



Interim Financial Report
for the half year ended 30 June

2018

*We dream the Future
and Deliver it.*

systems

Contents

Company Information	02
Directors' Review Report	03
Directors' Review Report - Urdu	05
Auditor's Review	08

Condensed Interim Financial Statements

Condensed Interim Statement of Financial Position	09
Condensed Interim Profit and Loss Account	10
Condensed Interim Statement of Comprehensive Income	11
Condensed Interim Cash Flow Statement	12
Condensed Interim Statement of Changes in Equity	13
Selected Notes to the Condensed Interim Financial Information	14

Consolidated Condensed Interim Financial Statements

Consolidated Condensed Interim Statement of Financial Position	26
Consolidated Condensed Interim Profit and Loss Account	27
Consolidated Condensed Interim Statement of Comprehensive Income	28
Consolidated Condensed Interim Cash Flow Statement	29
Consolidated Condensed Interim Statement of Changes in Equity	30
Selected Notes to the Consolidated Condensed Interim Financial Information	31

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 & Company Secretary

Ms. Roohi Khan

External Auditors

Ernst & Young Ford Rhodes
Chartered Accountants
Lahore

Internal Auditors

Uzair Hammad Faisal & Co.

Legal Advisors

Hassan & Hassan Advocates
Ahmed & Pansota Advocates & Legal Consultants

Bankers

Habib Metropolitan Bank Limited
United Bank Limited
Standard Chartered Bank (Pakistan) Limited
Albaraka Bank Limited
Bank Alfalah Limited
Bank Islami Limited
Meezan Bank Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited

Shares 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

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

Karachi Office

E-5, Central Commercial Area,
Shaheed-e-Millat Road, Karachi,
Pakistan.
T: +92 21 3 454 9385-87
F: +92 21 3 454 9389

Dubai Office

TechVista Systems FZ LLC
Office 1905, Regal Tower, Business
Bay, Dubai. UAE
T: + 97 14 369 3525
F: +97 14 456 3761

WEB PRESENCE

www.systemsltd.com

DIRECTORS' REVIEW REPORT

On behalf of the Board of Directors we are pleased to present Standalone and Consolidated Financial Statements for the half year ended 30 June 2018.

FINANCIAL RESULTS

Unconsolidated:

During the half year ended 30 June 2018, standalone revenue grew by 21% from Rs. 1,364.86 mn to Rs. 1,653.29 mn. Gross profit and operating profit increased by 17% and 23% respectively. Profit for the period increased by 75% from 241.08 mn to Rs. 422.41 mn. The higher profit for the period was primarily due to currency devaluation. Basic and diluted earnings per share increased by 75% and 74% respectively in line with profit for the period.

Unconsolidated			
Particulars	June 2018	June 2017	Change
	Rs.	Rs.	%
Revenue	1,653,293,244	1,364,858,943	21%
Gross profit	507,478,183	435,168,166	17%
Operating profit	310,087,371	252,095,670	23%
Profit for the period	422,412,491	241,078,507	75%
Earnings per share (basic)	3.78	2.16	75%
Earnings per share (diluted)	3.76	2.16	74%

Consolidated:

During the half year ended 30 June 2018, consolidated revenue grew by 39% from Rs. 1,682.40 mn to Rs. 2,331 mn. Gross profit and operating profit increased by 31% and 21% respectively. Profit for the period increased by 63% from 277.60 mn to Rs. 453.04 mn. The higher profit for the period was primarily due to currency devaluation. Basic and diluted earnings per share increased by 62% each in line with profit for the period.

Consolidated			
Particulars	June 2018	June 2017	Change
	Rs.	Rs.	%
Revenue	2,331,108,188	1,682,399,849	39%
Gross profit	652,038,705	497,127,883	31%
Operating profit	354,364,920	293,215,171	21%
Profit for the period	453,044,869	277,604,364	63%
Earnings per share (basic)	4.11	2.53	62%
Earnings per share (diluted)	4.09	2.53	62%

FUTURE OUTLOOK

The Company's outlook for 2018 is guided by the plan to retain good top line growth but have a more accelerated growth in net profit, standalone and for the Group as well.

The Company is expecting to maintain the growth momentum from all of the business units and all geographies. Further, the Company is expecting substantial future growth in Digital Marketing and Call Center.

TechVista Systems FZ LLC has converted most of the existing customer accounts into recurring customers. Farming of existing customers has decreased the overall new customer acquisition cost and this will have the positive impact on the future performance of the Company. The Company is also adding new logos to support future growth.

