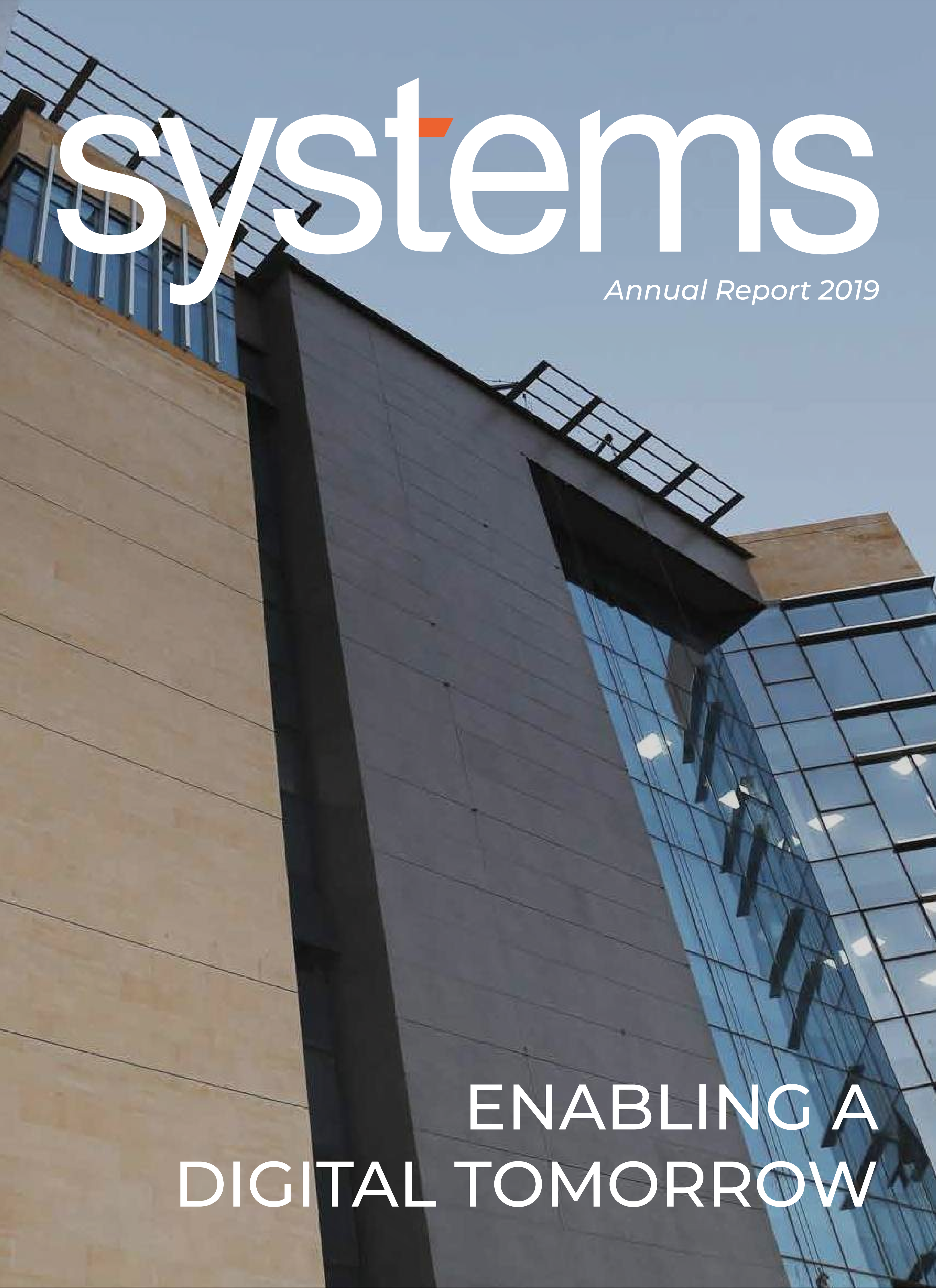
systems
Annual Report 2019
ENABLING A
DIGITAL TOMORROW

By consistently delivering innovative solutions to complex business problems, Systems Limited has become a global force for digitally driven change. From business growth and customer engagement to cost control and operational efficiency, our teams of business and technology experts use the latest digital technologies to help our clients achieve their strategic business objectives.

The Systems Group applies its business acumen and industry insights to help its clients achieve and sustain high ROI. We offer mission-critical digital enterprise solutions and a deep, technology-agnostic skill set that remains unmatched in the industry. By delivering on hundreds of projects, we have developed industry-specific and cross-industry services, products, and accelerators that enable our clients to realize business benefits faster with increased efficiency and lower overall IT costs

We have refocused the organization through the market opportunities presented by three big themes, Digital, Data, and Cloud, supported by Intelligence and Automation, and we have reorganized our teams to align with these themes. We aim to do more than just meet our client's requirements and strive to exceed their expectations to enable a digital tomorrow.

ALWAYS READY TO DELIVER WORLD-CLASS SOLUTIONS TO GLOBAL BUSINESS CHALLENGES

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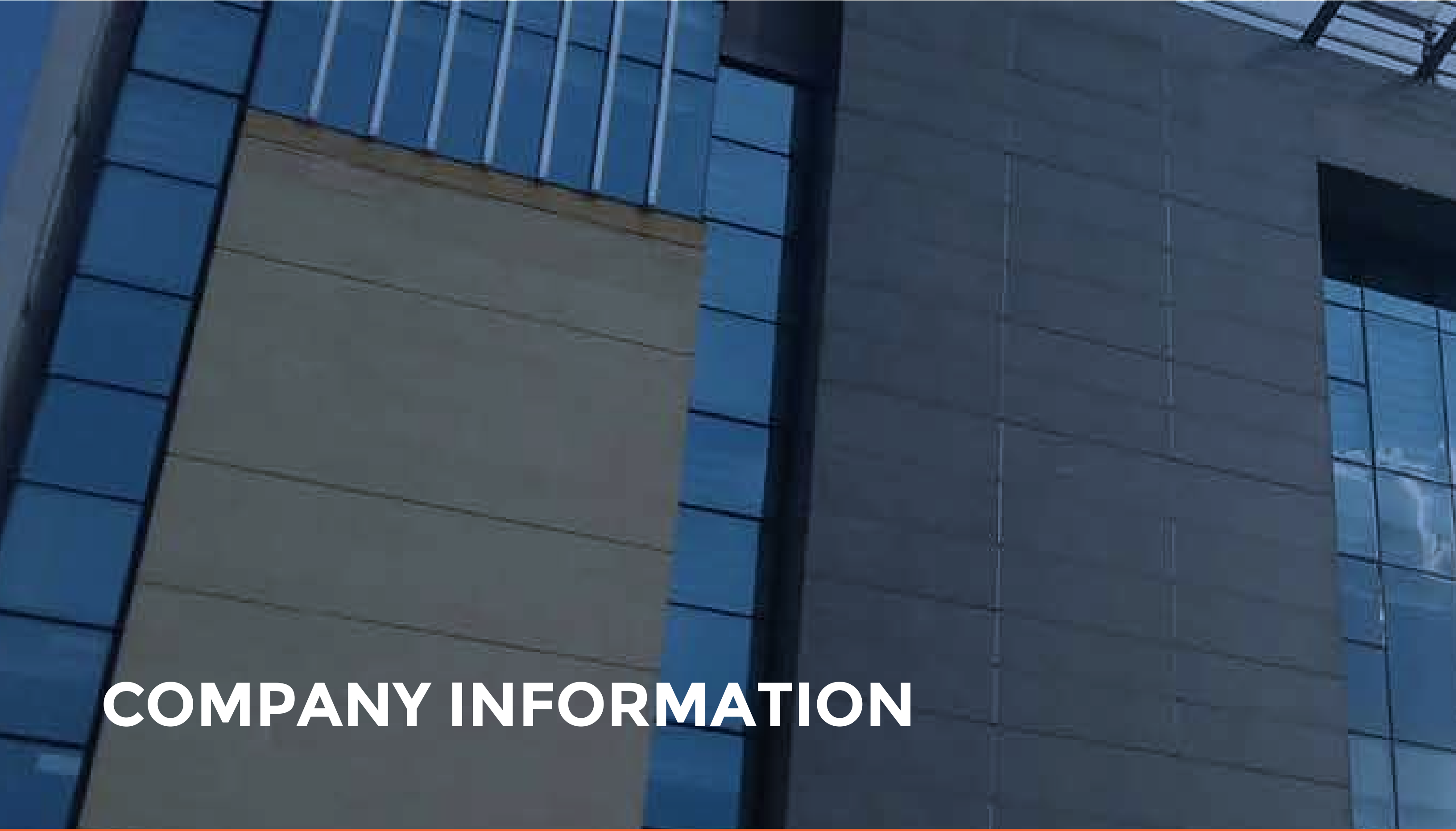


COMPANY INFORMATION

Board of Directors

Mr. Aezaz Hussain Chairman	Non-Executive
Mr. Asif Peer CEO and Managing Director	Executive
Mr. Arshad Masood Director	Non-Executive
Mr. Ayaz Dawood Director	Independent
Mr. Asif Jooma Director	Independent
Mr. Tahir Masaud Director	Independent
Ms. Romana Abdullah Director	Independent

Audit Committee

Mr. Ayaz Dawood
Chairman

Mr. Tahir Masaud
Member

Ms. Romana Abdullah
Member

Human Resource & Compensation Committee

Mr. Asif Jooma
Chairman

Mr. Tahir Masaud
Member

Ms. Romana Abdullah
Member

Chief Financial Officer

Ms. Roohi Khan

External Auditors

Ernst & Young Ford Rhodes
Chartered Accountants Lahore

Internal Auditors

Uzair Hammad Faisal & Co.

Shares Register

THK Associates (Private) Limited
1st Floor, 40-C, Block-6,
P.E.C.H.S. Karachi
T: +92 21 111-000-322
F: +92 21 3 565 5595

Tax Advisors

Zulfiqar Ahmad & Co.

Chartered Accountants

Legal Advisors

Hassan & Hassan Advocates

Ahmed & Pansota

Bankers

Habib Metropolitan Bank Limited

United Bank Limited

Standard Chartered Bank (Pak Limited)

MCB Bank Limited

Faysal Bank Limited

Bank Alfalah Limited

Bank Islami Limited

Registered Office

Systems Limited
E-1, Sehjpal Near DHA Phase -VIII
(Ex.-Air Avenue), Lahore Cantt
T: +92 42 111-797-836
F: +92 42 3 636 8857

Company Secretary

Mr. Saad Hasan Aslam

BOARD OF DIRECTORS
INTRODUCTION

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 turnkey 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. Hussain was also involved in the acquisition of Visionet Systems, Inc. in New Jersey, USA in 1997 and he led that organization as CEO till 2008. 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 information systems. He was a founding member and the founding President of Pakistan Software Houses Association (P@SHA). He served as a member of the Economic Advisory Board, Government of Pakistan, the Information Technology Commission of Pakistan, and the Council of Computer Society of Pakistan.

ASIF PEER

Chief Executive Officer

Since he began his professional career at Systems Limited in 1996, Mr. Asif Peer has played a vital role in the organization's success and growth. He spent 13 years in Systems' US office, where he became Chief Operating Officer. As CEO of Systems Limited, Mr. Asif has led the organization into a new era of growth in IT and BPO. He has helped Systems Limited strengthen strategic partnerships with clients and vendors, further align its business model, and solidify its position as a leading technology solution provider.

Mr. Asif is a member of the executive committee of the American Business Council. He is on the Parwaaz ICT panel on "Closing the Skills Gap in Pakistan", a partnership between the World Economic Forum and Punjab Skills Development Fund. He was appointed a member of the Prime Minister's Council of Business Leaders in 2018. He has an MBA in Finance & Marketing and a Computer Science degree.

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 relationships, protect their revenue base, and identify new revenue opportunities. In 1994, Mr.Arshad Masood founded Visionet Systems, Inc., USA, which was acquired by Systems Limited in 1997.

As founder, Mr. Arshad Masood envisioned and executed a strategy to create a general-purpose consulting and solutions company. As CEO, Mr. Arshad Masood is responsible for long-term strategic planning and providing guidance to operations across the enterprise. He helped Visionet Systems 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, an MSc degree from University of Guelph, Canada, and an MBA degree from Baruch College, New York.

ROMANA ABDULLAH

Independent Director

Mrs. Romana Abdullah is CEO of Highpoint Ventures (Pvt) Ltd and leads Hopscotch, a kids wear brand she co-founded in 2014. Prior to becoming an entrepreneur, Romana led the strategic planning and transformation functions at MCB Bank and Soneri Bank. Earlier, Romana spent significant time at The Boston Consulting Group (Management Consulting) and Merrill Lynch (Investment Banking) in New York, where she focused on strategic, financial, and operational assignments for Fortune 500 financial services and consumer clients.

Romana is also on the board of Karandaaz, a DFID and Gates Foundation funded company that promotes access to capital for small businesses and digital financial inclusion for individuals in Pakistan. She also mentors young start-ups, incubators, and accelerators in her free time. Romana has a BSc in Financial Engineering from Princeton University and an MBA from the Harvard Business School.

AYAZ DAWOOD

Independent Director

Mr. Ayaz Dawood is serving BRR Investment (Private) Limited (Manager of BRR Guardian Modaraba - the oldest Islamic Financial Institution in Pakistan) as its Chief Executive. He has the distinction of being Founder of Dawood Islamic Bank (now merged into Al-Barka Bank Limited) and Dawood Family Takaful. He has an MBA in Money & Financial Markets from Columbia Business School, New York (Beta Gamma Sigma & Dean's List) and BA in Economics with distinction from McGill University, Montreal.

He is also an Independent Director of Sui Southern Gas Company Limited, SSGC LPG (PVT) Limited, Sindh Lakhra Coal Mining Company, and Sindh Energy Holding Company Limited, as well as Sponsor Director of Dawood Family Takaful Ltd. He is also a member of YPO Gold and has a wealth of experience in the Financial sector in both Pakistan and Canada.

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.

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 the 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, the United Kingdom, and Germany.

ABOUT SYSTEMS LIMITED

Systems Limited, Pakistan's first software house, was founded in 1977. Since that time, our organization has continually reinvented itself by quickly acquiring expertise in new technologies to stay ahead of the curve, which has made us the most valuable company for IT and BPO & contact center in Pakistan. We have established strong ties to the Financial Services, Telecom, Public Sector, Retail, Healthcare, and Consumer Goods industries, and we are continually expanding our skill set to address cross-industry needs.

Through its commitment to innovation and technical excellence, Systems Limited has become a globally recognized leader in next-generation IT and BPO & contact center services. We have a track record of successfully delivering large-scale projects for major global organizations, including several Fortune 500 and Forbes Global 2000 companies.

In the US, we have developed a strong presence in the Mortgage, Apparel, Retail & BPO services. Moreover, Our offices in the UAE and Qatar are enabling us to serve a vast list of government and corporate entities across the Middle East.

OVER FOUR SUCCESSFUL DECADES OF GLOBAL DIGITAL EXCELLENCE THROUGH INTEGRITY, INNOVATION, AND DEDICATION

CORE CAPABILITIES

The decisiveness and clarity with which the Systems Limited team operates isn't limited to a single area of expertise. No matter which industry vertical we serve or the technical competency we operate in, we consistently deliver business value in a few key aspects:

Consulting	We help you create a clear digital strategy that optimizes your path to comprehensive, technology-led business success.
Implementation	Our expertise spans all major technologies and business functions, empowering us to deliver comprehensive business solutions.
Managed Services	Our global Managed Services teams secure your digital investment with 24x7 monitoring, maintenance, and end-to-end support.
BPO & Contact Center	Our trained and experienced teams of BPO and contact center professionals deliver an instant boost to your workforce with on-time, high-quality results.

SYSTEMS AT A GLANCE

4500+ Employees Globally

$100m+ Market Capitalization

300+ Clients Served Globally

43 Years

Software Services and Solutions Organization

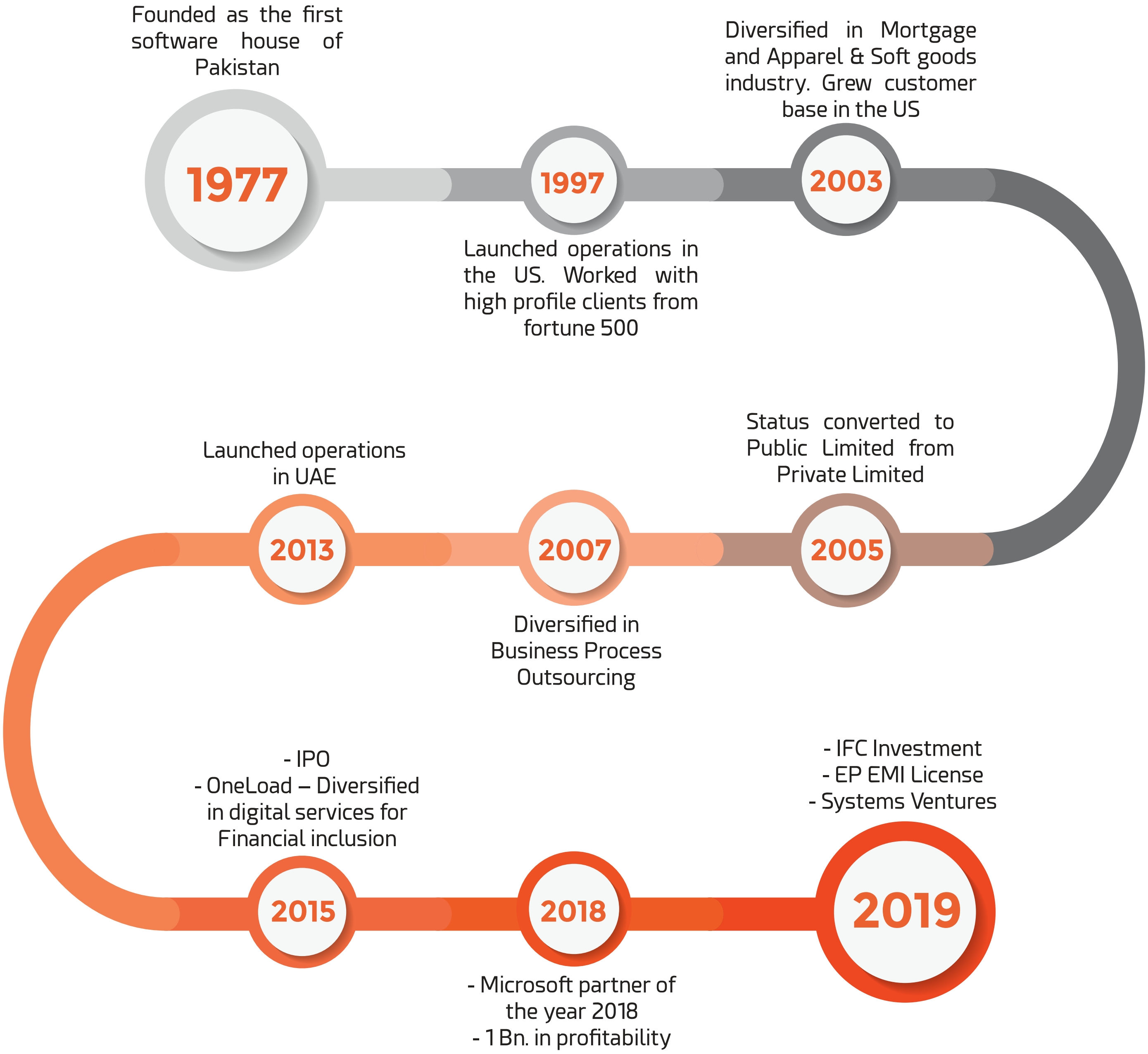
Focused on Fashion Apparel Retail, and CPG verticals

Industry solutions backed by thought leadership and technical innovation

SYSTEM'S JOURNEY THROUGH TIME

1977-2019*

Celebrating 43 years of success



ALLIANCES AND AWARDS

Systems Limited's strong focus on realizing disruptive and innovative ideas has led us to establish prestigious top-tier partnerships with Microsoft and IBM, as well as strong relationships with Oracle, Cisco, VMware, Huawei, Magento, Salesforce, Informatica, and MicroStrategy.

In 2017, Systems Limited partnered with Red Hat, the world's leading provider of open-source solutions, as well as with DXC Technology, a US-based firm that offers end-to-end technology services for the financial services industry. With these alliances, Systems Limited is determined to introduce the latest technologies and solutions to the private and public-sector organizations in Pakistan.

Systems Limited won the 2018 Microsoft Country Partner of the Year Award for Pakistan. The company was honored among the global field of top Microsoft partners for demonstrating excellence in innovation and implementation of customer solutions based on Microsoft technology. Systems Limited was also recognized as Pakistan's top IT services exporter at the 2018 PSEB IT Export Awards.

Over the past 6 years, Systems Limited has won 16 P@SHA ICT awards across several categories, including supply chain logistics, BPO, HR, project management, managed services, export growth, financial industry applications, and brand management. These awards are a testament to our team's dedication and hard work, which have made Systems Limited the most prestigious technology firm in the country.

Leaders in IT

The nation's first and foremost information technology provider, Systems delivers digital enterprise solutions and digitally enabled business process outsourcing services. We are Pakistan's #1 exporter of technology services.

Corporate Legacy

We have a 43-year track record of sustainable, profitable growth with around 4,500 client-focused employees globally.

Employee Ownership

From its inception, Systems was envisioned to be an employee-owned enterprise. Over 43 years later, its former and current leaders and top-performing employees own the majority of its stock.

Financial Strength

Our consolidated turnover is around Rs. 7.6 billion, giving us the financial strength to grow 42% YOY.

Certified Enterprise

We are an ISO 9001:2000 and ISO 27001:2005 certified company, with procedures and methodologies consistent with global industry best practices.

OUR VALUES

Integrity
Embody dependability, honesty, and transparency.

Innovation
Act courageously, experiment, and make bold decisions.

Dedication
Commit to tirelessly delivering precision and perfection.

COMPANY VISION

Systems Limited aspires to enhance the productivity and growth of organizations around the world with a comprehensive range of digital solutions and services.

COMPANY MISSION

As a top-tier employer, Systems Limited promotes employee ownership, leadership, professional fulfilment, and job satisfaction. We deliver profitability and business success to our global clients through precise execution and technical excellence.

OUR EXPERTISE

The vast and highly skilled Systems Limited team provides its clients an ever-expanding range of digitally driven services. We take a consultative, customer-centric, and technology-agnostic approach to delivering technology solutions, which helps us focus on achieving results using the best tools available. Our experts act as an extension of our clients' teams as a one-stop shop for all their digital needs.

Application Development

Application Integration

Business Applications

Business Process Outsourcing

Cloud Services

Digital Marketing

Data Management & Analytics

Digital Commerce

IT Infrastructure

Quality Assurance

Security

User Experience

Global Offerings

HauteLogic Fashion Delivered Right!

A state-of-the-art suite of modular tools for intelligent fashion supply chain and direct-to-consumer operations.

Middleware Connector

Achieve omnichannel unified commerce between your existing eCommerce implementation and Microsoft Dynamics 365 for Finance and Operations.

Partner Communication

Highly scalable, reliable, and configurable B2B data interchange with EDI and non-EDI trading partners.

TrIPS

Your go-to solution for accurate, efficient travel insurance policy management.

SYSHCM

Manage, share, and steer the vast capabilities of your staff, focus on your critical talent, and support strategic HR processes.

Retail Analytics

A powerful BI platform for the retail industry that offers over 2,500 built-in metrics and hundreds of KPIs, reports, and dashboards.

ORGANIZATIONAL STRENGTHS

Excellence is in Systems Limited's DNA. Here are a few characteristics that set us apart from the competition.

01 Proven Track Record

Our team goes above and beyond to provide total satisfaction. Your happiness is always our foremost priority.

02 Domain Expertise

We possess in-depth knowledge of your industry's unique needs and standards to efficiently deliver superior results.

03 Skilled Personnel

Systems Limited's technical and business professionals provide innovative ideas, deep expertise, and the will to succeed.

04 Precise Delivery

Our teams never compromise on delivering the complete set of products and services we promised, when we promised.

05 Global Footprint

Our operations span three continents to deliver digital excellence with the speed and responsiveness your organization needs.

06 Superior Value

Our innovative hybrid project delivery model combines the benefits of onsite agility and offshore affordability.

CLIENT'S TESTIMONALS

Systems Limited's ability to deliver on large-scale projects is second to none. We are extremely impressed with their industry-savvy business consultants and technical team whose open, responsive, and highly professional approach to the project helped us go live in under six months.

Khaadi
Rehan Qadri, CIO

[Systems' solution] represents a major step forward for the HEC in terms of efficiency and quality of service. In the past, routine procedures like processing documents for degree attestation required several hours of manual effort.

Higher Education Commission
Dr. Mukhtar Ahmed, Chairman

PLRA partnered with Systems Ltd for its build-to-order land administration system using cloud technologies in 2015. Over a period of 4 years, this alliance has resulted in creation of a system which serves more than 4 Million land transactions every year. The system currently accommodates approximately 4,000 concurrent users and stakeholders. We, at PLRA, have found this partnership to be both fruitful and satisfying.

PLRA
Osama Bin Saeed,
Director IT

We needed to work on combining technology, teamwork, and emotion to make sure that we are among the best providers of healthcare in Pakistan.

Aga Khan University Hospital
Hans Kedzierski, CEO

OUR MANAGEMENT

ASIF PEER
Chief Executive Officer

Mr. Asif started his professional career with Systems Limited in 1996, straight out of university. Out of the 23 years of his professional experience, Mr. Asif has spent 13 years in the US and played vital role in the success and growth of Systems' US office as Chief Operating Officer.

As the CEO of Systems Limited, Mr. Asif is leading the organization into a new era of growth in both IT and BPO sectors by strengthening strategic partnerships with clients and vendors, and further aligning the company's business model to solidify its position as a leading technology solution provider. In 2018, he was appointed as a member of the Prime Minister's Council of Business Leaders. Mr. Asif holds a BCS degree

ROOHI KHAN
Chief Financial Officer

Currently part of the Business Leadership team and is responsible for the overall financial health and performance of the group.

Acting as a strategic business partner, she is supporting business in delivering sustained growth and maximizing shareholder value. Before joining Systems Limited, she has worked with PepsiCo and Levi Strauss & Co. Roohi is a Chartered Accountant from PwC, with about 17 years of professional experience.

KHURRAM MAJEED
GM Techvista Systems, Dubai

Currently leads the IT Professional Services division for operations in the UAE.

Responsible for services strategy, delivery, competencies, revenue and earnings growth, liquidity management, and portfolio for enterprise, commercial, and public-sector customers. Through his leadership, he helps customers achieve innovative business technology outcomes through software platforms and integrated smart solutions.

TOIMA ASGHAR
Chief Human Resource Officer

HR professional, associated with the HR fraternity for approximately two decades. She has been leading the Human Resources function in large organizations operating in banking, wholesale, broadband, Academia and Information Technology industries.

As an HR strategist, she leads the organization's Human Capital function to build a sustainable competitive advantage through its human resources by collaborating with the teams for the right selection and development of the existing talent, while focusing on talent management and providing careers to the human resources of the organization.

RAO HAMID KHAN
GM Domestic Operations

Mr. Rao Hamid has served with multinational organizations in the IT industry for over two decades.

After serving as Application Innovation Services and Telecommunications Industry Leader at companies like IBM and Teradata, he joined Systems Limited as a Chief Commercial Officer and currently holds the position of General Manager. He is responsible for P&L for Systems Limited's domestic operations, provides direct management oversight, and owns the execution strategy for the domestic business.

ZAHID MAHMOOD JANJUA
GM Qatar and International Markets

Information Technology Professional with over 25 years of extensive experience.

Over the years, Zahid has managed multi-million dollar projects, portfolios, and teams. He has a strong technical and managerial background with senior-level international (US) experience and cross-sector exposure. Good strategic vision and the ability to implement sophisticated plans with a proven record of accomplishments explicitly supporting business needs are the hallmarks of Zahid's professional repertoire.

SALMAN WAJID MIAN
Chief Process Outsourcing Officer

Business Process Outsourcing and Customer Experience specialist with a track record of managing large-scale services/sales culture-transformation initiatives and process re-engineering programs.

Served industry verticals like Telecommunications, Utilities, Health, Energy, and various ITeS, providing technical support, customer service, collections, sales, and back-office.

Expertise in launching new contact centers, turning around challenged operations and revolutionizing business plans to maximize productivity, performance, and revenues.

HUMAN CAPITAL DIVISION

We take pride in creating a conducive and productive environment, as Systems is a home away from home for our people. We invest in their development, as we truly believe that our people are the pivotal part of our organization. Our culture promotes collaboration, hence we all shine as one team guided by the vision of our insightful leadership, enabling us for the constant wins, regardless of the challenges or barriers. We take pride in our achievements as a global entity. We are gratified and humbled by our own potential and we aim to keep growing as one unit. We have taken a pledge to keep on growing for a bigger, better, and brighter future for all.

Toima Asghar
Chief Human Resource Officer

HUMAN RESOURCES OVERVIEW

Systems Limited has a commitment towards business excellence and value addition for our clients across the globe. We aspire to enhance the productivity and growth of organizations around the world with our exhaustive range of digital solutions and services. The same commitment extends to our people, who are at the heart of our operations. We at Systems are dedicated to providing our people the best opportunities. It helps them grow in an environment that encourages ownership.

Here at Systems Limited, individuals feel like an essential part of the company and contribute to the company's success by going above and beyond. We work tirelessly towards creating a culture for our workforce that sets them up for continuous success. As pioneers in the industry, we have always strived to stay ahead of the curve in understanding the changing business and employee needs shaping the future of work. Our focus areas are talent acquisition, learning and development, employee engagement, and culture.

"Our people are our greatest asset"

TALENT ACQUISITION

1. Recruitment Drives
2. Career Fairs
3. Fresh Grads Hiring
4. Internships
5. Lateral Hiring
6. Talent Pipeline Management

EMPLOYEE EMPOWERMENT

1. Open Communication
2. High Potential Identification and Development
3. Retention Strategies
4. Continuous Engagement
5. Grievances Management
6. Succession Planning
7. Evaluation & Motivation
8. Compensation & Benefits

LEARNING AND DEVELOPMENT

1. Training & Development Rotation
2. Personal Development
3. Capacity Building
4. International Transfers
5. Grand Performance Review and Objective Setting

CULTURE

1. Health and Wellness Initiatives
2. Diversity and Inclusion Programs
3. Employee Engagement Activities
4. Volunteer Opportunities
5. Employee Empowerment Programs
7. Celebration and Recreational Activities

LIFE AT SYSTEMS

We not only care about the professional development of our employees, but also about their wellbeing. We emphasize providing a well-rounded environment that engages their minds and bodies. We have a state-of-the-art gym facility, cafeteria, on-campus ATM, 24x7 vending machines, gaming area, and many other facilities.

MEET THE TEAM

We have some of the top professionals in the country in the Human Capital Division working towards attracting and retaining the best talent.

HCD has a highly capable team of professionals with diversified backgrounds available around the clock to facilitate its stakeholders. They are always working towards building a strong employer brand with their empathetic and inventive employee-centric policies and initiatives while maintaining an overall governance model.

SYSTEMS RECREATIONAL CLUB

As part of our efforts to empower our people, we have a Systems Recreational Club. The club represents the people of Systems and is run by representatives selected by the people to serve their recreational needs. The SRC is an independent body running under the governance of HCD. They are allocated funds to provide ample recreational activities to the employees throughout the year. Some of last year's notable activities include an annual trip, qawwali night, Systems Olympics, annual iftari, and bonfire.

HUMAN RESOURCES (KEY STATS)

4500+	10+	700+	90+
EMPLOYEES GLOBALLY	GLOBAL FOOTPRINT	NEW HIRES - 2019	TRAINING SESSIONS FY19
Diversified Teams	Multiculturalism	Ever-Expanding Team	Professional Trainings




ANNUAL FIESTA

One of our major employee recognition activities of the year is our Annual Fiesta, where all the employees come together to celebrate the successes of the last year as a team and individually. This mega-event recognizes the best of the talent for their contribution throughout the year. The event provides a unique opportunity for the top leadership to meet the team and share their vision in a relaxed and fun environment outside the office. This night is the epitome of fun, celebration, and teamwork, all in one place.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Systems Limited (SL) believes in giving back to society and empowering the underprivileged to thrive economically and socially. We have undertaken multiple projects that support the welfare, education, and rehabilitation of those in need. We have donated around PKR 3 million in 2019 and are aiming to contribute even more to uplift and alleviate the community around us.

HEALTHCARE SUPPORT

Systems Limited carried out multiple zakat and donation drives to cover the medical expenses of several underprivileged patients with life-threatening illnesses. Over the years, we have worked with the following healthcare providers and charitable organizations:

Shaukat Khanum Memorial Cancer Hospital and Research Center

CHILD CARE FOUNDATION

ARTHRITIS CARE FOUNDATION

AMAN FOUNDATION

SUNDAS FOUNDATION

JINNAH PATIENT WELFARE ASSOCIATION U.S.

PINK RIBBON BREAST CANCER AWARENESS CAMPAIGN

Systems Limited collaborates with Shaukat Khanum Memorial Cancer Hospital (SKMCH) to run a campaign that raises awareness about breast cancer and its preventive measures. Every Ramadan, we carry out a 4-day donation drive with SKMCH to collect funds for cancer treatment and awareness.

EMOLOYMENT OF DIFFERENTLY ABLED

At Systems Limited, we value people's skills and knowledge. We believe in providing opportunities for the physically challenged. After selection, candidates are given proper equipment so they can work to the best of their abilities. Systems Limited currently has five differently-abled male and female employees working in diverse roles, and we will continue to provide deserving individuals the chance to earn a livelihood with dignity.

SYSTEMS LIMITED DOST FUND

The Systems Limited Dost Fund supports employees in need, irrespective of their background or designation. The fund provides financial assistance for medical bills, tuition fees, marriage expenses, and similar circumstances.

EDUCATION SUPPORT

Systems Limited has a keen interest in supporting education. We are proud to be a sponsor of The Citizen's Foundation (TCF), one of Pakistan's leading organizations for the advocacy of education for the less privileged. We have provided year-round financial support for dozens of deserving students so they can have a safe, creative, and progressive learning space.

Systems Limited has also donated laptop computers and other equipment to charitable organizations that help train disabled and underprivileged individuals.

CODE OF CONDUCT
FOR SUPER SYSTEMS FAMILY

Systems Limited is truly committed to the highest standards of ethics and integrity when working with different stakeholders every day. We rely on our "Employee Code of Conduct" in order to guide and align our behaviors while we make business decisions. The principles stated in our "Employee Code of Conduct" apply to all aspects of our business. It outlines our values and supports our commitment to ethical and honest conduct and compliance with all laws, rules and regulations; and our company policies, procedures and standards.

Systems Limited holds all employees responsible for carrying out and monitoring compliance with this commitment. If any employee becomes aware of any violation of a legal or ethical obligation, or any unfair or improper treatment of personnel related to the company, they must immediately report the matter to the Human Resources Department so that it can be investigated right away. In this manner, we can take all necessary steps to investigate any potential violations of our policy and can take appropriate action to correct any violations or incorrect perceptions that are found to exist.

COVID 19: HEALTH & SAFETY PROTOCOL

Systems Limited believes that it is our responsibility to ensure the safety and security of our people. Therefore, during this health crisis, we are playing our part by following thorough health and safety protocols to make sure our employees feel safe.

Before entering the premises, each employee must perform these essential steps to keep hygiene in check in the workplace.

STEP 1: SCREENING

Temperatures are taken and COVID-19 questionnaire is administered prior to entering facility daily.

STEP 2: SANITIZATION TUNNEL

Employees walk through a disinfectant tunnel. It sprays sodium hypochlorite solution, which kills 99% of germs.

STEP 3: SANITIZER

Employees are required to sanitize prior to entering. Office entrances contain sanitizer dispensers.

STEP 4: FACE MASKS AND GLOVES

Masks are made available to all employees upon request. They are required to wear it at all times.

STEP 5: SOCIAL DISTANCING

To ensure social distancing, a six-foot distance is maintained between employees.

STEP 6: STERILIZATION

Deep cleaning of the office is done on a regular basis, including common areas, desktops, workstations, café utensils, doors, windows etc.

STEP 7: COMMON AREAS CLOSED

Gym and Game Room have been shut down.

