



Interim Financial Report
for the nine months ended
30 September 2015

Bringing Technology
Innovation To Your Business



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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Affan Sajjad

AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Lahore

LEGAL ADVISOR

Hassan & Hassan Advocates

BANKERS

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

SHARES REGISTRAR

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2nd Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road, Karachi.
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11 Sharae Aiwane Tijarat, Lahore,
Pakistan.
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KARACHI OFFICE

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Karachi, Pakistan
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Office 105, Building 11 Dubai Internet
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DIRECTOR'S REVIEW

On behalf of the Board of Directors of Systems Limited we are pleased to present the Financial Statements together with the Consolidated Financial Statements for the nine month period ended September 30, 2015.

GENERAL OVERVIEW

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

In 2015, company further solidified its base in MEA Region. We have also strengthened our sales team which generated the direct business. Company have active projects in UAE, Oman, Bahrain, Qatar, Saudi Arabia and South Africa. Company's subsidiary i.e. TechVista Systems FZ-LLC has also set up a subsidiary in Australia this year, which has opened new and exciting opportunities and has already signed up with a large retail chain across Australia.

We have lucrative opportunities for growth and profitability by serving emerging markets which have expanded the demand for our services worldwide. Creation and retention of pool of talented and motivated work force aligned with strategic objectives of the company, highly developed marketing skills by way of insight of customer behavior and market segments, in-depth knowledge of company's services, their strengths and special customer service skills, capacity for continuous innovation and research and financial resourcefulness have further consolidated the well-entrenched position of the company.

We are determined to establish long term and mutually beneficial relationships with our prestigious customers. We are thankful to our customers for their trust.

FINANCIAL RESULTS

During the nine months period ended 2015, company's revenues grew by 18% as compared to corresponding period of 2014. Cost of revenue increased from corresponding period, due to expansion and capacity building in local and Middle East region. Operating costs increased due to starting operations in new markets and building new competency centers and we believe that this will allow the company to sustain future growth. Profit after tax of the company grew by 7%.

	Nine months ended Jan - Sep 2015	Nine months ended Jan - Sep 2014	Change %
Revenue	1,661,796,710	1,406,795,216	18%
Gross Profit	548,847,361	512,872,503	7%
Profit Before Taxation	329,258,834	313,540,925	5%
Profit After Taxation	322,081,776	301,841,528	7%
Earnings Per share (Rs)	2.95	3.14	(6%)

DIRECTOR'S REVIEW

LISTING OF THE COMPANY

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

FUTURE OUTLOOK

The 2015 financial year is focused on 20% growth over last year actual revenue. This growth will be attributed to following:

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

ACKNOWLEDGEMENT

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

On behalf of the Board



Asif Peer
Chief Executive

28 October 2015
Lahore

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CONDENSED INTERIM BALANCE SHEET

AS AT 30 SEPTEMBER 2015 (UN-AUDITED)

	Note	Un-audited 30 September 2015 Rupees	Audited 31 December 2014 Rupees
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
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	5	1,106,808,760	871,653,020
Reserves	6	411,306,838	39,124,151
Advance against issue of shares		-	520,000,000
Unappropriated profit		837,827,670	716,983,853
		2,355,943,268	2,147,761,024
<u>Non current liabilities</u>			
Long term advances		10,524,572	10,158,496
<u>Current liabilities</u>			
Trade and other payables		149,294,416	269,446,164
Unearned revenue		-	6,447,492
		149,294,416	275,893,656
Contingencies and commitments	7		
		2,515,762,256	2,433,813,176

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

LAHORE



AEZAZ HUSSAIN
Chairman

	Note	Un-audited 30 September 2015 Rupees	Audited 31 December 2014 Rupees
ASSETS			
<u>Non current assets</u>			
Property and equipment	8	272,000,851	202,065,814
Intangibles	9	33,834,668	34,101,951
Long term investments		2,077,980	2,077,980
Long term deposits		9,895,100	12,346,357
Deferred taxation		1,637,710	1,483,224
		319,446,309	252,075,326
<u>Current assets</u>			
Trade debts - unsecured, considered good		1,163,271,135	1,014,135,953
Advances, deposits, prepayments and other receivables		164,000,062	75,806,277
Receivable from related parties -unsecured, considered good		141,946,999	47,728,753
Tax refunds due from Government		46,660,940	27,467,230
Accrued markup		31,636,467	3,164,738
Short term investments		556,978,106	30,204,644
Cash and bank balances		91,822,238	983,230,255
		2,196,315,947	2,181,737,850
		2,515,762,256	2,433,813,176



