000,000	24,400,000	6,000,000	6,000,000	-	-	745,232,242	461,490,249
Retirement benefits	1,200,000	960,000	-		-	-	41,163,662	25,676,206
	24,200,000	25,360,000	6,000,000	6,000,000	-	-	786,395,904	487,166,455

The Chief Executive Officer and certain executives are also provided with free medical reimbursements, mobile phone facility and free use of the Group maintained cars in accordance with their entitlement.

During the current year, Chief Executive Officer and certain executives of the Group exercised stock option under employee stock option scheme according to which 223,406 (2014: 223,975) shares were allotted to them respectively.

32. 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.

Amounts in rupees	North America 2015	North America 2014	Middle East 2015	Middle East 2014	Pakistan 2015	Pakistan 2014	Inter segment eliminations 2015	Inter segment eliminations 2014	Total 2015	Total 2014
Sales	1,429,263,768	1,121,196,014	738,449,747	386,747,450	504,484,454	414,768,096	(201,472,306)	-	2,470,725,663	1,922,711,560
Cost of sales	805,465,436	614,972,794	686,327,274	306,404,879	407,359,826	324,479,461	(229,228,314)	-	1,669,924,222	1,245,857,134
Gross profit	623,798,332	506,223,220	52,122,473	80,342,571	97,124,628	90,288,635	27,756,008	-	800,801,441	676,854,426
Distribution cost	-	-	18,647,821	25,494,780	54,130,671	36,573,996	-	-	72,778,492	62,068,776
R & D	7,140,212	26,900	9,802,475	951,266	12,259,297	1,451,252	-	-	29,201,984	2,429,418
Administrative expenses	168,964,471	119,762,879	116,854,584	33,534,001	56,476,531	53,350,473	-	-	342,295,586	206,647,353
	176,104,683	119,789,779	145,304,880	59,980,047	122,866,499	91,375,721	-	-	444,276,062	271,145,547
Profit / (loss) before taxation and unallocated income and expenses	447,693,649	386,433,441	(93,182,407)	20,362,524	(25,741,871)	(1,087,086)	27,756,008	-	356,525,379	405,708,879

Amounts in rupees	2015	2014
Unallocated income and expenses:		
Other operating expenses	(23,726,609)	(25,257,473)
Other income	88,506,926	35,342,737
Finance cost	(3,065,865)	(3,995,964)
	61,714,452	6,089,300
Profit before taxation	418,239,831	411,798,179
Taxation	(12,991,024)	(4,143,840)
Profit for the year	405,248,807	407,654,339

32.1 Inter segment sales and purchases have been eliminated.

32.2 Allocation of assets and liabilities

Amounts in rupees	North America 2015	North America 2014	Middle East 2015	Middle East 2014	Pakistan 2015	Pakistan 2014	Elimination of Inter-segment transactions 2015	Elimination of Inter-segment transactions 2014	Total 2015	Total 2014
Segment operating assets										
Property and equipment	-	-	2,049,783	567,284	360,653,515	202,840,376	-	-	362,703,298	203,407,660
Intangibles	-	-	-	-	83,233,400	54,210,428	-	-	83,233,400	54,210,428
Long term deposits	-	-	-	-	11,901,100	14,346,357	-	-	11,901,100	14,346,357
Long term investments	-	-	-	-	51,077,980	2,077,980	(51,077,980)	(2,077,980)	-	-
Deferred taxation	-	-	-	-	809,510	1,483,224	-	-	809,510	1,483,224
Unbilled revenue	-	-	125,745,978	55,202,528	244,214,338	196,852,530	-	-	369,960,316	252,055,058
Trade debts	-	-	85,019,129	27,084,622	1,098,592,746	817,852,130	(221,917,247)	(99,349,887)	961,694,628	745,586,865
Advances	-	-	4,821,953	2,456,557	68,055,610	25,269,376	-	-	72,877,563	27,725,933
Trade deposits - and short term prepayments	-	-	66,032,524	8,125,236	48,207,115	50,787,411	-	-	114,239,639	58,912,647
Interest accrued	-	-	-	-	12,585,928	3,164,738	(7,527,367)	(3,164,738)	5,058,561	-
Receivable from related parties	-	-	-	-	164,572,856	47,728,753	(153,036,545)	(45,578,687)	11,536,311	2,150,066
Tax refunds due from government	-	-	-	-	55,143,956	27,467,230	-	-	55,143,956	27,467,230
Short term investments	-	-	-	-	557,799,398	30,204,644	-	-	557,799,398	30,204,644
Cash and bank balances	-	-	48,065,836	3,519,803	145,528,020	983,572,995	-	-	193,593,856	987,092,798
Total operating assets	-	-	331,735,203	96,956,030	2,902,375,472	2,457,858,172	(433,559,139)	(150,171,292)	2,800,551,536	2,404,642,910
Segment operating liabilities										
Long term advances	-	-	-	-	7,652,045	6,766,611	-	-	7,652,045	6,766,611
Long term financing	-	-	-	-	21,605,357	40,036,747	(21,605,357)	(40,036,747)	-	-
Amounts due to related party	-	-	353,348,435	104,964,670	-	-	(353,348,435)	(104,964,670)	-	-
Trade and other payables	-	-	23,555,931	2,907,229	239,323,966	270,454,034	-	-	262,879,897	273,361,263
Provision for gratuity	-	-	1,616,973	1,616,973	-	-	-	-	1,616,973	1,616,973
Markup on long term financing	-	-	-	-	7,527,367	3,164,738	(7,527,367)	(3,164,738)	-	-
Unearned revenue	-	-	-	-	109,811,070	6,447,492	-	-	109,811,070	6,447,492
Current portion of long term advances	-	-	-	-	5,017,350	3,391,885	-	-	5,017,350	3,391,885
Total operating liabilities	-	-	378,521,339	109,488,872	390,937,155	330,261,507	(382,481,159)	(148,166,155)	386,977,335	291,584,224
Other disclosures										
Capital expenditure	-	-	2,050,610	225,994	147,364,096	123,482,751	-	-	149,414,706	123,708,745