KEY FINANCIAL HIGHLIGHTS

PROFIT AND LOSS SUMMARY FOR THE LAST SIX YEARS

(AMOUNT IN PKR)

Standalone	2019	2018	2017	2016	2015	2014
Revenue	5,348,568,742	3,761,155,759	2,910,800,003	2,680,323,531	2,263,290,351	1,922,615,854
Cost of sales	3,572,188,527	2,582,618,930	2,048,691,935	1,884,619,823	1,535,746,756	1,245,138,366
Gross profit	**1,776,380,215**	**1,178,536,829**	**862,108,068**	**795,703,708**	**727,543,595**	**677,477,488**
Distribution expenses	99,693,155	46,585,985	113,712,935	37,287,199	69,629,714	59,542,078
Administrative expenses	448,471,106	377,384,516	286,947,433	251,448,903	262,301,728	198,631,669
Other operating expenses	139,025,203	118,366,982	87,722,400	30,979,960	19,948,597	22,957,237
Finance cost	39,164,417	18,834,198	10,709,009	3,213,088	2,121,044	3,985,590
Other income	342,646,042	437,742,627	118,416,151	33,145,436	91,963,242	38,502,506
Profit before taxation	**1,392,672,376**	**1,055,107,775**	**481,432,442**	**505,919,994**	**465,505,754**	**430,953,420**
Taxation	28,540,667	45,624,604	8,056,404	(9,159,952)	12,991,024	4,143,840
Profit after taxation	**1,364,131,709**	**1,009,483,171**	**473,376,038**	**515,079,946**	**452,514,730**	**426,719,580**
Earning per share (basic)	11.05	8.19	4.24	4.64	4.14	4.47
Profitability Analysis (%age)						
Gross profit to revenue	33%	31%	30%	30%	32%	35%
Profit after tax to revenue	26%	27%	16%	19%	20%	22%

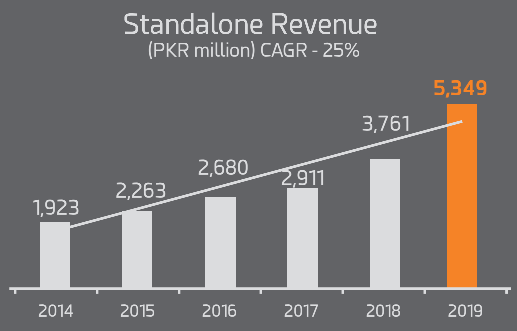
Consolidated	2019	2018	2017	2016	2015	2014
Revenue	7,535,648,069	5,323,922,442	3,832,429,037	3,112,102,038	2,470,725,663	1,922,711,560
Cost of sales	5,166,301,606	3,795,122,571	2,683,690,636	2,222,533,901	1,699,126,206	1,248,286,552
Gross profit	**2,369,346,463**	**1,528,799,871**	**1,148,738,401**	**889,568,137**	**771,599,457**	**674,425,008**
Distribution expenses	178,002,387	90,539,319	58,938,644	47,756,830	72,778,492	62,068,776
Administrative expenses	698,066,995	572,629,509	484,005,420	354,208,651	342,295,586	206,647,353
Other operating expenses	163,532,016	138,347,792	135,834,095	38,329,724	23,726,609	25,257,473
Finance cost	47,022,121	27,073,044	15,786,491	5,497,692	3,065,865	3,995,964
Other income	318,491,575	408,460,653	114,980,508	28,939,571	88,506,926	35,342,737
Profit before taxation	**1,601,214,519**	**1,108,670,860**	**569,154,259**	**472,714,811**	**418,239,831**	**411,798,179**
Taxation	33,281,698	47,387,580	8,435,716	(8,499,658)	12,991,024	4,143,840
Profit after taxation	**1,567,932,821**	**1,061,283,280**	**560,718,543**	**481,214,469**	**405,248,807**	**407,654,339**
EPS	12.86	8.72	5.11	4.39	3.75	4.31
Profitability Analysis (%age)						
Gross profit to revenue	31%	29%	30%	29%	31%	35%
Profit after tax to revenue	21%	20%	15%	15%	16%	21%

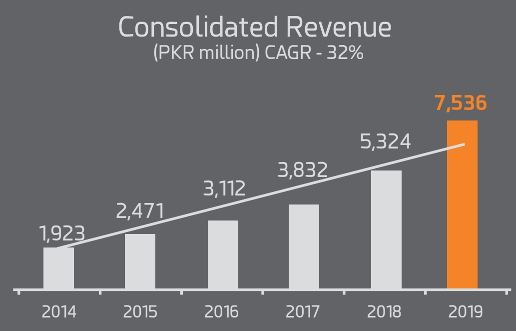
DUPONT ANALYSIS

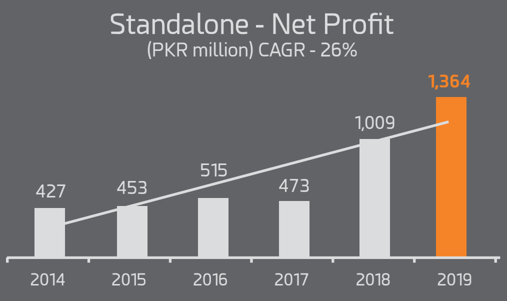
2019						
Profit	1,364,131,709	Revenue	5,348,568,742	Total assets	6,717,215,682	**ROE 26%**
Revenue	5,348,568,742	Total assets	6,717,215,682	Equity	5,216,466,331	
Profit margin	**26%**	**Assets turnover**	**80%**	**Equity multiplier**	**129%**	

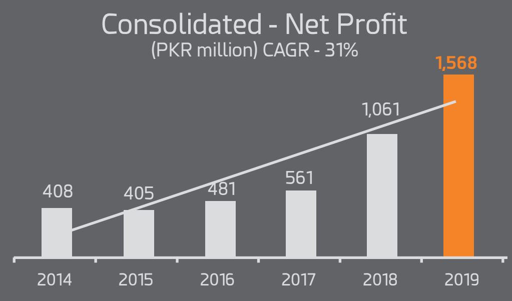
2018						
Profit	1,009,483,171	Revenue	3,761,155,759	Total assets	4,999,169,768	**ROE 25%**
Revenue	3,761,155,759	Total assets	4,999,169,768	Equity	4,078,869,538	
Profit margin	**27%**	**Assets turnover**	**75%**	**Equity multiplier**	**123%**	

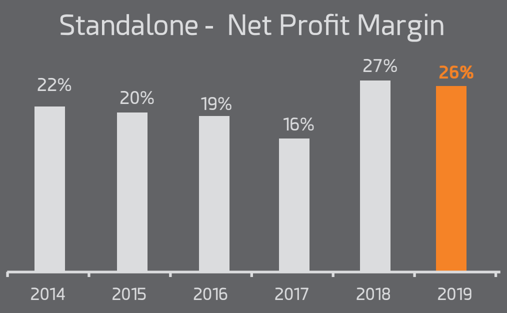
FINANCIAL ANALYSIS

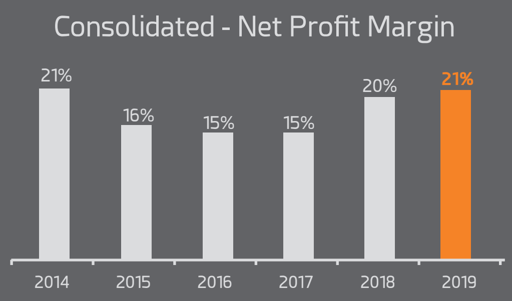


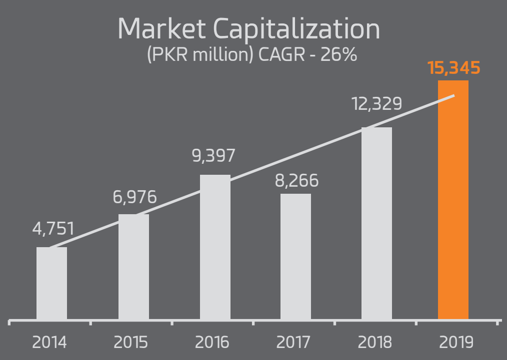


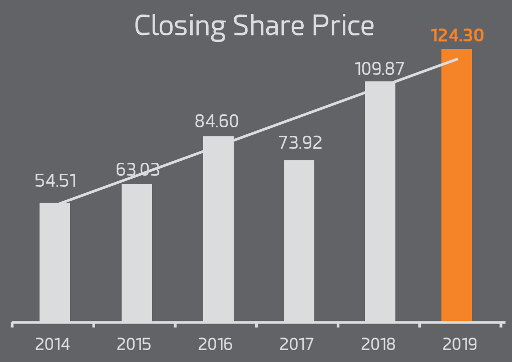






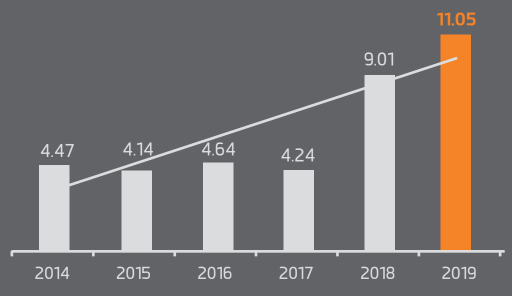




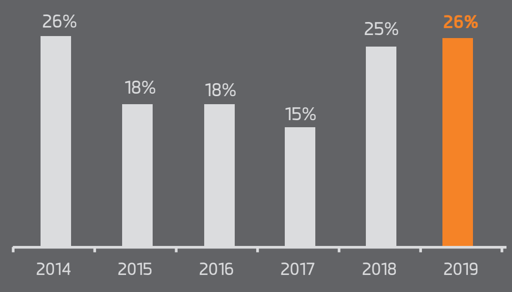


Basic EPS

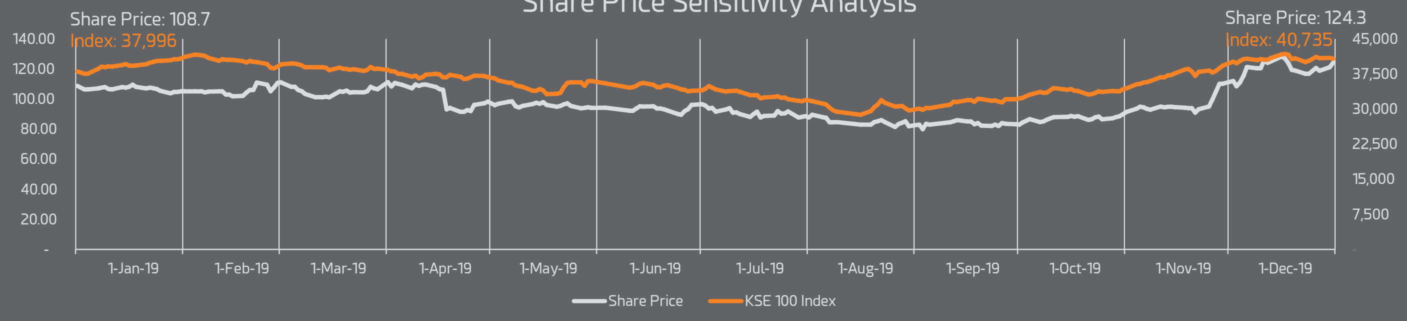
CAGR - 20%



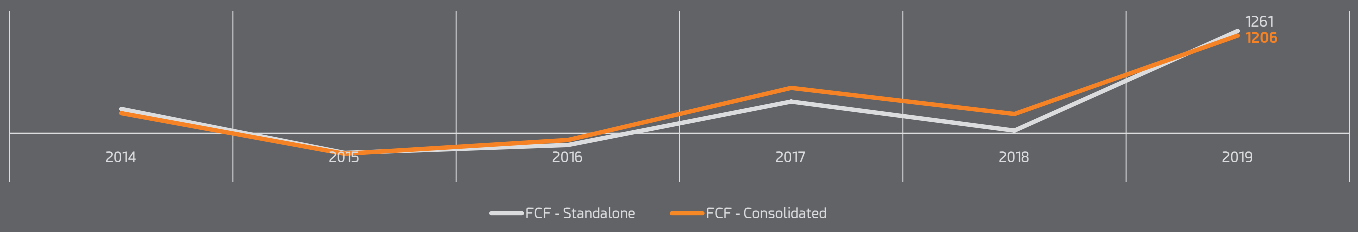
Return on Equity



Share Price Sensitivity Analysis



Free Cashflow Analysis (PKR m)



SHAREHOLDERS' INFORMATION

REGISTERED OFFICE

E-1, Sehjpal Near DHA Phase - VIII (Ex.-Air Avenue), Lahore Cantt.
T: +92 42 111-797-836
F: +92 42 3 636 8857

SHARE REGISTRAR

THK Associates (Private) Limited. 1st Floor, 40-C, Block-6,P.E.C.H.S. Karachi.
T: +92 21 111-000-322
F: +92 21 3 565 5595

LISTING ON STOCK EXCHANGES

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

STOCK CODE / SYMBOL

The stock code / symbol for trading in ordinary shares of Systems Limited at Pakistan Stock Exchange in 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 repealed Companies Ordinance, 1984 (Now, Companies Act, 2017) and allied rules, the Securities and Exchange Commission of Pakistan Regulations and the listing requirements.

DIVIDEND

The Board of Directors in their meeting held on 25 March 2020 has proposed a dividend on ordinary shares at Rs. 2.25 per ordinary share.

BOOK CLOSURE DATES

Share Transfer Books of the Company will remain closed from 23 May 2020 to 29 May 2020 (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 15% in case of filer and 30% in case on non-filer 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 PAYMENTS

Cash dividends are paid through electronic mode directly into the bank account designated by the entitled shareholders.

GENERAL MEETINGS & VOTING RIGHTS

Pursuant to section 158 of repealed Companies Ordinance 1984 (now, section 132 of Companies Act, 2017) 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 repealed Companies Ordinance, 1984 (now, section 137 of Companies Act, 2017) 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 is 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
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

Committed to providing a global digital platform

Dear Shareholders,

I would like to start by congratulating you on the great performance by your company in 2019. This was achieved by an outstanding performance by our global team led by the new generation of professional leadership.

The revenue of the company grew by 42% and its profit by 48%. This growth was led by our traditional North America market and our new venture into the European market, and was supported by equally strong growth in our domestic and UAE market.

Key to this growth was our investment in innovative solutions created over the past few years aimed at our target markets. More importantly it was done by our very highly talented and globally experienced professional resources. As the Systems brand continues to strengthen by our successes we have attracted and retained unmatched quality talent.

Systems Limited also continues to be a major player for innovative services in the domestic market. We have a number of signed projects in both the public and private sector and have a healthy deal flow for 2020 and 2021. Our subsidiary EP Systems and it’s growing brand OneLoad has received an in-principle approval from the State Bank of Pakistan to conduct business as an Electronic Money Institution (EMI) as well as equity investment from the International Finance Corporation (IFC). This has set it up as a major FinTech player in Pakistan.

As I am writing to you our world is faced with an unprecedented and universal problem that has shaken the world economy. While uncertainty grows let me assure you that we have prepared for all eventualities and hope to come out stronger from these times. The fact that we have just completed a very successful year and that growth has persisted in first quarter of 2020, has given us the strength and fiscal space to manage these coming events with more confidence.

I would also like to thank the members of our board for their valuable insight and guidance to the management team.

I am proud of the great work done by all members of the Systems family, would congratulate them on the excellent results and wish them and their families a great 2020.

As always, we thank all our customers worldwide who have given us the opportunity to service their IT needs and continue to do so.

Sincerly,

Aezaz Hussain
Chairman

CEO'S REVIEW

Dear Shareholders,

2019 has been a stellar year for Systems Limited and I want to take this opportunity to thank my colleagues, customers, investors, partners and principals. I congratulate everyone on an amazing year and outstanding financial results.

In 2019, your Company was successfully able to achieve over 80% of export revenues from our North American, European and Middle Eastern markets. In the domestic market, we focused more on the private sector customers and we were very selective on public sector deals. We also intensified our focus on our existing clients, increased our wallet share with them, instilled greater operating discipline across the company, and expanded our local talent and innovation hubs. This has resulted in healthy free cash flow and a record net profit margin of 21 percent.

Your Company also transitioned to a global structure this year and I want to take this opportunity to thank our Chairman, Aezaz Hussain, for his continuous guidance and support in helping us through this transition. Now, we are managing the company through global operations and by working under one umbrella are leveraging our capabilities across multiple geographies. Our industry and technology teams are led by the most capable global leaders. This transition has not only provided us sustainability; but also, it has set your company for fast-paced growth.

My mission is to extend System's four decades long track record of success far into the future. To do so, System must continue to serve as a trusted partner and advisor to businesses that strive to lead their industries by solving their technological and business problems. We have also refocused the organization through the market opportunities presented by the three big themes Digital, Data and Cloud supported by Intelligence and Automation, and we have reorganized the teams to align with these themes.

With our subsidiary, EP Systems receiving the in-principleapproval from the State Bank of Pakistan to conduct business as an Electronic Money Institution (EMI) as well as equity investment from the International Finance Corporation (IFC), the Company is well positioned to capitalize on the digitalization of mass market shopkeepers and retailers- the demand of which has been further catalyzed by the global pandemic. With the EMI, EP Systems has an opportunity to bring banking access to its retailers who have previously used the app for mobile top-ups. These services may include deposit accounts, accepting digital payments from customers, and using digital banking services to conduct their business.

System ventures was set up last year and now will start investing in ideas and incubating both from inhouse and in other leading start-ups in our eco-system.

I am convinced that every crisis has a winner and your company will emerge as one. Our Country is also emerging as one of the resilient Software and BPO service provider for the global enterprises. Since, work from home is now a new norm, working from a remote location or offshore locations is becoming more acceptable to the world and our geographical placement, young digital enabled population will be the strong competitive advantage, these conditions will strongly favor your company as we are one of the largest global Software and BPO service provider in Pakistan.

I'm fortunate to be surrounded by a deeply passionate and experienced leadership team, a fully engaged Board of Directors and, of course, my 4,000+ passionate colleagues around the world, who share the work we are privileged to do every day. In the end, I would like to thank all stakeholders for placing their trust in our capabilities and hope to deliver on their expectations in future as well.

Sincerly,

Asif Peer
Chief Executive Officer

DIRECTOR'S REPORT
to the shareholders

On behalf of the Board of Directors we are pleased to present the 43rd Annual Report to the members together with Audited Group Financial Statements and Auditors Report for the year ended December 31, 2019.

DIVIDEND & APPROPRIATIONS

Directors recommended a payment of final cash dividend @ Rs. 2.25 per share (2018: 2.00 per share).

The following appropriation on account of dividend was made during the year:

	Un-appropriated profit (PKR)
Balance as at 31 December 2018	2,423,653,841
Total comprehensive income for the year	1,364,131,709
Less:	
Final dividend for the year ended 31 December 2018 at the rate of PKR 2 per share	224,427,096
10% Bonus Issue for year ended 31 December 2018	112,213,540
IFRS-15 audit adjustment	63,086,929
Add:	
Affect of shareoptions	2,085,597
Balance as at 31 December 2019	3,390,143,582

EARNING PER SHARE

Basic and diluted earnings per share for the year ended 31 December 2019 for the Company are PKR 11.05 and PKR 10.15 (31 December 2018: PKR 8.19 and PKR 8.16) per share. Similarly, the basic and diluted earnings per share for the Group are PKR 12.86 and PKR 12.75 (31 December 2018: PKR 8.72 and PKR 8.69) per share.

FINANCIAL PERFORMANCE OF THE COMPANY AND THE GROUP DURING 2019

Activities:

The Company is a public limited Company incorporated in Pakistan under the Companies Act, 2017, and 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 Group comprises of Systems Limited (Holding Company) and its subsidiaries – TechVista Systems FZ LLC , E-Processing Systems (Private) Limited and SUS JV Private Limited.

TechVista Systems FZ LLC (TVS), a limited liability Company incorporated in Dubai Technology and Media Free Zone Authority, is 100% owned subsidiary of Systems Limited. TVS is engaged in the business of developing software and providing ancillary services. TVS has also invested in TechVista Systems LLC and currently owns 49%. This company is also registered as a software house but it does not have any independent operations and was created to support the projects of TechVista Systems FZ LLC.

E-Processing Systems (Private) Limited (EPS), a private limited Company registered under Companies Ordinance 1984, incorporated on 06 February 2013, is a 55.75% owned subsidiary of Systems Limited. EPS is currently engaged in the business of purchase and sale of teleco's airtime and related services. The product of the Company is called OneLoad.

SUS JV (Private) Limited, a private limited company registered under Companies Ordinance 1984, is a 94.99% owned subsidiary of Systems Limited. The company was set up for the Baluchistan Land Revenue Management Information System project. The project is related to digitization of land records and development of a web-based management information system.

The financial statements of the Company and the Group truly reflect the state of Company's affairs and fair review of their business.

Performance:

The Company:

The Company's revenue comes primarily from Software Development, Consulting Services, Business Process Outsourcing and Contact Center. Company's major revenue is from export of it's Services to various geographies such as North America, Europe and Middle East and about 18% from domestic market. The Company is well diverisified into various business verticals such as Telco, Retail, CPG, Pharma, banking sector, and not dependent on one vertical for business and growth. The Company is well diversified in Business Process Outsourcing (BPO), Omni Channel Contact Center, Data Integrations, Modern Dev App, Cloud and Digital Services.

In the year 2019, the Company's standalone revenues grew by 42% as compared to the year 2018. Revenue and profit both went up because the Company was very selective and focused on quality revenue and the Company was signing only large customers to ensure recurring revenue and sustained growth. The Company's focus was not only to sign projectwork but to also get into outsourcing relationships which ensured multiyear revenue from its customers. The Company was able to acquire clients in different geographies and industry verticals, and the Company is very well poised to take this forward to the future years as well.

Gross profit is recorded at PKR 1,776 Million in 2019, which at 33% of revenue was consistent with previous year. However, the net profit showed an increase of 35% against the revenue growth of 42% because the Company is still investing in growth opportunities and in building human capital for future growth.

Unconsolidated			
Particulars	**2019**	**2018**	**Y/Y**
Revenue	5,348,568,742	3,761,155,759	42%
Gross profit	1,776,380,215	1,178,536,829	51%
Profit before taxation	1,392,672,376	1,055,107,775	32%
Profit after taxation	1,364,131,709	1,009,483,171	35%
Earnings per share (basic)	11.05	8.19	35%
Earnings per share (diluted)	10.95	8.16	34%

THE GROUP:

Consolidated			
Particulars	**2019**	**2018**	**Y/Y**
Revenue	7,535,648,069	5,323,922,442	42%
Gross profit	2,369,346,463	1,528,799,871	55%
Profit before taxation	1,601,214,519	1,108,670,860	44%
Profit after taxation	1,567,932,821	1,061,283,280	48%
Earnings per share (basic)	12.86	8.72	47%
Earnings per share (diluted)	12.75	8.69	47%

Consolidated revenue of the Group as a whole grew by 42% from PKR 5,323 million to PKR 7,535 million in 2019. Gross profit and operating profit were recorded at PKR 2,369 million and PKR 1,648 million with a growth of 55% and 45% respectively. Profit after taxation increased by 48% from the last year. Earnings per share increased by 47% from PKR 8.72 to PKR 12.86.

For the year ended 31 December 2019, TechVista Systems FZ LLC registered a revenue of AED 62.96 million (2018: 52.09 million) and earned profit of AED 4.80 million (2018: AED 2.42 million). TechVista Systems LLC registered a cost of AED 15.63 million (2018: AED 15.49 million).

In the new markets, the Company is still in a growth mode and the Company will continue to invest in these new geographies to get a sustainable return. The investment is mostly in two categories; primarily in new technologies, research and development and in training the work force for the future demand as the technology is shifting and changing very rapidly; secondly the Company invests in marketing, pre-sales and sales aggressively for the acquisition of customers for quality and recurring revenue.

On the domestic front, the Company is able to collect some long outstanding receivables which helped bring down the domestic receivables ageing as compared to last year. The company's strategy is to be cashflow positive for investment in new markets, talent or human capital or any good opportunities in mergers and acquisitions. By improving the cashflow cycle, the Company has been able to achieve the objective.

Up until 2018, the Company was heavily focused on public sector. In 2019, however this trend has changed and the dependence on the public sector has been reduced with about 80% of the projects in the private sector. The Company signed up some multiyear contracts with some big names. The Company is working with all the telcos and major banks in Pakistan and they are all recurring customers. This shift will improve profitability and cashflow. Similarly in Middle East through its Subsidiary TechVista Systems (TVS), the Company is now focusing on Enterprise customers and has established long term relationship by moving more work to offshore which was the goal to improve the profitability for TVS business as well. In the North American and European markets, Company was able to create multiple new recurring partnerships. In addition to retail and CPG industry, the Company is targeting Banking and Financial Sector in these markets as well to diversify and grow.

For the subsidiary EP Systems, the financial Year 2019 has been a good year. OneLoad business picked momentum with total throughput of Rs 9.6 billion in transaction value for the year. The Company has achieved revenue growth of 63% from PKR 193.86 million in 2018 to PKR 316.08 million in 2019. The substantial revenue growth has enabled the Company to achieve a Gross Profit in 2019 of PKR 93.23 million compared to PKR 50.21 million in 2018 at a growth rate of 86%.

FUTURE OUTLOOK AND PROSPECTS OF PROFIT

2020 PLANS

The Company had planned aggressively for 2020 and had set strong targets based on 2019 performance and diversification of business that the Company had achieved in 2019. However the global conditions and dynamics have changed significantly since March 2020. The Company has adjusted the business plan accordingly and the Company sees a bigger opportunity for it's services after this pandemic is over.

The Company has restrategized to cater for the post pandemic situation based on the following.

- The World has adopted more remote and work from home practices. This change has enabled more offshoring for the Company. Since this pandemic has affected most of the countries where more outsourcing was happening so the Company sees more flexibility on their part and customers are not concerned with working from Pakistan. The Company is getting a traction and more demand has been generated for offshore and remote work for BPO Contact center, Support and Managed Services and also in Digital business. The Company considers it as a positive sign and accordingly aligned it's strategy to pitch Digital services to customers for example Digital E-commerce.
- In today's changing environment, the world requires Business Continuity Planning (BCP) and Disaster Recovery Planning (DRP) and companies are moving away from on-premise to cloud. The Company accordingly is offering the customers cloud services, cloud operations, cloud cost optimization and cloud lift and shift to enable customers to operate more effectively, thereby increasing future pipeline for the business.
- Since there is a heavy demand of Contact Centers and due to high call waiting and queue time for call centers during this crisis, the Company has enabled their Omni Channel Contact Center Services where the Company provides multicenter approach and end to end contact center technology to customers and the Company is expecting good traction as people are considering Pakistan as a disaster recovery and BCP location.

- As part of the last year strategy, the Company has diverisified and changed direction from sticking to one vertical and is now operating in more than one vertical. The Company has many customers in telco sector which is booming in todays digital space. The local telco companies are expected to bring good consistent predictable revenues for foreseeable future. On the other side, the Company has diversified in Banking, Insurance and Digital technologies like digital remote connectivity.
- Since the Company has been aggressively working in E-commerce space and now the brick and mortar has been disrupted and will be affected more adversely after the new world order, with Digital end to end platform, the Company is confident that the Company will be providing Digital end to end services to their customers.
- In this new changing environment, Data is a strategic asset. The Company is highly leaveraging Big Data, AI and Machine Learning through talented data scientists. The Company believes that Data will be the key for multiple industries and every industry will be looking for strategic data for their futuristic vision using prediction through AI and Machine Learning.
- As the Company is globally diverisifed from geographical location perspective and is not dependent on one market, the Company is expecting to retain customers from Europe, Middle East, Pakistan and North America despite the current crisis situation.
- As part of Company's strategy, the Company is globally aligned with principals who are growing aggressively in their space such as Microsoft, Sales Force, Magento and IBM. That will also help the Company to get more business through these Principals.
- In early 2020 EP Systems also received an in-principle approval from the State Bank of Pakistan to conduct business as an Electronic Money Institution (EMI) as well as signed an agreement with the International Finance Corporation for an equity investment. With the EMI, EP Systems has an opportunity to bring banking access to its retailers who have previously used the app for mobile top-ups. These services may include deposit accounts, accepting digital payments from customers, and using digital banking services to conduct their business. With increasing demand for digitization further catalyzed by the global pandemic, EP Systems is well positioned to capitalise on the digitalization of mass market shopkeepers, retailer and beyond in Pakistan.

  The Company Management believes that every crisis has a winner and they are well poised for this opportunity and the Company will have strong growth once things normalize. The Company Management believes that they will emerge as a winner.

PRINCIPAL RISK AND UNERTAINTIES FACING THE COMPANY

RISK FACTORS

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

- **Current Pandemic** – If this pandemic continues beyond 3 months, then the current forecasts of revenues and cashflows will be impacted.
- **Economic Depression** - Globally, North American and European countries can go through real depression and slow recovery. Companies will file for bankruptcy and seek Government support. Recoveribility of current receivables can be a challenge.
- **Income Inequality** - Risk of severe income inequality in Pakistan after the current crisis situation which can cause social unrest and will affect interest of foreign customers and investors
- **Risk of Travel advisory** - Investors and buyers will not be able to travel to the country. Since the Company is in services business and though a lot of work is happening offshore, however travel restrictions will still impact business since resources will not be able to visit foreign clients.
- **Pricing Pressures** – This pandemic is expected to create an unprecedented demand compression due to which there will be a large supply of talent pool but less demand. This will result in a price war and that, potentially effects profit margins
- **Cash Flow** - In this situation, everyone is expected to conserve and preserve cash and use this opportunity to delay payments to service providers.
- **Regional risk** – In Middle East region, expo 2020 is already delayed, oil price effected, tourist industry is impacted. All this is expected to impact the region adversely and the region is expected to face severe cashflow crisis. This will impact our topline and bottom line and cashflow
- **Country risk** – The Company is well poised for digital Pakistan but with recent forecast, the country is going into a negative GDP situation, there will be unemployment, and less demand in public sector spending. Since public sector provides a lot of digital opportunities for large scale projects, so that demand is expected to decline until this crisis is sorted out.
- **Other income** – Other income is tied with interest rates but interest rates are expected to fall in 2020 which will adversely impact Company's returns on investments.

CHANGES DURING FINANCIAL YEAR CONCERNING THE NATURE OF THE BUSINESS OF THE COMPANY OR OF ITS SUBSIDIARIES AND JOINT OPERATION

There has been no change in the nature of business of the company or its subsidiaries. For the subsidiary EP System, the Company has received an investment from IFC to secure 20% stake in the business. Moreover, the Company has obtained in principal approval from State Bank of Pakistan for the Electronic Money Licence.

MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE AND POSITION OF THE COMPANY BUSINESS

Technology is rapidly changing and demands are on the higher side for the disruptive technologies. In order to grow at a faster pace, the Company has to scale up and nurture talent. Scaling into relevant technologies will have a significant impact on future performance and position of the Company's business.

IMPACT OF COMPANY BUSINESS ON THE ENVIRONMENT

Since the Company is in the software business, the Company doesn't have any adverse impact on the environment.

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.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The management of Systems Limited as a Group is responsible for the establishment and maintenance of the Company's and the Group's system of internal control in order to identify and manage risks faced by the Group. The system provides reasonable, though not absolute, assurance that:

- assets are safeguarded against unauthorized use or disposition;
- proper and reliable accounting records are available for use within the business;
- adequate control mechanisms have been established within the operational businesses and
- Internal financial controls deployed within the Company have been satisfactory throughout the year.

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 and the Group, present its state of affairs fairly, the result of its operations, cash flows and changes in equity

- Proper books of accounts of the Company and each of its subsidiaries 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 along with the subsidiaries to continue as a going concern

- There has been no material departure from the best practices of corporate governance as detailed in listing regulations

BOARD OF DIRECTORS

The board comprises of seven (7) directors. During the year, five (5) board meetings were held. The names of directors and number of meetings attended by each director is as follows:

Existing Board of Directors	
Name of Director	**Meetings Attended**
Mr. Aezaz Hussain	5
Mr. Asif Peer	5
Mr. Arshad Masood	4
Ms. Romana Abdullah	5
Mr. Ayaz Dawood	5
Mr. Asif Jooma	4
Mr. Tahir Masaud	2

For TechVista Systems FZ LLC, Mr. Asif Peer is the director of the company.

For E-Processing Systems (Private) Limited, the directors of the company are – Mr. Aezaz Hussain, Chairman, Mr. Asif Peer and Mr. Muhammad Yar Hiraj.

For SUS Private Limited, Mr. Asif Peer is the director.

BOARD COMMITTEES

The Board of Directors has constituted Audit Committee and Human Resource & Compensation Committee. The names of members of Board Committees and number of meetings attended by each member is as follows:

Audit Committee:

Existing Committee	
Name of Member	**Meetings Attended**
Mr. Ayaz Dawood	5
Ms. Romana Abdullah	5
Mr. Tahir Masaud	2

Human Resource & Compensation Committee:

Existing Committee	
Name of Member	**Meetings Attended**
Mr. Asif Jooma	2
Mr. Tahir Masaud	2
Ms. Romana Abdullah	2

KEY OPERATING AND FINANCIAL DATA

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

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 2019 amounts to PKR 446.878 million (31 December 2018: PKR 207.723 million)

PATTERN OF SHAREHOLDING

The Pattern of Shareholding as at 31 December 2019 is annexed with the annual report. The shareholding pattern of TechVista Systems FZ LLC, E-Processing Systems (Private) Limited and SUS Private Limited as at 31 December 2019 is enclosed.

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 2019 other than those disclosed on Pakistan Stock Exchange.

REVIEW OF RELATED PARTIES TRANSACTIONS

In compliance with the Code of Corporate Governance and applicable laws and regulations, details of all related party 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.

AUDITORS

EY Ford Rhodes has completed its tenure for the year 2019 and retire at the conclusion of the 43rd 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, TechVista Systems FZ-LLC and SUS Private Limited are also included.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company and the Group have occurred between the end of the financial year and the date of this report except as disclosed in this report, if any.

ACKNOWLEDGEMENT

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

On behalf of the Board

Asif Peer
Chief Executive Officer

Aezaz Hussain
Chairman

25th March 2020
Lahore

کلیدی آپریٹنگ اور مالی اعداد وشمار

پچھلے چھ سالوں کے کلیدی آپریٹنگ اور مالی اعداد وشمار سالانہ رپورٹ کے ساتھ منسلک ہیں۔

پراویڈنٹ فنڈ کی سرمایہ کاری

کمپنی کے ذریعے چلائے جانے والے پراویڈنٹ فنڈ کی مالیت، فنڈ کے غیر آڈٹ شدہ کھاتوں کی بنیاد پر 31 دسمبر 2019ء کو 446.878 ملین روپے ہے (31 دسمبر 2018ء 207.723 ملین روپے)۔

شیئر ہولڈنگ کا نمونہ

شیئر ہولڈنگ کا نمونہ بمطابق 31 دسمبر 2019ء سالانہ رپورٹ کے ساتھ منسلک ہے۔ ٹیک وِسٹا سسٹمز ایف زیڈ، ایل ایل سی اور ای پروسیسنگ سسٹمز (پرائیویٹ) لمیٹڈ کے شیئر ہولڈنگ کا نمونہ بمطابق 31 دسمبر 2019ء منسلک ہے۔

ڈائریکٹرز، ایگزیکٹیوز اوران کے شریک حیات اور نابالغ بچوں کے ذریعے ٹریڈنگ

کمپنی کے ڈائریکٹرز، ایگزیکٹیوز اوران کے شریک حیات اور نابالغ بچوں نے 31 دسمبر 2019ء کو ختم ہوئے سال کے دوران کمپنی کے شیئرز میں کوئی ٹریڈنگ نہیں کی ماسوائے اس کے جسے پاکستان سٹاک ایکسچینج میں ظاہر کیا گیا ہے۔

متعلقہ فریقین کے لین دین کا جائزہ

کوڈ آف کارپوریٹ گورنینس اور قابل اطلاق قوانین وضوابط کی تعمیل میں، تمام متعلقہ فریقوں کے لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے رکھی جاتی ہیں اور آڈٹ کمیٹی کی سفارش پر، وہی جائزہ اور منظوری کیلئے بورڈ کے سامنے پیش کی جاتی ہیں۔

سہ ماہی اور سالانہ مالیاتی گوشوارے

بورڈ کی منظوری سے قبل سی ای او، اور سی ایف او نے مالیاتی گوشواروں کی توثیق کی۔ کمپنی کے سہ ماہی مالیاتی گوشواروں کے ساتھ ساتھ گروپ کے مجموعی مالیاتی گوشوارے، منظور کئے گئے، شائع کئے گئے اور اختتامی تاریخ کے ایک ماہ کے اندر شیئر ہولڈرز کو بھیج دیئے گئے، جبکہ ایکسٹرنل آڈیٹرز نے کمپنی کے نصف سالانہ مالیاتی گوشوارں اور گروپ کے مجموعی مالیاتی گوشوارں کا جائزہ لیا، انہیں بورڈ کے ذریعے منظور کیا گیا، شائع کیا گیا اور اختتامی تاریخ کے دو ماہ کے اندر شیئر ہولڈرز کو بھیج دیا گیا۔

آڈیٹرز

ای وائی فورڈ رہوڈز نے سال 2019ء کیلئے اپنی میعاد پوری کر لی ہے اور 43 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہوئے ہیں۔ اہل ہونے کی بِنا پر، انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

مجموعی مالیاتی گوشوارے

کمپنی کے مجموعی مالیاتی گوشوارں میں کمپنی کے ساتھ اس کے ماتحت ادارے ٹیک وِسٹا سسٹمز ایف زیڈ، ایل ایل سی اور ای پروسیسنگ سسٹمز (پرائیویٹ) لمیٹڈ بھی شامل ہیں۔

ضمنی واقعات

مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے مابین کمپنی اور گروپ کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں یا وعدے نہیں ہوئے ہیں، ماسوائے اس رپورٹ میں انکشاف کے، اگر کوئی ہے۔

اعتراف

بورڈ اس موقع پر کمپنی اور اس کے ماتحت اداروں کے قابل قدر کسٹمرز، بینکرز اور دیگر متعلقین کے تعاون اور معاونت کیلئے شکر گزار ہے۔ بورڈ انتظامیہ اور گروپ کے تمام ملازمین کی محنت اور لگن کی بڑی قدر کرتا ہے۔

حسب الحکم بورڈ

آصف پیر
چیف ایگزیکٹو آفیسر

اعزاز حسین
چیئرمین

25 مارچ 2020ء
لاہور

اندرونی مالیاتی کنٹرول کی قابلیت

ایک گروپ کی حیثیت سے گروپ کو درپیش خطرات کی نشاندہی اور انتظام کیلئے سسٹمز لمیٹڈ کی انتظامیہ کمپنی اور گروپ کے اندرونی کنٹرول کے سسٹم کے قیام اور دیکھ بھال کیلئے ذمہ دار ہے۔ یہ سسٹم اگرچہ مطلق نہیں، لیکن معقول یقین دہانی کراتا ہے کہ:

- غیر مجاز استعمال یا برتاؤ کے خلاف اثاثوں کی حفاظت کی جاتی ہے؛
- کاروبار کے اندر استعمال کیلئے درست اور قابل اعتماد اکاؤنٹنگ ریکارڈز دستیاب ہیں؛
- آپریشنل بزنسز کے اندر مناسب کنٹرول میکنزم قائم کیا گیا ہے اور
- کمپنی کے اندر لگائے گئے انٹرنل فنانشل کنٹرولز پورے سال کے دوران تسلی بخش رہے ہیں۔

