

ISM 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, 2019 together with the Auditors' report thereon.

Profit and Loss Appropriations

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

	2018- 19	2017- 18
	<i>Rupees</i>	
Profit before Tax	47,322,194	48,895,511
Other Comprehensive Income	1,251,299	547,452
Taxation	<u>17,247,153</u>	<u>(16,878,328)</u>
Total Comprehensive Income	65,820,646	32,564,635
Un-appropriated Profit as at July 1st, 2018 / 2017	<u>126,357,170</u>	<u>134,792,535</u>
Un-appropriated Profit as at June 30th, 2019 / 2018	192,177,816	167,357,170
Appropriation during the year		
- Final Cash Dividend for the year 2017-18 at nil (2016-17: 410%)	-	(41,000,000)
Balance as at June 30th, 2019 / 2018	<u><u>192,177,816</u></u>	<u><u>126,357,170</u></u>

Subsequent Effects

The Board of Directors of the Company in their meeting held on October 09th 2019,
 Did not propose any dividend:

- Final Cash Dividend @ nil (2017-18 : nil)
- Issuance of Bonus Shares @ nil (2017-18 : nil)

	2018 - 19	2017 - 18
	-	-
	-	-
	<u>-</u>	<u>-</u>

Financial Results

The sales revenue of Rs.114.2 million for the year was lower by 4.7% compared to Rs.119.9 million of previous year, resulting in before tax net profit of Rs. 47.3 million for the year as compared to profit of Rs.48.9 million during previous year.

The decrease in profitability was mainly due to lower business in batch printing project.

Cost of Services during the year slightly increased by 0.66% as compared to the previous year mainly due to inflationary impact.

Other Income of Rs. 5.6 million was earned mainly on gain on sale of fixed assets and write back of liabilities no more payable.

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. During the year company's cash and cash equivalents were reduced by Rs. 1.050 million from last year. At the end of the year, the Company had a net position comprising positive cash and cash equivalent amounting to Rs. 0.094 million.

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

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.

2. Equipment Rentals

The company had equipment rental agreement with parent company NIFT to provide printer on rent. During the period, company earned rental income of Rs. 14.4 Million. Last year it was also Rs. 14.4 Million.

3. Batch Printing Business

During the year batch printing business of Haleeb Foods continued. The project involves printing of batch information. During the year, 559 million batches were printed and corresponding revenue of Rs. 9.47 million was earned as compared to 620 million batches and revenue of Rs. 14.2 million in last year. During the year rate was revised as per terms of the contract.

4. Check Truncation / Desk Top Scanners

Distributor agreement signed with Digital Check of USA for Desktop Scanners is continuing. Digital Check is world renowned company for desktop scanners. As a result of aggressive marketing campaign, company sold 18 units of troy printers/scanners during the period and earned a revenue of Rs. 5.4 Million. At the close of the year, the company has stock valuing Rs. 2.8 Million (2017-18: 3.5 Million).

Future Prospects

There are prospects for archiving, digitization and scanning businesses for which aggressive marketing strategy will be followed.

The Company had 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. Efforts are in place to aggressively market the products in local market.

As and when Image based clearing 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

Since the last Annual General Meeting held on 25th October, 2018 Mr. Arshad Zuberi had resigned and in his place, Mr. Asif Zuberi joined the Board.


Auditors

The auditors A. F. Ferguson & Company, Chartered Accountants will retire after audit of 2018-19. Being eligible, they have offered themselves for reappointment. Board of Directors have recommended appointment of M/s. A.F. Ferguson & Company Chartered Accountants as external auditors for the year 2019-20.

On behalf of the Board



Chief Executive



Chairman