DIRECTORS' REVIEW REPORT

Following are few key parameters for the Group growth:

- ✓ The Company expects to retain most of the current clients (this is consistent with the past few years).
- ✓ The Company is expecting above average growth rate from the existing customers, as the company has focused and invested in the engagement management and leadership layer. We are expecting with new Digital Policy and new Government Public Sector Business in Pakistan will grow.
- ✓ The Company's services are moving up the value chain by investing and re-inventing themselves in new business verticals and latest technology stacks and the Company is expecting to bring business from new clients.
- ✓ The Company is investing heavily in new tools and technologies to align the workforce for the current and future demand.
- ✓ The Company is building industry solutions that will help in entering new markets and generate recurring revenue stream.

ACKNOWLEDGEMENT

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

On behalf of the Board



Asif Peer
Chief Executive Officer
Date: 27 August 2018
Lahore.

ڈائریکٹرز کی جائزہ رپورٹ - 30 جون 2018

بورڈ آف ڈائریکٹرز کی جانب سے ہم ارکان جون 30 2018 کو ختم ہونے والی آدھے سال کے وادعا اور مجموعی مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی نتائج

غیر سیکھا

آدھے سال 30 جون 2018 کے دوران، سیکھی کی واحد آمدنی 21 فیصد اضافہ کے ساتھ 1364.86 ملین روپے سے 1653.29 ملین روپے تک ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع بالترتیب 17 فیصد اور 23 فیصد تک بڑھ گیا۔ موجودہ مدت کا منافع 75 فیصد اضافہ کے ساتھ 241.08 ملین روپے سے 422.41 ملین روپے تک ہو گیا۔ موجودہ مدت میں زیادہ منافع کی بنیادی وجہ کرنسی کی قدر میں کمی ہے۔ فی شیئر بنیادی اور معتدل آمدنی موجودہ مدت کے لئے آپریٹنگ منافع اور منافع کے لحاظ سے بالترتیب 75 فیصد اور 74 فیصد تک بڑھ گئی۔

غیر سیکھا			
ماخذ	جون 2018	جون 2017	سالانہ فیصد
	روپے	روپے	فیصد
آمدنی	1,653,293,244	1,364,858,943	21%
مجموعی منافع	507,478,183	435,168,166	17%
آپریٹنگ منافع	310,087,371	252,095,670	23%
موجودہ منافع	422,412,491	241,078,507	75%
فی شیئر آمدنی (بنیادی)	3.78	2.16	75%
فی شیئر آمدنی (معتدل)	3.76	2.16	74%

سیکھا

آدھے سال 30 جون 2018 کے دوران، سیکھی کی مجموعی آمدنی 39 فیصد اضافہ کے ساتھ 1,682.40 ملین روپے سے 2,331.108 ملین روپے تک ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع بالترتیب 31 فیصد اور 21 فیصد تک بڑھ گیا۔ موجودہ مدت کا منافع 63 فیصد اضافہ کے ساتھ 277.60 ملین روپے سے 453.04 ملین روپے تک ہو گیا۔ موجودہ مدت میں زیادہ منافع کی بنیادی وجہ کرنسی کی قدر میں کمی ہے۔ فی شیئر بنیادی اور معتدل آمدنی موجودہ مدت کے لئے آپریٹنگ منافع اور منافع کے لحاظ سے 62 فیصد تک بڑھ گیا۔

سیکھا			
ماخذ	جون 2018	جون 2017	سالانہ فیصد
	روپے	روپے	فیصد
آمدنی	2,331,108,188	1,682,399,849	39%
مجموعی منافع	652,038,705	497,127,883	31%
آپریٹنگ منافع	354,364,920	293,215,171	21%
موجودہ منافع	453,044,869	277,604,364	63%
فی شیئر آمدنی (بنیادی)	4.11	2.53	62%
فی شیئر آمدنی (معتدل)	4.09	2.53	62%

مستقبل کا لائحہ عمل

اطلسٹی ٹی ٹی کو برقرار رکھنا سال 2018ء کے لئے کمپنی کی منصوبہ بندی کا حصہ ہے۔ اس میں مجموعی نفع کی رفتار کو نہ صرف انفرادی طور پر بلکہ گروپ کے لئے بڑھانا شامل ہے۔ کمپنی تمام کاروباری یونٹس اور تمام جغرافیوں کی مدد میں پیداواری رفتار کو برقرار رکھنے کی امید کرتی ہے۔ مزید برآں کمپنی ڈیجیٹل مارکیٹنگ اور کال سنٹر میں مزید بہتری کی توقع رکھتی ہے۔ ایک وسٹا سٹریٹجی ایف ڈی ایل ایل سی کے موجودہ صارفین کی کثیر تعداد مستقل صارفین بن چکی ہے۔ موجودہ صارفین کو برقرار رکھنے کی وجہ سے نئے کسٹمرز کے حصول پر لاگت میں مجموعی طور پر کمی واقع ہوئی ہے۔ اور اس وجہ سے کمپنی کی آمدنی کی کارکردگی میں مثبت اثرات مرتب ہوں گے۔ کمپنی نے مستقبل کی نمونہ میں مدد کیلئے نئے لوگوں کا بھی اضافہ کر رہی ہے۔