کارپوریٹ گورنینس اور مالی رپورٹنگ کا ڈھانچہ

جیسا کہ کوڈ آف کارپوریٹ گورنینس کی ضرورت ہے، ڈائریکٹرز کو اس بات کی تصدیق کرتے ہوئے خوشی ہے کہ:

- کمپنی اور گروپ کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اس کی صورتحال، اس کی کاروائیوں کے نتائج، نقد بہاؤ اور ایکویٹی میں بدلاؤ کو منصفانہ طور پر پیش کرتے ہیں
- کمپنی اور اس کے ہر ایک ذیلی ادارے کے اکاؤنٹس کی درست کتابیں برقرار رکھی گئی ہیں
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئی ہیں اور اکاؤنٹ کے تخمینے معقول اور محتاط فیصلے پر مبنی ہیں
- مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ سٹینڈرڈز پر، جیسا کہ پاکستان میں قابل اطلاق ہیں، عمل کیا گیا ہے اور ان سے کوئی انحراف نہیں کیا گیا
- اندرونی کنٹرولز کا نظام بناوٹ میں محفوظ ہے اور اس کو موثر انداز میں نافذ اور نگرانی کی جا رہی ہے
- کمپنی کے ساتھ ساتھ اس کے ماتحت اداروں کی کاروبار کو جاری رکھنے کی صلاحیت کے بارے میں کوئی نمایاں شکوک وشبہات نہیں ہیں
- کارپوریٹ گورنینس کے بہترین طریقوں سے کوئی انحراف نہیں ہے جیسا کہ لسٹنگ ریگولیشنز میں تفصیل درج ہے

بورڈ آف ڈائریکٹرز

بورڈ سات (7) ارکان پر مشتمل ہے، سال کے دوران، پانچ (5) بورڈ میٹنگز منعقد ہوئیں۔
ڈائریکٹرز کے نام اور ہر ڈائریکٹر کی میٹنگز میں شرکت کی تعداد حسب ذیل ہے:

موجودہ بورڈ آف ڈائریکٹرز	
ڈائریکٹر کا نام	کتنی میٹنگز میں شرکت کی
جناب اعزاز حسین	5
جناب آصف پیر	5
جناب ارشد مسعود	4
محترمہ رومانہ عبداللہ	5
جناب ایاز داؤد	5
جناب آصف جوما	4
جناب طاہر مسعود	2

ٹیک وِسٹا سسٹمز ایف زیڈ ایل ایل سی کیلئے، جناب آصف پیر کمپنی کے ڈائریکٹر ہیں۔
ای پروسیسنگ سسٹمز (پرائیویٹ) لمیٹڈ کیلئے، کمپنی کے ڈائریکٹرز ہیں - جناب اعزاز حسین، چیئرمین، جناب آصف پیر اور جناب محمد یار ہراج

بورڈ کمیٹیاں

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی اور انسانی وسائل اور معاوضہ کمیٹی تشکیل دی ہے۔
بورڈ کمیٹیوں کے ممبرز کے نام اور ہر ممبر کی میٹنگز میں شرکت کی تعداد حسب ذیل ہے:

آڈٹ کمیٹی

موجودہ کمیٹی	
ممبر کا نام	کتنی میٹنگز میں شرکت کی
جناب ایاز داؤد	5
محترمہ رومانہ عبداللہ	5
جناب طاہر مسعود	2

انسانی وسائل اور معاوضہ کمیٹی

موجودہ کمیٹی	
ممبر کا نام	کتنی میٹنگز میں شرکت کی
جناب آصف جوما	2
جناب طاہر مسعود	2
محترمہ رومانہ عبداللہ	2

- آج کے بدلتے ہوئے ماحول میں دنیا کو بزنس کونٹی نیوٹی پلاننگ (بی سی پی) اور ڈیزاسٹر ریکوری پلاننگ (ڈی آر پی) کی ضرورت ہے۔ کمپنیاں عمارتوں کو چھوڑ کر کلاؤڈ کی طرف جا رہی ہیں۔ کمپنی اس ضرورت کے مطابق کسٹمرز کو زیادہ موثر انداز میں کام کرنے کے قابل بنانے کیلئے انہیں کلاؤڈ سروسز، کلاؤڈ آپریشنز، کلاؤڈ کاسٹ آپٹیمائزیشن اور کلاؤڈ لفٹ اینڈ شفٹ کی پیشکش کر رہی ہے تاکہ کاروباروں کیلئے فیوچر پائپ لائن میں اضافہ ہو سکے۔
- چونکہ کونٹکٹ سنٹرز کی بہت زیادہ مانگ ہے اور اس بحران کے دوران کال سنٹرز کیلئے زیادہ کال ویٹنگ اور کیو ٹائم کی وجہ سے کمپنی نے اپنی اومنی چینل کونٹکٹ سنٹر سروسز کو قابل عمل بنا دیا ہے جس میں کمپنی کسٹمرز کو ملٹی سنٹرز کا طریقہ کار اور ایک کونے سے دوسرے کونے تک کونٹکٹ سنٹر ٹیکنالوجی فراہم کرتی ہے اور کمپنی آگے بڑھنے کی توقع رکھتی ہے کیونکہ لوگ پاکستان کو بحران سے نکلنے اور بی سی پی کا مقام تصور کرتے ہیں۔
- پچھلے سال کی حکمت عملی کے ایک جزو کے طور پر کمپنی نے تنوع کو اپنایا ہے اور ایک شعبے سے جڑے رہنے کی جہت کو تبدیل کیا ہے اور اب ایک سے زیادہ شعبوں میں کام کر رہی ہے۔ ٹیلکو سیکٹر میں کمپنی کے بہت سے کسٹمرز ہیں جو آج کے ڈیجیٹل سپیس میں عروج پر ہیں۔ مقامی ٹیلکو کمپنیوں کو مستقبل میں بہتر اور مسلسل آمدنیوں کی توقع ہے۔ دوسری طرف کمپنی نے بینکنگ، انشورنس اور ڈیجیٹل ریموٹ کنکٹیویٹی جیسی ڈیجیٹل ٹیکنالوجیز کا رُخ کیا ہے۔
- چونکہ کمپنی ای کامرس سپیس میں جارحانہ طور پر کام کر رہی ہے اور اب طبعی مقامات میں خلل آ گیا ہے اور نیو ورلڈ آرڈر کے بعد یہ بری طرح متاثر ہوں گے، ایک کونے سے دوسرے کونے تک ڈیجیٹل پلیٹ فارم کے ساتھ کمپنی کو یقین ہے کہ کمپنی اپنے کسٹمرز کو ایک کونے سے دوسرے کونے تک ڈیجیٹل سروسز فراہم کرے گی۔
- اس بدلتے ہوئے نئے ماحول میں ڈیٹا ایک منصوبہ بند اثاثہ ہے۔ کمپنی باصلاحیت ڈیٹا سائنس دانوں کے ذریعے بگ ڈیٹا، اے آئی اور مشین لرننگ میں تیزی سے آگے بڑھ رہی ہے۔ کمپنی کو یقین ہے کہ ڈیٹا متعدد صنعتوں کیلئے کلید ثابت ہوگا اور ہر صنعت اے آئی اور مشین لرننگ کے ذریعے پیشین گوئی کا استعمال کرتے ہوئے اپنے مستقبل کے ویژن کیلئے منصوبہ بند ڈیٹا کی تلاش میں رہے گی۔
- چونکہ کمپنی عالمی سطح پر جغرافیائی محل وقوع کے نقطہ نظر سے متنوع ہے اور کسی ایک مارکیٹ پر انحصار نہیں کر رہی ہے، لہٰذا کمپنی موجودہ بحران کی صورتحال کے باوجود یورپ، مشرق وسطیٰ، پاکستان اور شمالی امریکہ کے کسٹمرز کو برقرار رکھنے کی توقع رکھتی ہے۔
- کمپنی کی حکمت عملی کے ایک جزو کے طور پر، کمپنی عالمی سطح پر ان سربراہوں کے ساتھ ہم آہنگ ہے جو اپنی جگہ پر جارحانہ انداز میں آگے بڑھ رہے ہیں جیسے کہ مائیکروسوفٹ، سیلز فورس، میجنٹو اور آئی بی ایم۔ اس سے کمپنی کو ان سربراہوں کے ذریعے مزید کاروبار حاصل کرنے میں مدد ملے گی۔
- 2020ء کی شروعات میں ای پی سسٹمز کو الیکٹرونک منی انسٹی ٹیوٹ (ای ایم آئی) کے طور پر کاروبار کرنے کیلئے سٹیٹ بینک آف پاکستان سے اصولی منظوری بھی حاصل ہوئی اور ساتھ ہی ایکویٹی سرمایہ کاری کیلئے انٹرنیشنل فنانس کارپوریشن کے ساتھ معاہدے پر دستخط ہوئے۔ ای ایم آئی کے ساتھ ای پی سسٹمز کے پاس اپنے ریٹیلرز تک بینکنگ کی رسائی لانے کا موقع ہے جو قبل ازیں موبائل ٹاپ اپس کیلئے ایپ کا استعمال کرتے تھے۔ ان میں اپنے کاروبار کو چلانے کیلئے ڈیپازٹ اکاؤنٹس، کسٹمرز سے ڈیجیٹل پیمنٹس کی وصولی، اور ڈیجیٹل بینکنگ جیسی خدمات شامل ہو سکتی ہیں۔ ڈیجیٹلائزیشن کی بڑھتی ہوئی طلب کے ساتھ، جسے عالمی وباء کی وجہ سے مزید بڑھاوا ملا ہے، ای پی سسٹمز پاکستان میں دکانداروں، خوردہ فروشوں اور ان سے بھی آگے تک ڈیجیٹلائزیشن کی بڑی مارکیٹ سے فائدہ اٹھانے کیلئے پوری طرح تیار ہے۔

کمپنی کا ماننا ہے کہ ہر بحران میں جیت کا پہلو موجود ہوتا ہے اور وہ اس موقع سے فائدہ اٹھانے کی پوری توقع رکھتی ہے اور چیزوں کے معمول پر آنے کے بعد کمپنی کو مستحکم ترقی ملے گی۔ کمپنی کو یقین ہے کہ وہ ایک فاتح کی حیثیت سے سامنے آئے گی۔

کمپنی کو درپیش بنیادی خطرات اور غیر یقینی صورتحال

خطرہ کے عوامل

درج ذیل خطرے کے عوامل ہمارے کاروبار اور مالی نتائج کو متاثر کر سکتے ہیں:

- موجودہ عالمی وباء - اگر یہ وباء 3 ماہ سے زیادہ عرصہ جاری رہتی ہے تو پھر آمدنی اور نقد بہاؤ کی موجودہ پیش گوئیاں متاثر ہوں گی۔
- معاشی دباؤ - عالمی سطح پر شمالی امریکہ اور یورپی ممالک کو حقیقی دباؤ اور سست بحالی سے گزرنا پڑ سکتا ہے۔ کمپنیاں دیوالیہ پن کیلئے فائل کریں گی اور حکومت سے مدد لیں گی۔ موجودہ وصولیوں کی بازیابی ایک چیلنج بن سکتی ہے۔
- آمدنی کی عدم مساوات - موجودہ بحران کی صورتحال کے بعد پاکستان میں آمدنی کی شدید عدم مساوات کا خطرہ سماجی بے سکونی کا باعث بن سکتا ہے اور یہ غیر ملکی کسٹمرز اور سرمایہ کاروں کے مفاد کو متاثر کرے گا۔
- ٹریول ایڈوائزری کا خطرہ - سرمایہ کار اور خریدار اس ملک کا سفر نہیں کر سکیں گے۔ چونکہ کمپنی خدمات کا کاروبار کرتی ہے اور بہت سا کام آف شور ہو رہا ہے، لیکن پھر بھی سفری پابندیوں سے کاروبار متاثر ہوگا کیونکہ لوگ غیر ملکی کلائنٹس سے ملاقات نہیں کر پائیں گے۔
- قیمتوں کا دباؤ - یہ وباء طلب میں غیر متوقع کمی پیدا کر سکتی ہے جس کی وجہ سے باصلاحیت لوگوں کی فراوانی ہوگی لیکن مانگ کم ہوگی۔ اس کے نتیجے میں قیمتوں کی جنگ شروع ہو جائے گی، اور اس سے منافع کے مارجن پر برا اثر پڑے گا۔
- نقد بہاؤ - اس صورتحال میں ہر کوئی نقدی کو بچانے اور محفوظ بنانے کی کوشش کرے گا اور اس موقع کو خدمات فراہم کرنے والوں کی ادائیگیوں میں تاخیر کیلئے استعمال کرے گا۔
- علاقائی خطرہ - مشرق وسطیٰ کے علاقہ میں ایکسپو 2020 پہلے ہی تاخیر کا شکار ہے، تیل کی قیمت متاثر ہوئی ہے، سیاحت کی صنعت کو دھچکا پہنچا ہے۔ یہ سب کچھ خطے پر بری طرح اثر انداز ہوگا اور خطے کو نقد بہاؤ کے شدید بحران کا سامنا کرنا پڑے گا۔ اس سے ہماری ٹاپ لائن اور باٹم لائن اور کیش فلو متاثر ہوگا۔
- ملکی خطرہ - کمپنی ڈیجیٹل پاکستان کیلئے تیار ہے لیکن حالیہ پیش گوئیوں کے ساتھ ملک منفی جی ڈی پی کی صورتحال کی طرف جا رہا ہے، بے روزگاری بڑھے گی، اور سرکاری شعبے کے اخراجات میں مانگ کم ہوگی۔ چونکہ سرکاری شعبہ بڑے پیمانے کے منصوبوں کیلئے بہت سے ڈیجیٹل مواقع فراہم کرتا ہے لہٰذا اس بحران کے حل ہونے تک طلب میں زوال متوقع ہے۔
- دیگر آمدنی - دیگر آمدنی شرح سود کے ساتھ منسلک ہے لیکن 2020ء میں شرح سود کم ہونے کی توقع ہے جس سے کمپنی کو سرمایہ کاری سے ملنے والے منافع پر منفی اثر پڑے گا۔

مالی سال کے دوران کمپنی یا اس کے ذیلی اداروں اور جوائنٹ آپریشن کے کاروبار کی نوعیت سے متعلق تبدیلیاں

کمپنی یا اس کے ذیلی اداروں کے کاروبار کی نوعیت میں کوئی تبدیلی نہیں آئی ہے۔ ذیلی ادارہ ای پی سسٹمز کیلئے کمپنی کو کاروبار میں 20% حصہ پانے کیلئے آئی ایف سی سے سرمایہ کاری حاصل ہوئی ہے۔ مزید برآں کمپنی نے الیکٹرونک منی لائسنس کیلئے سٹیٹ بینک آف پاکستان سے اصولی منظوری لے لی ہے۔

کمپنی کے کاروبار کی پوزیشن، کارکردگی اور مستقبل کی ترقی پر اثر انداز ہونے والے بنیادی رجحانات اور عوامل

ٹیکنالوجی تیزی سے بدل رہی ہے اور فرق ڈالنے والی ٹیکنالوجیز کی طلب بلندی کی جانب ہے۔ تیز رفتاری سے ترقی کرنے کیلئے کمپنی کو اپنی صلاحیت بڑھانی ہوگی اور اس کی نگہداشت کرنی ہوگی۔ متعلقہ ٹیکنالوجیز کی جانب پیش قدمی سے کمپنی کے کاروبار کی پوزیشن اور مستقبل کی کارکردگی پر نمایاں اثر پڑے گا۔

کمپنی کے کاروبار کا ماحول پر اثر

چونکہ کمپنی سوفٹ ویئر کا کاروبار کرتی ہے، اس لئے کمپنی کا ماحول پر کوئی منفی اثر نہیں پڑتا ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی معاشرے کے حق میں اپنی ذمہ داریوں کو تسلیم کرتی ہے اور مختلف رفاہی اداروں کے ذریعے معاشرے کی ترقی کے منصوبوں کو مالی معاونت فراہم کر کے اپنا فرض ادا کرتی ہے۔

2019ء میں 1.776 ملین روپے کا مجموعی منافع ریکارڈ کیا گیا جس میں آمدنی کا 33% پچھلے سال کے مطابق تھا۔ تاہم آمدنی میں 42% اضافہ کے مقابلے میں منافع میں 35% اضافہ دیکھنے میں آیا کیونکہ کمپنی اب بھی اپنی بڑھوتری اور مستقبل میں ترقی کیلئے انسانی سرمائے کی تعمیر میں سرمایہ کاری کر رہی ہے۔

غیر منظّم			
تفصیلات	2019	2018	سال بہ سال
آمدنی	5,348,568,742	3,761,155,759	42%
مجموعی منافع	1,776,380,215	1,178,536,829	51%
ٹیکس سے پہلے منافع	1,392,672,376	1,055,107,775	32%
ٹیکس کے بعد منافع	1,364,131,709	1,009,483,171	35%
کمائی فی شیئر (بنیادی)	11.05	8.19	35%
کمائی فی شیئر (رقیق)	10.95	8.16	34%

گروپ:

منظّم			
تفصیلات	2019	2018	سال بہ سال
آمدنی	7,535,648,069	5,323,922,442	42%
مجموعی منافع	2,369,346,463	1,528,799,871	55%
ٹیکس سے پہلے منافع	1,601,214,519	1,108,670,860	44%
ٹیکس کے بعد منافع	1,567,932,821	1,061,283,280	48%
کمائی فی شیئر (بنیادی)	12.86	8.72	47%
کمائی فی شیئر (رقیق)	12.75	8.69	47%

گروپ کی منظّم آمدنی مجموعی طور پر 42% اضافہ کے ساتھ 5,323 ملین روپے سے بڑھ کر 2019ء میں 7,535 ملین روپے ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع بالترتیب 55% اور 45% اضافہ کے ساتھ 2,369 ملین روپے اور 1,648 ملین روپے ریکارڈ کیا گیا۔ ٹیکس کے بعد منافع میں پچھلے سال کی نسبت 48% اضافہ ہوا۔ فی شیئر کمائی 47% اضافہ کے ساتھ 8.72 روپے سے بڑھ کر 12.86 روپے ہو گئی۔

31 دسمبر 2019ء کو ختم ہوئے سال کیلئے ٹیک وِسٹا سسٹمز ایف زیڈ، ایل ایل سی کو 62.96 ملین درہم کی آمدنی ہوئی (2018: 52.09 ملین) اور 4.80 ملین درہم منافع حاصل ہوا (2018: 5.42 ملین درہم)۔ ٹیک وِسٹا سسٹمز ایل ایل سی نے 15.63 ملین درہم کی لاگت درج کی (2018: 15.49 ملین)۔

کمپنی نئی مارکیٹس میں اب بھی ترقی کر رہی ہے اور پائیدار منافع کے حصول کیلئے کمپنی ان نئے جغرافیائی خطوں میں سرمایہ کاری جاری رکھے گی۔ سرمایہ کاری زیادہ تر دو طرح کی ہے؛ ایک تو بنیادی طور پر نئی ٹیکنالوجیز، ریسرچ اینڈ ڈیویلپمنٹ اور ٹیکنالوجی کی انتہائی تیزی سے بدلتی ہوئی صورتحال کو دیکھتے ہوئے مستقبل کی مانگ کو پورا کرنے کیلئے افرادی قوت کی تربیت میں؛ اور دوسرا یہ کہ کمپنی معیاری اور مکرر آمدنی کے حصول کی خاطر کسٹمرز بنانے کیلئے مارکیٹنگ، پیشگی فروخت اور سیلز میں جارحانہ سرمایہ کاری کرے گی۔

مقامی محاذ پر کمپنی طویل عرصہ سے چلی آ رہی کچھ پرانی وصولیاں کرنے میں کامیاب رہی جس سے پچھلے سال کے مقابلے میں پرانی مقامی وصولیوں کو کم کرنے میں مدد ملی۔ نئی مارکیٹوں میں سرمایہ کاری، فطری صلاحیت یا انسانی سرمایہ یا انضمام اور اکتساب میں کسی بہتر مواقع کیلئے نقد بہاو کیلئے مثبت ہونا کمپنی کی حکمت عملی ہے۔ نقد بہاو کے دورہ کو بہتر بنا کر کمپنی ان مقاصد کے حصول میں کامیاب رہی ہے۔

2018ء تک کمپنی نے سرکاری شعبہ پر بہت زیادہ توجہ مرکوز رکھی۔ تاہم 2019ء میں یہ رجحان تبدیل ہوا اور نجی شعبہ میں تقریباً 80% منصوبوں کے ساتھ سرکاری شعبہ پر انحصار کم ہو گیا ہے۔ کمپنی نے کچھ بڑے ناموں کے ساتھ کثیر سالہ معاہدے کئے۔ کمپنی پاکستان میں تمام ٹیلکوز اور بڑے بینکوں کے ساتھ کام کر رہی ہے اور وہ سب مکرر کسٹمرز ہیں۔ اس تبدیلی سے منافع اور نقد بہاؤ میں بہتری آئے گی۔ اسی طرح مشرق وسطیٰ میں اپنی ماتحت کمپنی ٹیک وِسٹا سسٹمز (ٹی وی ایس) کے ذریعے کمپنی اب انٹر پرائز کسٹمرز پر توجہ مرکوز کر رہی ہے اور مزید کام آف شور کی طرف منتقل کر کے طویل مدتی تعلقات قائم کئے ہیں جس کا مقصد ٹی وی ایس کے کاروباری منافع کو بہتر بنانا بھی تھا۔ کمپنی کو شمالی امریکہ اور یورپی مارکیٹوں میں کئی نئی مستقل پارٹنرشپس بنانے میں کامیابی حاصل ہوئی ہے۔ ترقی اور تنوع کیلئے ریٹیل اور سی پی جی انڈسٹری کے علاوہ کمپنی ان مارکیٹوں میں بینکاری اور مالیاتی شعبے کو بھی ہدف بنا رہی ہے۔

ماتحت کمپنی ای پی سسٹمز کیلئے 2019ء کا مالی سال بہتر رہا۔ وَن لوڈ کے کاروبار نے سال کیلئے لین دین میں 9.6 ارب روپے کی مجموعی آمدنی کے ساتھ زور پکڑا۔ کمپنی نے 2018ء میں 193.86 ملین روپے کے مقابلے میں 2019ء میں 316.08 ملین روپے کے ساتھ آمدنی میں 63% بڑھوتری حاصل کی۔ آمدنی میں خاطر خواہ اضافے سے کمپنی کو 2018ء میں 50.21 ملین روپے کے مقابلے میں 86% شرح نمو کے ساتھ 2019ء میں 93.23 ملین روپے کا مجموعی منافع حاصل ہوا۔

مستقبل کا خاکہ اور منافع کے امکانات

2020ء کے منصوبے

کمپنی نے 2020ء کیلئے جارحانہ منصوبہ بندی کر رکھی ہے اور 2019ء کی کارکردگی اور 2019ء میں حاصل کردہ کاروباری تنوع کی بنیاد پر سخت اہداف مقرر کئے ہیں۔ تاہم مارچ 2020ء کے بعد سے عالمی حالات اور حرکیات میں نمایاں تبدیلی آئی ہے۔ کمپنی نے اس کے مطابق کاروباری منصوبے میں ردوبدل کیا ہے اور حالیہ وبائی مرض کے ختم ہونے کے بعد کمپنی کو اپنی خدمات کیلئے ایک بڑے موقع کی امید ہے۔

کمپنی نے وبائی مرض کے بعد کی صورتحال کیلئے درج ذیل کی بنیاد پر نئی حکمت عملی مرتب کی ہے۔

- دنیا میں دُور دراز اور گھر سے کام کرنے کے طریقوں کو مزید فروغ ملا ہے۔ اس تبدیلی نے کمپنی کو مزید آف شورنگ کے قابل بنایا ہے۔ چونکہ اس وبائی مرض نے زیادہ تر اُن ممالک کو متاثر کیا ہے جہاں زیادہ آؤٹ سورسنگ ہو رہی تھی لہٰذا کمپنی کو ان کی طرف سے زیادہ لچک کی امید ہے اور کسٹمرز کو پاکستان کے ساتھ کام کرنے میں کوئی پریشانی نہیں ہے۔
- کمپنی کو آگے بڑھنے کی راہ مل رہی ہے اور بی پی او کونٹیکٹ سنٹر، معاونت اور منظّم خدمات، اور ڈیجیٹل کاروبار کیلئے بھی دور دراز سے کام اور آف شور کیلئے طلب میں اضافہ ہوا ہے۔ کمپنی اسے ایک مثبت علامت سمجھتی ہے اور اس کے مطابق کسٹمرز کو ڈیجیٹل سروسز جیسے کہ ڈیجیٹل ای کامرس پر لانے کیلئے اپنی حکمت عملی مرتب کر رہی ہے۔

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز 2019ء - کمپنی اور گروپ

بورڈ آف ڈائریکٹرز کے ایماء پر ہمیں ممبرز کو 43 ویں سالانہ رپورٹ کے ساتھ 31 دسمبر 2019ء کو ختم ہوئے سال کیلئے گروپ کے آڈٹ شدہ مالیاتی گوشوارے پیش کرنے پر خوشی ہے۔

منافع اور تخصیص

ڈائریکٹرز نے حتمی نقد منافع بحساب 2.25 روپے فی شیئر (2018: 2.00 فی شیئر) ادا کرنے کی سفارش کی ہے۔

سال کے دوران منافع کی مد میں درج ذیل تخصیص کی گئی۔

	غیر مختص شدہ منافع (پاکستانی روپوں میں)
31 دسمبر 2018ء کو بقایا	2,423,653,841
سال کیلئے کل مجموعی آمدنی	1,364,131,709
کمی:	
31 دسمبر 2018ء کو ختم ہوئے سال کیلئے حتمی نقد منافع بحساب 2 روپے فی شیئر	224,427,096
31 دسمبر 2018ء کو ختم ہوئے سال کیلئے 10% بونس کا اجراء	112,213,540
IFRS-15 آڈٹ ایڈجسٹمنٹ	63,086,929
اضافہ:	
شیئر آپشنز کی اثر اندازی	2,085,597
31 دسمبر 2019ء کو بقایا	3,390,143,582

فی شیئر آمدنی

کمپنی کیلئے 31 دسمبر 2019ء کو ختم ہوئے سال کیلئے فی شیئر بنیادی اور رقیق آمدنی بالترتیب 11.05 روپے اور 10.15 روپے ہے (31 دسمبر 2018ء: 8.19 روپے اور 8.16 روپے)۔ اسی طرح گروپ کیلئے فی شیئر بنیادی اور رقیق آمدنی 12.86 روپے اور 12.75 روپے ہے (31 دسمبر 2018ء: 8.72 روپے اور 8.69 روپے)۔

2019ء کے دوران کمپنی اور گروپ کی مالی کارکردگی

سرگرمیاں:

کمپنیز ایکٹ 2017 کے تحت یہ کمپنی پاکستان کی ایک پبلک لمیٹڈ کمپنی ہے، اور پاکستان سٹاک ایکسچینج (سابقہ کراچی، اسلام آباد اور لاہور سٹاک ایکسچینج) میں درج ہے۔ کمپنی بنیادی طور پر سوفٹ ویئر ڈیویلپمنٹ، سوفٹ ویئر کی ٹریڈنگ اور بزنس پروسس آؤٹ سورسنگ کا کاروبار کرتی ہے۔

یہ گروپ سسٹمز لمیٹڈ (ہولڈنگ کمپنی) اور اس کی ماتحت کمپنیوں - ٹیک وِسٹا سسٹمز ایف زیڈ، ایل ایل سی اور ای پروسیسنگ سسٹمز (پرائیویٹ) لمیٹڈ پر مشتمل ہے۔

ٹیک وِسٹا سسٹمز ایف زیڈ، ایل ایل سی (ٹی وی ایس)، دبئی ٹیکنالوجی اینڈ میڈیا فری زون اتھارٹی میں ایک لمیٹڈ لائبلیٹی کمپنی، سسٹمز لمیٹڈ کی 100% ملکیتی ماتحت کمپنی ہے۔ ٹی وی ایس سوفٹ ویئر ڈیویلپمنٹ اور ذیلی خدمات فراہم کرنے کا کاروبار کرتی ہے۔ ٹی وی ایس نے ٹیک وِسٹا سسٹمز ایل ایل سی میں بھی سرمایہ کاری کی ہے اور اس وقت 49% کی مالک ہے۔ یہ کمپنی ایک سوفٹ ویئر ہاؤس کے طور پر بھی رجسٹرڈ ہے لیکن اس کے کوئی آزادانہ آپریشنز نہیں ہیں اور اسے ٹیک وِسٹا سسٹمز ایف زیڈ، ایل ایل سی کے منصوبوں میں معاونت کیلئے تشکیل دیا گیا تھا۔

ای پروسیسنگ سسٹمز (پرائیویٹ) لمیٹڈ (ای پی ایس)، کمپنیز آرڈیننس 1984 کے تحت رجسٹرڈ ایک پرائیویٹ لمیٹڈ کمپنی ہے، جو 06 فروری 2013ء کو قائم کی گئی، اور یہ سسٹمز لمیٹڈ کی 53% ملکیتی ماتحت کمپنی ہے۔ ای پی ایس فی الحال ٹیلکو کے ایئر ٹائم اور متعلقہ خدمات کی خرید و فروخت کا کاروبار کرتی ہے۔ کمپنی کی پروڈکٹ وَن لوڈ (OneLoad) کہلاتی ہے۔

کمپنی اور گروپ کے مالیاتی گوشوارے واقعتاً کمپنی کے معاملات کی عکاسی اور اس کے کاروبار کا منصفانہ جائزہ پیش کرتے ہیں۔

کارکردگی:

کمپنی:

کمپنی کی آمدنی بنیادی طور پر سوفٹ ویئر ڈیویلپمنٹ، کنسلٹنگ سروسز، بزنس پروسس آؤٹ سورسنگ اور کونٹکٹ سنٹر سے حاصل ہوتی ہے۔ کمپنی کو سب سے زیادہ آمدنی مختلف ممالک جیسے شمالی امریکہ، یورپ اور مشرق وسطیٰ میں خدمات کی برآمد اور تقریباً 18% مقامی مارکیٹ سے ہوتی ہے۔ کمپنی کئی طرح کے کاروباری شعبوں جیسے ٹیلکو، ریٹیل، سی پی جی، فارما، بینکنگ سیکٹر میں مصروف عمل ہے اور اس کا انحصار کاروبار کے کسی ایک شعبے یا برتری پر نہیں ہے۔ کمپنی بزنس پروسس آؤٹ سورسنگ (بی پی او)، اومنی چینل کونٹکٹ سنٹر، ڈیٹا انٹگریشنز، ماڈرن ڈیو ایپ، کلاؤڈ اور ڈیجیٹل سروسز جیسے متنوع کاروبار کرتی ہے۔

سال 2019ء کے دوران کمپنی کی ذاتی آمدنی میں سال 2018ء کے مقابلے میں 42% اضافہ ہوا۔ آمدنی اور منافع دونوں ہی بڑھے کیونکہ کمپنی نے بڑی منتخب اور معیاری آمدنی پر توجہ مرکوز کی تھی اور کمپنی مکرر آمدنی اور پائیدار ترقی کو یقینی بنانے کیلئے صرف بڑے کسٹمرز کے ساتھ معاہدے کر رہی تھی۔ کمپنی کی توجہ نہ صرف کام کے معاہدوں پر بلکہ آؤٹ سورسنگ تعلقات کو بہتر بنانے پر بھی تھی جس نے کسٹمرز سے کئی سال تک آمدنی کو یقینی بنایا۔ کمپنی کئی جغرافیائی خطوں اور صنعتی شعبوں سے گاہک حاصل کرنے میں کامیاب رہی اور کمپنی آنے والوں برسوں میں اسے آگے بڑھانے کیلئے بھی پوری طرح تیار ہے۔

PATTERN OF SHAREHOLDING - SYSTEMS LIMITED

The Shareholding in the Company as at 31 December 2019 is as follows:

Shareholder Category	Number of Shareholders	Number of shares held	Percentage of holding
Directors and their spouses and children	9	41,370,518	33.49%
Associated Companies, undertakings and related parties	2	6,926,820	5.61%
Banks, DFIs and NBFIs	3	41,400	0.03%
Insurance Companies	5	1,903,672	1.54%
Mutual Funds & Investment Companies	96	16,791,931	13.59%
General Public	2262	40,096,320	32.46%
Foreign Companies	5	13,982,430	11.32%
Executives	21	2,114,482	1.71%
Others	25	292,726	0.24%
Total	**2,428**	**123,520,299**	**100%**

Pattern of Shareholding for the year 31 December 2019

Number of Shareholders	Shareholding From	To	Total Shares Held
668	1	100	24,327
215	101	500	60,863
820	501	1,000	515,871
363	1,001	5,000	813,973
108	5,001	10,000	792,253
42	10,001	15,000	510,454
26	15,001	20,000	456,674
18	20,001	25,000	424,384
11	25,001	30,000	303,769
7	30,001	35,000	231,400
6	35,001	40,000	221,325
6	40,001	45,000	258,150
13	45,001	50,000	632,608
6	50,001	55,000	321,000
5	55,001	60,000	291,700
3	60,001	65,000	184,662
4	65,001	70,000	270,110
3	70,001	75,000	218,472
7	75,001	80,000	545,754
2	80,001	85,000	164,789
1	85,001	90,000	88,000
1	**90,001**	**95,000**	**94,250**
4	95,001	100,000	398,250
3	100,001	105,000	311,621
1	105,001	110,000	110,000
2	110,001	115,000	225,650
1	115,001	120,000	116,500
2	120,001	125,000	241,450
1	125,001	130,000	127,500
3	130,001	135,000	392,700
1	135,001	140,000	137,500
1	140,001	145,000	145,000
1	145,001	150,000	149,273
1	150,001	155,000	152,950
1	155,001	160,000	155,712
1	160,001	165,000	162,550
1	165,001	170,000	168,339
2	170,001	175,000	342,715
1	175,001	180,000	177,540
2	180,001	185,000	369,413
1	195,001	200,000	200,000
1	205,001	210,000	205,100

Number of Shareholders	Shareholding From	To	Total Shares Held
1	210,001	215,000	211,360
1	215,001	220,000	217,500
1	245,001	250,000	245,500
1	260,001	265,000	261,500
1	270,001	275,000	272,596
1	280,001	285,000	280,550
2	285,001	290,000	578,979
1	290,001	295,000	292,720
1	295,001	300,000	300,000
1	305,001	310,000	306,871
1	325,001	330,000	328,550
1	345,001	350,000	347,899
1	365,001	370,000	367,800
1	370,001	375,000	374,663
1	390,001	395,000	394,035
2	395,001	400,000	794,824
1	400,001	405,000	400,600
1	405,001	410,000	409,008
1	415,001	420,000	420,000
1	450,001	455,000	450,232
1	465,001	470,000	466,840
2	505,001	510,000	1,017,950
1	520,001	525,000	520,956
1	530,001	535,000	533,270
1	545,001	550,000	550,000
1	550,001	555,000	554,150
1	590,001	595,000	592,023
1	655,001	660,000	657,756
1	670,001	675,000	673,332
1	720,001	725,000	720,500
1	785,001	790,000	789,306
1	805,001	810,000	807,997
1	1,050,001	1,055,000	1,051,789
1	1,060,001	1,065,000	1,062,560
1	1,115,001	1,120,000	1,117,238
1	1,260,001	1,265,000	1,262,145
1	1,285,001	1,290,000	1,287,600
1	1,305,001	1,310,000	1,309,600
1	1,330,001	1,335,000	1,334,190
1	1,505,001	1,510,000	1,508,900
1	1,535,001	1,540,000	1,536,220
1	1,685,001	1,690,000	1,690,000
1	1,700,001	1,705,000	1,703,275
1	1,755,001	1,760,000	1,758,460
1	1,885,001	1,890,000	1,889,136
2	1,900,001	1,905,000	3,805,594
1	1,940,001	1,945,000	1,940,295
1	1,960,001	1,965,000	1,964,450
1	2,315,001	2,320,000	2,319,434
1	3,210,001	3,215,000	3,210,080
1	4,605,001	4,610,000	4,606,836
1	5,245,001	5,250,000	5,248,959
1	6,800,001	6,805,000	6,802,754
1	7,595,001	7,600,000	7,599,850
1	7,810,001	7,815,000	7,812,190
1	7,895,001	7,900,000	7,898,267
1	8,245,001	8,250,000	8,250,000
1	16,695,001	16,700,000	16,696,659
2,428			123,520,299

PATTERN OF SHAREHOLDING - SYSTEMS LIMITED

Information of shareholding as at 31 December 2019 as required under Code of Corporate Governance is as follows

