

DIRECTORS' REPORT

Your Directors are pleased to present the Annual Report and the Audited Financial Statements of the Company for the year ended June 30th, 2017 together with the Auditors' report thereon.

Profit and Loss Appropriations

The Directors propose following appropriations out of the profit for the current year:

	2016- 17	2015- 16
	<i>Rupees</i>	
Profit before Tax	54,883,741	17,963,485
Other Comprehensive Income	146,382	(52,575)
Taxation	<u>4,603,152</u>	<u>(811,610)</u>
Total Comprehensive Income	50,426,971	17,099,300
Un-appropriated Profit as at July 1st, 2016 / 2015	<u>84,365,564</u>	<u>67,266,264</u>
	<u>134,792,535</u>	<u>84,365,564</u>
Appropriation during the year		
- Final Cash Dividend for the year 2015-16 Nil (2014-15: Nil)	-	-
Balance as at June 30th, 2017 / 2016	<u><u>134,792,535</u></u>	<u><u>84,365,564</u></u>

Subsequent Effects

The Board of Directors of the Company in their meeting held on September 21st 2017, have proposed the following:

- Final Cash Dividend @ 410% (2015-16 : nil)
- Issuance of Bonus Shares @ 00 (2015-16 : nil)

	2016 - 17	2015 - 16
- Final Cash Dividend @ 410% (2015-16 : nil)	41,000,000	-
- Issuance of Bonus Shares @ 00 (2015-16 : nil)	-	-
	<u><u>41,000,000</u></u>	<u><u>-</u></u>

Financial Results

The sales revenue of Rs.128.9 million for the year was lower by 21% compared to Rs.163.0 million of previous year, resulting in net profit of Rs. 50.3 million for the year as compared to profit of Rs.17.2 during the previous year.

The increase in profitability is mainly due to full year impact of batch printing project, rental income from Kodak printer and discontinuation of Wausau Technical Support.

Cost of Services during the year decreased by 52% as compared to the previous year mainly due to discontinuation of printing activities outsourcing to parent company.

Other Income of Rs. 0.8 million was earned mainly on sale of scrap/assets and write back of liabilities no longer required to be paid.

Liquidity Management and Cash Flow Strategy

Current cash requirements are adequately financed through internal cash generation and also with recourse to financing by Parent Company. Borrowing capacity of the company is limited to lease financing arrangements and short term financing by Parent Company.

The cash position of the company was stable position during the reporting year. Company's cash and cash equivalents were increased by Rs. 4.3 million as compared to last year. At the end of the year, the Company had a net position comprising positive cash and cash equivalent amounting to Rs.7.4 million.

Operations and Significant Events**1. Support to NIFT Operations**

- a. Provided support to NIFT's 28 clearing centers, PKI data center as well as NIFT's main data center and its DR site in Islamabad.
- b. Provided Support to NIFT's BISE project on the H/W deployed at centers.

2. Equipment Rentals

The company entered into equipment rental agreement with parent company NIFT to provide printer on rent. During the period, company earned rental income of Rs. 14.4 Million as compared to Rs. 7.2 Million last year.

3. Batch Printing Business

During the year batch printing business of Haleeb Foods continued. The project involves printing of batch information. During the year, 1.0 billion batches were printed and corresponding revenue of Rs. 22.3 Million was earned as compared to 590 million batches and revenue of Rs. 12.2 Million in last year.

4. Check Truncation / Desk Top Scanners

Last year company had signed exclusive distributor agreement with Digital Check of USA for Desktop Scanners. Digital Check is world renowned company for desktop scanners. As a result of aggressive marketing campaign company sold 10 units of troy printers/scanners during the period and earned a revenue of Rs. 1.65 Million (2015-16 2 units at 0.22 Million). At the close of the year, the company has stock valuing Rs. 7.5 Million (2015-16: 8.2 Million).

Future Prospects an

Printing needs of BISE project will continue to be handled by the company in 2017-18. There are prospects for similar printing businesses for which aggressive marketing strategy will be followed.

The Company has signed an exclusive Distribution Agreement for Digital Check equipment for check imaging with Globalis Inc. of Canada who is the master distributor of Digital Check for this region.

As and when Check Truncation is introduced, ISM will play its role in marketing its products and services to bank branches.

Industrial Relations

Generally normal working industrial relations prevailed at all locations of the Company.

Directors

There has been no change in the Directorship since the last Annual General Meeting held on 27th October, 2016.

Auditors

The auditors A. F. Ferguson & Company, Chartered Accountants have completed extended term of six years and will retire after audit of 2016-17. Based on the recommendation of Audit and Finance Committee of the Board, the Directors have recommended the appointment of M/s. KPMG – Taseer Hadi & Company as auditors for the year 2017-18.

On behalf of the Board

Chief Executive

Director