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

33. TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel (Note 31). The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes to the consolidated financial statements. Other significant transactions with related parties are as follows:

Undertaking	Relationship	Nature of transaction	2015	2014
			Amounts in rupees	
Visionet Systems Incorporation - USA	Associate	Sales	1,390,832,102	1,083,629,875
		Reimbursement of expenses	36,767,441	23,623,310
Staff retirement funds		Contribution	55,504,158	38,199,915

34. EARNINGS PER SHARE - BASIC AND DILUTED

Earnings per share are calculated by dividing the net profit for the year by weighted average number of shares outstanding during the year as follows:

Amounts in rupees	2015	2014
34.1 Basic earnings per share		
Profit for the year after tax	409,895,657	411,265,030

Number os shares	2015	2014
		Restated
Weighted-average number of ordinary shares as at 31 December	109,294,130	95,408,727
Basic earnings per share (Rupees)	3.75	4.31

The earnings per share of prior year has been adjusted to reflect the changes of bonus shares issued during the year ended 31 December 2015.

Amounts in rupees	2015	2014
34.2 Diluted earnings per share		
Profit for the year after tax	409,895,657	411,265,030

Number os shares	2015	2014
		Restated
Weighted-average number of ordinary shares (basic)	109,294,130	95,408,727
Effect of share options	1,242,385	884,561
Weighted average number of ordinary shares - diluted	110,536,515	96,293,288
Diluted earnings per share (Rupees)	3.71	4.27

Amounts in rupees		2015	2014

35. CASH GENERATED FROM OPERATIONS

	Note	2015	2014
Profit before taxation		418,239,831	411,798,179
Adjustment for:			
Depreciation on property and equipment	5.3	71,756,841	51,758,106
Amortization of intangibles	6.3	15,135,993	7,808,090
Provision for bad debts - net	28	4,463,706	3,606,674
Bad debts - written off	28	19,262,903	-
Provision for impairment		-	694,757
(Provision reversed) / Provision for gratuity		(34,114)	1,494,471
Finance cost	29	3,065,865	3,995,964
Net foreign exchange differences	5.1	(27,815)	-
Exchange gain on translation of export debts	27	(25,061,317)	21,650,799
Gain on short term investments	27	(43,730,505)	(13,972,179)
Share based payment expense		9,251,100	-
Gain on disposal of property and equipment	27	(4,689,810)	(5,444,957)
		467,632,678	483,389,904
Working capital changes			
Decrease / (increase) in current assets			
Work in progress		-	52,400
Unbilled revenue - net		(14,541,680)	5,069,146
Trade debts		(214,773,055)	(334,432,316)
Advances		(45,151,630)	(40,797,118)
Receivable from related parties		(9,386,245)	4,336,204
Trade deposits and short term prepayments		(55,326,992)	-
		(339,179,602)	(365,771,684)
(Decrease) / increase in current liabilities			
Trade and other payables		(23,595,408)	214,715,116
		(362,775,010)	(151,056,568)
Cash generated from operations		104,857,668	332,333,336

36. FINANCIAL RISK MANAGEMENT

Financial instruments comprise advances, deposits, interest accrued, trade debts, other receivables, receivable from related parties, cash and bank balances and trade and other payables.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

This note represents information about the Group's exposure to each of the above risks, it's objectives, policies and processes for measuring and managing risk, and it's management of capital.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Group's activities.