Category	Shareholder's category	Number of shares held	Percentage %
1	Associated Companies, undertakings and related parties		
	IGI INVESTMENT (PVT) LTD	4,612,886	3.73%
	M/S B.R.R. GUARDIAN MODARBA	2,313,934	1.87%
		6,926,820	5.61%
2	Mutual Funds		
	GADITEK ASSOCIATES EMPLOYEES PROVIDENT FUND TRUST	2,500	0.00%
	TRUSTEE-ANPL MANAGEMENT STAFF PENSION FUND	5,050	0.00%
	TRUSTEE-ANPL MANAGEMENT STAFF GRATUITY FUND	5,050	0.00%
	TRUSTEE-ANPL MANAGEMENT STAFF PROVIDENT FUND	6,300	0.01%
	AZIMUT PAKISTAN EQUITY FUND (OEIC) PLC	68,000	0.06%
	TRUSTEE PAK HERALD PUBLICATIONS (PVT) LTD STAFF GRATUITYFUND	300	0.00%
	TRUSTEE PAK HERALD PUBLICATIONS (PVT) LTD STAFF PENSION FUND	221	0.00%
	TRUSTEES UBL FUND MANAGERS LTD. EMPLOYEES GRATUITY FUND	2,750	0.00%
	TRUSTEES UBL FUND MANAGERS LTD. EMPLOYEE PROVIDENT FUND	1,100	0.00%
	TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND	8,250	0.01%
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	396,225	0.32%
	MCBFSL - TRUSTEE JS VALUE FUND	56,500	0.05%
	CDC - TRUSTEE JS LARGE CAP. FUND	43,500	0.04%
	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	400,600	0.32%
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,964,450	1.59%
	CDC - TRUSTEE MEEZAN BALANCED FUND	162,550	0.13%
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	113,150	0.09%
	CDC - TRUSTEE AKD INDEX TRACKER FUND	18,000	0.01%
	CDC - TRUSTEE AKD OPPORTUNITY FUND	100,000	0.08%
	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	367,800	0.30%
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	98,250	0.08%
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1,309,600	1.06%
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1,287,600	1.04%
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	420,000	0.34%
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1,334,190	1.08%
	CDC - TRUSTEE NBP STOCK FUND	1,508,900	1.22%
	CDC - TRUSTEE NBP BALANCED FUND	83,550	0.07%
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	328,550	0.27%
	CDC - TRUSTEE APF-EQUITY SUB FUND	116,500	0.09%
	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	17,000	0.01%
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	533,270	0.43%
	CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND	509,300	0.41%
	CDC - TRUSTEE APIF - EQUITY SUB FUND	131,000	0.11%
	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	250	0.00%
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	10,000	0.01%
	CDC - TRUSTEE ALFALAH GHP STOCK FUND	292,720	0.24%
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	205,100	0.17%
	CDC - TRUSTEE ABL STOCK FUND	554,150	0.45%
	CDC - TRUSTEE FIRST HABIB STOCK FUND	13,200	0.01%
	CDC - TRUSTEE LAKSON EQUITY FUND	81,239	0.07%
	CDC - TRUSTEE NBP SARMAYA IZAFA FUND	94,250	0.08%
	TRUSTEESOF TELENOR PAKISTAN PVT LTD EMPLOYEES PROVIDENT FUND	8,250	0.01%
	TRUSTEES OF PHARMEVO PVT. LTD. EMPLOYEES PROVIDENT FUND	889	0.00%
	FEROZE1888 MILLS LIMITED EMPLOYEES PROVIDENT FUND TRUST	500	0.00%
	TRUSTEES TELENOR EMPLOYEES GRATUITY FUND	41,000	0.03%
	TRUSTEE OF TELENOR EMPLOYEES GRATUITY FUND	28,050	0.02%
	TRUSTEE OF TELENOR SHARED SERVICES(PVT.) LTD GRATUITY FUND	7,000	0.01%
	TRUSTEES OF PAKISTAN HUMAN DEVELOPMENT FUND	66,610	0.05%
	TRUSTEES OF THAL LIMITED EMPLOYEES PROVIDENT FUND	5,620	0.00%
	TRUSTEES OF NOVO NORDISK PHARMA (PVT.) LTD. STAFF PROV. FUND	4,000	0.00%
	TRUSTEE OF BVA (PRIVATE) LIMITED EMPLOYEES PROVIDENT FUND	1,650	0.00%
	TRUSTEE OF GATRON (INDUSTRIES) LIMITED STAFF PROVIDENT FUND	6,150	0.00%
	ICI PAKISTAN MANAGEMENT STAF PROVIDENT FUND	104,500	0.08%
	TRUSTEE PAKISTAN PETROLEUM NON EXECUTIVE STAFF GRATUITY FUND	45,000	0.04%
	TRUSTEE PAKISTAN PETROLEUM NON EXECUTIVE STAFF PENSION FUND	70,000	0.06%
	TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND	145,000	0.12%
	ICI PAKISTAN MANAGEMENT STAF PENSION FUND	42,900	0.03%
	PARAZELSUS PAKISTAN (PVT.) LIMITED EMPLOYEES PROVIDENT FUND	1,500	0.00%
	THAL LIMITED EMPLOYEES RETIREMENT BENEFIT FUND	1,250	0.00%
	THAL LIMITED EMPLOYEES PROVIDENT FUND	7,200	0.01%

Category	Shareholder's category	Number of shares held	Percentage %
	BYCO PETROLEUM PAKISTAN LIMITED EMPLOYEES PROVIDENT FUND	7,210	0.01%
	WELLCOME PAKISTAN LIMITED PROVIDENT FUND	49,050	0.04%
	BRISTOL-MYERS SQUIBB PAK (PVT) LTD EMP PROV FUND	4,350	0.00%
	ENGRO FERTILIZERS LIMITED NON-MPT EMPLOYEES GRATUITY FUND	8,550	0.01%
	THE CRESCENT TEXTILE MILLS LTD EMPLOYEES PROVIDENT FUND	6,100	0.00%
	CDC - TRUSTEE HBL EQUITY FUND	1,412	0.00%
	TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PROVIDENT FUND	2,000	0.00%
	TRUSTEE-THE KOT ADDU POWER CO. LTD. EMPLOYEES PENSION FUND	8,000	0.01%
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	217,500	0.18%
	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	78,150	0.06%
	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	130,150	0.11%
	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	65,500	0.05%
	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	261,500	0.21%
	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	289,050	0.23%
	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	245,500	0.20%
	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	165	0.00%
	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	5,900	0.00%
	CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	171,500	0.14%
	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	152,950	0.12%
	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	508,650	0.41%
	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	466,840	0.38%
	CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	131,550	0.11%
	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	79,200	0.06%
	CDC - TRUSTEE LAKSON TACTICAL FUND	15,237	0.01%
	CDC - TRUSTEE LAKSON ISLAMIC TACTICAL FUND	4,523	0.00%
	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	19,350	0.02%
	CDC - TRUSTEE AGIPF EQUITY SUB-FUND	11,800	0.01%
	CDC - TRUSTEE AGPF EQUITY SUB-FUND	6,970	0.01%
	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	37,940	0.03%
	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	102,500	0.08%
	CDC - TRUSTEE ALFALAH GHP ISLAMIC VALUE FUND	15,350	0.01%
	CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	185,000	0.15%
	CDC - TRUSTEE ALFALAH CAPITAL PRESERVATION FUND II	41,250	0.03%
	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	55,750	0.05%
	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	112,500	0.09%
	CDC - TRUSTEE GOLDEN ARROW STOCK FUND	55,000	0.04%
		16,791,931	**13.59%**
3	Directors and their spouses and children		
	Aezaz Hussain	15,762,707	12.76%
	Neelam Hussain	104,621	0.08%
	Asif Peer	7,189,254	5.82%
	Arshad Masood	17,759,219	14.38%
	Mrs. Romana Abdullah	550	0.00%
	Asif Jooma	603	0.00%
	Ayaz Dawood	32,500	0.03%
	Tahir Masaud	110	0.00%
	Riaz Hussain	520,954	0.42%
		41,370,518	33.49%
4	Executives	2,114,482	1.71%
5	Public Sector Companies and Corporations	2,135,861	1.73%
6	Banks DFIs and NBFIs, Insurance Companies, Modarabas and Pension Funds	1,945,072	1.57%
7	Others/Public	52,235,615	42.29%
		123,520,299	**100.00%**

	Shareholders holding five percent or more voting rights		
	Tundra Sustainable Frontier Fund	7,599,850	6.15%
	Aezaz Hussain	15,762,707	12.76%
	Asif Peer	7,189,254	5.82%
	Arshad Masood	17,759,219	14.38%
	Salma Mian	8,250,000	6.68%
	Manzurul Haq	6,882,254	5.57%
		63,443,284	51.36%

PATTERN OF SHAREHOLDING - GROUP COMPANIES

The Shareholding in the Company as at 31 December 2019 is as follows:

E-Processing Systems (Pvt.) Limited

Category	Shareholder's category	Number of shares held	Percentage %
1	Associated Companies, undertakings and related parties		
	M/S Systems Limited	179,507	55.75%
		179,507	**55.75%**
2	Mutual Funds	-	-
3	Directors and their spouses and children		
	Aezaz Hussain	1	0.00%
	Asif Peer	13,948	4.33%
	Muhammad Yar Hiraj	100,612	31.25%
	Neelam Hussain	13,947	4.33%
		128,508	**39.91%**
4	Executives	-	-
5	Public Sector Companies and Corporations	-	-
6	Banks DFIs and NBFIs, Insurance Companies, Modarabas and Pension Funds	-	-
7	Others	13,947	4.33%
		321,962	**100%**

	Shareholders holding five percent or more voting rights		
	Muhammad Yar Hiraj	100,612	31.25%
	Systems Limited	179,507	55.75%
		280,119	94.72%

TechVista Systems FZ-LLC

	Number of share holders	Number of shares held	Percentage of holding
Directors and their spouses and minor childeren	-	-	-
Associated Companies, undertakings and related parties	1	50	100%
Banks, DFIs and NBFIs	-	-	-
Insurance Companies	-	-	-
Modarbas and Mutual Funds	-	-	-
General Public	-	-	-
Joint Stock Companies	-	-	-
Others	-	-	-
	1	**50**	**100%**

SUS PVT LIMITED

	Number of share holders	Number of shares held	Percentage of holding
Directors and their spouses and minor childeren	-	-	-
Associated Companies, undertakings and related parties	1	9,499	94.99%
Banks, DFIs and NBFIs	-	-	-
Insurance Companies	-	-	-
Modarbas and Mutual Funds	-	-	-
General Public	-	-	-
Joint Stock Companies	-	-	-
Others	1	501	5.01%
	2	**10,000**	**100%**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to all the members of Systems Limited (the "**Company**") that 43rd Annual General Meeting of the Company is scheduled to be held on 29 May 2020 at 12:00 P.M. through video link or as communicated through PSX/company website, Lahore to transact the following:

Ordinary Business:

1. To confirm the minutes of the last Annual General Meeting held on 26 April 2019.
2. To, receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2019 together with the Board of Directors' and Auditors' report thereon.
3. To approve and declare cash dividend @ 22.5 % i.e. PKR 2.25/ per share, for the year ended 31 December 2019 as recommended by the Board of Directors.
4. To appoint Auditors and fix their remuneration for the year ending 31 December 2020. The Board of Directors upon recommendation of audit committee has recommended M/s EY Ford Rhodes, Chartered Accountants, being eligible for re-appointment as auditors of the company for the year ending 31 December 2020.

Special Business

5. To consider and, if thought fit, pass, with or without modification, the following special resolution in terms of Section 199 of Companies Act, 2017, for extending investment in the form of loan to SUS Joint Venture (Private) Limited, an associated company of the Company, of Rs. 50 million.

   "**Resolved that** Systems Limited (the "**Company**") shall extend investment in its associated company, SUS Joint Venture (Private) Limited (Associated Company) in the form of loan Rs. 50 million on the terms and conditions to be contained in the agreement to be executed between the Company and Associated Company in terms of Section 199 of Companies Act, 2017.

   "**Resolved further that** Mr. Muhammad Asif Peer, the Chief Executive of the Company (the "Authorized Officer"), be and is hereby empowered and authorized to undertake, execute and implement all the decisions in respect of the Investment and to take and do and/or cause to be taken or done any/all necessary acts, deeds and things, and to take any or all necessary actions which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution, including signing and execution of documents and agreements and to complete all necessary legal formalities and to file all necessary documents as may be necessary or incidental for the purposes of implementing the aforesaid resolution".

Other Business:

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

By Order of the Board

Saad Hasan Aslam
Company Secretary

Notes:

1. The Share Transfer books of the Company will be closed from 23 May 2020 to 29 May 2020 (both days inclusive). Transfer received at the address of M/s THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi at the close of business on 22 May 2020 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, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi.

4. The Government of Pakistan through Finance Act, 2017 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 15%
   (b) For non-filers of income tax returns 30%

   To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30% 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 @30% instead of 15%.

   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.

7. In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated 5 April 2013 has advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favour of e-dividend by providing dividend mandate form duly filled in and signed.

Statement under Section 134 (3) of the Companies Act, 2017

This statement set out the material facts concerning the special business to be transacted at the annual general meeting of the Company to be held on May 29, 2020.

Agenda Item No.5

Nature of information required to be disclosed pursuant to The Companies (Investment in Associated Companies or Undertakings) Regulations, 2017, for investment in associated company M/s SUS Joint Venture (Pvt.) Limited is as follows:

Ref. No.	Requirement	Relevant Information
(a)	Disclosures for all types of investments:-	
(A)	Regarding associated company or associated undertaking:-	
i	name of the associated company	SUS Joint Venture (Private) Limited
ii	basis of relationship	94.99 % shareholding / Common directorship
iii	earnings per share for the last three years	N/A

Ref. No.	Requirement		Relevant Information	
iv	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and		Statement of Financial Position – 31 December 2019	
			Non-current assets	-
			Current assets	52,601,450
			Shareholders' equity	18,488,361
			Non-current liabilities	-
			Current liabilities	34,113,089
			Profit & Loss A/C – 31 December 2019	
			Revenue	82,953,690
			Cost of revenue	61,924,521
			Gross profit	21,029,169
			Profit for the year	18,388,361
v	in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-		N/A	
	(I)	description of the project and its history since conceptualization;		
	(II)	starting date and expected date of completion of work;		
	(III)	time by which such project shall become commercially operational;		
	(IV)	expected time by which the project shall start paying return on investment; and		
	(V)	funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;		
(B) General Disclosures				
(i)	maximum amount of investment to be made;		Investment in the form of loan of Rs. 50 million	
(ii)	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;		Purpose: To meet working capital requirements of SUS Joint Venture (Private) Limited. Benefit: The completion of project will results in distribution of profits by SUS Joint Venture (Pvt.) Limited to Systems Limited. Period of Investment: The period of investment shall be one (1) year.	
(iii)	sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-		Loan shall be granted by Systems Limited.	
	(I)	justification for investment through borrowings;	SUS Joint Venture (Private) Limited is only a special purpose vehicle for executing LRMIS project awarded to SUS Joint Venture (Private) Limited	
	(II)	detail of collateral, guarantees provided and assets pledged for obtaining such funds; and	N/A	
	(III)	cost benefit analysis;	N/A	
(iv)	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;		None. Agreement shall be executed in line with section 199 of Companies Act, 2017 and resolution of shareholders to be passed in annual general meeting.	
(v)	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;		Mr. Asif Peer, CEO of Systems Limited is also member and director in SUS Joint Venture (Pvt.) Limited.	

Ref. No.	Requirement	Relevant Information
(vi)	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	There is no impairment or write-off.
(vii)	any other important details necessary for the members to understand the transaction;	N/A
In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-		
(i)	category-wise amount of investment;	N/A
(ii)	average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for *Shariah* compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	Average borrowing cost of investing company is SBP rate plus 0.5%.
(iii)	rate of interest, mark-up, profit, fees or commission etc to be charged by investing company	Higher of KIBOR or borrowing cost of investing company in line with section 199 of Companies Act 2017.
(iv)	particulars of collateral or security to be obtained in relation to the proposed investment;	N/A
(v)	If the investment carries conversion feature i.e.	N/A
	it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and	
(vi)	repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking;	Principal: One (1) year from disbursement. Mark-up: Quarterly basis.

Building a better working world

REVIEW REPORT TO THE MEMBERS

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Systems Limited (the Company) for the year ended 31 December 2019 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require 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. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2019.

EY Ford Rhodes

Chartered Accountants
18 April 2020
Lahore

STATEMENT OF COMPLIANCE

with the Code of Corporate Governance

The company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are seven (7) as per the following:

a.	Male:	**six (6)**
b.	Female:	**one (1)**

2. The composition of the Board is as follows:

i.	Independent Directors:	**four (4)**
ii.	Other Non-executive Director:	**two (2)**
iii.	Executive Directors:	**one (1)**
iv.	Female directors:	**one (1)**

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

4. 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;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board has arranged Directors' Training program for the following:

   i. Mr. Ayaz Dawood
   ii. Mr. Tahir Masaud
   iii. Mr. Asif Jooma
   iv. Mr. Arshad Masood
   v. Mr. Muhammad Asif Peer
   vi. Mr. Aezaz Hussain
   vii. Ms. Romana Abdullah

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below.-

a. Audit Committee:

i.	Mr. Ayaz Dawood	Chairman
ii.	Mr. Tahir Masaud	Member
iii.	Ms. Romana Abdullah	Member

b. HR and Remuneration Committee:

i.	Mr. Asif Jooma	Chairman
ii.	Mr. Tahir Masaud	Member
iii.	Ms. Romana Abdullah	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a.	Audit Committee:	Quarterly Meetings
b.	HR and Remuneration Committee:	Quarterly Meetings

15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below (if applicable):

MR. AEZAZ HUSSAIN
Chairman
25 March 2020
Lahore

SYSTEMS LIMITED
Standalone Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the members of Systems Limited

Report on the audit of the unconsolidated financial statements

Opinion

We have audited the annexed unconsolidated financial statements of Systems Limited (the Company), which comprise the unconsolidated statement of financial position as at 31 December 2019, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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 2019 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit
1. First time adoption of International Financial Reporting Standard 9 - Financial Instruments (IFRS 9)	
As referred to in Note 3.1.2 to the accompanying unconsolidated financial statements, the Company has adopted IFRS 9 with effect from 1 January 2019. The new standard requires the Company to record impairment of financial assets using Expected Credit Loss (ECL) approach as against the Incurred Loss model previously applied by the Company under IAS 39. Determination of ECLs for financial assets requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time adoption of IFRS 9 as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	Our audit procedures, amongst others, included: • Understanding the Company's process of developing an ECL model including internal controls associated with the same. • Evaluation of the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. • Assessment of completeness, accuracy and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose. • Testing the mathematical accuracy of the ECL model by performing recalculation on sample basis. • Assessment of the adequacy of disclosures in the financial statements of the Company regarding application of IFRS 9 as per the requirements of the standard.

Key Audit Matters	How the matter was addressed in our audit
2. Revenue recognition & first time adoption of International Financial Reporting Standard 15 - Revenue from Contracts with Customers (IFRS 15)	
As referred to in Note 3.1.1 to the accompanying unconsolidated financial statements, the Company has adopted IFRS 15 with effect from 1 January 2019 using modified retrospective approach. The new standard has substantially changed the criteria for revenue recognition for the Company as it is based on the core principle that revenue should be recognized for the amount that is the expected equivalent value of the performance obligation. The Company's revenue is derived from a number of revenue streams, including outsourcing services and software sale in the form of short term and long term projects, sometimes leading to revenue being recognized over multiple accounting periods. Large contracts are typically bundled, and often include sale of software with major customization / development and support services. As referred to in Note 3.14 to the accompanying unconsolidated financial statements, revenue from software sale with major customization / development along with support services is recognized by applying the percentage of completion (PoC) method based on cost incurred to date as a percentage of total budgeted cost. The application of PoC method requires significant management estimates in relation to budgeting the cost to complete. These estimates take into account, amongst others, the prices of services as applicable, forecast escalations, time spent and expected completion date at the time of such estimation. Due to the complexity of transition to the new standard, the consequent change in accounting policy and significant estimation involved in the revenue recognition process, we have identified revenue recognition and adoption of IFRS 15 as a key audit matter.	Our audit procedures, amongst others, included: • Understanding the management's process of assessing the impact of transition to IFRS 15, and the key judgments involved; • Evaluating the cumulative effect of adjustments made as at 1 January 2019 for compliance with respect to IFRS 15; • Performing a walkthrough to assess the design sufficiency and tests of controls to assess operating effectiveness of key management controls over implementation and the revenue recognition process under IFRS 15; • Evaluating the impact assessment performed by management on revenue streams by selecting samples for the existing contracts with customers and considering revenue recognition policy in the current period in respect of those revenue streams; • Obtaining an understanding and evaluating the appropriateness of the Company's revenue recognition policies including those relating to percentage of completion method and compliance of those policies with IFRS 15; • Selecting a sample of revenue transactions recognized during the year and recalculating the revenue recognized along with evaluation of the management basis used in determining the percentage of completion in accordance with accounting policy; • Performing substantive analytical procedures including monthly trend analysis of revenue by considering both internal and external benchmarks, based on our understanding of the industry, to compare the reported results with our expectation; • Comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; and • Assessing the adequacy of disclosures made in respect of accounting policy, revenue recognized during the year and the new disclosure requirements of IFRS 15.
3. Preparation of consolidated financial statements	
The Company is the parent entity in a group of companies including foreign and local subsidiaries and associates. As disclosed in Note 32 to the accompanying financial statements, nature of transactions with related parties includes sales, payments and reimbursement of expenses leading to a significant number of transactions and a significant amount of balances as disclosed in Note 8, 9 and 10 to the accompanying financial statements. The related party transactions and balances require significant auditor attention as the amounts are material to the unconsolidated financial statements as a whole, therefore, we have considered it as a key audit matter.	• Obtaining an understanding of the Company's policies and procedures in respect of the capturing of related party transactions; • Performing substantive procedures on related party transactions and balances including review of contractual terms, underlying invoices, analytical procedures, balance confirmations and assessment of recoverability of receivable balances vis-à-vis financial position of respective related parties where required; and • Assessing the appropriateness of disclosures made in the financial statements regarding related party transactions and outstanding balances in accordance with applicable accounting standards and local regulatory requirements.

Information Other than the unconsolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated financial statements and our auditor's report thereon. Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) 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.

The engagement partner on the audit resulting in this independent auditor's report is Sajjad Hussain Gill.

Chartered Accountants
18 April 2020
Lahore

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

ASSETS	Note	2019 Rupees	2018 Rupees
Non-current assets			
Property and equipment	4	**1,416,645,016**	948,041,940
Intangibles	5	**38,657,318**	62,628,120
Long term investments	6	**271,973,167**	51,077,980
Advance against purchase of land		**28,750,000**	122,560,000
Right-of-use assets	7	**145,860,345**	-
Long term deposits		**51,939,797**	18,036,753
		1,953,825,643	1,202,344,793
Current assets			
Contract assets	8	**374,709,876**	365,337,819
Trade debts	9	**1,799,468,312**	1,916,900,586
Loans and advances	10	**328,160,020**	274,282,809
Trade deposits and short term prepayment	11	**190,205,049**	180,733,794
Interest accrued		**2,491,952**	1,457,808
Other receivables		**-**	195,338,066
Short term investments	12	**780,000,000**	295,000,000
Tax refunds due from the Government	13	**192,799,516**	167,013,463
Cash and bank balances	14	**1,095,555,314**	400,760,630
		4,763,390,039	3,796,824,975
TOTAL ASSETS		**6,717,215,682**	4,999,169,768
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
200,000,000 (2018: 200,000,000) ordinary shares of Rs. 10/- each		**2,000,000,000**	2,000,000,000
Issued, subscribed and paid up share capital	15	**1,235,202,990**	1,122,135,480
Capital reserves	16	**591,119,759**	533,080,217
Revenue reserve: Un-appropriated profit		**3,390,143,582**	2,423,653,841
		5,216,466,331	4,078,869,538
Non-current liabilities			
Long term advances	17	**26,868,774**	18,565,295
Lease liabilities	18	**129,188,921**	-
		156,057,695	18,565,295
Current liabilities			
Trade and other payables	19	**534,812,425**	411,259,725
Unclaimed dividend		**8,345,525**	1,975,820
Contract liabilities	20	**104,154,979**	25,149,881
Short term borrowings	21	**650,000,000**	450,000,000
Mark-up accrued on short term borrowings		**4,873,969**	3,689,005
Current portion of lease liabilities	18	**29,284,595**	-
Current portion of long term advances		**13,220,163**	9,660,504
		1,344,691,656	901,734,935
TOTAL EQUITY AND LIABILITIES		**6,717,215,682**	4,999,169,768
CONTINGENCIES AND COMMITMENTS	22		

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

(CHAIRMAN) (CHIEF EXECUTIVE OFFICER) (CHIEF FINANCIAL OFFICER)

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 Rupees	2018 Rupees
Revenue from contracts with customers - net	23	**5,348,568,742**	3,761,155,759
Cost of revenue	24	**(3,572,188,527)**	(2,582,618,930)
Gross profit		**1,776,380,215**	1,178,536,829
Distribution expenses	25	**(99,693,155)**	(46,585,985)
Administrative expenses	26	**(448,471,106)**	(377,384,516)
Other operating expenses	27	**(139,025,203)**	(118,366,982)
		(687,189,464)	(542,337,483)
Operating profit		**1,089,190,751**	636,199,346
Other income	28	**342,646,042**	437,742,627
Finance costs	29	**(39,164,417)**	(18,834,198)
Profit before taxation		**1,392,672,376**	1,055,107,775
Taxation	30	**(28,540,667)**	(45,624,604)
Profit for the year		**1,364,131,709**	1,009,483,171
			(Restated)
Earnings per share			
Basic earnings per share	34	**11.05**	8.19
Diluted earnings per share	34	**10.95**	8.16

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

(CHAIRMAN)

(CHIEF EXECUTIVE OFFICER)

(CHIEF FINANCIAL OFFICER)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Rupees	2018 Rupees
Profit for the year	**1,364,131,709**	1,009,483,171
Other comprehensive income	**-**	-
Total comprehensive income for the year	**1,364,131,709**	1,009,483,171

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

(CHAIRMAN) (CHIEF EXECUTIVE OFFICER) (CHIEF FINANCIAL OFFICER)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

		Capital reserves		Revenue reserve	
	Issued, subscribed and paid up capital	Share premium	Employee compensation reserve	Un-appropriated profit	Total equity
	Rupees				
Balance as on 01 January 2018	1,118,276,520	473,289,639	9,742,937	1,609,869,061	3,211,178,157
Total comprehensive income for the year	-	-	-	1,009,483,171	1,009,483,171
Transactions with owners					
Exercise of share options	3,858,960	32,222,204	(18,337,666)	-	17,743,498
Share based payments	-	-	36,163,103	-	36,163,103
Final dividend for the year ended 31 December 2017 at the rate of Rs. 1.75 per share	-	-	-	(195,698,391)	(195,698,391)
	3,858,960	32,222,204	17,825,437	(195,698,391)	(141,791,790)
Balance as on 31 December 2018	1,122,135,480	505,511,843	27,568,374	2,423,653,841	4,078,869,538
Total comprehensive income for the year	-	-	-	1,364,131,709	1,364,131,709
Impact of adoption of IFRS-15	-	-	-	(63,086,929)	(63,086,929)
Transactions with owners					
Exercise of share option	853,970	6,637,891	(2,422,708)	-	5,069,153
Share based payments	-	-	55,909,956	-	55,909,956
Forfeited share options	-	-	(2,085,597)	2,085,597	-
10% Bonus shares issued	112,213,540	-	-	(112,213,540)	-
Final dividend for the year ended 31 December 2018 at the rate of Rs. 2.00 per share	-	-	-	(224,427,096)	(224,427,096)
	113,067,510	6,637,891	51,401,651	(334,555,039)	(163,447,987)
Balance as at 31 December 2019	**1,235,202,990**	**512,149,734**	**78,970,025**	**3,390,143,582**	**5,216,466,331**

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

(CHAIRMAN) (CHIEF EXECUTIVE OFFICER) (CHIEF FINANCIAL OFFICER)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	(35)	**1,913,211,281**	237,823,964
Finance costs paid		**(37,979,453)**	(17,940,438)
Taxes paid		**(52,030,550)**	(34,610,504)
		(90,010,003)	(52,550,942)
Cash flows from operating activities		**1,823,201,278**	185,273,022
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(646,590,904)**	(180,846,209)
Development expenditures		**(5,940,743)**	(29,093,016)
Sale proceeds from disposal of property and equipment		**47,652,982**	17,748,012
Short term investments - net		**(485,000,000)**	(70,000,000)
Increase in long term investment		**(220,895,187)**	-
Decrease / (increase) in advance against purchase of land		**93,810,000**	(122,560,000)
Profit received on short term investments		**81,863,191**	24,504,735
Increase in long term deposits		**(33,903,044)**	(700,014)
Cash flows used in investing activities		**(1,169,003,705)**	(360,946,492)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short term borrowings		**200,000,000**	250,000,000
Proceeds from exercise of share options		**5,069,153**	17,743,498
Payment of principal portion of lease liabilities		**(23,851,915)**	-
Dividend paid		**(218,057,391)**	(195,698,391)
Increase in long term advances		**11,863,138**	11,100,793
Cash flows from financing activities		**(24,977,015)**	83,145,900
Increase / (decrease) in cash and cash equivalents		**629,220,558**	(92,527,570)
Net foreign exchange difference		**65,574,126**	49,032,808
Cash and cash equivalents at the beginning of the year		**400,760,630**	444,255,392
Cash and cash equivalents at the end of year	(14)	**1,095,555,314**	400,760,630

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

(CHAIRMAN) (CHIEF EXECUTIVE OFFICER) (CHIEF FINANCIAL OFFICER)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. CORPORATE INFORMATION

Systems Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 2017 and is listed on the Pakistan Stock Exchange, The Company is principally engaged in the business of software development, trading of software and business process outsourcing services. The registered office of the Company is situated at E-1, Sehjpal Road, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt.

These financial statements are the separate financial statements of the Company, in which investments in the subsidiary companies namely E-Processing Systems (Private) Limited and TechVista Systems FZ- LLC, have been accounted for at cost less accumulated impairment losses, if any.

1.1 Geographical location and addresses of major business units of the Company are as under:

Business Units	Geographical	Address
Head Office	Lahore	E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt.
Regional Office	Karachi	E-5, Central Commercial Area, Shaheed-e-Millat Road, Karachi
Regional Office	Islamabad	Plot No. 21, 1st Floor Fazeelat Arcade, Sector G-11 Markaz, Islamabad, Pakistan

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act) ; and
- Provisions and directives issued under the Act.

Where provisions of and directives issued under the Act, differ from the IFRS Standards, the provisions of and directives issued under the Act , have been followed.

2.2 Basis of preparation `

These unconsolidated financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. The unconsolidated financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The Company's significant accounting policies are stated in note 3. 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 unconsolidated financial statements are as follows:

2.4.1 Provision for taxation (Note 3.3)

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.

2.4.2 Useful life and residual values of property and equipment and intangibles (Note 3.4)

The Company reviews the useful lives of property and equipment and intangibles at reporting date. 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 / amortization charge and impairment.

2.4.3 Expected credit losses (Note 3.10.1)

The Company uses a provision matrix to calculate ECLs for trade debts and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type).

The provision matrix is initially based on the Company’s historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information which includes forecast economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future.

2.4.4 Revenue recognition (Note 3.14)

2.4.4.1 Identification of distinct performance obligations

For contracts with multiple components to be delivered, the Company applies judgement to determine performance obligations which are distinct; or not distinct, which are aggregated with other performance obligations until a bundle is identified that is distinct.

2.4.4.2 Estimating stand-alone selling prices of performance obligations

The Company determines stand-alone selling prices of all performance obligations in a bundled contract, which include sale of license, implementation, support, warranty and training. The total transaction price is allocated to all distinct performance obligations based on estimated cost of completion, plus target margin on each of the performance obligations.

2.4.4.3 Stage of completion

The Company determines stage of completion on the basis of cost incurred to date as a percentage of total estimated cost to deliver the performance obligations.

2.4.5 Determining the lease term of contracts with renewal options (Note 3.19)

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for an additional term. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew i.e. it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

2.4.6 Provisions (Note 3.13)

A provision is recognized in the statement of financial position 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of unconsolidated financial statements of the Company are consistent with previous year except as described in Note 3.1, below:

3.1 New standards, amendment, interpretations and improvements which became effective

The Company has adopted the following accounting standards, amendments and interpretations of IFRSs which became effective for the current year and had material impact on the accounting policies and unconsolidated financial statements:

IFRS 15 - Revenue from contracts with customers (Note 3.1.1)

IFRS 9 - Financial Instruments (Note 3.1.2)

IFRS 16 - Leases (Note 3.1.3)

The following standards, amendments and interpretations of IFRSs became effective for the current year and were adopted, but did not have any material effect on the accounting policies and unconsolidated financial statements:

IFRS 2 - Share Based Payment - Classification and Measurement of Share Based Payment Transactions (Amendments)

IFRS 3 - Previously held interest in a joint operation

IFRS 11 - Previously held interest in a joint operation

IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)

IFRS 14 - Regulatory Deferral Accounts

IFRIC 22 - Foreign Currency Transactions and Advance Consideration

IFRIC 23 – Uncertainty over Income Tax Treatments

IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments)

IAS 12 - Income tax consequences of payments on financial instruments classified as equity

IAS 23 - Borrowing costs eligible for capitalization

IAS 28 - Investment in associates and Joint ventures: Long term interest in Associates and Joint ventures (Amendments)

IAS 40 - Investment Property- Transfers of Investment Property (Amendments)

Annual improvements 2015-2017

3.1.1 IFRS 15 - Revenue from contracts with customers

The Company implemented the new standard IFRS 15 - Revenue from Contracts with Customers as of 1 January 2019. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard replaces IAS 18 - Revenue and IAS 11 - Construction contracts and related interpretations.

The core principle of IFRS 15 is that revenue should be recognized for the amount that is the expected equivalent value of the performance obligation. The new standard employs a five-step model framework for determining the amount and timing of revenue in order to implement this principle.

The Company applied the modified retrospective method upon adoption of IFRS 15 on 1 January 2019. This method requires the recognition of the cumulative effect of initially applying IFRS 15 to retained earnings and not to restate prior years. The cumulative effect recorded at 1 January 2019 was a decrease to retained earnings of Rs. 63.09 million.

The impact of adoption of IFRS 15 is as follows:

The most significant impact to the Company, upon adoption of IFRS 15, relates to the identification of contracts with customers, identification of distinct performance obligations and allocation of transaction price to the distinct performance obligations (based on their standalone selling prices).

In case of a multiple element arrangements (e.g. contract to deliver various performance obligations to a single customer), the total transaction price of the bundled contract is allocated among the individual distinct performance obligations based on their relative standalone selling prices.

The Company's contracts with customers entail three separate performance obligations as follows:

i) Software licenses, implementation and customization
ii) Formal training and support for implementation
iii) Outsourcing services

The Company identified all material and significant contracts in hand which were not closed or completed by 31 December 2018 and applied IFRS 15 on those contracts to evaluate and analyze the impact that IFRS 15 would have made on the revenue recognition from those contract. These contracts outline a fixed fee for the software license and maintenance services and provision of some other related services to the same customer. Total transaction price for these items was allocated to each of these performance obligations based on the relative standalone selling prices.

The adjustments made to items in the Statement of Financial Position as of 1 January 2019 and attributable to IFRS 15 are as follows:

	Carrying amount in accordance with IAS-18 as at 31 December 18	Adjustment	Carrying amount in accordance with IFRS-15 as at 1 January 19
ASSETS	----------------------------	Rupees	----------------------------
Current assets:			
Contract assets	365,337,819	(63,086,929)	302,250,890
EQUITY AND LIABILITIES			
Share capital and reserves:			
Revenue reserve: Un-appropriated profit	2,423,653,841	(63,086,929)	2,360,566,912

Following is the comparison of values of relevant items from the financial statements as of 31 December 2019 in accordance with IFRS 15 as compared to IAS 18 and related interpretations:

	Carrying amount in accordance with IFRS 15 as at 31 December 19	Adjustment	Carrying amount in accordance with IAS 18 as at 31 December 19
ASSETS	----------------------------	Rupees	----------------------------
Current assets:			
Contract assets	374,709,876	(14,153,928)	360,555,948
EQUITY AND LIABILITIES			
Share capital and reserves:			
Revenue reserve: Un-appropriated profit	3,390,143,582	(14,153,928)	3,375,989,654

REVENUE	Amount from January to December 2019 in accordance with IFRS 15	Adjustment	Amount from January to December 2019 in accordance with IAS 18
Outsourcing services	960,052,318	-	960,052,318
Software trading	455,038,847	24,125,422	479,164,269
Software implementation	3,933,477,577	(9,971,494)	3,923,506,083
Total revenue	**5,348,568,742**	**14,153,928**	**5,362,722,670**

The Company has made the following re-classifications as per the requirements of IFRS 15:

	Classification under IAS 18	Classification under IFRS 15
Revenue not billed to the customers	Unbilled revenue	Contract assets
Mobilization advances	Advances from customers	Contract liabilities

Note 3.14 explains the changes and new accounting policies introduced on 1 January 2019 resulting from the adoption of IFRS 15.

3.1.2 IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after July 01, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The initial application date of IFRS 9 was July 01, 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). During February 2019, the SECP modified the effective date for applicability of IFRS 9 in place of IAS 39 as reporting period / year ending on or after June 30, 2019. The Company has adopted IFRS 9 from January 01, 2019 using the modified retrospective approach.

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 has deferred the requirements of IFRS 9 with respect to application of 'Expected Credit Loss Method' in respect of companies holding financial assets due from the Government of Pakistan till 30 June 2021. In this regard, the companies shall follow relevant requirements of IAS 39 ' Financial Instruments: Recognition and Measurement' during the exemption period.

IFRS 9 retains but simplifies the measurement model and establishes the measurement categories of financial asset: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets.

The application of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The accounting for the company's financial liabilities remains approximately the same as it was under IAS 39.

The impact of adoption of IFRS 9 is as follows:

The management has reviewed and assessed the Company's existing financial assets for impairment in accordance with the guidance included in IFRS 9, to determine the credit risk associated with the respective financial assets and has incorporated the same in the financial statements of the Company. The management has also concluded that the impact of impairment of these financial assets under IFRS 9 is insignificant for the Company's unconsolidated financial statements of prior year and accordingly no adjustment has been made to the figures reported in previous year.

Following is the comparison of values of relevant items from the financial statements as of 31 December 2019 in accordance with IFRS 9 as compared to IAS 39 and related interpretations:

	Carrying amount in accordance with IFRS 9 as at 31 December 19	**Adjustment**	**Carrying amount in accordance with IAS 39 as at 31 December 19**
		Rupees	
ASSETS			
CURRENT ASSETS			
Contract assets	374,709,876	43,150	374,753,026
Trade debts	1,799,468,312	74,169,614	1,873,637,926

	Amount from January to December 2019 in accordance with IFRS 9	**Adjustment**	**Amount from January to December 2019 in accordance with IAS 39**
Other operating expenses	139,025,203	(74,212,764)	64,812,439

The following table explains the previous measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and liabilities as at January 1, 2019:

Financial Assets	**Classification under IAS 39**	**Classification under IFRS 9**
Long Term Investments	Available for sale	Amortized cost
Long Term deposits	Loans and receivables	Amortized cost
Contract Assets	Loans and receivables	Amortized cost
Trade debts	Loans and receivables	Amortized cost
Loans and advances	Loans and receivables	Amortized cost
Trade deposits and short term prepayments	Loans and receivables	Amortized cost
Interest accrued	Loans and receivables	Amortized cost
Short term investments	Held to maturity	Amortized cost
Cash and bank balances	Loans and receivables	Amortized cost

Note 3.16 explains the changes and new accounting policies introduced on 1 January 2019 resulting from the adoption of IFRS 9.