ASIF PEER
Chief Executive

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UN-AUDITED)

	Note	Nine months ended 30 September		Quarter ended 30 September	
		2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
Revenue	10	1,661,796,710	1,406,795,216	566,974,488	511,214,687
Direct cost		(1,112,949,349)	(893,922,713)	(399,928,748)	(339,214,523)
Gross profit		548,847,361	512,872,503	167,045,740	172,000,164
Distribution cost		(59,821,428)	(41,184,599)	(17,715,344)	(16,762,484)
Administrative expenses		(206,101,146)	(146,739,177)	(69,503,269)	(58,433,300)
Research and development expenses		(24,084,932)	(14,722,360)	(7,220,836)	(6,516,716)
Other operating expenses		-	(6,398,794)	-	(2,299,615)
		(290,007,506)	(209,044,930)	(94,439,449)	(84,012,115)
Operating profit		258,839,855	303,827,573	72,606,291	87,988,049
Finance cost		(1,454,247)	(2,921,961)	(310,518)	(1,032,254)
Other income		71,873,226	12,635,313	27,466,556	25,725,344
		70,418,979	9,713,352	27,156,038	24,693,090
Profit before taxation		329,258,834	313,540,925	99,762,329	112,681,139
Taxation		(7,177,058)	(11,699,397)	1,168,708	(3,000,000)
Profit after taxation		322,081,776	301,841,528	100,931,037	109,681,139
			<i>Restated</i>		<i>Restated</i>
Earnings per share					
Basic earnings per share (Rupees)	11	2.95	3.14	0.92	1.14
Diluted earnings per share (Rupees)	11	2.92	3.12	0.91	1.14

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

LAHORE

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UN-AUDITED)

	Nine months ended 30 September		Quarter ended 30 September	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
Profit after taxation	322,081,776	301,841,528	100,931,037	109,681,139
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	322,081,776	301,841,528	100,931,037	109,681,139

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

LAHORE

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UN-AUDITED)

	Nine months ended 30 September	
	2015 Rupees	2014 Rupees
<u>Cash flows from operating activities</u>		
Profit before taxation	329,258,834	313,540,925
<i>Adjustments of items not involving movement of cash:</i>		
Depreciation	50,393,631	37,191,971
Amortization	10,841,543	4,879,245
Provision for bad debts made during the period	7,817,163	-
Finance cost	1,454,247	2,921,961
Exchange (gain)/loss - net	(19,936,496)	10,583,787
Profit on bank deposits	(10,354,292)	(8,339,853)
Provision for workers welfare fund	-	6,398,794
Unrealized gain on investments	(33,673,458)	(11,708,688)
Gain on disposal of property and equipment	(3,457,223)	(2,405,148)
	3,085,115	39,522,069
Profit before working capital changes	332,343,949	353,062,994
<u>Effect on cash flow due to working capital changes</u>		
<i>(Increase)/decrease in current assets:</i>		
Trade debts	(137,015,849)	(311,651,444)
Receivable from related parties	(94,218,246)	(21,878,361)
Advances, prepayments and other receivables	(85,029,047)	(72,271,405)
<i>Increase/(decrease) in current liabilities:</i>		
Trade and other payables	(120,151,748)	47,710,131
Unearned revenue	(6,447,492)	(849,710)
	(442,862,382)	(358,940,789)
Cash generated from operations	(110,518,433)	(5,877,795)
Finance cost paid	(1,454,247)	(2,921,961)
Taxes paid	(26,525,254)	(23,785,415)
	(27,979,501)	(26,707,376)
Net cash outflow from operating activities	(138,497,934)	(32,585,171)
<u>Cash flows from investing activities</u>		
Fixed capital expenditure on property and equipment	(122,404,420)	(19,236,100)
Intangibles	(10,574,260)	(7,037,716)
Proceeds from sale of property and equipment	5,532,975	9,020,740
(Purchase)/disposal of bank deposits	(524,736,471)	75,418,032
Profit received on bank deposits	10,354,292	8,339,853
Increase in long term deposits	2,451,257	-
Net cash (outflow) / inflow from investing activities	(639,376,627)	66,504,809
<u>Cash flows from financing activities</u>		
Proceeds from issuance of share capital	7,234,477	14,083,494
Expenses paid against IPO	(20,515,030)	-
Dividend paid	(100,618,979)	(96,609,391)
Increase in long term advances	366,076	1,685,515
Net cash outflow from financing activities	(113,533,456)	(80,840,382)
Decrease in cash and cash equivalents	(891,408,017)	(46,920,744)
Cash and cash equivalents at beginning of the period	983,230,255	141,865,098
Cash and cash equivalents at end of the period	91,822,238	94,944,354