36.1 Market risk

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Group are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the consolidated profit and loss account.

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before tax.

	Changes in Rate	Effects on Profit Before Tax	Effects on Profit Before Tax
		2015	2014
USD	+1	81,570,803	67,175,141
	-1	(81,570,803)	(67,175,141)
Reporting date rate:			
USD		104.6	100.4

(b) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Group's investment strategy is to maximize investment returns.

The Group is not exposed to other price risk as its investments are fixed with respect to price and maturity.

(c) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect consolidated profit or loss of the Group.

36.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored.

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The Group believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Amounts in rupees	2015	2014
Unbilled revenue	369,960,316	252,055,058
Trade debts	961,694,628	745,586,865
Advances	9,780,507	27,725,933
Trade deposits and short term prepayments	43,012,627	58,912,647
Receivable from related parties	11,536,311	2,150,066
Interest accrued	5,058,561	27,467,230
Short term investment	525,000,000	30,204,644
Cash and bank balances	193,501,448	987,092,798
	2,119,544,398	2,131,195,241
The aging of trade receivables at the reporting date is:		
0 - 120 days	810,189,010	588,303,751
121 - 365 days	77,155,430	147,616,464
Above one year	86,321,607	17,849,046
	973,666,047	753,769,261
Impairment above one year	(11,971,419)	(8,182,396)
	961,694,628	745,586,865

As at year end, 68% of trade receivables (2014: 66%) are represented by one customer amounting to Rs. 552.77 million (2014: Rs. 495.19 million). The management believes that the Group is not exposed to customer concentration risk as this customer is related party of the Group.

Based on past experience and policy of the Group, the management believes that an impairment allowance is necessary in respect of trade receivables past due by one year except if those receivables are recovered subsequent to year end and if management has sufficient grounds to believe that the amounts will be recovered.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and investments held with some major counterparties at the balance sheet date:

	Rating			2015	2014
Banks	Short term	Long term	Agency	Amounts in rupees	
Habib Metropolitan Bank	A1+	AA+	PACRA	362,868,557	105,880,000
Bank Islami Pak	A1	A+	PACRA	33,020,729	-
Nafa Asset Management Fund	5 Star	4 Star	PACRA	32,799,398	30,204,644
United Bank Limited	A-1+	AA+	JCR-VIS	31,039,724	52,213,354
Faysal Bank Limited	A1+	AA	PACRA	62,686,970	54,509,373
Standard Chartered Bank	A1+	AAA	PACRA	1,480,199	2,838,562
Balance carried forward				523,895,577	245,645,933

Banks	Rating Short term	Long term	Agency	2015	2014
				Amounts in rupees	
Albarakah Bank	A1	A	PACRA	1,425,068	1,394,141
Meezan Bank	A1+	AA	JCR-VIS	151,010,307	-
Dubai Islamic Bank	A1	A+	JCR-VIS	48,976,220	17,208,754
Bank Alfalah Limited	A1+	AA	PACRA	25,501,210	66,217,230
Deutsche Bank Limited	P-1	A2	Moody's	460,970	1,011,900
KASB Bank Limited	C	B	PACRA	31,494	194,658,080
Habib Bank Limited	A1+	AA	JCR-VIS	-	83,520,000
Silk Bank	A2	A-	JCR-VIS	-	4,300,000
Summit Bank	A1	A	JCR-VIS	-	390,000,000
Samba Bank	A1	AA	JCR-VIS	-	1,960,000
Askari Bank	A1+	AA	JCR-VIS	-	7,480,000
				751,300,846	1,013,396,038

36.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The following are the contractual maturities of financial liabilities:

The following are the contractual maturities of financial liabilities as at 31 December 2015:

Amounts in rupees	Carrying amount	Less than one year	One to five years	More than five years
Trade and other payables	243,395,173	243,395,173	-	-
Long term advances	12,669,395	5,017,350	7,652,045	-
	256,064,568	248,412,523	7,652,045	-

The following are the contractual maturities of financial liabilities as at 31 December 2014:

Amounts in rupees	Carrying amount	Less than one year	One to five years	More than five years
Trade and other payables	246,392,259	246,392,259	-	-
Long term advances	10,158,496	3,391,885	6,766,611	
	256,550,755	249,784,144	6,766,611	-

36.4 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

The carrying values of other financial assets and financial liabilities reflected in consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

36.5 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 December 2015, the Group held the following financial instruments carried at fair value:

Amounts in rupees	2015	Level 1	Level 2	Level 3
Assets measured at fair value				
Mutual funds	32,799,398	32,799,398	-	-

Date of valuation : 31 December 2015

There were no liabilities measured at fair value as at 31 December 2015.