3.1.3 IFRS 16 - Leases

The Company implemented IFRS 16, as issued by the International Accounting Standards Board (IASB) in January 2016, from 1 January 2019.

IFRS 16 supersedes IAS 17 - Leases, IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC 15 - Operating Leases-Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Company has lease contracts for its various offices. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in Statement of Profit or Loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the Company may use the incremental rate of borrowing. The right-of-use asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

The Company has adopted IFRS 16 using the modified retrospective restatement approach and measured the right of use asset equal to the present value of lease liabilities. The impact is insignificant for the Company's financial statements of prior year and accordingly no adjustment has been made to the figures reported in previous year.

Note 3.19 explains the changes and new accounting policies introduced on 1 January 2019 resulting from the adoption of IFRS 16.

3.2 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Company undertakes its activities under joint operations, the Company as a joint operator recognizes in relation to its interest in a joint operation:

Its assets, including its share of any assets held jointly;
Its liabilities, including its share of any liabilities incurred jointly;
Its revenue from the sale of its share of the output arising from the joint operation;
Its share of the revenue from the sale of the output by the joint operation; and
Its expenses, including its share of any expenses incurred jointly

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When Company transacts with a joint operation in which a Company is a joint operator, the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Company's standalone financial statements only to the extent of other parties' interests in the joint operation. When Company transacts with a joint operation in which Company is a joint operator, the Company does not recognize its share of the gains and losses until it resells those assets to a third party.

The Company has interest in joint operation UUS Joint Venture (Private) Limited, a Company set up specifically for executing multi-year contract “Package 04A – Airport Information Management System (AIMS)”, a turnkey project for New Islamabad International Airport by Pakistan Civil Aviation Authority.

3.3 Taxation

3.3.1 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.

3.3.2 Deferred

Deferred tax is accounted for using the statement of financial position 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 reporting date. Deferred tax is charged or credited in the profit or 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.

3.4 Property and equipment

3.4.1 Operating fixed assets

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss except for freehold land which 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 or 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 4.1. 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.

3.4.2 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.

3.5 Intangibles

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.

- Intangible asset will generate probable future economic benefits.

- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

- The Company's ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and impairment losses, if any. These are amortized using straight line method at the rate given in note 5. 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 reporting 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 or 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.

3.6 Impairment of 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 or 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.

3.7 Staff benefits

The Company has the following plans for its employees:

3.7.1 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.

3.7.2 Employees' share option scheme

The Company operates an equity settled share based Employees Stock Option Scheme. The compensation committee of the Board of Directors of the Company 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.

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

3.8 Investments

The management determines the classification of its investments at the time of purchase depending on the Company's business model for managing the financial assets and their contractual cash flow characteristics. Investments intended to be held for less than twelve months from the statement of financial position date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current assets. (Refer to note 3.16 for detailed policy of classification, initial and subsequent measurement.)

3.8.1 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 in accordance with IAS-27 'Consolidated and separate financial statements'.

The Company is required to publish consolidated financial statements along with its separate financial statements, in accordance with the requirements of IFRS 10 Consolidated Financial Statements and IAS 27 'Consolidated and separate financial statements'. Investments in associates, in the consolidated financial statements, are being accounted for using the equity method.

3.9 Foreign currency transactions

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

3.10 Trade debts

Trade debts from local customers are stated at amortized cost less expected credit losses while foreign debtors are stated at translated amount by applying exchange rate applicable on the reporting date.

3.10.1 Expected credit losses

Expected credit losses are calculated as a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Company in accordance with the contract and cash flows that the Company expects to receive). (Refer to note 3.16.4 for detailed policy for impairment of financial assets)

3.11 Advances and deposits

These are recognized at nominal amount which is fair value of considerations to be received in future.

3.12 Trade and other payables

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

3.13 Provisions and contingencies

Provisions are recognized in the statement of financial position 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 statement of financial position 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.

3.14 Revenue recognition

Revenue recognized in any period is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. For contracts with multiple components to be delivered, management applies judgement to consider whether those promised goods and services are: (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is estimated, which is allocated to the identified performance obligations in proportion to their relative standalone selling prices and revenue is recognized when (or as) those performance obligations are satisfied.

For each performance obligation, the Company determines if revenue will be recognized over time or at a point in time. Where the Company recognizes revenue over time this is due to any of the following reasons: (i) the Company performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract, (ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (iii) the Company's performance creates an asset with no alternative use, and the Company has an enforceable right to payment for performance completed to date.

For each performance obligation to be recognized over time, the Company applies a revenue recognition method that faithfully depicts the Company's performance in transferring control of the goods or services to the customer. The Company applies the relevant input method consistently to similar performance obligations in other contracts. If performance obligations in a contract do not meet the over time criteria, the Company recognizes revenue at a point in time.

Changes in estimates of measures of progress of performance obligations satisfied over time are recognized on a cumulative catch-up basis, which recognizes in the current period the cumulative effect of any changes on current and prior periods based on a performance obligation's percentage of completion.

The Company disaggregates revenue from contracts with customers by contract type, geographical markets and timing of revenue recognition, as management believes this best depicts how the nature, amount, timing and uncertainty of the Company's revenue and cash flows are affected by economic factors. The revenue recognition policy relevant to each contract type is as below:

3.14.1 Professional services

The nature of contracts or performance obligations categorized within this revenue type is diverse and includes: (i) software license from third party; (ii) software implementation; and (iii) software maintenance / support contracts.

The Company makes judgments in determining whether the software implementation and software license are distinct and thus separate performance obligations or part of the bundle and thus a single performance obligation depending upon the level of customization involved and other key factors surrounding each contract. Revenue is recognized at a point in time or over time as appropriate.

The Company has assessed that maintenance and support is a performance obligation that can be considered capable of being distinct and separately identifiable in a contract. These recurring services are substantially the same as the nature of the promise is for the Company to 'stand ready' to perform maintenance and support when required by the customer. Time-based measure of progress is used for such services since it best reflects the Company's efforts in satisfying the performance obligation. Time-based measure of progress is ascertained using the Percentage of Completion (PoC) method. To measure the PoC, input method is used by the management. PoC is measured by taking into account the cost incurred to date as a percentage of total budgeted cost.

3.14.2 Outsourcing services

The Company considers that the business processing outsourcing and other services provided meet the definition of a series of distinct goods and services as they are: (i) substantially the same; and (ii) have the same pattern of transfer (as the series constitutes services provided in distinct time increments (e.g. daily, monthly, quarterly or annual services)) and therefore treats the series as one performance obligation. For the majority of outsourcing services, the Company recognizes revenue based on provision of services over time as it best reflects the nature in which the Company is transferring control of the goods or services to the customer.

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

3.14.3 Sale of third party software

Revenue is recognized at the point in time when obligations under the terms of the contract with the customer are satisfied; generally this occurs when control of the software has transferred and there is no unfulfilled obligation that could affect the customer's acceptance of the software usually on delivery of the software.

3.14.4 Licenses and license support services

Software licenses delivered by the Company can either be 'right to access' or 'right to use' licenses. Software licenses meeting the criteria for right to access are recognized over the period of time. Software licenses not meeting the criteria of 'right to access' are accounted for as right to use and the revenue is recognized at a point in time.

The Company considers for each contract that includes a separate license performance obligation all the facts and circumstances in determining whether the license revenue is recognized over time or at a point in time from the go live date of the license.

3.14.5 Contract Assets

A contract asset is initially recognized for revenue earned because the receipt of consideration is conditional on successful completion of the milestones as per contract. Upon completion of the milestone and acceptance by the customer, the amount recognized as contract assets is reclassified to trade debts.

3.14.6 Contract Liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the related goods or services are transferred. Contract liabilities are recognized as revenue as and when performance obligations are delivered under the contract.

3.15 Other income

Profit on deposit account and gain on short term investments and other income is recognized using effective interest rate.

3.16 Financial instruments - Initial recognition and subsequent measurement

3.16.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost or cost as the case may be.

3.16.2 Classification

3.16.2.1 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

3.16.2.2 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

3.16.3 Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income/(loss).

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

3.16.4 Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost at an amount equal to life time ECLs except for the following, which are measured at 12 month ECLs:

- bank balances for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since inception.
- other short term loans and receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade debts are always measured at an amount equal to life time ECLs. Life time ECLs are the ECLs that result from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECLs that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Company in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

3.16.5 Derecognition

i) Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to equity.

ii) Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.16.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Company has legally enforceable right to offset the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

3.17 Finance costs

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

3.18 Cash and cash equivalents

Cash and cash equivalents are stated in the statement of financial position at amortized cost. For the purpose of the statement of cash flows , cash and cash equivalents comprise of cash in hand, cheques / demand draft in hand and deposits in the bank.

3.19 Leases

3.19.1 Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

3.19.2 Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3.20 Dividends and appropriation reserves

Dividends and other appropriation to reserves are recognized in the financial statements in the period in which these are approved. However, if they are approved after the reporting period but before the unconsolidated financial statements are authorized for issue, they are disclosed in the notes to the unconsolidated financial statements.

3.21 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 calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjustment) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.22 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.

3.23 Standards, Interpretations and Amendments to 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 and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1 and IAS 8 Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)	01 January 2020
IFRS 3 'Business Combinations' - Definition of business (amendments)	01 January 2020
IFRS 7 & IFRS 9 - Financial instruments - Amendments regarding pre-replacement issues in the context of the interest rate benchmark reform (IBOR)	01 January 2020
Amendments to the Conceptual Framework for Financial Reporting	01 January 2020

The Company expects that the adoption of the above standards, amendments and interpretations will have no material effect in the period of initial application.

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 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 17 - Insurance Contracts	01 January 2022

4. PROPERTY AND EQUIPMENT	Note	2019 Rupees	2018 Rupees
Operating fixed assets	(4.1)	**1,392,619,772**	925,570,335
Capital work in progress	(4.2)	**24,025,244**	22,471,605
		1,416,645,016	948,041,940

4.1 Operating fixed assets

2019

DESCRIPTION	Cost: As at 01 January	Cost: Additions / Transfers	Cost: Disposals	Cost: As at 31 December	Accumulated Depreciation: As at 01 January	Accumulated Depreciation: Depreciation charge for the year	Accumulated Depreciation: Disposals	Accumulated Depreciation: As at 31 December	Net book value as at 31 December	Rate
	Rupees									
Land - free hold	53,030,412	292,247,289	-	345,277,701	-	-	-	-	345,277,701	-
Building on freehold land	491,815,528	44,067,837	-	535,883,365	14,208,756	13,843,698	-	28,052,455	507,830,910	2.5
Computers and mobile sets	281,268,520	107,393,874	(7,160,968)	381,501,426	197,436,583	49,467,377	(5,584,790)	241,319,170	140,182,256	33
Computer equipment and installations	53,858,159	23,471,025	(545,767)	76,783,417	33,611,144	11,782,832	(545,767)	44,848,209	31,935,208	33
Other equipment and installations	79,120,035	37,594,061	(331,170)	116,382,926	24,071,679	15,988,732	(240,183)	39,820,228	76,562,698	20
Generators	47,406,753	2,408,220	-	49,814,973	12,447,458	4,219,716	-	16,667,174	33,147,799	10
Furniture and fittings	90,172,405	18,201,240	(1,278,317)	107,095,328	48,753,293	5,755,141	(739,212)	53,769,222	53,326,106	10
Vehicles	159,939,602	105,737,074	(49,427,937)	216,248,739	39,039,868	39,320,732	(20,744,747)	57,615,853	158,632,886	20
Office equipment	40,844,236	2,580,266	(85,000)	43,339,502	10,864,247	3,743,069	(65,385)	14,541,931	28,797,571	10
Leasehold Building - Improvements	8,783,220	11,336,379	-	20,119,599	235,507	2,957,455	-	3,192,962	16,926,637	24.5
	1,306,238,870	645,037,265	(58,829,159)	1,892,446,976	380,668,535	147,078,752	(27,920,083)	499,827,204	1,392,619,772	

2018

DESCRIPTION	Cost: As at 01 January	Cost: Additions / Transfers	Cost: Disposals	Cost: As at 31 December	Accumulated Depreciation: As at 01 January	Accumulated Depreciation: Depreciation charge for the year	Accumulated Depreciation: Disposals	Accumulated Depreciation: As at 31 December	Net book value as at 31 December	Rate
	Rupees									
Land - free hold	53,030,412	-	-	53,030,412	-	-	-	-	53,030,412	-
Building on freehold land	485,167,103	6,648,425	-	491,815,528	2,021,530	12,187,226	-	14,208,756	477,606,772	2.5
Computers and mobile sets	268,922,218	56,070,423	(43,724,121)	281,268,520	201,605,108	38,403,209	(42,571,734)	197,436,583	83,831,937	33
Computer equipment and installations	64,327,892	3,398,929	(13,868,662)	53,858,159	36,084,293	11,395,513	(13,868,662)	33,611,144	20,247,015	33
Other equipment and installations	90,725,915	3,937,965	(15,543,845)	79,120,035	24,503,654	14,849,595	(15,281,570)	24,071,679	55,048,356	20
Generators	46,264,122	9,114,300	(7,971,669)	47,406,753	16,475,692	3,854,863	(7,883,097)	12,447,458	34,959,295	10
Furniture and fittings	80,558,906	14,591,038	(4,977,539)	90,172,405	49,233,567	3,984,521	(4,464,795)	48,753,293	41,419,112	10
Vehicles	70,862,916	105,694,309	(16,617,623)	159,939,602	28,927,741	20,796,647	(10,684,520)	39,039,868	120,899,734	20
Office equipment	44,340,979	2,410,076	(5,906,819)	40,844,236	12,849,548	3,491,954	(5,477,255)	10,864,247	29,979,989	10
Leasehold Building - Improvements	-	8,783,220	-	8,783,220	-	235,507	-	235,507	8,547,713	24.5
	1,204,200,463	210,648,685	(108,610,278)	1,306,238,870	371,701,133	109,199,035	(100,231,633)	380,668,535	925,570,335	

4.1.1 The cost of operating fixed assets include assets amounting to Rs. 235.1 (2018: Rs. 220.6) million with nil book value.

4.1.2 Immovable fixed assets include freehold Land and Building situated at E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt. Total area of land is 15.8 kanals.

4.2 Capital Work In Progress	Note	2019 Rupees	2018 Rupees
Building on freehold land		-	4,637,963
Transformer		24,025,244	17,833,642
	(4.2.1)	24,025,244	22,471,605

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

	Note	2019 Rupees	2018 Rupees
Balance at the beginning of the year		22,471,605	52,274,081
Additions during the year		14,044,235	4,083,662
Transfer to operating fixed assets	(4.2.2)	(12,490,596)	(33,886,138)
Balance at the end of the year		24,025,244	22,471,605

4.2.2 Transfers to operating fixed assets include Rs. 8.26 (2018: 6.65) million and Rs. 4.23 (2018: 8.78) million related to building on freehold land and improvements to leasehold building.

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

	Note	2019 Rupees	2018 Rupees
Cost of revenue	(24)	127,479,111	85,178,631
Distribution expenses	(25)	1,882,142	1,148,991
Administrative expenses	(26)	17,717,500	22,871,413
		147,078,753	109,199,035

4.4 Disposal of property and equipment

Details of disposed assets which had a net book value of Rs. 500,000 or more, are as follows:

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Vehicles	--------	--------	--Rupees--	--------	--------		
							Employees
Honda Civic	2,522,710	1,680,320	842,390	2,014,998	1,172,608	Company Policy	Zahid Janjua
Honda Civic VTI	2,503,000	782,188	1,720,812	2,511,000	790,188	Company Policy	Imran Hussain
Corolla GLI	2,372,000	553,467	1,818,533	1,778,985	(39,548)	Company Policy	Abid Hanif
Toyota Altis 1.6	2,279,000	417,817	1,861,183	2,279,000	417,817	Company Policy	Naureen Anwar
Honda Civic 1.8	2,032,600	101,630	1,930,970	1,930,970	-	Company Policy	Ahmed Saeed
Toyota Corolla 1.6 A/T	2,019,060	1,486,253	532,808	1,900,000	1,367,192	Company Policy	Salman Wajid
Honda City	1,903,500	190,350	1,713,150	1,868,386	155,236	Company Policy	Wasif Mazhar
Honda City 1.3	1,873,000	437,033	1,435,967	1,729,350	293,383	Company Policy	Zohaib Hassan
Honda BRV	1,815,785	423,683	1,392,102	1,733,000	340,898	Company Policy	Imran Javed Zia
Corolla Altis 1.6	1,810,500	331,925	1,478,575	1,810,500	331,925	Company Policy	Baidar Bakht
Toyota Corolla 1.3 GLI	2,259,600	143,660	2,115,940	2,074,620	(41,320)	Company Policy	Faisal Khan
Toyota Corolla Altis	1,563,840	521,280	1,042,560	1,351,439	308,879	Company Policy	Mian Habib
Honda City Aspire	1,553,000	659,003	893,997	1,280,436	386,439	Company Policy	Faisal Noor
Toyota Corolla XLI	1,550,340	387,585	1,162,755	1,567,980	405,225	Company Policy	Shoaib Ali
Honda Civic 1.8	1,537,000	719,562	817,438	1,537,000	719,562	Company Policy	Wajhe Ullah
Toyoal Corolla GLI 1.3	1,537,000	744,333	792,667	1,537,305	744,638	Company Policy	Muhammad Aijaz
Toyota Altis 1.8	1,537,000	875,864	661,136	1,553,000	891,864	Company Policy	Aurangzeb
Honda Civic 1.8	2,353,000	980,417	1,372,583	1,427,147	54,564	Company Policy	Waseem Jaffer
Suzuki Cultus	1,137,110	246,374	890,736	1,537,000	646,264	Company Policy	Farhan Umair
							Third party
Honda Civic	2,337,268	1,573,266	764,002	1,950,000	1,185,998	Negotiation	Regal Motors
Honda City Aspire	1,873,000	696,993	1,176,007	1,900,000	723,993	Negotiation	Regal Motors
Toyota Corolla	1,791,950	1,125,302	666,648	1,775,000	1,108,352	Negotiation	Regal Motors
Honda City 1.3	1,662,226	304,741	1,357,485	1,804,162	446,677	Negotiation	Regal Motors
2019	43,823,489	15,383,047	28,440,444	40,851,278	12,410,834		

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
	--------	--------	--Rupees--	--------	--------		
Vehicles							**Employees**
Honda Civic	2,500,000	485,456	2,014,544	2,000,000	(14,544)	Company Policy	Khurram Iqbal
Honda City	1,561,590	794,738	766,852	1,527,000	760,148	Company Policy	Wasif Mazhar
Toyota Altis 1.6	1,553,000	383,628	1,169,372	1,538,000	368,628	Company Policy	Qasim Siddique
Suzuki Swift	1,511,000	323,786	1,187,214	1,390,000	202,786	Company Policy	Mohsin Akram
2018	7,125,590	1,987,608	5,137,982	6,455,000	1,317,018		

5. INTANGIBLES

	2019 Rupees	2018 Rupees
Computer software and licenses	**31,108,678**	61,020,223
Software under development	**7,548,640**	1,607,897
	38,657,318	62,628,120

2019										
Particulars	**Cost as at 01 January**	**Additions**	**Disposals**	**Cost as at 31 December**	**Accumulated amortization as at 1 January**	**Amortization charge for the year**	**Disposals**	**Accumulated amortization as at 31 December**	**Book value as at 31 December**	**Rate**
	-----	-----	-----	-----	-----Rupees-----	-----	-----	-----	-----	
Owned:										
Computer software and licenses	163,008,023	-	-	163,008,023	101,987,800	29,911,545	-	131,899,345	31,108,678	33%

2018										
Particulars	**Cost as at 01 January**	**Additions**	**Disposals**	**Cost as at 31 December**	**Accumulated amortization as at 1 January**	**Amortization charge for the year**	**Disposals**	**Accumulated amortization as at 31 December**	**Book value as at 31 December**	**Rate**
	-----	-----	-----	-----	-----Rupees-----	-----	-----	-----	-----	
Owned:										
Computer software and licenses	130,522,904	32,485,119	-	163,008,023	75,216,507	26,771,293	-	101,987,800	61,020,223	33%

5.1 The cost of the intangibles include assets amounting to Rs. 81.7 million (2018: Rs. 59.4 million) with nil book value.

5.2 No in-house developed intangibles were capitalised during the year. (2018: Rs. 32.5 million)

5.3 Amortization charge for the year has been allocated as follows:	**Note**	**2019 Rupees**	2018 Rupees
Cost of revenue	(24)	**25,690,716**	21,471,637
Distribution expenses	(25)	**398,665**	199,756
Administrative expenses	(26)	**3,822,164**	5,099,900
		29,911,545	26,771,293

6. LONG TERM INVESTMENTS

	Note	2019 Rupees	2018 Rupees
Investment In subsidiaries - at amortized cost - unquoted			
E-Processing Systems (Private) Limited	(6.1)	**270,500,227**	49,700,030
179,507 (2018: 140,001) fully paid			
ordinary shares of Rs. 10/- each			
TechVista Systems FZ- LLC	(6.2)	**1,377,950**	1,377,950
50 (2018: 50) fully paid			
ordinary shares of AED 1,000/- each			
SUS-JV (Private) Limited	(6.3)	**94,990**	-
9,499 (2018: nil) fully paid			
ordinary shares of Rs. 10/- each			
		271,973,167	**51,077,980**

6.1 This represents 55.75% (2018: 53%) shares in the Company's subsidiary E-Processing Systems (Private) Limited, a company engaged in the business of purchase and sale of airtime and related services in Pakistan.

6.2 This represents 100% shares in the 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.

6.3 This represents 94.99% (2018: nil) shares in Company's subsidiary, SUS JV (Private) Limited, a company set up in Pakistan for the Balochistan Land Revenue Management Information System project. The project is related to digitization of land records and development of a web-based management information system.

7. RIGHT-OF-USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	2019 Rupees	2018 Rupees
As at 1 January	**-**	-
Additions	**182,325,431**	-
Depreciation expense	**(36,465,086)**	-
Balance As at 31 December	**145,860,345**	-

The depreciation charge for the year on right-of-use assets has been allocated as follows:

	Note	2019 Rupees	2018 Rupees
Cost of revenue	(24)	**13,919,406**	-
Distribution expenses	(25)	**2,410,143**	-
Administrative expenses	(26)	**20,135,537**	-
		36,465,086	-

8. CONTRACT ASSETS - unsecured

	Note	2019	2018
Export	(8.1)	**197,880,698**	74,276,534
Local		**252,029,682**	381,878,413
		449,910,380	456,154,947
Less: Allowance for ECLs / Provision for doubtful debts	(8.2)	**(75,200,504)**	(90,817,128)
	(8.3)	**374,709,876**	**365,337,819**

8.1 This includes amount not yet billed to related party, TechVista Systems FZ - LLC amounting to Rs. 193.3 (2018: Rs. 67.8) million. Aging analysis of this balance is as follows:

	Tech Vista Systems FZ-LLC - UAE	
	2019 Rupees	2018 Rupees
- Not more than three months	193,300,187	56,858,057
- More than three months but not more than six months	-	5,981,933
- More than six months but not more than twelve months	-	4,971,691
	193,300,187	67,811,681

The maximum aggregate amount outstanding, calculated with reference to month-end balances was Rs. 538.45 (2018: 152.05) million

	2019 Rupees	2018 Rupees
8.2 Balance as at 01 January	**90,817,128**	-
(Recovery) / expense for the year - net	**(11,760,292)**	90,817,128
Balances written off during the year	**(3,856,332)**	-
Balance as at 31 December	**75,200,504**	90,817,128

8.3 These represent unbilled debtors arising due to recognition of revenue upon delivery of performance obligations as per contract on the basis of percentage of completion as per IFRS 15 - Revenue from Contracts with Customers.

9. TRADE DEBTS

	Note	**2019 Rupees**	2018 Rupees
Export	(9.1)	**1,461,328,976**	1,533,080,066
Local		**473,246,032**	421,228,564
		1,934,575,008	1,954,308,630
Less: Allowance for ECLs / Provision for doubtful debts	(9.3)	**(135,106,696)**	(37,408,044)
		1,799,468,312	1,916,900,586

9.1 These include receivable against sale of services from related parties, Visionet Systems Incorporation (USA) and TechVista Systems FZ - LLC (Dubai) amounting to Rs. 582.2 (2018: Rs. 502.2) million and Rs. 800.8 (2018: Rs. 1,006.1) million respectively. Aging analysis of the amounts is as follows:

	Visionet Systems Incorporation - USA	**Tech Vista Systems FZ-LLC - UAE**	Visionet Systems Incorporation - USA	Tech Vista Systems FZ-LLC - UAE
	2019 Rupees		2018 Rupees	
- Not more than one month	**290,213,756**	**386,343,354**	187,716,891	123,433,522
- More than one month but not more than three months	**292,029,762**	**-**	314,482,959	124,313,329
- More than three months but not more than nine months	**-**	**357,133,374**	-	267,999,843
- More than nine months but not more than twelve months	**-**	**56,671,284**	-	487,838,824
- More than twelve months	**-**	**627,469**	-	2,514,840
	582,243,518	**800,775,481**	502,199,850	1,006,100,358

		2019 Rupees	2018 Rupees
9.2 The maximum aggregate amount outstanding by reference to month-end balances was as follows:			
Visionet Systems Incorporation - USA		1,039,540,709	633,309,326
Tech Vista Systems FZ-LLC - UAE		1,004,354,481	982,603,767
		2,043,895,190	**1,615,913,093**
9.3 Balance as at 01 January		**37,408,044**	36,732,888
Addition during the year		**141,688,348**	50,719,681
Reversal during the year		**(41,604,914)**	(34,349,961)
Expense for the year		**100,083,434**	16,369,720
Balances written off during the year		**(2,384,782)**	(15,694,564)
Balance as at 31 December		**135,106,696**	37,408,044

10. LOANS AND ADVANCES

Advances to staff against:			
salary		**6,264,346**	3,848,442
expenses		**28,273,442**	19,874,465
		34,537,788	23,722,907
Advances to suppliers - against goods		**96,724,366**	20,964,570
		131,262,154	44,687,477
Loans to related parties		**392,839,270**	487,673,102
Elimination on account of Joint Operation	(10.1)	**(195,941,404)**	(258,077,770)
	(10.2)	**196,897,866**	229,595,332
		328,160,020	274,282,809

10.1 This represents loan provided to UUS Joint Venture (Private) Limited for meeting working capital requirements. This amount is unsecured and carries interest at one-year KIBOR on the outstanding loan balance at the end of each month.

10.2 This includes loans provided to the following related parties:		**2019 Rupees**	2018 Rupees
E-Processing Systems (Private) Limited		**170,626,354**	220,800,196
SUS JV (Private) Limited		**26,271,512**	-
	(10.2.1)	**196,897,866**	220,800,196

10.2.1 These loans are unsecured and carry interest at one-year KIBOR on the outstanding loan balance at the end of each month.

11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	Note	**2019 Rupees**	2018 Rupees
Security deposits		**164,032,231**	157,721,853
Prepayments		**26,172,818**	23,011,941
		190,205,049	180,733,794

12. SHORT TERM INVESTMENTS

Habib Metropolitan Bank Limited		**555,000,000**	295,000,000
Habib Bank Limited		**25,000,000**	-
Meezan Bank Limited		**200,000,000**	-
	(12.1)	**780,000,000**	295,000,000

12.1 This represents Term Deposit Receipts (TDRs) carrying markup at rates ranging from 12.25% to 12.65% (2018: 8% to 8.5%) per annum.

13. TAX REFUNDS DUE FROM THE GOVERNMENT

	Note	2019 Rupees	2018 Rupees
Income tax - net		**181,828,160**	158,759,363
Sales tax		**10,971,356**	8,254,100
		192,799,516	167,013,463

14. CASH AND BANK BALANCES

	Note	2019 Rupees	2018 Rupees
Cash in hand		**1,651,049**	225,401
Balances with banks:			
Local currency:			
Current accounts		**213,301,563**	51,475,407
Saving accounts	(14.1)	**862,698,678**	347,087,233
		1,076,000,241	398,562,640
Foreign currency - current accounts		**17,904,024**	1,972,589
		1,095,555,314	400,760,630

14.1 These carry markup at the rate of 9% to 11.25% (2018: 3.34% to 5.39%) per annum.

15. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2019 (Number of shares)	2018 (Number of shares)		2019 Rupees	2018 Rupees
23,447,380	23,361,983	Ordinary shares of Rs. 10/- each fully paid in cash	**234,473,800**	233,619,830
100,072,919	88,851,565	Ordinary shares of Rs. 10/- each fully paid up as bonus shares	**1,000,729,190**	888,515,650
123,520,299	112,213,548		**1,235,202,990**	1,122,135,480

15.1 Reconciliation of ordinary shares

2019 (Number of shares)	2018 (Number of shares)		2019 Rupees	2018 Rupees
112,213,548	111,827,652	Balance at 1 January	**1,122,135,480**	1,118,276,520
11,221,354	-	Bonus shares issued	**112,213,540**	-
85,397	385,896	Stock options exercised	**853,970**	3,858,960
123,520,299	112,213,548	**Balance at 31 December**	**1,235,202,990**	1,122,135,480

16. CAPITAL RESERVES

	Note	2019 Rupees	2018 Rupees
Share premium reserve	(16.1)	**512,149,734**	505,511,843
Employee compensation reserve	(16.2)	**78,970,025**	27,568,374
		591,119,759	533,080,217

16.1 This reserve shall be utilized only for the purpose as specified in section 81(2) of the Companies Act 2017.

16.2 This represents balance amount after exercise of share options by the employees under the Employee Stock Option Scheme approved by the SECP. According to the scheme, 100% options become exercisable after completion of vesting period from the 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.

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

	2019		2018	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	Rupees	Number	Rupees	Number
Outstanding at 01 January	**80.73**	**1,374,396**	33.39	871,260
Granted during the year	**73.34**	**1,331,912**	72.13	889,032
Forfeited share options	**80.73**	**(140,965)**	-	-
Exercised during the year:				
- stock options awarded in 2016	**45.98**	**(11,050)**	45.98	(385,896)
- stock options awarded in 2017	**62.58**	**(74,347)**	-	-
Outstanding at 31 December	**81.62**	**2,479,946**	80.73	1,374,396

	2019 Rupees	2018 Rupees
17. LONG TERM ADVANCES	**26,868,774**	18,565,295

17.1 These represents advances received from staff and will be adjusted as per Company's car policy against sale of vehicles. The fair value adjustment in accordance with the requirements of IFRS 9 - Financial Instruments arising in respect of long term loans is not considered insignificant by the management.

18. LEASE LIABILITIES

	Note	2019 Rupees	2018 Rupees
Present value of lease rentals		**158,473,516**	-
Less: Current portion shown under current liabilities		**(29,284,595)**	-
		129,188,921	-

	2019		
	Lease Rentals	Finance cost for future periods	Principal outstanding
	------------------ Rupees ------------------		
Not later than one year	**46,497,938**	**17,213,342**	**29,284,596**
Later than one year but not later than five years	**153,913,985**	**24,725,065**	**129,188,920**
	200,411,923	**41,938,407**	**158,473,516**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2019 Rupees	2018 Rupees
As at 1 January	**-**	-
Additions	**182,325,431**	-
Accretion of interest	**20,431,835**	-
Payments	**(44,283,750)**	-
As at 31 December	**158,473,516**	-

Salient features of the leases are as follows:	2019	2018
Discounting factor	**12.16%**	-
Period of lease	**60 months**	-

19. TRADE AND OTHER PAYABLES

	Note	2019 Rupees	2018 Rupees
Creditors		**57,118,426**	64,384,423
Accrued liabilities		**440,558,136**	317,868,679
Provident fund contribution payable		**21,722,279**	15,889,209
Withholding income tax payable		**15,413,584**	13,117,414
		534,812,425	411,259,725

20. CONTRACT LIABILITIES

CONTRACT LIABILITIES	**104,154,979**	25,149,881

20.1 These represent mobilization advances received from the customers against professional / software development services, licenses, license support services and other fees.

21. SHORT TERM BORROWINGS

	Note	2019 Rupees	2018 Rupees
MCB Bank Limited	(21.1)	**450,000,000**	450,000,000
Habib Metropolitan Bank Limited	(21.2)	**200,000,000**	-
		650,000,000	450,000,000

21.1 This represents export re-finance (ERF) availed against aggregate sanctioned limit of Rs. 650 (2018: Rs. 650) million. The rates of mark up are SBP rate plus 0.5% (2018: SBP rate plus 0.5%) per annum. These borrowings are secured against Rs. 97.5 million cash margin, 1st exclusive charge of Rs. 2,400 million over the fixed assets and current assets of the Company.

21.2 This represents export re-finance (ERF) availed against aggregate sanctioned limit of Rs. 200 (2018: Rs. nil) million. The rates of mark up are SBP rate plus 1%. These borrowings are secured against Rs. 350 million pari passu hypothecation charge over current assets and Rs. 107.475 million equitable mortgage over 57 marla of land at Sehjpal near DHA Phase VIII (ex-Air Avenue Eden City).

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

Income tax

22.1.1 Tax Year 2018 – under section 161

The Deputy Commissioner Inland Revenue ("DCIR") passed an order dated 29 June 2019 under section 161 of the Income Tax Ordinance, 2001 (the "Ordinance") for tax year 2018, through which alleged tax demand of Rs. 12,087,970 has been created. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) [the "CIR (A)"], who has confirmed the tax demand. Being aggrieved, the Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. The management expects a favorable outcome in this regard.

22.1.2 Tax Year 2017 – under section 161

The DCIR issued withholding tax assessment order under section 161(1A) of the Ordinance for the tax year 2017 whereby tax amounting to Rs. 6,528,598 for non-deduction of withholding tax was levied. The company preferred appeal before CIR(A), which is decided against the Company. Being aggrieved, the Company filed an appeal before the ATIR which is pending adjudication. The management expects a favorable outcome in this regard.

22.1.3 Tax Year 2016 - Clause 94 part IV of Second Schedule

The Company filed an undertaking pursuant clause 94 part IV of Second Schedule to the Ordinance, thereby opting out of minimum tax on services under section 153(1)(b) of the Ordinance in respect of Tax Year 2016. The Additional Commissioner Inland Revenue ("Addl. CIR") declined to accept the undertaking against which the Company preferred an appeal before CIR(A), which has been upheld by the CIR(A). The appeal effect / reassessment may result in tax liability of Rs. 30.25 million. Being aggrieved, the Company has filed an appeal before the ATIR, which is pending adjudication. The management expects a favorable outcome in this regard.

22.1.4 Tax Year 2014 - under section 122(5A)

The Addl. CIR issued order under section 122(5A) of the Ordinance for tax year 2014, on the basis of wrong proration of expenses, capital gain etc. and created demand of Rs. 48,591,443. The company preferred an appeal against the order, before the CIR(A) who decided the case in favor of the company. However, the tax department has filed second appeal before the ATIR, which is pending adjudication. The management expects a favorable outcome in this regard.

22.1.5 Tax Year 2012 – under section 122(5A)

The Assistant Commissioner Inland Revenue ("ACIR") issued an order under section 122(5A) of the Ordinance for tax year 2012, on the basis of wrong proration of expenses, others etc. and created demand of Rs. 18,462,737. The company preferred an appeal before the CIR(A) against the impugned order which is partially decided in favor of the Company. Being aggrieved, the Company filed an appeal before the learned ATIR, which is pending adjudication. The management expects a favorable outcome in this regard.

Sales tax

22.1.6 Tax Period from July 2012 to June 2013

The department issued notice under section 11(2) of the Sales Tax Act, 1990 (the "ST Act") and contended that the Company has short declared the sales in sales tax returns as compared with the audited financial statements. The Company submitted its detailed reply; however, the department issued the ex-parte order which is remanded back by the CIR(A). The department again issued the order while creating the demand of Rs. 66,979,883 along with default surcharge and 100% penalty, which has been again remanded back to the department. However, the department again issued the order for the third time while creating the demand of Rs. 66,979,883 along with default surcharge and 100% penalty which is upheld by the CIR(A). Being aggrieved, the Company has filed an appeal before the ATIR, which is pending adjudication. The management expects a favorable outcome in this regard.

Commitments

22.2 Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 370.39 (2018: Rs. 358.02) million. This includes guarantees of Rs. 77.38 (2018: 257.26) million given on behalf of Joint Operation.

22.2.1 The outstanding purchase commitments amount to Rs. 1 million (2018: nil).

23. REVENUE FROM CONTRACTS WITH CUSTOMERS

23.1 Disaggregated Revenue Information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	Note	2019		
		Export	Local	Total
Type of goods or services		---------- Rupees ----------		
Outsourcing services		804,592,410	175,169,753	979,762,163
Software trading		-	471,372,110	471,372,110
Software implementation		3,175,816,255	854,094,649	4,029,910,904
Less: Sales tax	(23.1.1)	-	(132,476,435)	(132,476,435)
Total revenue from contracts with customers		3,980,408,665	1,368,160,077	5,348,568,742
Geographical markets - net				
North America		3,049,136,128	-	3,049,136,128
Middle East		931,272,537	-	931,273,275
Pakistan		-	1,368,160,077	1,368,159,339
Total revenue from contracts with customers		3,980,408,665	1,368,160,077	5,348,568,742
Timing of revenue recognition - net				
Goods and services transferred at a point in time		-	455,038,847	455,038,847
Goods and services transferred over time		3,980,408,665	913,121,230	4,893,529,895
Total revenue from contracts with customers		3,980,408,665	1,368,160,077	5,348,568,742

		2018		
		Export	Local	Total
Type of goods or services		---------------- Rupees -----------------		
Outsourcing services		473,308,975	142,882,739	616,191,714
Software trading		-	514,094,774	514,094,774
Software implementation		2,130,662,003	645,028,017	2,775,690,020
Less: Sales tax	(23.1.1)	-	(144,820,749)	(144,820,749)
Total revenue from contracts with customers		2,603,970,978	1,157,184,781	3,761,155,759
Geographical markets				
North America		2,176,279,624	-	2,176,279,624
Middle East		427,691,353	-	427,691,353
Pakistan		-	1,157,184,782	1,157,184,782
Total revenue from contracts with customers		2,603,970,977	1,157,184,782	3,761,155,759
Timing of revenue recognition - net				
Goods and services transferred at a point in time		-	468,294,109	468,294,109
Goods and services transferred over time		2,603,970,978	688,890,672	3,292,861,650
Total revenue from contracts with customers		2,603,970,978	1,157,184,781	3,761,155,759

23.1.1 This represents sales tax chargeable under Provincial and Federal Sales tax laws on revenue as defined under relevant laws.