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

LAHORE

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UN-AUDITED)

	Share capital Rupees	Reserves Rupees	Un-appropriated profit Rupees	Total Rupees
Balance as on 31 December 2013 (Audited)	429,375,070	31,492,097	822,700,174	1,283,567,341
Total comprehensive income for the period (Un-audited)	-	-	301,841,528	301,841,528
Shares issued under Employees' Share Option Scheme	6,451,440	7,632,054	-	14,083,494
Issuance of bonus shares	435,826,510	-	(435,826,510)	-
Cash dividend	-	-	(96,609,391)	(96,609,391)
Balance as on 30 September 2014 (Un-audited)	871,653,020	39,124,151	592,105,801	1,502,882,972
Balance as on 31 December 2014 (Audited)	871,653,020	559,124,151	716,983,853	2,147,761,024
Total comprehensive income for the period (Un-audited)	-	-	322,081,776	322,081,776
Shares issued under Employees' Share Option Scheme	4,536,760	2,697,717	-	7,234,477
Issuance of bonus shares	100,618,980	-	(100,618,980)	-
Cash dividend	-	-	(100,618,979)	(100,618,979)
Initial Public Offer (IPO)	130,000,000	(130,000,000)	-	-
IPO cost adjusted against share premium amount	-	(20,515,030)	-	(20,515,030)
Balance as on 30 September 2015 (Un-audited)	1,106,808,760	411,306,838	837,827,670	2,355,943,268

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

LAHORE

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UN-AUDITED)

1 Status and activities

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

2 Basis of preparation

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

2.1 Separate financial statements

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

2.2 Statement of compliance

This condensed interim financial information of the Company for the nine months period ended 30 September 2015 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.3 Basis of measurement

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

3 Accounting Policies

The accounting policies adopted for the preparation of these condensed interim financial information are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 31 December 2014 except as follows:

New / revised standards, interpretations and amendments

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

IFRS 10 – Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

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

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

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

4 Use of Estimates and Judgment

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

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

5 Issued, subscribed and paid-up share capital

30 September 2015	31 December 2014		Un-audited 30 September 2015	Audited 31 December 2014
No. of shares	No. of shares		Rupees	Rupees
22,474,455	8,375,635	Ordinary shares of Rs. 10/- each fully paid in cash	224,744,550	83,756,350
88,206,421	78,789,667	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	882,064,210	787,896,670
110,680,876	87,165,302		1,106,808,760	871,653,020

5.1 Reconciliation of ordinary shares

30 September 2015	31 December 2014		Un-audited 30 September 2015	Audited 31 December 2014
No. of shares	No. of shares		Rupees	Rupees
87,165,302	42,937,507	Opening balance	871,653,020	429,375,070
13,000,000	-	Initial Public Offer (IPO)	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 period	100,618,980	435,826,510
110,680,876	87,165,302	Closing balance	1,106,808,760	871,653,020

6 Reserves

Share premium reserve	411,302,471	39,119,784
Deferred employee compensation reserve	4,367	4,367
	411,306,838	39,124,151

7 Contingencies and commitments

- 7.1** Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 136.73 million (2014: Rs. 63.05 million).
- 7.2** Commitments include capital commitments for construction of building of the Company amounting to Rs. 344.50 (2014: 225.43) million out of which Rs. 24.97 million has been paid in advance.