As at 31 December 2014, the Group held the following financial instruments carried at fair value:

Amounts in rupees	2014	Level 1	Level 2	Level 3
Assets measured at fair value				
Mutual funds	30,204,644	30,204,644	-	-

Date of valuation : 31 December 2014

There were no liabilities measured at fair value as at 31 December 2014.

36.6 Capital risk management

The Group's policy is to safeguard the Group's ability to remain as a going concern and ensure a strong capital base in order to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Board of Directors monitors the returns on capital, which the Group defines as net operating income divided by total shareholders' equity. The Group's objectives when managing:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

b) to provide an adequate return to shareholders by pricing products.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

Consistent with the industry norms, the Group monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the balance sheet less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt (as defined above).

The debt-to-equity ratio as to 31 December is as follows:

Amounts in rupees	2015	2014
Net debt	-	-
Total equity	2,423,320,937	1,598,124,458
Capital gearing ratio	-	-

Since the Group, has healthy cash flows at period end which is primarily because of higher revenue resulting in profits and increased equity due to new shares issued, therefore, it does not carry any long term or short term debts at 31 December 2015.

The Group is not subject to any externally-imposed capital requirements.

37. PROVIDENT FUND TRUST

37.1 The Group has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance 1984, and the rules formulated for this purpose. The salient information of the fund is as follows:

Amounts in rupees	2015	2014
Size of the fund (net assets)	193,416,811	149,726,979
Cost of investment made (actual investments made)	139,630,775	105,210,667
Percentage of investment made (cost of investments)	72.19%	70.27%
Fair value of investments	139,630,775	105,210,667

37.2 Break-up of investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

Description	2015		2014	
	Investments	% of investment as size of the fund	Investments	% of investment as size of the fund
	Rupees	%	Rupees	%
At fair value				
Mutual Funds	52,554,756	37.6%	40,361,532	38.4%
Term Deposit Receipts	65,076,019	46.6%	42,849,135	40.7%
Defense saving certificates	22,000,000	15.8%	22,000,000	20.9%
	139,630,775	100%	105,210,667	100%

37.3 The above information is based on unaudited financial statements of the provident fund.

38. NUMBER OF EMPLOYEES

	2015	2014
Number of employees at the end of the year	1876	1428
Average number of employees during the year	1684	1273

39. POST BALANCE SHEET EVENTS

The Directors in their meeting held on 31 March 2016 have recommended a final dividend of Rs. 1.25 per share (2014: Rs. 1 per share) amounting to Rs. 138.351 million (2014: Rs. 100.165 million) and bonus shares at the rate of NIL (2014: 10%) in respect of year ended December 31, 2015. The financial statements for the year ended December 31, 2015 do not include the effect of these appropriations which will be accounted for in the year in which it is approved.

40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue in the Board of Directors meeting held on 31 March 2016.

41. CORRESPONDING FIGURES

Corresponding figures have been re-classified for better presentation, in respect of following:

Balance sheet	Rupees
From:	
Advances, deposits, prepayments and other receivables have been shown separately on the face of the balance sheet as:	114,105,810
To:	
Advances	27,725,933
Tax refunds due from the Government	27,467,230
Trade deposits and short term prepayments	58,912,647
	114,105,810

Profit and loss account	
Provision for doubtful debts reclassified from 'Distribution cost' to 'Other operating expenses'	3,606,674
Exchange loss reclassified from 'Other income' to Other operating expenses'	21,650,799

AEZAZ HUSSAIN
Chairman

ASIF PEER
Chief Executive

Notes

Form of Proxy

39th Annual General Meeting

I/We ____

son/daughter of ____

a member of Systems Limited and holder of ____________________ shares as

per Registered Folio No. ______________ do hereby appoint Mr./Ms. ______________

son/daughter of ______________________________ or failing him/her

Mr./Ms. ____

son/daughter of ____

who is also member of the Company vide Registered Folio No. ______________

as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 27 April 2016 at 12:30 p.m. at Chamber of Commerce Building, 11 Sharae Aiwane Tijarat, Lahore and at any adjournment thereof.

In witness whereof on this ______________ day of ______________ 2016.

WITNESSES:

1. Signature ______________
   Name ______________
   Address ______________
   ____
   CNIC ______________

Affix Revenue Stamp

2. Signature ______________
   Name ______________
   Address ______________
   ____
   CNIC ______________

Member's Signature

NOTES:

1. The Forma of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.
2. CDC Shareholders, entitled to attend and vote at this meeting, must bring with them their national Identity Cards/Passport in original to provide his/her identity, and in case of Proxy, must enclosed an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents for such purpose.

AFFIX
CORRECT
POSTAGE

The Company Secretary
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11 Sharae Aiwane Tijarat,
Lahore, Pakistan

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