			2019 Rupees	2018 Rupees
23.2	**Contract balances**	**(23.2.1)**	**12,918,978**	65,532,595

23.2.1 These represent the amount of revenue recognized from amounts included in contract liabilities at the beginning of the year

23.3 Transaction prices of remaining performance obligations

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December is as follows:

	Note	**2019 Rupees**	2018 Rupees
Within one year		**261,837,585**	70,590,284
More than one year		**430,747,008**	407,282,038
		692,584,593	477,872,322

24. COST OF REVENUE

Salaries, allowances and amenities	(24.1)	**2,495,496,558**	1,802,147,744
Purchase of software		**437,116,550**	370,494,222
Technical consultancy		**65,428,750**	-
Printing and stationery		**1,158,627**	874,171
Computer supplies		**31,925,954**	31,506,307
Rent, rates and taxes		**6,848,439**	34,131,392
Electricity, gas and water		**49,862,464**	39,332,507
Traveling and conveyance		**172,369,730**	83,997,839
Repair and maintenance		**11,726,780**	15,786,248
Postage, telephone and telegrams		**61,864,726**	59,742,444
Vehicle running and maintenance		**20,648,733**	15,026,915
Entertainment		**27,814,262**	12,691,075
Fee and subscriptions		**15,838,737**	7,133,960
Insurance		**6,998,984**	3,103,838
Depreciation	(4.3)	**127,479,111**	85,178,631
Amortization	(5.3)	**25,690,716**	21,471,637
Depreciation of right-of-use asset	(7)	**13,919,406**	-
		3,572,188,527	2,582,618,930

24.1 This includes employees retirement benefit expense amounting to Rs. 104.79 (2018: Rs. 80.68) million.

25. DISTRIBUTION EXPENSES

	Note	2019 Rupees	2018 Rupees
Salaries, allowances and amenities	(25.1)	**78,684,571**	34,108,269
Printing and stationery		**378,483**	584,223
Computer supplies		**185,832**	225,993
Rent, rates and taxes		**154,619**	770,595
Electricity, gas and water		**694,845**	262,098
Traveling and conveyance		**8,373,017**	3,422,874
Repair and maintenance		**229,210**	390,959
Postage, telephone and telegrams		**1,023,230**	691,547
Vehicle running and maintenance		**1,384,000**	879,449
Entertainment		**1,308,090**	512,447
Insurance		**69,613**	46,789
Fee and subscriptions		**502,996**	662,801
Shows, seminars and advertising		**1,954,589**	2,553,977
Depreciation	(4.3)	**1,882,142**	1,148,991
Amortization	(5.3)	**398,665**	199,756
Tender documents		**59,110**	125,217
Depreciation of right-of-use asset	(7)	**2,410,143**	-
		99,693,155	**46,585,985**

25.1 This includes employees retirement benefit expense amounting to Rs. 2.86 (2018: Rs. 1.04) million.

26. ADMINISTRATIVE EXPENSES

	Note	2019 Rupees	2018 Rupees
Salaries, allowances and amenities	(26.1)	**277,704,266**	228,081,180
Printing and stationery		**3,368,725**	2,477,975
Computer supplies		**18,388,818**	10,093,220
Rent, rates and taxes		**6,608,052**	17,688,240
Electricity, gas and water		**7,167,562**	6,848,733
Traveling and conveyance		**14,957,202**	9,734,707
Repair and maintenance		**20,778,428**	16,542,844
Postage, telephone and telegrams		**10,765,186**	11,636,515
Vehicle running and maintenance		**7,642,091**	5,250,769
Legal and professional		**11,492,836**	15,467,830
Auditors' remuneration	(26.2)	**5,028,107**	2,957,375
Entertainment		**4,389,554**	3,564,539
Donations		**3,825,105**	2,593,861
Fee and subscriptions/Training		**10,911,232**	13,936,795
Insurance		**1,899,820**	1,375,808
Hiring cost		**884,516**	690,300
Newspapers, books and periodicals		**116,918**	62,620
Depreciation	(4.3)	**17,717,500**	22,871,413
Amortization	(5.3)	**3,822,164**	5,099,900
Others		**867,487**	409,892
Depreciation of right-of-use asset	(7)	**20,135,537**	-
		448,471,106	377,384,516

26.1 This includes employees retirement benefit expense amounting to Rs. 10.71 (2018: Rs. 8.80) million.

26.2 Auditors' remuneration	2019 Rupees	2018 Rupees
Statutory audit fee	**2,104,115**	1,474,168
Half yearly review and other certifications	**1,134,005**	743,700
Sales tax advisory	**1,669,987**	639,507
Out-of-pocket	**120,000**	100,000
	5,028,107	2,957,375

27. OTHER OPERATING EXPENSES

	2019 Rupees	2018 Rupees
Allowance for ECLs / provision for doubtful debts		
- Contract assets	**(11,760,292)**	90,817,128
- Trade debts	**100,083,434**	16,369,720
Contract assets and bad debts written off	**24,652,515**	11,180,134
Provision against doutful refundables	**24,508,582**	-
Advances written off	**1,540,964**	-
	139,025,203	118,366,982

28. OTHER INCOME

	2019 Rupees	2018 Rupees
Income from financial assets:		
Profit on deposit accounts	**18,464,427**	4,071,062
Gain on short term investments	**57,843,863**	11,864,417
Exchange gain	**223,172,268**	376,223,089
Interest on loan to subsidiaries	**25,053,472**	13,723,243
Interest on other receivables	**-**	15,792,617
	324,534,030	421,674,428
Income from non-financial assets:		
Gain on disposal of property and equipment	**16,743,906**	9,369,368
Others	**1,368,106**	6,698,831
	18,112,012	16,068,199
	342,646,042	437,742,627

29. FINANCE COSTS

	2019 Rupees	2018 Rupees
Markup on guarantee commission	**1,135,974**	683,226
Markup on short term borrowing	**14,605,600**	12,994,011
Bank charges	**2,991,008**	5,156,961
Lease interest	**20,431,835**	-
	39,164,417	**18,834,198**

30. TAXATION

	Note	2019 Rupees	2018 Rupees
Income tax:			
- current year	(30.1)&(30.2)	**32,250,920**	17,501,044
- prior year		**(3,710,253)**	(3,648,164)
		28,540,667	13,852,880
Deferred tax	(30.3)	**-**	31,771,724
		28,540,667	45,624,604

30.1 This represents tax chargeable under Minimum 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.

30.2 Reconciliation between accounting profit and tax expense for the year is meaningless in view of the minimum tax under section 153.

30.3 Deferred tax

	2019 Rupees	2018 Rupees
Taxable temporary differences		
Depreciation on property and equipment	**(21,032,610)**	(12,343,074)
Employee compensation reserve	**(5,647,463)**	(1,684,080)
Right-of-use asset	**(10,431,057)**	-
	(37,111,130)	(14,027,154)
Deductible temporary differences		
Lease liabilities	**9,099,311**	-
Provision for doubtful debts	**4,506,167**	10,658,994
Minimum tax	**23,505,652**	3,368,160
	37,111,130	14,027,154
	-	-

The Company has recognized deferred tax asset on its deductable temporary differences and tax losses to the extent of available taxable temporary differences. Owing to uncertainty relating to future taxable profits, against which the Company can utlize its tax losses and tax credits, the Company has not recognized any deferred tax asset for tax losses amounting to Rs. 81.00 million (2018: 81.00 million) and minimum tax of Rs. 73.87 million (2018: Rs. 43.78 million). Expiry of aggregate tax losses and minimum tax carried forward is as follows:

Expiry Tax Year	Nature	2019 Rupees	2018 Rupees
2022	Business loss FY - 2016	**49,719,944**	49,719,944
2023	Business loss FY - 2017	**31,277,012**	31,277,012
		80,996,956	80,996,956
2023	Minimum tax	**73,872,946**	43,777,849
No Expiry	Depreciation loss	**68,135,769**	68,135,769
		223,005,671	192,910,574

31. 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.

	North America		Middle East		Pakistan		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees							
Revenue from contracts with customers	3,049,136,128	2,176,279,624	931,272,537	427,691,353	1,368,160,077	1,157,184,782	5,348,568,742	3,761,155,759
Cost of revenue	(1,716,300,355)	(1,247,495,756)	(716,351,183)	(402,359,069)	(1,139,536,989)	(932,764,105)	(3,572,188,527)	(2,582,618,930)
Gross profit	1,332,835,773	928,783,868	214,921,354	25,332,284	228,623,088	224,420,677	1,776,380,215	1,178,536,829
Distribution expenses	(55,980,186)	(8,337,068)	-	(3,334,203)	(43,712,969)	(34,914,714)	(99,693,155)	(46,585,985)
Administrative expenses	(358,776,885)	(253,677,703)	(47,089,466)	(50,032,617)	(42,604,755)	(73,674,196)	(448,471,106)	(377,384,516)
	(414,757,071)	(262,014,771)	(47,089,466)	(53,366,820)	(86,317,724)	(108,588,910)	(548,164,261)	(423,970,501)
Profit / (loss) before taxation and unallocated income and expenses	**918,078,702**	666,769,097	**167,831,888**	(28,034,536)	**142,305,364**	115,831,767	**1,228,215,954**	754,566,328
Unallocated income and expenses:								
Other operating expenses							(139,025,203)	(118,366,982)
Other income							342,646,042	437,742,627
Finance costs							(39,164,417)	(18,834,198)
							164,456,422	300,541,447
Profit before taxation							1,392,672,376	1,055,107,775
Taxation							(28,540,667)	(45,624,604)
Profit for the year							**1,364,131,709**	1,009,483,171

31.1 Allocation of assets and liabilities

	North America		Middle East		Pakistan		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees)							
Segment operating assets								
Property and equipment	-	-	-	-	1,416,645,016	1,540,930,655	1,416,645,016	1,540,930,655
Intangibles	-	-	-	-	38,657,318	36,811,977	38,657,318	36,811,977
Right-of-use assets	-	-			145,860,345	-	145,860,345	-
Long term investments	-	-	-	-	271,973,167	271,878,177	271,973,167	271,878,177
Long term deposits	-	-	-	-	51,939,797	-	51,939,797	-
Advance against purchase of land	-	-			28,750,000	-	28,750,000	-
Contract assets	422,820	-	193,300,187	74,276,533	180,986,869	192,732,759	374,709,876	267,009,292
Trade debts	615,799,194	515,674,222	800,775,481	1,017,405,844	382,893,637	295,037,763	1,799,468,312	1,828,117,829
Loans and advances	-	-			328,160,020	368,728,957	328,160,020	368,728,957
Trade deposits and short term prepayments	-	-			190,205,049	242,144,846	190,205,049	242,144,846
Interest accrued	-	-			2,491,952	2,676,270	2,491,952	2,676,270
Other receivable	-	-	-	-	-	-	-	-
Short term investments	-	-			780,000,000	780,000,000	780,000,000	780,000,000
Tax refunds due from government	-	-	-	-	192,799,516	200,733,007	192,799,516	200,733,007
Cash and bank balances	-	-	-	-	1,095,555,314	1,096,084,543	1,095,555,314	1,096,084,543
Total operating assets	616,222,014	515,674,222	994,075,668	1,091,682,377	5,106,918,000	5,027,758,954	6,717,215,682	6,635,115,553
Segment operating liabilities								
Long term advances	-	-	-	-	26,868,774	18,565,295	26,868,774	18,565,295
Lease liabilities					129,188,921	-	129,188,921	-
Trade and other payables	-	-	-	-	543,157,950	425,466,448	543,157,950	425,466,448
Contract liabilities	-	-	-	-	104,154,979	12,918,978	104,154,979	12,918,978
Mark-up accrued on short term borrowings	-	-	-	-	4,873,969	3,689,005	4,873,969	3,689,005
Short term borrowings	-	-	-	-	650,000,000	450,000,000	650,000,000	450,000,000
Current portion of lease liabilities					29,284,595	-	29,284,595	-
Current portion of long term advances	-	-	-	-	13,220,163	9,660,504	13,220,163	9,660,504
Total operating liabilities	-	-	-	-	1,500,749,351	920,300,230	1,500,749,351	920,300,230

32. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel (Note 33). 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	2019 Rupees	2018 Rupees
E Processing Systems (Private) Limited.	Subsidiary	Loan - net advanced / (settled)	**(47,562,904)**	87,912,586
		Interest income	**25,155,530**	13,723,243
Tech Vista Systems FZ- LLC - UAE	Subsidiary	Sales	**758,104,536**	368,857,638
		Out of pocket expenses	**207,346,832**	127,952,941
Visionet Systems Incorporation - USA	Common Directorship	Sales	**2,957,631,422**	2,116,576,146
		Out of pocket expenses	**78,774,869**	98,100,485
SUS-JV (Private) Limited.	Subsidiary	Loan - net advanced / (settled)	**26,271,512**	-
		Interest income	**1,866,386**	-
IGI Insurance Limited	Associate	Sales	**15,551,674**	46,259,173
		Purchase of insurance policies	**25,964,649**	27,580,663
Dawood Family Takaful Limited	Associate	Purchase of insurance policies	**3,980,759**	2,947,251
Staff retirement funds		Contribution	**118,363,070**	90,527,733

32.1 Details of the Company's subsidiaries and associated company incorporated outside Pakistan are as follows:

Details	Name of the Company			
	TechVista Systems FZ LLC	**TechVista Systems LLC**	**TechVista Systems MP LLC**	**Visionet Systems Inc.**
Country of incorporation	UAE	UAE	UAE	USA
Registered Address	TechVista Systems MP LLC, Office 603, 6th Floor, Exchange Tower, Business Bay, Dubai, UAE	TechVista Systems MP LLC, Office 603, 6th Floor, Exchange Tower, Business Bay, Dubai, UAE	TechVista Systems MP LLC, Office 603, 6th Floor, Exchange Tower, Business Bay, Dubai, UAE	Visionet Systems Inc. Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641
Basis of Association	Subsidiary	Sub-Subsidiary	Sub-Subsidiary	Associate (Common Directorship)
Percentage of shareholding	100%	-	-	-

33. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements 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		Other Executives	
		2019	2018	2019	2018	2019	2018
		(Nos)					
Number of persons		1	1	6	6	339	251
		(Rupees)					
Managerial remuneration		**33,600,000**	30,000,000	**-**	-	**959,059,848**	712,711,872
Retirement benefits		**2,240,000**	1,860,000	**-**	-	**59,096,019**	42,062,058
Bonus		**-**	-	**-**	-	**31,280,931**	37,209,820
Fees	(33.2)	**-**	-	**1,354,000**	1,450,000	**-**	-
		35,840,000	31,860,000	1,354,000	1,450,000	1,049,436,798	791,983,750

33.1 In addition to the above remuneration, the Chief Executive Officer and certain executives are also provided with company maintained cars, free medical and mobile phone facilities in accordance with their entitlement.

33.2 Fees represent the amounts paid to Non Executive Directors for attending meetings of the Board and its sub-committees.

33.3 During the year, the Chief Executive and Other Executives were granted 525,412 (2018: 544,210) and 406,500 (2018: 344,822) share options respectively, which have a vesting period of two years. Further, the impact of benefits available to the Chief Executive and other executives recognized by the Company on account of share-based payment plans aggregated to Rs. 26.44 (2018: Rs. 22.33) million and Rs. 29.46 (2018: 13.83) million, respectively.

33.4 During the current year, certain executives of the Company exercised stock option under employee stock option scheme according to which 85,397 (2018: 385,896) shares were issued to them.

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:

	2019	2018
34.1 Basic earnings per share	**Rupees**	Rupees
Profit for the year	**1,364,131,709**	1,009,483,171
	(Number of shares)	
		(Restated)
Weighted average number of ordinary shares outstanding during the year	**123,473,974**	123,234,025
Basic earnings per share (Rupees)	**11.05**	8.19

34.2 Diluted earnings per share

	2019 Rupees	2018 Rupees
Profit for the year	**1,364,131,709**	1,009,483,171
	(Number of shares)	
		(Restated)
Weighted average number of ordinary shares (basic)	**123,473,974**	123,234,025
Effect of share options	**1,055,607**	438,197
Weighted average number of ordinary shares - diluted	**124,529,581**	123,672,222
Diluted earnings per share (Rupees)	**10.95**	8.16

34.3 The weighted average number of ordinary shares of 2018 has been restated in accordance with the requirements of IAS 33 due to issuance of 11,221,354 bonus shares in 2019.

35. CASH GENERATED FROM OPERATIONS

	Note	2019 Rupees	2018 Rupees
Profit before taxation		**1,392,672,376**	1,055,107,775
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation on property and equipment	(4.3)	**147,078,752**	109,199,035
Depreciation on right-of-use asset	(7)	**36,465,086**	-
Amortization of intangibles	(5)	**29,911,545**	26,771,293
Exchange gain on translation of export debts	(28)	**(157,598,142)**	(327,190,281)
Gain on short term investments	(28)	**(57,843,863)**	(11,864,417)
Share based payment expense		**55,909,956**	36,163,103
Gain on disposal of property and equipment	(28)	**(16,743,906)**	(9,369,368)
Allowance for ECLs/provision for doubtful debts-contract assets	(27)	**(11,760,292)**	90,817,128
Allowance for ECLs / provision for doubtful debts - trade debts	(27)	**100,083,434**	16,369,724
Bad debts - written off	(27)	**24,652,515**	11,180,130
Interest on loan to subsidiary	(28)	**(25,053,472)**	(13,723,243)
Finance costs	(29)	**39,164,417**	18,834,198
		1,556,938,406	1,002,295,077
Working capital changes			
(Increase) / Decrease in current assets			
Contract Assets		**(60,698,694)**	(29,933,358)
Trade debts		**84,720,341**	(616,238,931)
Loans and advances		**(53,877,211)**	(117,570,364)
Trade deposits and short term prepayments		**(9,471,255)**	(76,863,514)
Other receivables		**195,338,066**	(11,674,366)
Increase / (Decrease) in current liabilities			
Trade and other payables		**121,256,530**	87,809,420
Contract Liabilities		**79,005,098**	-
		356,272,875	(764,471,113)

36. FINANCIAL RISK MANAGEMENT

Financial instruments comprise deposits, contract assets, interest accrued, trade debts, advances to employees against salaries, loans, other receivables, cash and bank balances and short term investments, trade and other payables and mark up accrued on short term borrowings..

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.

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 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.

	Changes in Rate	Effect on profit before tax	Effect on profit before tax
		2019 Rupees	2018 Rupees
Receivables - USD	+1	**3,763,694**	3,618,155
	-1	**(3,763,694)**	(3,618,155)
Receivables - AED	+1	**20,148,584**	33,749,074
	-1	**(20,148,584)**	(33,749,074)
Bank balance - USD	+1	**115,734**	14,212
	-1	**(115,734)**	(14,212)
Reporting date rate:			
USD		**154.7**	138.8
AED		**42.1**	37.8

(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 has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the balance sheet date, the interest rate profile of the Company's interest-bearing financial instruments was:

	2019	2018
Fixed rate instruments	**Rupees**	Rupees
Financial assets		
Short term investments	**780,000,000**	295,000,000
Bank balances - deposit accounts	**862,698,678**	347,087,233
	1,642,698,678	642,087,233
Financial liabilities		
Short term borrowings	**650,000,000**	450,000,000

Fair value sensitivity analysis for fixed rate instruments

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 reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates, with all other variables held constant, of the Company's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting date were outstanding for the whole year.

		Changes in interest rate	**Effects on profit before tax**
Short term investments	**2019**	**+1**	7,800,000
		-1	(7,800,000)
	2018	+1	2,950,000
		-1	(2,950,000)
Bank balances - deposit accounts	**2019**	**+1**	8,626,987
		-1	(8,626,987)
	2018	+1	3,470,872
		-1	(3,470,872)

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 Company does not have significant exposure to any individual third 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:

	2019 Rupees	2018 Rupees
Contract Assets	**374,709,876**	365,337,819
Trade debts	**1,799,468,312**	1,916,900,586
Trade deposits	**215,972,028**	175,758,606
Advances to employees against salaries	**6,264,346**	3,848,442
Loans to related party	**196,897,866**	229,595,332
Other receivables	**-**	195,338,066
Interest accrued	**2,491,952**	1,457,808
Short term investment	**780,000,000**	295,000,000
Bank balances	**1,093,904,265**	400,535,229
	4,469,708,645	3,583,771,888
The aging of trade receivables at the reporting date is:		
0 - 120 days	**1,321,399,384**	1,075,394,787
121 - 365 days	**551,611,073**	802,265,386
Above one year	**61,564,551**	77,308,250
	1,934,575,008	1,954,968,423
Expected Credit Losses	**(135,106,696)**	(38,067,837)
	1,799,468,312	1,916,900,586

As at year end, 76% of trade debts (2018: 77%) were represented by two customers amounting to Rs. 1,383.02 (2018: Rs. 1,475.53) million. The management believes that the Company is not exposed to customer concentration risk as these customers are related parties of the Company.

The Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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 reporting date:

Banks		**Rating**		**2019**	2018
	Short term	**Long term**	**Agency**	**Rupees**	Rupees
Habib Metropolitan Bank	A1+	AA+	PACRA	**830,740,889**	491,888,068
Bank Islami Pak	A1	A+	PACRA	**7,694,101**	8,898,514
United Bank Limited	A1+	AAA	JCR-VIS	**103,185,630**	12,553,691
Faysal Bank	A1+	AA	PACRA	**63,875,350**	4,289,170
Standard Chartered Bank	A1+	AAA	PACRA	**17,953,790**	19,731,573
Finca Microfinance Bank	A1	A	PACRA	**362,203**	-
Meezan Bank	A1+	AA+	JCR-VIS	**207,752,821**	38,608
Bank Alfalah Limited	A1+	AA+	PACRA	**17,341,735**	-
Habib Bank Limited	A1+	AAA	JCR-VIS	**40,559,726**	37,041,239
MCB Bank Limited	A1+	AAA	PACRA	**584,438,017**	125,335,841
				1,873,904,262	699,776,704

36.3 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 2019:

	amount	flows	one year	five years	years
	--	--------------------Rupees	--------------------	--------------------	--------------------
Trade and other payables	**519,398,841**	**519,398,841**	**519,398,841**	**-**	**-**
Short term borrowings	**650,000,000**	**650,000,000**	**650,000,000**	**-**	**-**
Mark-up accrued on short term borrowings	**4,873,969**	**4,873,969**	**4,873,969**	**-**	**-**
	1,174,272,810	**1,174,272,810**	**1,174,272,810**	**-**	**-**

The following are the contractual maturities of financial liabilities as at 31 December 2018:

Trade and other payables	410,373,214	410,373,214	410,373,214	-	-
Short term borrowings	450,000,000	450,000,000	450,000,000	-	-
Mark-up accrued on short term borrowings	3,689,005	3,689,005	3,689,005	-	-
	864,062,219	864,062,219	864,062,219	-	-

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 financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

36.5 Financial instruments by categories

	Financial assets at amortized cost 2019 Rupees	Financial assets at amortized cost 2018 Rupees
Assets as per statement of financial position		
Long term deposits	51,939,797	18,036,753
Contract assets	374,709,876	365,337,819
Trade debts	1,799,468,312	1,916,900,586
Loans and advances	328,160,020	274,282,809
Security deposits	164,032,231	157,721,853
Interest accrued	2,491,952	1,457,808
Other receivables	-	195,338,066
Short term investments	780,000,000	295,000,000
Cash and bank balances	1,095,555,314	400,760,630
	4,596,357,502	3,624,836,324

Liabilities as per statement of financial position	Financial liabilities at amortized cost 2019 Rupees	Financial liabilities at amortized cost 2018 Rupees
Mark-up accrued on short term borrowings	4,873,969	3,689,005
Short term borrowings	650,000,000	450,000,000
Contract liabilities	104,154,979	25,149,881
Unclaimed dividend	8,345,525	1,975,820
Trade and other payables	534,812,425	411,259,725
	1,302,186,898	892,074,431

36.6 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 2019 and 31 December 2018, the Company did not have any financial instruments carried at fair value.

36.7 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).

The debt - to- equity ratio as to 31 December is as follows	**2019**	2018
	Rupees	Rupees
Net debt	-	-
Total equity	**5,216,466,331**	4,078,869,538
Capital gearing ratio	-	-

Since the Company, has healthy cash flows at year 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 debts at 31 December 2019 except two short term running finance facilities of Rs. 450 million and Rs. 200 million.

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

37. PROVIDENT FUND TRUST

37.1 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 218 of the Companies Act 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

		2019	2018
		Rupees	Rupees
	Note	**Un-audited**	Audited
Size of the fund (net assets)		**459,671,598**	350,240,852
Cost of investment made (actual investments made)	(37.2)	**124,601,173**	199,882,093
Percentage of investment made (cost of investments)		**27.11%**	57.07%
Fair value of investments		**446,877,691**	207,721,607

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:

	2019		2018	
Description	**Investments**	**% of investment as size of the fund**	Investments	% of investment as size of the fund
	Rupees		Rupees	
Mutual Funds	**121,601,173**	**26.5%**	136,882,093	39.1%
Defense saving certificates	**3,000,000**	**0.7%**	3,000,000	0.9%
Term Deposit Receipts	**-**	**0.0%**	60,000,000	17.1%
	124,601,173	**27.2%**	199,882,093	57.1%

38. NUMBER OF EMPLOYEES

	2019	**2018**
Total number of employees at the end of the year were as follows:		
Regular	**1,647**	1,214
Contractual	**1,527**	1,075
	3,174	2,289
Average number of employees during the year were as follows:		
Regular	**1,449**	1,162
Contractual	**1,381**	919
	2,830	**2,081**

39. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on 25 March 2020 have proposed a final cash dividend for the year ended 31 December 2019 of Rs. 2.25 (2018: Rs. 2) per share for approval of the members at the Annual General Meeting to be held on 29 May 2020. These financial statements for the year ended 31 December 2019 do not include the effect of these appropriations

The outbreak of novel Coronavirus (COVID-19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The situation has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts.

The Company's revenues are materially contributed by the North America and Middle East regions (Note 31) and are expected to bear an impact in the given situation. The extent and duration of such impact remains uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of COVID-19 and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these unconsolidated financial statements.

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on 25 March 2020 by the Board of Directors of the Company.

41. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for better and fair presentation. However, no significant re-arrangement / reclassifications have been made in these financial statements.

42. GENERAL

Figures have been rounded off to the nearest of rupees, unless otherwise stated.

(CHAIRMAN) (CHIEF EXECUTIVE OFFICER) (CHIEF FINANCIAL OFFICER)

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SYSTEMS LIMITED
Consolidated Financial Statements

EY Building a better working world

INDEPENDENT AUDITOR'S REPORT

To the members of Systems Limited

Report on the audit of the consolidated financial statements

Opinion

We have audited the annexed consolidated financial statements of Systems Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss , the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.
In our opinion, consolidated financial statements give a true and fair view of consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan / The Institute of Cost and Management Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit
1. First time adoption of International Financial Reporting Standard 9 - Financial Instruments (IFRS 9)	
As referred to in Note 3.1.2 to the accompanying consolidate financial statements, the Group has adopted IFRS 9 with effect from 1 January 2019. The new standard requires the Group to record impairment of financial assets using Expected Credit Loss (ECL) approach as against the Incurred Loss model previously applied by the Group under IAS 39. Determination of ECLs for financial assets requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time adoption of IFRS 9 as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgments in this regard.	Our audit procedures, amongst others, included: • Understanding the Group's process of developing an ECL model including internal controls associated with the same. • Evaluation of the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. • Assessment of completeness, accuracy and quality of the data used for ECL computation based on the accounting records and information system of the Group as well as the related external sources as used for this purpose. • Testing the mathematical accuracy of the ECL model by performing recalculation on sample basis. • Assessment of the adequacy of disclosures in the financial statements of the Group regarding application of IFRS 9 as per the requirements of the standard.
2. Revenue recognition & first time adoption of International Financial Reporting Standard 15 - Revenue from Contracts with Customers (IFRS 15)	
As referred to in Note 3.1.1 to the accompanying consolidated financial statements, the Group has adopted IFRS 15 with effect from 1 January 2019 using modified retrospective approach. The new standard has substantially changed the criteria for revenue recognition for the Group as it is based on the core principle that revenue should be recognized for the amount that is the expected equivalent value of the performance obligation.	Our audit procedures, amongst others, included: • Understanding the management's process of assessing the impact of transition to IFRS 15, and the key judgments involved; • Evaluating the cumulative effect of adjustments made as at 1 January 2019 for compliance with respect to IFRS 15;

Key Audit Matters	How the matter was addressed in our audit
The Group's revenue is derived from a number of revenue streams, including outsourcing services and software sale in the form of short term and long term projects, sometimes leading to revenue being recognized over multiple accounting periods. Large contracts are typically bundled, and often include sale of software with major customization / development and support services. As referred to in Note 3.12 to the accompanying consolidated financial statements, revenue from software sale with major customization / development along with support services is recognized by applying the percentage of completion (PoC) method based on cost incurred to date as a percentage of total budgeted cost. The application of PoC method requires significant management estimates in relation to budgeting the cost to complete. These estimates take into account, amongst others, the prices of services as applicable, forecast escalations, time spent and expected completion date at the time of such estimation. Due to the complexity of transition to the new standard, the consequent change in accounting policy and significant estimation involved in the revenue recognition process, we have identified revenue recognition and adoption of IFRS 15 as a key audit matter.	• Performing a walkthrough to assess the design sufficiency and tests of controls to assess operating effectiveness of key management controls over implementation and the revenue recognition process under IFRS 15; • Evaluating the impact assessment performed by management on revenue streams by selecting samples for the existing contracts with customers and considering revenue recognition policy in the current period in respect of those revenue streams; • Obtaining an understanding and evaluating the appropriateness of the Group's revenue recognition policies including those relating to percentage of completion method and compliance of those policies with IFRS 15; • Selecting a sample of revenue transactions recognized during the year and recalculating the revenue recognized along with evaluation of the management basis used in determining the percentage of completion in accordance with accounting policy; • Performing substantive analytical procedures including monthly trend analysis of revenue by considering both internal and external benchmarks, based on our understanding of the industry, to compare the reported results with our expectation; • Comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; and • Assessing the adequacy of disclosures made in respect of accounting policy, revenue recognized during the year and the new disclosure requirements of IFRS 15.
3. Preparation of consolidated financial statements	
The Group's consolidated financial statements comprise of transactions and balances of the parent company and its subsidiaries and sub-subsidiaries in foreign countries. Consolidating these financial statements involves translation of foreign entities' financial statements, elimination of intercompany transactions and balances, and consolidation of the amounts and disclosures of each entity's financial statements. Significant auditor attention is required in review of the consolidation schedules as the foreign exchange differences and intercompany transactions are material to the consolidated financial statements as a whole, hence these are considered a Key Audit Matter.	Our audit procedures, amongst others, included: • Reviewing the consolidation schedules in relation to translation of foreign currency transactions and balances at appropriate foreign exchange rates and the computation of resultant exchange differences. • Cross-matching the inter-company transactions and balances with the respective financial statements of the entities for elimination of the same. • Reviewing the arithmetic accuracy of the consolidation schedules. • Reviewing the completeness of disclosures in the consolidated financial statements by comparing with the relevant disclosures in each entity's individual financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
  We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Sajjad Hussain Gill.

EY Ford Rhodes

Chartered Accountants
Lahore: 18 April 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

ASSETS	Note	2019 Rupees	2018 Rupees
Non-current assets			
Property and equipment	4	1,432,463,695	961,634,686
Intangibles	5	186,746,196	173,060,937
Long term deposits		54,945,797	22,970,553
Advance against purchase of land		28,750,000	122,560,000
Right-of-use asset	6	145,860,345	-
		1,848,766,033	1,280,226,176
Current assets			
Contract assets	7	517,883,251	571,727,867
Trade debts	8	1,749,074,142	1,691,798,483
Loans and advances	9	145,239,392	69,695,751
Trade deposits and short term prepayments	10	428,329,620	322,718,950
Interest accrued		2,491,952	1,457,808
Other receivables	11	180,821,432	207,780,930
Short term investments	12	780,000,000	295,000,000
Tax refunds due from the government	13	209,458,326	165,250,487
Cash and bank balances	14	1,516,152,353	761,651,601
		5,529,450,468	4,087,081,877
TOTAL ASSETS		7,378,216,501	5,367,308,053
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
200,000,000 (2018: 200,000,000) ordinary shares of Rs. 10/- each		2,000,000,000	2,000,000,000
Issued, subscribed and paid up capital	15	1,235,202,990	1,122,135,480
Capital reserves	16	640,362,515	559,888,228
Revenue reserve - unappropriated profit		3,674,024,548	2,488,343,457
		5,549,590,053	4,170,367,165
Non-controlling interest		(20,655,613)	(1,276,580)
		5,528,934,440	4,169,090,585
Non-current liabilities			
Long term advances	17	28,652,726	18,565,295
Lease liabilities	18	129,188,921	-
Provision for gratuity		8,871,314	6,636,508
		166,712,961	25,201,803
Current liabilities			
Trade and other payables	19	790,421,805	643,438,360
Unclaimed dividend		8,345,525	1,975,820
Contract liabilities	20	164,423,043	53,828,061
Short term borrowings	21	672,000,000	460,423,914
Mark-up accrued on short term borrowings		4,873,969	3,689,005
Current portion of lease liabilities		29,284,595	-
Current portion of long term advances		13,220,163	9,660,505
		1,682,569,100	1,173,015,665
TOTAL EQUITY AND LIABILITIES		7,378,216,501	5,367,308,053
CONTINGENCIES AND COMMITMENTS	22		

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

(CHAIRMAN) (CHIEF EXECUTIVE OFFICER) (CHIEF FINANCIAL OFFICER)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 Rupees	2018 Rupees
Revenue from contracts with customers	23	**7,535,648,069**	5,323,922,442
Cost of revenue	24	**(5,166,301,606)**	(3,795,122,571)
Gross profit		**2,369,346,463**	1,528,799,871
Distribution expenses	25	**(178,002,387)**	(90,539,319)
Administrative expenses	26	**(698,066,995)**	(572,629,509)
Other operating expenses	27	**(163,532,016)**	(138,347,792)
		(1,039,601,398)	(801,516,620)
Operating profit		**1,329,745,065**	727,283,251
Other income	28	**318,491,575**	408,460,653
Finance costs	29	**(47,022,121)**	(27,073,044)
Profit before taxation		**1,601,214,519**	1,108,670,860
Taxation	30	**(33,281,698)**	(47,387,580)
Profit for the year		**1,567,932,821**	1,061,283,280
Attributable to:			
Equity holders of the parent		**1,587,316,864**	1,074,490,752
Non-controlling interest		**(19,384,043)**	(13,207,472)
		1,567,932,821	1,061,283,280
			(Restated)
Earnings per share			
Basic earnings per share	34	**12.86**	8.72
Diluted earnings per share	34	**12.75**	8.69

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

(CHAIRMAN) (CHIEF EXECUTIVE OFFICER) (CHIEF FINANCIAL OFFICER)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 Rupees	2018 Rupees
Profit for the year	**1,567,932,821**	1,061,283,280
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	**-**	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operation	**22,434,746**	24,976,263
Total comprehensive income for the year	**1,590,367,567**	1,086,259,543
Attributable to:		
Equity holders of the parent	**1,609,751,610**	1,099,467,015
Non-controlling interest	**(19,384,043)**	(13,207,472)
	1,590,367,567	1,086,259,543

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

(CHAIRMAN) (CHIEF EXECUTIVE OFFICER) (CHIEF FINANCIAL OFFICER)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

		Capital reserves			Revenue reserve			
	Issued, subscribed and paid up capital	Share premium	Employee compensation reserve	Foreign currency translation reserve	Un-appropriated profit	Total equity attributable to shareholders of parent company	Non controlling interest	Total equity
	Rupees							
Balance as on 01 January 2018	1,118,276,520	473,289,639	9,742,937	1,831,747	1,609,551,095	3,212,691,939	11,930,892	3,224,622,831
Total comprehensive income for the year	-	-	-	24,976,263	1,074,490,753	1,099,467,015	(13,207,472)	1,086,259,543
Transactions with owners								
Issue of share capital	3,858,960	32,222,204	(18,337,666)	-	-	-	-	-
Transfer on account of issuance of share capital	-	-	36,163,103	-	-	-	-	-
Exercise of share options	-	-	-	-	-	17,743,498	-	17,743,498
Share based payments	-	-	-	-	-	36,163,103	-	36,163,103
Final dividend for the year ended 31 December 2017 at the rate of Rs. 1.75 per share	-	-	-	-	(195,698,391)	(195,698,391)	-	(195,698,391)
	3,858,960	32,222,204	17,825,437	-	(195,698,391)	(141,791,790)	-	(141,791,790)
Balance as on 31 December 2018	1,122,135,480	505,511,843	27,568,374	26,808,010	2,488,343,457	4,170,367,164	(1,276,580)	4,169,090,584
Total comprehensive income for the year	-	-	-	22,434,746	1,587,316,864	1,609,751,610	(19,384,043)	1,590,367,567
Impact of adoption of IFRS 15	-	-	-	-	(67,080,734)	(67,080,734)	-	(67,080,734)
Transactions with owners								
Exercise of share options	853,970	6,637,891	(2,422,708)	-	-	5,069,153	-	5,069,153
Issuance of shares	-	-	-	-	-	-	5,010	5,010
Forfeited share options	-	-	(2,085,597)	-	2,085,597	-	-	-
Bonus issue	112,213,540	-	-	-	(112,213,540)	-	-	-
Share based payments	-	-	55,909,956	-	-	55,909,956	-	55,909,956
Final dividend for the year ended 31 December 2018 at the rate of Rs. 2 per share	-	-	-	-	(224,427,096)	(224,427,096)	-	(224,427,096)
	113,067,510	6,637,891	51,401,651	-	(334,555,039)	(163,447,987)	5,010	(163,442,977)
Balance as at 31 December 2019	**1,235,202,990**	**512,149,734**	**78,970,025**	**49,242,756**	**3,674,024,548**	**5,549,590,053**	**(20,655,613)**	**5,528,934,440**

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

(CHAIRMAN) (CHIEF EXECUTIVE OFFICER) (CHIEF FINANCIAL OFFICER)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	(35)	**1,913,617,745**	438,984,404
Finance costs paid		**(45,837,157)**	(26,179,285)
Gratuity paid		**(24,787,264)**	(10,961,861)
Taxes paid		**(73,466,595)**	(34,626,533)
		(144,091,016)	(71,767,679)
Cash flows from operating activities		**1,769,526,729**	367,216,725
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(657,856,842)**	(188,422,086)
Decrease / (increase) in advance against payment of land		**93,810,000**	(122,560,000)
Development expenditures		**(50,218,616)**	(58,457,965)
Sale proceeds from disposal of property and equipment		**48,005,073**	17,748,012
Short term investments - net		**(485,000,000)**	(70,000,000)
Profit received on short term investments		**57,391,884**	10,781,491
Increase in long term deposits		**(31,975,244)**	(2,627,814)
Cash used in investing activities		**(1,025,843,745)**	(413,538,362)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		**5,069,153**	17,743,498
Dividend paid		**(218,057,391)**	(193,722,571)
Short term borrowing		**211,576,086**	250,000,000
Payment of principal portion of lease liabilities		**(23,851,915)**	-
Increase in long term advances		**13,647,089**	11,100,793
Cash flows from financing activities		**(11,616,978)**	85,121,720
Increase in cash and cash equivalents		**732,066,006**	38,800,083
Net foreign exchange difference		**22,434,746**	24,976,263
Cash and cash equivalents at the beginning of the year		**761,651,601**	697,875,255
Cash and cash equivalents at the end of year	(14)	**1,516,152,353**	761,651,601

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

(CHAIRMAN) (CHIEF EXECUTIVE OFFICER) (CHIEF FINANCIAL OFFICER)

1. CORPORATE INFORMATION

Holding Company

Systems Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 2017 and is listed on the Pakistan Stock Exchange. The Company is principally engaged in the business of software development, trading of software and business process outsourcing services. The registered office of the Company is situated at E-1, Sehjpal Road, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt.