	Un-audited 30 September 2015	Audited 31 December 2014
	Rupees	Rupees
8 Property and equipment		
Operating fixed assets	189,167,256	162,393,875
Capital work in progress	82,833,595	39,671,939
	272,000,851	202,065,814
Opening balance - Net book value	202,065,814	181,569,648
Additions	122,404,420	79,953,402
	324,470,234	261,523,050
Disposals - Net book value	(2,075,752)	(7,990,399)
Depreciation	(50,393,631)	(51,466,837)
Closing balance - Net book value	272,000,851	202,065,814
9 Intangibles		
Opening balance - Net book value	34,101,951	8,807,171
Additions	10,574,260	33,102,870
	44,676,211	41,910,041
Amortization	(10,841,543)	(7,808,090)
Closing balance - Net book value	33,834,668	34,101,951

10 Revenue - net

	Nine months ended 30 September		Quarter ended 30 September	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
<u><i>Development and other services</i></u>				
Export	1,268,087,919	1,015,303,778	430,126,469	365,703,748
Local	311,430,929	224,696,894	111,799,445	70,909,583
	1,579,518,848	1,240,000,672	541,925,914	436,613,331
<u><i>Trading income</i></u>				
Software sale - export	33,495,804	72,921,453	14,868,076	23,056,547
Software sale - local	48,782,058	93,873,091	10,180,498	51,544,809
	82,277,862	166,794,544	25,048,574	74,601,356
	1,661,796,710	1,406,795,216	566,974,488	511,214,687

11 Earnings per share - basic and diluted

	Nine months ended 30 September		Quarter ended 30 September	
	2015 Rupees	2014 Rupees	2015 Rupees	2014 Rupees
<i>Basic earnings per share</i>				
Profit for the period attributable to owners' of the Company	322,081,776	301,841,528	100,931,037	109,681,139
Average number of ordinary shares in issue during the period	109,154,565	96,191,889	109,154,565	96,191,889
Basic - in Rupees	2.95	3.14	0.92	1.14
<i>Diluted earnings per share</i>				
Profit for the period attributable to owners' of the Company	322,081,776	301,841,528	100,931,037	109,681,139
Average number of ordinary shares in issue during the period	110,396,950	96,622,774	110,396,950	96,622,774
Diluted - in Rupees	2.92	3.12	0.91	1.14

12 Transactions with related parties

Related parties comprises of associated companies, staff retirement fund, Directors and key management personnel. Significant transactions with related parties are as follows:

Name	Relationship	Nature of transactions	Un-audited 30 September 2015	Un-audited 30 September 2014
			Rupees	Rupees
E-Processing Systems (Private) Limited	Subsidiary	Payment for expenses	11,250,000	8,450,000
		Interest income	3,811,271	765,411
			15,061,271	9,215,411
Tech Vista Systems FZ LLC - UAE	Subsidiary	Sales	148,428,593	59,521,507
		Payment for expenses	7,014,852	1,383,873
			155,443,445	60,905,380
Visionet Systems Incorporation - USA	Common directorship	Sales	1,017,161,879	770,159,038
Provident fund	Employee benefit plan	Contributions	79,439,700	55,125,820

13 Date of authorization for issue

This condensed interim financial information was authorized for issue on 28 October 2015 by the Board of Directors.

14 Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangement have been made.

15 General

Figures have been rounded off to the nearest rupee.



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

LAHORE

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CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

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CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2015 (UN-AUDITED)

	Note	Un-audited 30 September 2015 Rupees	Audited 31 December 2014 Rupees
EQUITY AND LIABILITIES			
<u>Share capital and reserves</u>			
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	5	1,106,808,760	871,653,020
Reserves	6	410,659,692	39,208,094
Advance against issue of shares		-	520,000,000
Unappropriated profit		782,798,316	687,263,344
		2,300,266,768	2,118,124,458
Non-controlling interest		(8,247,293)	(5,099,886)
		2,292,019,475	2,113,024,572
<u>Non current liabilities</u>			
Long term advances		10,524,572	10,158,496
Provision for gratuity		1,590,800	1,651,087
		12,115,372	11,809,583
<u>Current liabilities</u>			
Trade and other payables		155,142,258	273,361,263
Unearned revenue		-	6,447,492
		155,142,258	279,808,755
Contingencies and commitments	7		
		2,459,277,105	2,404,642,910

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

LAHORE


AEZAZ HUSSAIN
 Chairman

	<i>Note</i>	Un-audited 30 September 2015	Audited 31 December 2014
		Rupees	Rupees
ASSETS			
<u>Non current assets</u>			
Property and equipment	8	275,121,023	203,407,660
Intangibles	9	64,723,728	54,210,428
Long term deposits		27,547,944	14,346,357
Deferred taxation		1,637,710	1,483,224
		369,030,405	273,447,669
<u>Current assets</u>			
Trade debts - unsecured, considered good		1,052,455,590	997,641,923
Advances, deposits, prepayments and other receivables		281,788,899	83,473,842
Receivable from related parties -unsecured, considered good		15,543,570	2,150,066
Tax refunds due from Government		46,661,640	27,467,230
Accrued markup		31,636,467	3,164,738
Short term investments		556,978,106	30,204,644
Cash and bank balances		105,182,428	987,092,798
		2,090,246,700	2,131,195,241
		2,459,277,105	2,404,642,910



ASIF PEER
Chief Executive

CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UN-AUDITED)

	Note	Nine months ended 30 September		Quarter ended 30 September	
		2015	2014	2015	2014
		Rupees	Rupees	Rupees	Rupees
Revenue	10	1,670,045,519	1,410,195,211	518,505,063	512,408,479
Direct cost		(1,130,685,747)	(903,401,838)	(339,911,962)	(340,278,483)
Gross profit		539,359,772	506,793,373	178,593,101	172,129,996
Distribution cost		(85,241,651)	(43,066,787)	(29,507,766)	(17,366,462)
Administrative expenses		(223,061,882)	(151,655,348)	(80,748,214)	(53,698,667)
Research and development expenses		(24,084,932)	(14,722,360)	(7,220,836)	(6,516,716)
Other operating expenses		-	(6,311,820)	-	(2,212,641)
		(332,388,465)	(215,756,315)	(117,476,816)	(79,794,486)
Operating profit		206,971,307	291,037,058	61,116,285	92,335,510
Finance cost		(2,083,399)	(2,921,961)	1,519,645	(906,396)
Other income		95,914,674	10,882,099	24,244,855	23,130,248
		93,831,275	7,960,138	25,764,500	22,223,852
Profit before taxation		300,802,582	298,997,196	86,880,785	114,559,362
Taxation		(7,177,058)	(11,699,397)	1,168,708	(3,000,000)
Profit after taxation		293,625,524	287,297,799	88,049,493	111,559,362
Attributable to:					
Owners of the Company		296,772,931	291,159,555	88,618,874	113,038,409
Non-controlling interest		(3,147,407)	(3,861,756)	(569,381)	(1,479,047)
		293,625,524	287,297,799	88,049,493	111,559,362
Earnings per share			<i>Restated</i>		<i>Restated</i>
Basic earnings per share (Rupees)	11	2.72	3.03	0.81	1.18
Diluted earnings per share (Rupees)	11	2.69	3.01	0.80	1.17

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

LAHORE

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UN-AUDITED)

	Nine months ended 30 September		Quarter ended 30 September	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
Profit after taxation	293,625,524	287,297,799	88,049,493	111,559,362
Other comprehensive income for the period:				
Translation reserve on foreign operations	(731,089)	109,198	(810,085)	(1,075,271)
Total comprehensive income for the period	292,894,435	287,406,997	87,239,408	110,484,091
Attributable to:				
Owners of the Company	296,041,842	291,268,753	87,808,789	111,963,138
Non-controlling interest	(3,147,407)	(3,861,756)	(569,381)	(1,479,047)
	292,894,435	287,406,997	87,239,408	110,484,091

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

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CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UN-AUDITED)