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, Pakistan. The Company is engaged in the business of developing software and providing ancillary services.

TechVista Systems LLC is a Limited Liability Company registered in the Emirate of Dubai under Federal Law No. 2 of 2015, is 100% controlled by TechVista Systems FZ-LLC. The Company is licensed as a software house.

TechVista Manpower LLC (TechVista MP LLC) , a Sole Establishment, duly licensed by Dubai Economic Department, under License No. 800123, is 100% controlled by TechVista Systems FZ-LLC.

SUS JV Private Limited, a private limited company registered under the Companies Act, 2017 is a 95% owned subsidiary of Systems Limited. The Company is set up for the Balochistan Land Revenue Management Information Systems project. The project is related to digitization of land records and development of a web-based management information system.

E-Processing Systems (Private) Limited, a private limited Company registered under the Companies Act, 2017 incorporated on 06 February 2013, is a 55% (2017: 53%) owned subsidiary of Systems Limited. The Company is principally engaged in the business of purchase and sale of airtime and related services.

1.1 Geographical location and addresses of major business units of the Group are as under:

Business Units	Geographical Location	Address
Head Office -Systems Limited	Lahore	E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt.
Dubai Office -TechVista Systems FZ LLC	Dubai	TechVista Systems FZ LLC, Unit 105, Building 11, Dubai Internet City, Dubai Creative Clusters Authority, Dubai, United Arab Emirates.
Dubai Office -TechVista Systems LLC	Dubai	TechVista Systems LLC, Office 1905, Regal Tower Business Bay, Dubai, UAE
Dubai Office -TechVista MP LLC	Dubai	TechVista Systems MP LLC, Office 603, 6th Floor, Exchange Tower, Business Bay, Dubai, UAE

Geographical Location and address of the E-processing Systems (private) Limited and SUS (private) Limited is same as of the Holding Company.

2. STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standard (IFRS Standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act) ; and

- Provisions and directives issued under the Act.

  Where provisions of and directives issued under the Act, differ from the IFRS Standards, the provisions of and directives issued under the Act , have been followed.

2.2 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention.

2.3 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".

2.3.1 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 inter-Company balances, transactions and unrealized gains and losses resulting from inter-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.

2.3.2 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.

2.4 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

2.5 Use of estimates and judgments

The Group's significant accounting policies are stated in Note 3. 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:

2.5.1 Provision for taxation (Note 3.3)

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.

2.5.2 Useful life and residual values of property and equipment (Note 3.4)

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.

2.5.3 Expected credit losses (Note 3.9.1)

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information which includes forecast economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

2.5.4 Revenue recognition (Note 3.12)

2.5.4.1 Identification of distinct performance obligations

For contracts with multiple components to be delivered, the Group applies judgement to determine performance obligations which are distinct; or not distinct, which are aggregated with other performance obligations until a bundle is identified that is distinct.

2.5.4.2 Estimating stand-alone selling prices of performance obligations

The Group determines stand-alone selling prices of all performance obligations in a bundled contract, which include sale of license, implementation, support, warranty and training. The total transaction price is allocated to all distinct performance obligations based on estimated cost of completion, plus target margin on each of the performance obligations.

2.5.4.3 Stage of completion

The Group determines stage of completion on the basis of cost incurred to date as a percentage of total estimated cost to deliver the performance obligations.

2.5.5 Determining the lease term of contracts with renewal options (Note 3.17)

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for an additional term. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew i.e. it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

2.5.6 Provisions (Note 3.11)

A provision is recognized in the consolidated statement of financial position 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.

3. 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 3.1, below:

3.1 New, amended standards and interpretations which became effective

The Group has adopted the following accounting standards, amendments and interpretations of IFRSs which became effective for the current year and had material impact on the accounting policies and financial statements:

IFRS 15 - Revenue from contracts with customers (Note 3.1.1)
IFRS 9 - Financial Instruments (Note 3.1.2)
IFRS 16 - Leases (Note 3.1.3)

The following standards, amendments and interpretations of IFRSs became effective for the current year and were adopted, but did not have any material effect on the accounting policies and financial statements:

IFRS 2 - Share Based Payment - Classification and Measurement of Share Based Payment Transactions (Amendments)
IFRS 3 - Previously held interest in a joint operation
IFRS 11 - Previously held interest in a joint operation
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments)
IFRS 14 - Regulatory Deferral Accounts
IFRIC 22 - Foreign Currency Transactions and Advance Consideration
IFRIC 23 – Uncertainty over Income Tax Treatments
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments)
IAS 12 - Income tax consequences of payments on financial instruments classified as equity
IAS 23 - Borrowing costs eligible for capitalization
IAS 28 - Investment in associates and Joint ventures: Long term interest in Associates and Joint ventures (Amendments)
IAS 40 - Investment Property- Transfers of Investment Property (Amendments)
Annual improvements 2015 - 2017

3.1.1 IFRS 15 - Revenue from contracts with customers

The Group implemented the new standard IFRS 15 - Revenue from Contracts with Customers as of 1 January 2019. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard replaces IAS 18 - Revenue and IAS 11 - Construction contracts and related interpretations.

The core principle of IFRS 15 is that revenue should be recognized for the amount that is the expected equivalent value of the performance obligation. The new standard employs a five-step model framework for determining the amount and timing of revenue in order to implement this principle.

The Group applied the modified retrospective method upon adoption of IFRS 15 on 1 January 2019. This method requires the recognition of the cumulative effect of initially applying IFRS 15 to retained earnings and not to restate prior years. The cumulative effect recorded at 1 January 2019 was a decrease to retained earnings of Rs. 63.09 million.

The impact of adoption of IFRS 15 is as follows:

The most significant impact to the Group, upon adoption of IFRS 15, relates to the identification of contracts with customers, identification of distinct performance obligations and allocation of transaction price to the distinct performance obligations (based on their standalone selling prices).

In case of a multiple element arrangements (e.g. contract to deliver various performance obligations to a single customer), the total transaction price of the bundled contract is allocated among the individual distinct performance obligations based on their relative standalone selling prices.

The Group's contracts with customers entail three separate performance obligations as follows:

i) Software licenses, implementation and customization
ii) Formal training and support for implementation
iii) Outsourcing services

The Group identified all material and significant contracts in hand which were not closed or completed by 31 December 2018 and applied IFRS 15 on those contracts to evaluate and analyze the impact that IFRS 15 would have made on the revenue recognition from those contract. These contracts outline a fixed fee for the software license and maintenance services and provision of some other related services to the same customer. Total transaction price for these items was allocated to each of these performance obligations based on the relative standalone selling prices.

The adjustments made to items in the Statement of Financial Position as of 1 January 2019 and attributable to IFRS 15 are as follows:

	Carrying amount in accordance with IAS 18 as at 31 December 18	Adjustment	Carrying amount in accordance with IFRS 15 as at 1 January 19
	---------------------- Rupees	---------------------	
ASSETS			
Current assets:			
Contract assets	571,727,867	(67,080,734)	504,647,133
EQUITY AND LIABILITIES			
Share capital and reserves:			
Revenue reserve: Un-appropriated profit	2,488,343,457	(67,080,734)	2,421,262,723

Following is the comparison of values of relevant items from the financial statements as of 31 December 2019 in accordance with IFRS 15 as compared to IAS 18 and related interpretations:

	Carrying amount in accordance with IFRS 15 as at 31 December 19	Adjustment	Carrying amount in accordance with IAS 18 as at 31 December 19
ASSETS	---------------------- Rupees ---------------------		
Current assets:			
Contract assets	517,883,251	(14,153,928)	503,729,323
EQUITY AND LIABILITIES			
Share capital and reserves:			
Revenue reserve: Un-appropriated profit	3,674,024,548	(14,153,928)	3,659,870,620

	Amount from January to December 2019 in accordance with IFRS 15	Adjustment	Amount from January to December 2019 in accordance with IAS 18
REVENUE	---------------------- Rupees ---------------------		
Outsourcing services	616,191,714	-	616,191,714
Software trading	514,094,774	24,125,422	538,220,196
Software implementation	4,125,176,785	(9,971,494)	4,115,205,291
Sale of air-time	193,861,571	-	193,861,571

The Group has made the following re-classifications as per the requirements of IFRS 15:

	Classification under IAS 18	Classification under IFRS 15
Revenue not billed to the customers	Unbilled revenue	Contract assets
Mobilization advances	Advances from customers	Contract liabilities

Note 3.12 explains the changes and new accounting policies introduced on 1 January 2019 resulting from the adoption of IFRS 15.

3.1.2 IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after July 01, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting. The initial application date of IFRS 9 was July 01, 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). During February 2019, the SECP modified the effective date for applicability of IFRS 9 in place of IAS 39 as reporting period / year ending on or after June 30, 2019. The Group has adopted IFRS 9 from January 01, 2019 using the modified retrospective approach.

The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 985 (I)/2019 dated 02 September 2019 has deferred the requirements of IFRS 9 with respect to application of 'Expected Credit Loss Method' in respect of companies holding financial assets due from the Government of Pakistan till 30 June 2021. In this regard, the companies shall follow relevant requirements of IAS 39 'Financial Instruments: Recognition and Measurement' during the exemption period.

IFRS 9 retains but simplifies the measurement model and establishes the measurement categories of financial asset: amortized cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets.

The application of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The accounting for the Group's financial liabilities remains approximately the same as it was under IAS 39.

IMPACT OF ADOPTION OF IFRS 9 - FINANCIAL INSTRUMENTS

The management has reviewed and assessed the Group's existing financial assets for impairment in accordance with the guidance included in IFRS 9, to determine the credit risk associated with the respective financial assets and has incorporated the same in the financial statements of the Group. The management has also concluded that the impact of impairment of these financial assets under IFRS 9 is insignificant for the Group's financial statements of prior year and accordingly no adjustment has been made to the figures reported in previous year.

Following is the comparison of values of relevant items from the financial statements as of 31 December 2019 in accordance with IFRS 9 as compared to IAS 39 and related interpretations:

	Carrying amount in accordance with IFRS 9 as at 31 December 19	Adjustment	Carrying amount in accordance with IAS 39 as at 31 December 19
	-----------------------	Rupees	----------------------
ASSETS			
CURRENT ASSETS			
Contract assets	517,883,251	43,150	517,926,401
Trade debts	1,749,074,142	101,752,745	1,850,826,887
Other operating expenses	163,532,016	(101,795,895)	61,736,121

The following table explains the previous measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and liabilities as at January 1, 2019:

Financial Assets	Classification under IAS 39	Classification under IFRS 9
Long Term Investments	Available for sale	Amortized cost
Long Term deposits	Loans and receivables	Amortized cost
Contract Assets	Loans and receivables	Amortized cost
Trade debts	Loans and receivables	Amortized cost
Loans and advances	Loans and receivables	Amortized cost
Trade deposits and short term prepayments	Loans and receivables	Amortized cost
Interest accrued	Loans and receivables	Amortized cost
Short term investments	Held to maturity	Amortized cost
Cash and bank balances	Loans and receivables	Amortized cost

Note 3.14 explains the changes and new accounting policies introduced on 1 January 2019 resulting from the adoption of IFRS 9.

3.1.3 IFRS 16 - Leases

The Group implemented IFRS 16, as issued by the International Accounting Standards Board (IASB) in January 2016, from 1 January 2019.

IFRS 16 supersedes IAS 17 - Leases, IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC 15 - Operating Leases-Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Group has lease contracts for its various offices. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in Statement of Profit or Loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, the Group initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the Group may use the incremental rate of borrowing. The right-of-use asset is initially measured at the present value of lease liability, adjusted for lease prepayments and borrowing costs.

The Group has adopted IFRS 16 using the modified retrospective restatement approach and measured the right of use asset equal to the present value of lease liabilities. The impact is insignificant for the Group's financial statements of prior year and accordingly no adjustment has been made to the figures reported in previous year.

Note 3.17 explains the changes and new accounting policies introduced on 1 January 2019 resulting from the adoption of IFRS 16.

3.2 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Group undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

Its assets, including its share of any assets held jointly;

Its liabilities, including its share of any liabilities incurred jointly;

Its revenue from the sale of its share of the output arising from the joint operation;

Its share of the revenue from the sale of the output by the joint operation; and

Its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When Group transacts with a joint operation in which a Group is a joint operator, the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's financial statements only to the extent of other parties' interests in the joint operation.

When Group transacts with a joint operation in which Group is a joint operator, the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

The Group has interest in joint operation UUS Joint Venture (Private) Limited, a Group set up specifically for executing multi-year contract "Package 04A – Airport Information Management System (AIMS)", a turnkey project for New Islamabad International Airport by Pakistan Civil Aviation Authority.

3.3 Taxation

3.3.1 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 be applied 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.

3.3.2 Deferred

Deferred tax is accounted for using the 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 reporting date. Deferred tax is charged or credited in the Statement of profit or loss, except in the case of items credited or charged to other comprehensive income in which case it is included in other comprehensive income.

3.4 Property and equipment

3.4.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at historic cost. Cost of operating fixed assets consists 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 Statement of profit or loss 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 4. 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.

3.4.2 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.

3.5 Intangibles

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.
- Intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Group's ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and impairment losses, if any. These are amortized using straight line method at the rate given in note 5. 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 reporting 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 Statement of profit or loss. 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.

3.6 Impairment of 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 Statement of profit or loss.

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.

3.7 Staff benefits

The Group has the following plans for its employees:

3.7.1 Provident fund

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

3.7.2 Employees' share option scheme

The Holding 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 Group's shares at a price determined on the date of grant of options.

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

3.7.3 Gratuity

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

3.8 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the reporting 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 Statement of profit or loss.

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 Statement of profit or loss 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 Statement of profit or loss.

3.9 Trade debts

Trade debts from local customers are stated at amortized cost less expected credit losses while foreign debtors are stated at translated amount by applying exchange rate applicable on the reporting date.

3.9.1 Expected credit losses

Expected credit losses are calculated as a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive). (Refer to note 3.14.4 for detailed policy for impairment of financial assets)

3.9.2 Advances, deposits and other receivables

These are recognized at nominal amount which is fair value, if considerations to be received in future.

3.10 Trade and other payables

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

3.11 Provisions and contingencies

Provisions are recognized in the consolidated statement of financial position 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 reporting 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.

3.12 Revenue recognition

3.12.1 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.

3.12.2 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.

3.12.3 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.

3.12.4 Sale of third party software

Revenue is recognized at the point in time when obligations under the terms of the contract with the customer are satisfied; generally this occurs when control of the software has transferred and there is no unfulfilled obligation that could affect the customer's acceptance of the software usually on delivery of the software.

3.12.5 Sale and purchase of air time and related services

Revenue is measured at fair value of the consideration received or receivable and represents amount received and receivable from the sale of air time and related services in normal course of business, net of discounts, if any. Revenue from sale of air time is recognized when air time is transferred to customers.

3.12.6 Contract Assets

A contract asset is initially recognized for revenue earned because the receipt of consideration is conditional on successful completion of the milestones as per contract. Upon completion of the milestone and acceptance by the customer, the amount recognized as contract assets is reclassified to trade debts.

3.12.7 Contract Liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the related goods or services are transferred. Contract liabilities are recognized as revenue as and when performance obligations are delivered under the contract.

3.13 Other income

Profit on deposit account and gain on short term investments and other income is recognized using effective interest rate method.

3.14 Financial instruments - Initial recognition and subsequent measurement

3.14.1 Initial Recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value, amortized cost or cost as the case may be.

3.14.2 Classification

3.14.2.1 Classification of financial assets

The Group classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

3.14.2.2 Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit and loss ("FVTPL"), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

3.14.3 Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

3.14.4 Impairment of financial assets

The Group recognizes loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost at an amount equal to life time ECLs except for the following, which are measured at 12 month ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument has not increased since the inception.)

- other short term loans and receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs. Life time ECLs are the ECLs that result from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECLs that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive).

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

3.14.5 Derecognition

i) Financial assets

The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve.

ii) Financial liabilities

The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

3.14.6 Offsetting of financial assets and liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position 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.

3.15 Finance costs

Finance cost is charged to consolidated statement of profit or loss in the year in which it is incurred.

3.16 Cash and cash equivalents

Cash and cash equivalents are stated in the consolidated statement of financial position at cost. For the purpose of the consolidated cash flow statement, cash and cash equivalents are comprised of cash in hand, cheques/demand drafts in hand and deposits in the bank.

3.17 Leases

3.17.1 Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

3.17.2 Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3.20 Dividends and appropriation reserves

Dividends and other appropriation to reserves are recognized in the financial statements in the period in which these are approved. However, if they are approved after the reporting period but before the financial statements are authorized for issue, they are disclosed in the notes to the financial statements.

3.21 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 calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjustment) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.22 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.

3.23 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 and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 1 and IAS 8 Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)	01 January 2020
IFRS 3 'Business Combinations' - Definition of business (amendments)	01 January 2020
IFRS 7 & IFRS 9 - Financial instruments - Amendments regarding pre-replacement issues in the context of the interest rate benchmark reform (IBOR)IFRS 15 Revenue from Contracts with Customers	01 January 2020
Amendments to the Conceptual Framework for Financial Reporting	01 January 2020

The Group expects that the adoption of the above standards, amendments and interpretations will have no material effect in the period of initial application.

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 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 17 - Insurance Contracts	01 January 2022

4. PROPERTY AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	(4.1)	**1,408,438,451**	939,163,081
Capital work in progress	(4.2)	**24,025,244**	22,471,605
		1,432,463,695	961,634,686

4.1 Operating fixed assets

2019

DESCRIPTION	Cost				Accumulated Depreciation				Net book value as at 31 December	Rate %
	As at 01 January	Additions	Disposals	As at 31 December	As at 01 January	Depreciation charge for the year	Disposals	As at 31 December		
	Rupees									
Land - free hold	53,030,412	292,247,289	-	345,277,701	-	-	-	-	345,277,701	-
Building	491,815,528	44,067,837	-	535,883,365	14,208,756	13,843,699	-	28,052,455	507,830,910	2.5
Computers and mobile sets	295,305,516	113,395,959	(7,160,968)	401,540,507	204,485,871	53,432,919	(5,584,790)	252,334,000	149,206,507	33
Computer equipment and installations	53,926,486	23,409,393	(545,767)	76,790,112	33,679,471	11,782,832	(545,767)	44,916,536	31,873,576	33
Other equipment and installations	79,120,035	37,594,061	(331,170)	116,382,926	24,071,679	15,988,732	(240,183)	39,820,228	76,562,698	20
Generators	47,406,753	2,408,220	-	49,814,973	12,447,458	4,219,716	-	16,667,174	33,147,799	10
Furniture and fittings	92,151,884	22,665,053	(2,586,755)	112,230,182	49,826,026	6,811,541	(1,695,558)	54,942,009	57,288,173	10
Vehicles	171,949,668	106,263,022	(49,427,937)	228,784,753	45,493,069	42,980,165	(20,744,747)	67,934,489	160,850,264	20
Office equipment	41,344,026	2,915,990	(155,115)	44,104,901	11,119,610	3,882,112	(135,500)	14,866,222	29,238,679	10
Leasehold Improvements	8,783,220	11,336,379	-	20,119,599	-	2,957,455	-	2,957,455	17,162,144	24.5
	1,334,833,528	656,303,203	(60,207,712)	1,930,929,019	395,331,940	155,899,171	(28,946,545)	522,490,568	1,408,438,451	

2018

DESCRIPTION	Cost				Accumulated Depreciation				Net book value as at 31 December	Rate %
	As at 01 January	Additions	Disposals	As at 31 December	As at 01 January	Depreciation charge for the year	Disposal	As at 31 December		
	Rupees									
Land - free hold	53,030,412	-	-	53,030,412	-	-	-	-	53,030,412	-
Building	485,167,103	6,648,425	-	491,815,528	2,021,530	12,187,226	-	14,208,756	477,606,772	2.5
Computers and mobile sets	277,080,756	61,948,881	(43,724,121)	295,305,516	206,284,303	40,773,302	(42,571,734)	204,485,871	90,819,645	33
Computer equipment and installations	64,327,892	3,467,256	(13,868,662)	53,926,486	36,152,620	11,395,513	(13,868,662)	33,679,471	20,247,015	33
Other equipment and installations	90,725,915	3,937,965	(15,543,845)	79,120,035	24,503,654	14,849,595	(15,281,570)	24,071,679	55,048,356	20
Generators	46,264,122	9,114,300	(7,971,669)	47,406,753	16,475,692	3,854,863	(7,883,097)	12,447,458	34,959,295	10
Furniture and fittings	82,313,542	14,815,881	(4,977,539)	92,151,884	49,918,345	4,372,476	(4,464,795)	49,826,026	42,325,858	10
Vehicles	81,424,984	107,142,307	(16,617,623)	171,949,668	32,393,905	23,783,684	(10,684,520)	45,596,070	126,353,599	20
Office equipment	44,781,515	2,469,330	(5,906,819)	41,344,026	13,012,243	3,584,622	(5,477,255)	11,119,610	30,224,416	10
Leasehold Improvements	-	8,783,220	-	8,783,220	-	235,507	-	235,507	8,547,713	24.5
	1,225,116,241	218,327,565	(108,610,278)	1,334,833,528	380,762,292	115,036,788	(100,231,633)	395,670,448	939,163,081	

4.1.1 The cost of owned assets include assets amounting to Rs. 237.3 (2018: Rs. 226.1) million with nil book value.

4.1.2 Immovable fixed assets include freehold Land and Building situated at E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt. Total area of land is 15.8 kanals

4.2 Capital Work In Progress

	Note	2019 Rupees	2018 Rupees
Building on freehold land		**-**	4,637,963
Transformer		**24,052,244**	17,833,642
	(4.2.1)	**24,052,244**	22,471,605

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

	Note	2019	2018
Balance at the beginning of the year		**22,471,605**	52,274,081
Additions during the year		**14,044,235**	126,643,662
Transfer to operating fixed assets	(4.2.2)	**(12,490,596)**	(33,886,138)
Balance at the end of the year		**24,025,244**	145,031,605

4.2.2 Transfers to operating fixed assets include Rs. 8.26 (2018: 6.65) million and Rs. 4.23 (2018: 8.78) million related to building on freehold land and improvements to leasehold building.

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

Cost of revenue	(24)	**127,712,309**	85,296,612
Distribution expenses	(25)	**1,955,004**	1,185,656
Administrative expenses	(26)	**26,231,858**	28,554,520
		155,899,171	115,036,788

4.4 Disposal of property and equipment

Details of disposed assets which had a net book value of Rs. 500,000 or more, are as follows:

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Vehicles	----------------	----------Rupees	----------------				
							Employees
Honda Civic	2,522,710	1,680,320	842,390	2,014,998	1,172,608	Group Policy	Zahid Janjua
Honda Civic VTI	2,503,000	782,188	1,720,812	2,511,000	790,188	Group Policy	Imran Hussain
Corolla GLI	2,372,000	553,467	1,818,533	1,778,985	(39,548)	Group Policy	Abid Hanif
Toyota Altis 1.6	2,279,000	417,817	1,861,183	2,279,000	417,817	Group Policy	Naureen Anwar
Honda Civic 1.8	2,032,600	101,630	1,930,970	1,930,970	-	Group Policy	Ahmed Saeed
Toyota Corolla 1.6 A/T	2,019,060	1,486,253	532,808	1,900,000	1,367,192	Group Policy	Salman Wajid
Honda City	1,903,500	190,350	1,713,150	1,868,386	155,236	Group Policy	Wasif Mazhar
Honda City 1.3	1,873,000	437,033	1,435,967	1,729,350	293,383	Group Policy	Zohaib Hassan
Honda BRV	1,815,785	423,683	1,392,102	1,733,000	340,898	Group Policy	Imran Javed Zia
Corolla Altis 1.6	1,810,500	331,925	1,478,575	1,810,500	331,925	Group Policy	Baidar Bakht
Toyota Corolla 1.3 GLI	2,259,600	143,660	2,115,940	2,074,620	(41,320)	Group Policy	Faisal Khan
Toyota Corolla Altis	1,563,840	521,280	1,042,560	1,351,439	308,879	Group Policy	Mian Habib
Honda City Aspire	1,553,000	659,003	893,997	1,280,436	386,439	Group Policy	Faisal Noor
Toyota Corolla XLI	1,550,340	387,585	1,162,755	1,567,980	405,225	Group Policy	Shoaib Ali
Honda Civic 1.8	1,537,000	719,562	817,438	1,537,000	719,562	Group Policy	Wajhe Ullah
Toyoal Corolla GLI 1.3	1,537,000	744,333	792,667	1,537,305	744,638	Group Policy	Muhammad Aijaz
Toyota Altis 1.8	1,537,000	875,864	661,136	1,553,000	891,864	Group Policy	Aurangzeb
Honda Civic 1.8	2,353,000	980,417	1,372,583	1,427,147	54,564	Group Policy	Waseem Jaffer
Suzuki Cultus	1,137,110	246,374	890,736	1,537,000	646,264	Group Policy	Farhan Umair
							Third party
Honda Civic	2,337,268	1,573,266	764,002	1,950,000	1,185,998	Negotiation	Regal Motors
Honda City Aspire	1,873,000	696,993	1,176,007	1,900,000	723,993	Negotiation	Regal Motors
Toyota Corolla	1,791,950	1,125,302	666,648	1,775,000	1,108,352	Negotiation	Regal Motors
Honda City 1.3	1,662,226	304,741	1,357,485	1,804,162	446,677	Negotiation	Regal Motors
2019	**43,823,489**	**15,383,047**	**28,440,444**	**40,851,278**	**12,410,834**		

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
	----------------	----------Rupees	----------------				
Vehicles							**Employees**
Honda Civic	2,500,000	485,456	2,014,544	2,000,000	(14,544)	Group Policy	Khurram Iqbal
Honda City	1,561,590	794,738	766,852	1,527,000	760,148	Group Policy	Wasif Mazhar
Toyota Altis 1.6	1,553,000	383,628	1,169,372	1,538,000	368,628	Group Policy	Qasim Siddique
Suzuki Swift	1,511,000	323,786	1,187,214	1,390,000	202,786	Group Policy	Mohsin Akram
2018	**7,125,590**	**1,987,608**	**5,137,982**	**6,455,000**	**1,317,018**		

5. INTANGIBLES

	2019 Rupees	2018 Rupees
Computer software and licenses	**177,717,927**	170,987,518
Software under development	**9,028,269**	2,073,419
	186,746,196	173,060,937

2019

Particulars	Cost as at 01 January	Additions	Disposals	Cost as at 31 December	Accumulated amortization as at 1 January	Amortization charge for the year	Disposals	Accumulated amortization as at 31 December	Book value as at 31 December	Rate
	-----	-----	-----	-----	---Rupees---	-----	-----	-----	-----	
Computer software and licenses	282,553,678	43,263,766	-	325,817,444	111,566,160	36,533,357	-	148,099,517	177,717,927	33%

2018

	Cost as at 01 January	Additions	Disposals	Cost as at 31 December	Accumulated amortization as at 1 January	Amortization charge for the year	Disposals	Accumulated amortization as at 31 December	Book value as at 31 December	Rate
	-----	-----	-----	-----	---Rupees---	-----	-----	-----	-----	
Computer software and licenses	221,064,519	61,489,159	-	282,553,678	79,487,248	32,078,912	-	111,566,160	170,987,518	33%

5.1 The cost of the intangibles include assets amounting to Rs. 81.7 million (2018: Rs. 59.4 million) with nil book value.

5.2 Additions include in-house developed assets amounting to Rs.43.4 million (2018: Rs. 61.22 million) capitalized during the year.

5.3 Amortization charge for the year has been allocated as follows:	Note	2019 Rupees	2018 Rupees
Cost of revenue	(24)	**31,584,129**	25,721,098
Distribution expenses	(25)	**398,665**	199,756
Administrative expenses	(26)	**4,550,563**	6,158,058
		36,533,357	32,078,912

6. RIGHT-OF-USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	2019 Rupees	2018 Rupees
As at 1 January		
Additions	**182,325,431**	-
Depreciation expense	**(36,465,086)**	-
Balance as at 31 December	**145,860,345**	-

The depreciation charge for the year on right-of-use assets has been allocated as follows:

	Note	2019 Rupees	2018 Rupees
Cost of revenue		**13,919,406**	
Distribution expenses		**2,410,143**	-
Administrative expenses		**20,135,537**	-
		36,465,086	-

7. CONTRACT ASSETS

	Note	2019 Rupees	2018 Rupees
Export		**143,177,956**	280,666,582
Local		**451,842,921**	291,061,285
		595,020,877	571,727,867
Less: Allowance for ECLs	(7.1)	**(77,137,626)**	(90,817,128)
		517,883,251	480,910,739

		2019 Rupees	2018 Rupees
7.1	Balance as at 01 January	**90,817,128**	-
	(Recovery) / Expense for the year - net	**(9,823,170)**	90,817,128
	Balances written off during the year	**(3,856,332)**	-
	Balance as at 31 December	**77,137,626**	90,817,128

7.2 These represent unbilled debtors arising due to recognition of revenue upon delivery of performance obligations as per contract on the basis of percentage of completion as per IFRS 15 - Revenue from contracts with customers.

8. TRADE DEBTS

	Note	2019 Rupees	2018 Rupees
Considered good - unsecured:			
Export	8.1	**1,378,233,113**	1,278,872,662
Local		**539,050,836**	464,189,751
		1,917,283,949	1,743,062,413
Less: Allowance for ECLs / Provision for doubtful debts	8.2	**(168,209,807)**	(51,263,930)
		1,749,074,142	1,691,798,483

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

	2019 Rupees	2018 Rupees
Visionet Systems Incorporation - USA		
- Not more than one month	**322,603,932**	187,716,891
- More than one month but not more than three months	**371,854,773**	314,482,959
- More than three months but not more than nine months	**8,876,800**	-
	703,335,505	502,199,850

8.1.1 The maximum aggregate amount outstanding by reference to month end balances was Rs. 1,190.04 (2018: 633.31) million.

		Note	2019 Rupees	2018 Rupees
8.2	Balance as at 01 January		51,263,930	42,020,516
	Addition during the year		211,486,773	28,700,031
	Reversal during the year		(92,156,114)	(19,456,617)
	Expense for the year		119,330,659	9,243,414
	Balances written off during the year		(2,384,782)	-
	Balance as at 31 December		168,209,807	51,263,930

9. LOANS AND ADVANCES - considered good

	Note	2019 Rupees	2018 Rupees
Advances to staff:			
against salary		6,768,889	11,374,876
against expenses		28,273,442	19,874,465
		35,042,331	31,249,341
Advances to suppliers - against goods		110,197,061	29,651,275
		145,239,392	60,900,616
Loans to related parties	9.1	195,941,404	266,872,905
Elimination on account of Joint Operation		(195,941,404)	(258,077,770)
		-	8,795,135
		145,239,392	69,695,751

9.1 This represents loan provided to UUS Joint Venture (Private) Limited for meeting working capital requirements. This amount is unsecured and carries interest at one-year KIBOR (2018: one-year KIBOR) on the outstanding loan balance at the end of each month.

10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2019 Rupees	2018 Rupees
Security deposits		229,384,993	214,656,402
Prepayments		198,944,627	108,062,548
		428,329,620	322,718,950

11. OTHER RECEIVABLES

	Note	2019 Rupees	2018 Rupees
TechVista Information Technology Qatar - related party	(11.1)	180,821,432	207,780,930

11.1 This represents amount receivable against expenses incurred on behalf of Techvista Information Technology- Qatar and are payable on demand to the Group. The value of receivable in foreign currency is AED 4.3 (2018: 5.5) million. There are no material outstanding litigations against Techvista Information Technology- Qatar.

12. SHORT TERM INVESTMENTS

	Note	2019 Rupees	2018 Rupees
Habib Metropolitan Bank		555,000,000	295,000,000
Habib Bank limited		25,000,000	-
Meezan Bank limited		200,000,000	-
	(12.1)	780,000,000	295,000,000

12.1 This represents Term Deposit Receipts (TDRs) carrying markup at rates ranging from 12.25% to 12.65% (2018: 8% to 8.5%) per annum.

13. TAX REFUNDS DUE FROM THE GOVERNMENT - net

	Note	2019 Rupees	2018 Rupees
Income Tax		**198,486,970**	156,996,387
Sales Tax		**10,971,356**	8,254,100
		209,458,326	165,250,487

14. CASH AND BANK BALANCES

	Note	2019 Rupees	2018 Rupees
Cash in hand		**1,651,049**	225,401
Balances with banks:			
Local currency:			
Current accounts		**388,309,463**	195,685,529
Saving accounts	(14.1)	**1,108,287,817**	563,768,082
		1,496,597,280	759,453,611
Foreign currency - current accounts		**17,904,024**	1,972,589
		1,516,152,353	761,651,601

14.1 These carry markup at the rate of 9% to 11.25% (2018: 3.34% to 5.39%) per annum.

15. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019 (Number of shares)	2018 (Number of shares)		2019 Rupees	2018 Rupees
23,447,380	23,361,983	Ordinary shares of Rs. 10/- each fully paid in cash	**234,473,800**	233,619,830
100,072,919	88,851,565	Ordinary shares of Rs. 10/- each fully paid up as bonus shares	**1,000,729,190**	888,515,650
123,520,299	112,213,548		**1,235,202,990**	1,122,135,480

15.1 Reconciliation of ordinary shares

2019 (Number of shares)	2018 (Number of shares)		2019 Rupees	2018 Rupees
112,213,548	111,827,652	Balance at 1 January	**1,122,135,480**	1,118,276,520
11,221,354	-	Issuance of bonus shares	**112,213,540**	-
85,397	385,896	Stock options exercised	**853,970**	3,858,960
123,520,299	112,213,548	**Balance at 31 December**	**1,235,202,990**	1,122,135,480

16. CAPITAL RESERVES

	Note	2019 Rupees	2018 Rupees
Share premium reserve	(16.1)	**512,149,734**	505,511,843
Employee compensation reserve	(16.2)	**78,970,025**	27,568,374
Translation reserve on foreign operations		**49,242,756**	26,808,011
		640,362,515	559,888,228

16.1 This reserve shall be utilized only for the purpose as specified in section 81(2) of the Companies Act 2017.

16.2 This represents balance amount after exercise of share options by the employees under the Employee Stock Option Scheme approved by the SECP. According to the scheme, 100% options become exercisable after completion of vesting period from the 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.

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

	2019		2018	
	Weighted average exercise price	**Number of options**	**Weighted average exercise price**	**Number of options**
	Rupees	Number	Rupees	Number
Outstanding at 01 January	**80.73**	**1,374,396**	33.39	871,260
Granted during the year	**73.34**	**1,331,912**	72.13	889,032
Forfeited share options	**80.73**	**(140,965)**	-	-
Exercised during the year:				
- stock options awarded in 2016	**45.98**	**(11,050)**	45.98	(385,896)
- stock options awarded in 2017	**62.58**	**(74,347)**	-	-
Outstanding at 31 December	**81.62**	**2,479,946**	80.73	1,374,396

	Note	2019 Rupees	2018 Rupees
17. LONG TERM ADVANCES	**(17.1)**	**28,652,726**	18,565,295

17.1 These represent advances received from staff and will be adjusted as per Group's car policy against sale of vehicles. The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of long term loans is considered insignificant by the management.