	Nine months ended 30 September	
	2015 Rupees	2014 Rupees
<u>Cash flows from operating activities</u>		
Profit before taxation	300,802,582	298,997,196
<i>Adjustments of items not involving movement of cash:</i>		
Depreciation	51,034,509	37,339,754
Amortization	10,841,543	4,879,245
Provision for bad debts made during the period	7,817,163	-
Provision for gratuity made during the period	64,515	227,587
Finance cost	2,083,399	2,921,961
Exchange (gain)/loss - net	(20,055,644)	10,583,787
Profit on bank deposits	(10,359,957)	(8,334,964)
Provision for workers welfare fund	-	6,398,794
Unrealized gain on investments	(33,673,458)	(11,708,688)
Gain on disposal of property and equipment	(3,457,223)	(2,405,148)
	4,294,847	39,902,328
Profit before working capital changes	305,097,429	338,899,524
<u>Effect on cash flow due to working capital changes</u>		
<i>(Increase)/decrease in current assets:</i>		
Trade debts	(42,575,186)	(248,372,153)
Receivable from related parties	(13,393,504)	(11,358,334)
Advances, prepayments and other receivables	(195,150,319)	(111,123,273)
<i>Increase/(decrease) in current liabilities:</i>		
Trade and other payables	(118,219,005)	61,137,537
Unearned revenue	(6,447,492)	(849,710)
	(375,785,506)	(310,565,933)
Cash generated from operations	(70,688,077)	28,333,591
Finance cost paid	(2,083,399)	(2,921,961)
Gratuity paid	(124,802)	-
Taxes paid	(26,525,954)	(23,785,908)
	(28,734,155)	(26,707,869)
Net cash (outflow) / inflow from operating activities	(99,422,232)	1,625,722
<u>Cash flows from investing activities</u>		
Fixed capital expenditure on property and equipment	(124,882,792)	(43,135,252)
Intangibles	(21,354,843)	(13,045,570)
Proceeds from sale of property and equipment	5,592,143	9,020,740
(Purchase)/disposal of bank deposits	(524,736,471)	75,387,074
Profit received on bank deposits	10,359,957	8,334,964
Increase in long term deposits	(13,201,587)	(4,152,978)
Net cash inflow / (outflow) from investing activities	(668,223,593)	32,408,978
<u>Cash flows from financing activities</u>		
Proceeds from issuance of share capital	7,234,477	14,083,494
Dividend paid	(100,618,979)	(96,609,391)
Expenses paid against IPO	(20,515,030)	-
Increase in long term advances	366,076	1,685,515
Net cash outflow from financing activities	(113,533,456)	(80,840,382)
Decrease in cash and cash equivalents	(881,179,281)	(46,805,682)
Effect of exchange translation reserve	(731,089)	109,198
Cash and cash equivalents at beginning of the period	987,092,798	143,962,251
Cash and cash equivalents at end of the period	105,182,428	97,265,767

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



AEZAZ HUSSAIN
Chairman

LAHORE



ASIF PEER
Chief Executive

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UN-AUDITED)

	Share capital	Reserves	Un-appropriated profit	Translation reserve	Total Equity attributable to shareholders of parent company	Non-controlling interest	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as on 31 December 2013 (Audited)	429,375,070	31,492,097	808,434,215	(344,596)	1,268,956,786	(1,489,195)	1,267,467,591
Total comprehensive income for the period (Un-audited)	-	-	291,159,555	109,198	291,268,753	(3,861,756)	287,406,997
Shares issued under Employees' Share Option Scheme	6,451,440	7,632,054	-	-	14,083,494	-	14,083,494
Issuance of bonus shares	435,826,510	-	(435,826,510)	-	-	-	-
Cash dividend	-	-	(96,609,391)	-	(96,609,391)	-	(96,609,391)
Balance as on 30 September 2014 (Un-audited)	871,653,020	39,124,151	567,157,869	(235,398)	1,477,699,642	(5,350,951)	1,472,348,691
Balance as on 31 December 2014 (Audited)	871,653,020	559,124,151	687,263,344	83,943	2,118,124,458	(5,099,886)	2,113,024,572
Total comprehensive income for the period (Un-audited)	-	-	296,772,931	(731,089)	296,041,842	(3,147,407)	292,894,435
Shares issued under Employees' Share Option Scheme	4,536,760	2,697,717	-	-	7,234,477	-	7,234,477
Issuance of bonus shares	100,618,980	-	(100,618,980)	-	-	-	-
Cash dividend	-	-	(100,618,979)	-	(100,618,979)	-	(100,618,979)
Initial Public Offer (IPO)	130,000,000	(130,000,000)	-	-	-	-	-
IPO cost adjusted against share premium amount	-	(20,515,030)	-	-	(20,515,030)	-	(20,515,030)
Balance as at 30 September 2015 (Un-audited)	1,106,808,760	411,306,838	782,798,316	(647,146)	2,300,266,768	(8,247,293)	2,292,019,475

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

LAHORE

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2015 (UN-AUDITED)

1 Status and activities

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

The Group consists of the following subsidiaries:

E-Processing Systems (Private) Limited

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

Tech Vista Systems FZ LLC - UAE

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

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

2 Basis of preparation

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

2.1 Consolidated financial statements

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

2.2 Statement of compliance

This condensed interim consolidated financial information of the Company for the nine months period ended 30 September 2015 has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of the directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.3 Basis of measurement

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

3 Accounting Policies

The accounting policies adopted for the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 31 December 2014 except as follows:

New / revised standards, interpretations and amendments

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

IFRS 10 – Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities (Amendment)

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 13 – Fair Value Measurement