18. LEASE LIABILITIES

	2019 Rupees	2018 Rupees
Present value of lease rentals	**158,473,516**	-
Less: Current portion shown under current liabilities	**(29,284,595)**	-
	129,188,921	-

	2019		
	Lease Rentals	**Finance cost for future periods**	**Principal outstanding**
	-----------------Rupees---------------		
Not later than one year	**46,497,938**	**17,213,342**	**29,284,596**
Later than one year but not later than five years	**153,913,985**	**24,725,065**	**129,188,920**
Later than five years	-	-	-
	200,411,923	**41,938,407**	**158,473,516**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Note	2019 Rupees	2018 Rupees
As at 1 January		-	-
Additions		**182,325,431**	-
Accretion of interest		**20,431,835**	-
Payments		**(44,283,750)**	-
As at 31 December		**158,473,516**	-

Salient features of the leases are as follows:	2019	2018
Discounting factor	**12.16%**	-
Period of lease	**60 months**	-

19. TRADE AND OTHER PAYABLES

	Note	2019 Rupees	2018 Rupees
Creditors		**67,928,193**	79,484,433
Accrued liabilities		**681,282,705**	532,801,351
Provident fund contribution payable		**21,722,279**	15,889,209
Withholding income tax payable		**18,669,110**	14,646,167
Other Payables		**819,518**	617,200
		790,421,805	643,438,360

	Note	2019 Rupees	2018 Rupees
20. CONTRACT LIABILITIES	(20.1)	**164,423,043**	53,828,061

20.1 These represent mobilization advances received from the customers against professional / software development services, licenses, license support services and other fees.

21. SHORT TERM BORROWINGS

	Note	2019 Rupees	2018 Rupees
MCB Bank Limited	(21.1)	**450,000,000**	450,000,000
Convertible loan		**-**	10,423,914
Running finance facility - National Bank of Pakistan	(21.2)	**22,000,000**	-
Habib Metropolitan Bank Limited	(21.3)	**200,000,000**	-
		672,000,000	460,423,914

21.1 This represents export re-finance (ERF) availed against aggregate sanctioned limit of Rs. 650 (2018: Rs. 650) million. The rates of mark up are SBP rate plus 0.5% (2018: SBP rate plus 0.5%) per annum. These borrowings are secured against 97.5 million cash margin, 1st exclusive charge of Rs. 2,400 million over the fixed assets and current assets of the Company.

21.2 This represents running finance facility availed from National bank of Pakistan against aggregate sanctioned limit of Rs. 40 million. The rate of mark up is 3 month KIBOR rate plus 2.5% per annum. This borrowing is secured against exclusive first charge of Rs. 134 million over current assets (including receivables) and fixed assets of the company.

21.3 This represents export re-finance (ERF) availed against aggregate sanctioned limit of Rs. 200 (2018: Rs. nil) million. The rates of mark up are SBP rate plus 1%. These borrowings are secured against Rs. 350 million pari passu hypothecation charge over current assets and Rs. 107.48 million equitable mortgage over 57 marla of land at Sehjpal near DHA Phase VIII (ex-Air Avenue Eden City).

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

Income tax

22.1.1 Tax Year 2018 – under section 161

The Deputy Commissioner Inland Revenue ("DCIR") passed an order dated 29 June 2019 under section 161 of the Income Tax Ordinance, 2001 (the "Ordinance") for tax year 2018, through which alleged tax demand of Rs. 12,087,970 has been created. The Company preferred an appeal before the Commissioner Inland Revenue (Appeals) [the "CIR (A)"], who has confirmed the tax demand. Being aggrieved, the Holding Company filed appeal before the Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. The management expects a favorable outcome in this regard.

22.1.2 Tax Year 2017 – under section 161

The DCIR issued withholding tax assessment order under section 161(1A) of the Ordinance for the tax year 2017 whereby tax amounting to Rs. 6,528,598 for non-deduction of withholding tax was levied. The Holding Company preferred appeal before CIR(A), which is decided against the Holding Company. Being aggrieved, the Holding Company filed an appeal before the ATIR which is pending adjudication. The management expects a favorable outcome in this regard.

22.1.3 Tax Year 2016 - Clause 94 part IV of Second Schedule

The Holding Company filed an undertaking pursuant clause 94 part IV of Second Schedule to the Ordinance, thereby opting out of minimum tax on services under section 153(1)(b) of the Ordinance in respect of Tax Year 2016. The Additional Commissioner Inland Revenue ("Addl. CIR") declined to accept the undertaking against which the Holding Company preferred an appeal before CIR(A), which has been upheld by the CIR(A). The appeal effect / reassessment may result in tax liability of Rs. 30.25 million. Being aggrieved, the Holding Company has filed an appeal before the ATIR, which is pending adjudication. The management expects a favorable outcome in this regard.

22.1.4 Tax Year 2014 - under section 122(5A)

The Addl. CIR issued order under section 122(5A) of the Ordinance for tax year 2014, on the basis of wrong proration of expenses, capital gain etc. and created demand of Rs. 48,591,443. The company preferred an appeal against the order, before the CIR(A) who decided the case in favor of the company. However, the tax department has filed second appeal before the ATIR, which is pending adjudication. The management expects a favorable outcome in this regard.

22.1.5 Tax Year 2012 – under section 122(5A)

The Assistant Commissioner Inland Revenue ("ACIR") issued an order under section 122(5A) of the Ordinance for tax year 2012, on the basis of wrong proration of expenses, others etc. and created demand of Rs. 18,462,737. The company preferred an appeal before the CIR(A) against the impugned order which is partially decided in favor of the Holding Company. Being aggrieved, the Holding Company filed an appeal before the learned ATIR, which is pending adjudication. The management expects a favorable outcome in this regard.

Sales tax

22.1.6 Tax Period from July 2012 to June 2013

The department issued notice under section 11(2) of the Sales Tax Act, 1990 (the "ST Act") and contended that the Holding Company has short declared the sales in sales tax returns as compared with the audited financial statements. The Holding Company submitted its detailed reply; however, the department issued the ex-parte order which is remanded back by the CIR(A). The department again issued the order while creating the demand of Rs. 66,979,883 along with default surcharge and 100% penalty, which has been again remanded back to the department. However, the department again issued the order for the third time while creating the demand of Rs. 66,979,883 along with default surcharge and 100% penalty which is upheld by the CIR(A). Being aggrieved, the Holding Company has filed an appeal before the ATIR, which is pending adjudication. The management expects a favorable outcome in this regard.

22.2 Commitments

Guarantees issued by the financial institutions on behalf of the Group amount to Rs. 420.39 (2018: Rs. 358.02) million.

The outstanding purchase commitments amounts to Rs. 1 million (2018: nil).

23. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2019		
	Export	Local	Total
	----------------Rupees---------------		
Types of goods or services			
Outsourcing services	804,592,410	175,169,753	979,762,163
Software trading	-	471,372,110	471,372,110
Software implementation	5,065,302,154	937,048,339	6,002,350,493
Sale of air-time	-	316,068,732	316,068,732
Less: Sales tax	(101,428,994)	(132,476,435)	(233,905,429)
Total revenue from contracts with customers	**5,768,465,570**	**1,767,182,499**	**7,535,648,069**
Geographical markets - net			
North America	3,049,136,128	-	3,049,136,128
Middle East	2,719,329,442	-	2,719,330,180
Pakistan	-	1,767,182,499	1,767,181,761
Total revenue from contracts with customers	**5,768,465,570**	**1,767,182,499**	**7,535,648,069**
Timing of revenue recognition - net			
Goods and services transferred at a point in time	-	771,107,579	771,107,579
Goods and services transferred over time	5,768,465,570	996,074,920	6,764,540,490
Total revenue from contracts with customers	**5,768,465,570**	**1,767,182,499**	**7,535,648,069**

	2018		
	Export	Local	Total
	----------------Rupees---------------		
Types of goods or services			
Outsourcing services	473,308,975	142,882,739	616,191,714
Software trading	-	514,094,774	514,094,774
Software implementation	3,571,148,767	554,028,018	4,125,176,785
Sale of air-time		193,861,571	193,861,571
Less: Sales tax	(71,581,653)	(144,820,749)	(216,402,402)
Total revenue from contracts with customers	**3,972,876,089**	**1,260,046,353**	**5,232,922,442**
Geographical markets - net			
North America	2,176,279,624	-	2,176,279,624
Middle East	1,796,596,465	-	1,796,596,465
Pakistan	-	1,351,046,353	1,351,046,353
Total revenue from contracts with customers	**3,972,876,089**	**1,351,046,353**	**5,323,922,442**
Timing of revenue recognition - net			
Goods and services transferred at a point in time	-	635,545,971	635,545,971
Goods and services transferred over time	3,972,876,089	624,500,382	4,597,376,471
Total revenue from contracts with customers	**3,972,876,089**	**1,260,046,353**	**5,232,922,442**

		2019 Rupees	2018 Rupees
23.1 Contract balances	(23.1.1)	**53,828,061**	90,810,264

23.1.1 These represent the amount of revenue recognized from amounts included in contract liabilities at the beginning of the year.

23.2 Transaction prices of remaining performance obligations

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	Note	2019 Rupees	2018 Rupees
Within one year		**298,911,169**	80,585,162
More than one year		**491,736,477**	464,949,102
		790,647,646	545,534,264

24. COST OF REVENUE

	Note	2019 Rupees	2018 Rupees
Salaries, allowances and amenities	(24.1)	**3,859,160,870**	2,756,485,119
Commission paid		**208,929,953**	132,113,582
E-link connectivity charges		**7,632,166**	7,011,216
Printing and stationery		**1,239,613**	874,171
Computer supplies		**32,271,290**	31,506,307
Rent, rates and taxes		**6,848,439**	34,131,392
Electricity, gas and water		**50,564,690**	39,332,507
Traveling and conveyance		**176,629,357**	83,997,839
Repair and maintenance		**15,741,434**	15,786,248
Postage, telephone and telegrams		**62,863,507**	59,892,444
Vehicle running and maintenance		**21,990,257**	15,026,915
Entertainment		**28,451,139**	12,691,075
Fee and subscriptions		**16,385,313**	7,133,960
Insurance		**7,065,035**	3,103,838
Depreciation	(4.3)	**127,712,309**	85,296,612
Amortization	(5.3)	**31,584,129**	25,721,098
Depreciation of right-of-use		**13,919,406**	-
Other		**22,092,982**	17,223,704
		4,691,081,889	3,327,328,027
Purchase of software for trading		**475,219,717**	467,794,544
		5,166,301,606	3,795,122,571

24.1 This includes employees retirement benefit expense amounting to Rs. 104.79 (2018: Rs. 80.68) million.

25. DISTRIBUTION EXPENSES

	Note	2019 Rupees	2018 Rupees
Salaries, allowances and amenities	(25.1)	**105,210,374**	54,443,551
Collection charges		**51,690,085**	23,555,387
Printing and stationery		**378,483**	584,223
Computer supplies		**185,832**	225,993
Rent, rates and taxes		**154,619**	770,595
Electricity, gas and water		**694,845**	262,098
Traveling and conveyance		**8,373,017**	3,422,874
Repair and maintenance		**229,210**	390,959
Postage, telephone and telegrams		**1,023,230**	691,547
Vehicle running and maintenance		**1,384,000**	879,449
Entertainment		**1,308,090**	512,447
Insurance		**69,613**	46,789
Fee and subscriptions		**502,996**	662,801
Shows, seminars and advertising		**1,975,071**	2,579,977
Depreciation	(4.3)	**1,955,004**	1,185,656
Amortization	(5.3)	**398,665**	199,756
Tender documents		**59,110**	125,217
Depreciation of right-of-use		**2,410,143**	-
		178,002,387	90,539,319

25.1 This includes employees retirement benefit expense amounting to Rs. 2.86 (2018: Rs. 1.04) million.

26. ADMINISTRATIVE EXPENSES

	Note	2019 Rupees	2018 Rupees
Salaries, allowances and amenities	(26.1)	**461,283,670**	367,606,548
Printing and stationery		**13,803,773**	5,097,379
Computer supplies		**18,650,466**	10,274,072
Rent, rates and taxes		**11,234,900**	26,434,036
Electricity, gas and water		**10,167,488**	7,935,894
Traveling and conveyance		**30,063,730**	19,399,030
Repair and maintenance		**21,721,174**	16,974,986
Postage, telephone and telegrams		**16,174,228**	15,426,254
Vehicle running and maintenance		**7,642,091**	5,250,769
Legal and professional		**18,419,280**	21,902,317
Auditors' remuneration	(26.2)	**7,322,162**	3,736,842
Entertainment		**4,780,856**	4,025,926
Donations		**3,825,105**	2,593,861
Fee, subscriptions and training		**11,565,900**	15,765,547
Insurance		**2,918,153**	2,268,296
Hiring cost		**884,516**	690,300
Newspapers, books and periodicals		**116,918**	62,620
Depreciation	(4.3)	**26,231,858**	28,554,520
Amortization	(5.3)	**4,550,563**	6,158,058
Depreciation of right-of-use		**20,135,537**	-
Others		**6,574,627**	12,472,254
		698,066,995	572,629,509

26.1 This includes employees retirement benefit expense amounting to Rs. 37.52 (2018: Rs. 8.80) million.

26.2 Auditors' remuneration

	Note	2019 Rupees	2018 Rupees
Statutory audit fee		**4,398,170**	2,428,635
Half yearly review & other certifications		**1,134,005**	568,700
Sales tax advisory		**1,669,987**	639,507
Out-of-pocket		**120,000**	100,000
		7,322,162	3,736,842

27. OTHER OPERATING EXPENSES

	2019 Rupees	2018 Rupees
Allowance for ECLs / provision for doubtful debts		
- Contract assets	**(9,823,170)**	90,817,128
- Trade debts	**119,330,659**	9,243,414
Unbilled revenue and bad debts written off	**27,974,981**	38,287,250
Provision against doubtful refundables	**24,508,582**	-
Advances written off	**1,540,964**	-
	163,532,016	138,347,792

28. OTHER INCOME

	2019 Rupees	2018 Rupees
Income from financial assets:		
Profit on deposit accounts	**18,781,267**	4,304,948
Gain on short term investments	**58,426,028**	11,864,417
Exchange gain on translation of export debts	**223,172,268**	376,223,089
	300,379,563	392,392,454
Income from non-financial assets:		
Gain on disposal of property and equipment	**16,743,906**	9,369,368
Others	**1,368,106**	6,698,831
	18,112,012	16,068,199
	318,491,575	408,460,653

29. FINANCE COSTS

	Note	2019 Rupees	2018 Rupees
Markup on guarantee commission		**1,301,502**	683,226
Markup on short term borrowing		**16,483,100**	5,079,189
Bank charges		**8,805,684**	21,310,629
Lease Interest		**20,431,835**	-
		47,022,121	**27,073,044**

30. TAXATION

	Note	2019 Rupees	2018 Rupees
Income tax:			
- current year	(30.1)&(30.2)	**36,991,951**	19,924,314
- prior year		**(3,710,253)**	(4,308,458)
		33,281,698	15,615,856
Deferred tax		**-**	31,771,724
		33,281,698	47,387,580

30.1 This represents tax chargeable under Minimum Tax Regime on local sale of software and air-time. 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 Reconciliation between accounting profit and tax expense for the year is meaningless in view of the minimum tax under section 153 of the Income Tax Ordinance, 2001.

30.3 Deferred tax	2019 Rupees	2018 Rupees
Taxable temporary differences		
Depreciation on property and equipment	**(21,032,610)**	(12,343,074)
Employee compensation reserve	**(5,647,463)**	(1,684,080)
Right-of-use asset	**(10,431,057)**	-
	(37,111,130)	(14,027,154)
Deductible temporary differences		
Lease liabilities	**9,099,311**	-
Provision for doubtful debts	**4,506,167**	10,658,994
Minimum tax	**23,505,652**	3,368,160
	37,111,130	14,027,154
	-	-

The Group has recognized deferred tax asset on its deductible temporary differences and tax losses to the extent of available taxable temporary differences. Owing to uncertainty relating to future taxable profits, against which the Company can utilize its tax losses and tax credits, the Group has not recognized any deferred tax asset for tax losses amounting to Rs. 81.00 million (2018: 81.00 million) and minimum tax of Rs. 73.87 million (2018: Rs. 43.78 million). Expiry of aggregate tax losses and minimum tax carried forward is as follows:

Expiry Tax Year	Nature	2019 Rupees	2018 Rupees
2022	Business loss FY - 2016	**49,719,944**	49,719,944
2023	Business loss FY - 2017	**31,277,012**	31,277,012
		80,996,956	80,996,956
2023	Minimum tax	**73,872,946**	43,777,849
No Expiry	Depreciation loss	**68,135,769**	68,135,769
		223,005,671	192,910,574

31. 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.

	North America		Middle East		Pakistan		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	----------Rupees----------							
Revenue from contracts with customers	**3,049,136,128**	2,176,279,624	**2,719,329,442**	1,796,596,465	**1,767,182,499**	1,351,046,353	**7,535,648,069**	5,323,922,442
Cost of revenue	**(1,716,300,355)**	(1,247,495,756)	**(2,025,701,051)**	(1,471,220,470)	**(1,424,300,200)**	(1,076,406,345)	**(5,166,301,606)**	(3,795,122,571)
Gross profit	**1,332,835,773**	928,783,868	**693,628,391**	325,375,995	**342,882,299**	274,640,008	**2,369,346,463**	1,528,799,871
Distribution expenses	**(55,980,186)**	(8,337,068)	**-**	(3,334,203)	**(122,022,201)**	(78,868,048)	**(178,002,387)**	(90,539,319)
Administrative expenses	**(358,776,885)**	(253,677,703)	**(269,294,906)**	(225,106,765)	**(69,995,204)**	(93,845,041)	**(698,066,995)**	(572,629,509)
	(414,757,071)	(262,014,771)	**(269,294,906)**	(228,440,968)	**(192,017,405)**	(172,713,089)	**(876,069,382)**	(663,168,828)
Profit / (loss) before taxation and unallocated income and expenses	**918,078,702**	666,769,097	**424,333,485**	96,935,027	**150,864,894**	101,926,919	**1,493,277,081**	865,631,043
Unallocated income and expenses:								
Other operating expenses							**(163,532,016)**	(138,347,792)
Other income							**318,491,575**	408,460,653
Finance cost							**(47,022,121)**	(27,073,044)
							107,937,438	243,039,817
Profit before taxation							**1,601,214,519**	1,108,670,860
Taxation							**(33,281,698)**	(47,387,580)
Profit for the year							**1,567,932,821**	1,061,283,280

31.1 Allocation of assets and liabilities

	North America		Middle East		Pakistan		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	---------- (Rupees) ----------							
Segment operating assets								
Property and equipment	**-**	-	**13,559,391**	10,107,720	**1,418,904,304**	1,074,086,965	**1,432,463,695**	1,084,194,685
Intangibles	**-**	-	**-**	-	**186,746,196**	173,060,937	**186,746,196**	173,060,937
Long term deposits	**-**	-	**-**	1,927,800	**54,945,797**	21,042,753	**54,945,797**	22,970,553
Advance against purchase of Land	**-**	-	**-**	-	**28,750,000**	-	**28,750,000**	-
Right-of-use Asset	**-**	-	**-**	-	**145,860,345**	-	**145,860,345**	-
Contract assets	**422,820**	-	**286,823,338**	206,390,048	**230,637,093**	365,337,819	**517,883,251**	571,727,867
Trade debts	**615,799,194**	502,199,850	**652,052,388**	763,018,243	**481,222,560**	426,580,390	**1,749,074,142**	1,691,798,483
Loans and advances	**-**	-	**13,977,238**	16,213,139	**131,262,154**	53,482,612	**145,239,392**	69,695,751
Trade deposits and short term prepayments	**-**	-	**127,808,641**	96,124,493	**300,520,979**	226,594,457	**428,329,620**	322,718,950
Interest accrued	**-**	-	**-**	-	**2,491,952**	1,457,808	**2,491,952**	1,457,808
Other receivable	**-**	-	**180,821,432**	207,780,930	**-**	-	**180,821,432**	207,780,930
Short term investments	**-**	-	**-**	-	**780,000,000**	295,000,000	**780,000,000**	295,000,000
Tax refunds due from government	**-**	-	**-**	-	**209,458,326**	165,250,487	**209,458,326**	165,250,487
Cash and bank balances	**-**	-	**386,734,372**	327,596,270	**1,129,417,981**	434,055,331	**1,516,152,353**	761,651,601
		-						
Total operating assets	616,222,014	502,199,850	1,661,776,800	1,629,158,643	5,100,217,687	3,235,949,559	7,378,216,501	5,367,308,052
Segment operating liabilities								
Long term advances	-	-	**1,783,952**	-	**26,868,774**	18,565,295	**28,652,726**	18,565,295
Lease Liabilities	-	-	**-**	-	**129,188,921**	-	**129,188,921**	-
Short term borrowings	-	-	**-**	-	**672,000,000**	460,423,914	**672,000,000**	460,423,914
Trade and other payables	-	-	**232,647,365**	211,952,874	**557,774,440**	443,716,389	**790,421,805**	655,669,263
Unclaimed dividend	-	-	**-**	-	**8,345,525**	1,975,820	**8,345,525**	1,975,820
Provision for gratuity	-	-	**8,871,314**	6,636,508	**-**	-	**8,871,314**	6,636,508
Markup accrued	-	-	**-**	-	**4,873,969**	3,689,005	**4,873,969**	3,689,005
Contract liabilities	-	-	**50,728,171**	28,678,180	**113,694,872**	12,918,978	**164,423,043**	41,597,158
Current portion of lease liabilities	-	-	**-**	-	**29,284,595**	-	**29,284,595**	-
Current portion of long term advances	-	-	**-**	-	**13,220,163**	9,660,504	**13,220,163**	9,660,504
Total operating liabilities	-	-	294,030,802	247,267,562	1,555,251,259	950,949,905	1,849,282,061	1,198,217,467

32. 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 33). 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	Relation	Nature of transaction	2019 Rupees	2018 Rupees
Visionet Systems Incorporation - USA	Associate	Sales	**3,400,580,878**	2,116,576,146
		Reimbursement of expenses	**78,774,869**	98,100,485
TechVista Information Technology Qatar	Associate	Reimbursement of expenses	**47,118,891**	17,301,262
IGI Insurance Limited	Associate	Sales	**15,551,674**	46,259,173
		Purchase of insurance policies	**25,964,649**	27,580,663
Dawood Family Takaful Limited	Associate	Purchase of insurance policies	**3,980,759**	2,947,251
Staff retirement funds		Contribution	**118,363,070**	90,527,733

Visionet Systems Incorporation - USA (VSI) is associated company of the Group on the basis of common directorship and incorporated in United State of America (USA). The registered address of VSI is Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641.

TechVista Information Technology Qatar is associated company of the Group on the basis of common directorship and incorporated in Qatar. The registered address is Palm Towers, floor 41 Westbay, Doha, Qatar.

33. 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		Non Executive Directors		Other Executives	
	2019	2018	2019	2018	2019	2018
	(Nos)					
Number of persons	1	1	6	6	259	259
	(Rupees)					
Managerial remuneration	**33,600,000**	30,000,000	**-**	-	**1,059,452,693**	729,259,336
Retirement benefits	**2,240,000**	1,860,000	**-**	-	**59,096,019**	42,062,058
Bonus	**29,724,106**	29,476,903	**-**	-	**31,280,931**	37,209,820
Fees	**-**	-	**1,354,000**	1,450,000	**-**	-
	65,564,106	61,336,903	**1,354,000**	1,450,000	**1,149,829,643**	808,531,214

33.1 In addition to the above remuneration, the Chief Executive Officer and certain executives are also provided with company maintained cars, free medical and mobile phone facilities in accordance with their entitlement.

33.2 Fees represent the amounts paid to Non Executive Directors for attending meetings of the Board and its sub-committees.

33.3 During the year, the Chief Executive Officer and Other Executives were granted 525,412 (2018: 544,210) and 406,500 (2018: 344,822) share options respectively, which have a vesting period of two years. Further, the impact of benefits available to the Chief Executive Officer and other executives recognised by the Group on account of share-based payment plans aggregated to Rs. 26.44 (2018: Rs. 22.33) million and Rs. 29.46 (2018: 13.83) million, respectively.

33.4 During the current year, certain executives of the Group exercised stock option under employee stock option scheme according to which 85,397 (2018: 385,896) shares were issued to them.

34. EARNINGS PER SHARE- BASIC AND DILUTED

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

34.1 Basic earnings per share

	2019	2018
	Rupees	Rupees
Profit for the year	**1,587,316,864**	1,074,490,752
	(Number of shares)	
		(Restated)
Weighted-average number of ordinary shares outstanding during the year	**123,473,974**	123,234,025
Basic earnings per share (Rupees)	**12.86**	8.72

34.2 Diluted earnings per share

	2019	2018
	Rupees	Rupees
Profit for the year	**1,587,316,864**	1,074,490,752
	(Number of shares)	
		(Restated)
Weighted-average number of ordinary shares (basic)	**123,473,974**	123,234,025
Effect of share options	**1,055,607**	438,197
Weighted average number of ordinary shares - diluted	**124,529,581**	123,672,222
Diluted earnings per share (Rupees)	**12.75**	8.69

35. CASH GENERATED FROM OPERATIONS

	Note	2019 Rupees	2018 Rupees
Profit before taxation		**1,601,214,519**	1,108,670,860
Adjustment for:			
Depreciation on property and equipment	(4.3)	**155,899,171**	115,036,788
Depreciation on right-of-use asset		**36,465,086**	-
Amortization of intangibles	(5)	**36,533,357**	32,078,912
Allowance for ECLs / provision for doubtful debts - contract assets	(27)	**(9,823,170)**	118,857,365
Allowance for ECLs / provision for doubtful debts - trade debts	(27)	**119,330,659**	-
Bad debts - written off	(27)	**27,974,981**	19,490,427
Provision for gratuity		**26,808,037**	8,587,666
Finance costs	(29)	**47,022,121**	27,073,044
Exchange gain on translation of export debts	(28)	**(223,172,268)**	(376,223,089)
Gain on short term investments	(28)	**(58,426,028)**	(11,864,417)
Share based payment expense		**55,909,956**	36,163,103
Gain on disposal of property and equipment		**(16,743,906)**	(9,369,368)
		1,798,992,515	1,068,501,291
Working capital changes			
(Increase) / Decrease in current assets			
Contract assets - net		**107,268,572**	(129,928,238)
Trade debts		**18,590,969**	(461,330,864)
Loans and advances		**(75,543,641)**	(5,934,949)
Trade deposits and short term prepayments		**(105,610,670)**	(180,531,559)
Other receivables		**26,959,498**	(71,057,678)
		(28,335,272)	(848,783,288)
Increase in trade and other payables		**142,960,502**	219,266,401
		114,625,230	(629,516,887)
Cash generated from operations		**1,913,617,745**	438,984,404

36. FINANCIAL RISK MANAGEMENT

Financial instruments comprise deposits, unbilled revenue, interest accrued, trade debts, advances to employees against salaries, loans, other receivables, cash and bank balances and short term investments, trade and other payables and mark up accrued on short term borrowings.

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 statement of profit or loss.

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	Effect on profit before tax	Effect on profit before tax
		2019 Rupees	2018 Rupees
Receivables - USD	+1	**18,581**	-
	-1	**(18,581)**	-
Receivables - AED	+1	**16,632,636**	19,542,245
	-1	**(16,632,636)**	(19,542,245)
Bank balance - USD	+1	**115,734**	14,212
	-1	**(115,734)**	(14,212)
Bank balance - AED	+1	**9,180,420**	8,666,568
	-1	**(9,180,420)**	(8,666,568)
Reporting date rate:			
USD		**154.7**	138.8
AED		**42.1**	37.8

(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 of Directors. 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 has no significant long-term interest-bearing assets. The Group's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

Floating rate instruments	2019 Rupees	2018 Rupees
Financial assets		
Short term investments	**780,000,000**	295,000,000
Bank balances - deposit accounts	**1,108,287,817**	563,768,082
	1,888,287,817	858,768,082
Financial liabilities		
Short term borrowings	**672,000,000**	460,423,914

Fair value sensitivity analysis for fixed rate instruments

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 reporting date would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

The following analysis demonstrates the sensitivity to a change in interest rates, with all other variables held constant, of the Group's profit before tax. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

		Changes in interest rate	Effects on profit before tax
Short term investments	**2019**	**+1**	7,800,000
		-1	(7,800,000)
	2018	+1	2,950,000
		-1	(2,950,000)
Bank balances - deposit accounts	**2019**	**+1**	11,082,878
		-1	(11,082,878)
	2018	+1	5,637,681
		-1	(5,637,681)

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 third 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:

	2019 Rupees	2018 Rupees
Contract assets	**517,883,251**	571,727,867
Trade debts	**1,749,074,142**	1,691,798,483
Trade deposits	**284,330,790**	237,626,955
Advances to employees against salaries	**6,768,889**	11,374,876
Other receivables	**180,821,432**	207,780,930
Interest accrued	**2,491,952**	1,457,808
Short term investment	**780,000,000**	295,000,000
Bank balances	**1,514,501,304**	761,426,200
	5,035,871,760	3,778,193,119
The aging of trade debts at the reporting date is:		
0 - 120 days	**1,012,093,672**	983,455,842
121 - 365 days	**697,740,057**	669,102,228
Above one year	**207,450,220**	90,504,343
	1,917,283,949	1,743,062,413
Allowance for ECLs	**(168,209,807)**	(51,263,930)
	1,749,074,142	1,691,798,483

As at year end, 29% of trade debts (2018: 29%) was represented by one customer amounting to Rs. 492.9 (2018: Rs. 492.9) 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 reporting date:

Banks	**Rating** Short term	Long term	**Agency**	**2019 Rupees**	**2018 Rupees**
Habib Metropolitan Bank	A1+	AA+	PACRA	**831,599,449**	491,888,068
Bank Islami Pak	A1	A+	PACRA	**7,694,101**	8,898,514
United Bank Limited	A1+	AAA	JCR-VIS	**117,069,179**	32,709,951
Faysal Bank	A1+	AA	PACRA	**63,875,350**	4,289,170
Standard Chartered Bank	A1+	AAA	PACRA	**17,953,790**	19,731,573
Finca Microfinance Bank	A1	A	PACRA	**362,203**	-
Meezan Bank	A1+	AA+	JCR-VIS	**215,331,640**	132,004
Bank Alfalah Limited	A1+	AA+	PACRA	**17,711,735**	686,852
Habib Bank Limited	A1+	AAA	JCR-VIS	**46,750,198**	74,269,978
MCB Bank Limited	A1+	AAA	PACRA	**584,439,517**	142,914,492
NRSP Microfinance Bank	A1	A	PACRA	**496,684**	-
National Bank of Pakistan	A1+	AAA	PACRA	**183**	-
MCB Bank Dubai	N/A	N/A	N/A	**153,363,663**	-
Mobilink Microfinance Bank	A1	A	PACRA	**2,886,408**	-
Habib Bank AG Zurich	N/A	N/A	N/A	**233,370,710**	284,385,163
Telenor Microfinance Bank	A1	A+	PACRA	**1,596,494**	778,202
				2,294,501,304	1,060,683,967

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 2019:

	Carrying amount	Contractual cash flows	Less than one year
	---------------------Rupees---------------------		
Trade and other payables	**770,933,177**	**770,933,177**	**770,933,177**
Short term borrowings	**672,000,000**	**672,000,000**	**672,000,000**
Mark-up accrued on short term borrowings	**4,873,969**	**4,873,969**	**4,873,969**
	1,447,807,146	**1,447,807,146**	**1,447,807,146**

The following are the contractual maturities of financial liabilities as at 31 December 2018:

Trade and other payables	640,405,896	640,405,896	640,405,896
Short term borrowings	460,423,914	460,423,914	460,423,914
Mark-up accrued on short term borrowings	3,689,005	3,689,005	3,689,005
	1,104,518,815	1,104,518,815	1,104,518,815

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 financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

36.5 Financial instruments by categories

Assets as per balance sheet	**Financial assets at amortized cost 2019 Rupees**	Financial assets at amortized cost 2018 Rupees
Long term deposits	54,945,797	22,970,553
Unbilled revenue	607,616,686	571,727,867
Trade debts	1,667,900,939	1,691,798,483
Loans and advances	145,239,392	69,695,751
Security deposits	229,384,993	214,656,402
Interest accrued	2,491,952	1,457,808
Other receivables	180,821,432	207,780,930
Short term investments	780,000,000	295,000,000
Cash and bank balances	1,516,152,353	761,651,601
	5,184,553,544	3,836,739,395

Liabilities as per balance sheet	Financial liabilities at amortized cost 2019 Rupees	Financial liabilities at amortized cost 2018 Rupees
Mark-up accrued on short term borrowings	**4,873,969**	3,689,005
Short term borrowings	**672,000,000**	460,423,914
Trade and other payables	**67,928,193**	91,715,336
	744,802,162	555,828,255

36.6 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 2019 and 31 December 2018, the Group did not have any financial instruments carried at fair value.

36.7 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 is:

a) to safeguard the group'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	2019 Rupees	2018 Rupees
Net debt	-	-
Total equity	**5,549,590,053**	4,170,367,165
Capital gearing ratio	-	-

Since the Group, has healthy cash flows at year 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 debts at 31 December 2019 except a short term running finance facility of Rs. 672 million.

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 218 of the Companies Act 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

		2019 Rupees Un-audited	2018 Rupees Audited
Size of the fund (net assets)		**459,671,598**	350,240,852
Cost of investment made (actual investments made)	(37.2)	**124,601,173**	199,882,093
Percentage of investment made (cost of investments)		**27.11%**	57.07%
Fair value of investments		**446,877,691**	207,721,607

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:

	2019		2018	
Description	**Investments** **Rupees**	**% of investment as size of the fund**	Investments Rupees	% of investment as size of the fund
Mutual Funds	**121,601,173**	**26.5%**	136,882,093	39.1%
Defense saving certificates	**3,000,000**	**0.7%**	3,000,000	0.9%
Term Deposit Receipts	**-**	**0.0%**	60,000,000	17.1%
	124,601,173	**27.2%**	199,882,093	57.1%

38. NUMBER OF EMPLOYEES

	2019	2018
Total number of employees at the end of the year were as follows:		
Regular	**1,833**	1,322
Contractual	**1,527**	1,075
	3,360	2,397
Average number of employees during the year were as follows:		
Regular	**1,608**	1,070
Contractual	**919**	919
	2,527	1,989

39. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on 25 March 2020 have proposed a final cash dividend for the year ended 31 December 2019 of Rs. 2.25 (2018: Rs. 2) per share for approval of the members at the Annual General Meeting to be held on 29 May 2020. These financial statements for the year ended 31 December 2019 do not include the effect of these appropriations.

The outbreak of novel Coronavirus (COVID-19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The situation has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts.

The Group's revenues are materially contributed by the North America and Middle East regions (Note 31) and are expected to bear an impact in the given situation. The extent and duration of such impact remains uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of COVID-19 and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorization of these consolidated financial statements.

40. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 25 March 2020 by the Board of Directors of the Company.

41. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for better and fair presentation. However, no significant re-arrangement / reclassifications have been made in these financial statements.

42. GENERAL

Figures have been rounded off to the nearest of rupees, unless otherwise stated.

(CHAIRMAN) (CHIEF EXECUTIVE OFFICER) (CHIEF FINANCIAL OFFICER)

NOTES

NOTES

FORM OF PROXY

43rd 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 29 May 2020 at 12:00 p.m. at Chamber of Commerce Building, 11 Sharae Aiwan-e-Tijarat, Lahore and at any adjournment thereof.

In witness whereof on this ______________ day of ______________ 2020.

WITNESSES:

1. Signature ______________________
   Name ______________________
   Address ______________________
   CNIC ______________________

Affix Revenue Stamp

2. Signature ______________________
   Name ______________________
   Address ______________________
   CNIC ______________________

Member's Signature

NOTES:

1. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote his/her behalf. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting.
2. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If a member is a corporation, its common seal should be affixed to the instrument.

AFFIX
CORRECT
POSTAGE

The Company Secretary

Systems Limited

E-1, Sehjpal Near DHA Phase -VIII
(Ex.- Air Avenue), Lahore Cantt.

اختیار دہندہ فارم

میں/ہم۔۔۔کا/ کی

۔۔۔سسٹمز لیمٹڈ کا ممبر مقرر کرتا ہوں۔

مسمی۔۔دوسرا رکن کمپنی بطور میرے

/ہمارے بطور نمائندگی/میرے/ہمارے عدم موجودگی میں حاضر ہو سکتا ہے اور میرے/ہماری طرف سے رائے (ووٹ) دے سکتا ہے ۔میری/ہماری طرف سے سالانہ اجلاس عام کمپنی جو کہ 29 مئی 2020 بوقت 12:00 بجے دن دفتر چیمبر آف کامرس عمارت 11-شاہراہ ایوان تجارت لاہور میں شرکت کر سکتا ہے۔

دستخط شدہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔دن۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔2020

دستخط ممبر

نوٹ:

1۔ ایک رکن اپنی جگہ پر کسی دوسرے رکن کو میٹنگ میں شامل ہونے کا اختیار اور رائے دے سکتا ہیا ور دوسرے کی جگہ پر مقرر کرنے کی اطلاع میٹنگ سے کم از کم 48 گھنٹے پہلے رجسٹرڈ آفس کو مطلع کیا جائے۔

2۔ اپنی جگہ کسی کو مقرر کرنے کے لیے تصدیق شدہ دستخط سے تحریری طور پر مطلع کیا جائے۔اگر رکن کوئی کمپنی کا نمائندہ ہے تو اس کی مہر ثبت کریں۔

AFFIX
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