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

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

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

4 Use of Estimates and Judgment

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

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

5 Issued, subscribed and paid-up share capital

30 September 2015	31 December 2014		Un-audited 30 September 2015	Audited 31 December 2014
No. of shares	No. of shares		Rupees	Rupees
22,474,455	8,375,635	Ordinary shares of Rs. 10/- each fully paid in cash	224,744,550	83,756,350
88,206,421	78,789,667	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	882,064,210	787,896,670
110,680,876	87,165,302		1,106,808,760	871,653,020

5.1 Reconciliation of ordinary shares

30 September 2015	31 December 2014		Un-audited 30 September 2015	Audited 31 December 2014
No. of shares	No. of shares		Rupees	Rupees
87,165,302	42,937,507	Opening balance	871,653,020	429,375,070
13,000,000	-	Initial Public Offer (IPO)	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 period	100,618,980	435,826,510
110,680,876	87,165,302	Closing balance	1,106,808,760	871,653,020

6 Reserves

Share premium reserve	411,302,471	39,119,784
Deferred employee compensation reserve	4,367	4,367
Translation reserve on foreign operations	(647,146)	83,943
	410,659,692	39,208,094

7 Contingencies and commitments

- 7.1** Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 136.73 million (2014: Rs. 63.05 million).
- 7.2** Commitments include capital commitments for construction of building of the Company amounting to Rs. 344.50 (2014: 225.43) million out of which Rs. 24.97 million has been paid in advance.

	Un-audited 30 September 2015	Audited 31 December 2014
	Rupees	Rupees
8 Property and equipment		
Operating fixed assets	192,287,428	163,735,721
Capital work in progress	82,833,595	39,671,939
	275,121,023	203,407,660
Opening balance - Net book value	203,407,660	182,073,690
Additions	124,882,792	81,082,475
	328,290,452	263,156,165
Disposals - Net book value	(2,134,920)	(7,990,399)
Depreciation	(51,034,509)	(51,758,106)
Closing balance - Net book value	275,121,023	203,407,660
9 Intangibles		
Opening balance - Net book value	54,210,428	16,052,886
Additions	21,354,843	45,965,632
	75,565,271	62,018,518
Amortization	(10,841,543)	(7,808,090)
Closing balance - Net book value	64,723,728	54,210,428

10 Revenue - net

	Nine months ended 30 September		Quarter ended 30 September	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
<u>Development and other services</u>				
Export	1,141,933,831	1,015,303,778	247,398,859	435,485,411
Local	445,833,826	228,096,889	246,057,630	4,474,785
	1,587,767,657	1,243,400,667	493,456,489	439,960,196
<u>Trading income</u>				
Software sale - export	33,495,804	72,921,453	14,868,076	23,056,547
Software sale - local	48,782,058	93,873,091	10,180,498	49,391,736
	82,277,862	166,794,544	25,048,574	72,448,283
	1,670,045,519	1,410,195,211	518,505,063	512,408,479

11 Earnings per share - basic and diluted

	Nine months ended 30 September		Quarter ended 30 September	
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
<i>Basic earnings per share</i>				
Profit for the period attributable to owners' of the Company	296,772,931	291,159,555	88,618,874	113,038,409
Average number of ordinary shares in issue during the period	109,154,565	96,191,889	109,154,565	96,191,889
Basic - in Rupees	2.72	3.03	0.81	1.18
<i>Diluted earnings per share</i>				
Profit for the period attributable to owners' of the Company	296,772,931	291,159,555	88,618,874	113,038,409
Average number of ordinary shares in issue during the period	110,396,950	96,622,774	110,396,950	96,622,774
Diluted - in Rupees	2.69	3.01	0.80	1.17

12 Transactions with related parties

Related parties comprises of associated companies, staff retirement fund, Directors and key management personnel. Significant transactions with related parties are as follows:

Name	Relationship	Nature of transactions	Un-audited 30 September 2015	Un-audited 30 September 2014
			Rupees	Rupees
Visionet Systems Incorporation - USA	Common directorship	Sales	1,017,161,879	770,159,038
Provident fund	Employee benefit plan	Contributions	79,439,700	55,125,820

13 Date of authorization for issue

This condensed interim financial information was authorized for issue on 28 October 2015 by the Board of Directors.

14 Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangement have been made.

15 General

Figures have been rounded off to the nearest rupee.

LAHORE



AEZAZ HUSSAIN
Chairman



ASIF PEER
Chief Executive

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