گروپ کی ٹی ٹی کے لئے چند بنیادی عوامل حسب ذیل ہیں:
 کمپنی کو اکثر حالیہ کلائنٹ کو برقرار رکھنے کی توقع ہے۔ (یہ گذشتہ چند برسوں سے لگاتار ہے)
 کمپنی حالیہ کسٹمرز سے اوسط سے زیادہ ٹی ٹی شرح حاصل کرنے کی توقع رکھتی ہے کیونکہ کمپنی نے رابطہ کے انتظامات اور رہنمائی میں سرمایہ داری پر بھرپور توجہ دی ہے۔ ہم توقع کر رہے ہیں کہ پبلک سیکٹر کاروباری ڈیجیٹل پالیسی اور نئی حکومت کے ساتھ بڑھے گا۔
 کمپنی کی خدمات میں سرمایہ داری اور کاروبار اور ٹیکنالوجی میں تجدید نو کے ذریعے اضافہ ہو رہا ہے۔ اور کمپنی نئے کلائنٹس سے کاروبار حاصل کرنے کی توقع رکھتی ہے۔
 کمپنی نئے حربوں اور ٹیکنالوجی میں بھاری سرمایہ داری کر رہی ہے تاکہ حالیہ اور آمدنی کی طلب کو پورا کرنے کے لئے اپنی صلاحیتوں کو بڑھایا جاسکے۔
 کمپنی ایگزیکٹو سالیون بھی تیار کر رہی ہے جس کی وجہ سے وہ نئی منڈیوں تک رسائی اور مستقل آمدنی کا بہاؤ حاصل کر سکے گی۔

اظہار تشکر

بورڈ اس موقع پر کمپنی کے قابل قدر گاہکوں، بینکوں اور دیگر اسٹیک ہولڈرز کا ان کے تعاون اور مدد فراہم کرنے کے لئے شکر گزار ہے۔ بورڈ کمپنی کے تمام ملازمین کی سخت محنت اور انتہائی کوششوں کو بھی

سراہتا ہے۔

منجانب بورڈ


آصف علی

چیف ایگزیکٹو آفیسر

مورخہ: 27 اگست 2018ء

لاہور

**Systems Limited
Standalone Financial Statements**



EY Ford Rhodes
Chartered Accountants
96-B-I, 4th Floor, Pace Mall Building
M. M. Alam Road, Gulberg-II
P.O. Box 104, Lahore-54660

Tel: +9242 3577 8402-11
Fax: +9242 3577 8412-13
ey.lhr@pk.ey.com
ey.com/pk

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Systems Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Systems Limited** (the Company) as at **30 June 2018** and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows and notes to the unconsolidated condensed interim financial statements for the six month period then ended (here-in-after referred to as "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Naseem Akbar.

Other Matter Paragraph

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income and the notes forming part thereof for the quarters ended 30 June 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 30 June 2018.


Chartered Accountants

Place: Lahore

Date: 28 August 2018

Condensed Interim Statement of Financial Position

as at 30 June 2018

	Note	Un-audited 30 June 2018 Rupees	Audited 31 December 2017 Rupees
ASSETS			
Non-current assets			
Property and equipment	6	980,155,021	884,773,411
Intangibles	7	64,994,552	60,306,397
Long term investments	8	51,077,980	51,077,980
Long term deposits		16,817,416	17,336,739
Deferred taxation		31,771,724	31,771,724
Total non-current assets		1,144,816,693	1,045,266,251
Current assets			
Unbilled revenue		428,898,846	388,018,078
Trade debts	9	1,612,136,402	1,140,871,164
Loans and advances - considered good	10	258,036,011	143,600,657
Trade deposits and short term prepayments	11	175,148,929	103,870,280
Interest accrued		15,807,142	13,486,671
Other receivables	12	228,033,865	183,663,700
Short term investments	13	120,000,000	225,000,000
Tax refunds due from the Government		151,460,482	142,084,484
Cash and bank balances	14	263,163,876	444,255,392
Total current assets		3,252,685,553	2,784,850,426
TOTAL ASSETS		4,397,502,246	3,830,116,677
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
200,000,000 (2017: 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	1,118,276,520	1,118,276,520
Capital reserves		506,023,847	483,032,576
Unappropriated profit		1,836,583,161	1,609,869,061
Total shareholders' equity		3,460,883,528	3,211,178,157
Non-current liabilities			
Long term advances	16	15,266,956	12,218,784
		15,266,956	12,218,784
Current liabilities			
Trade and other payables	17	449,447,186	333,485,673
Short term borrowings	18	450,000,000	200,000,000
Unearned revenue		14,192,876	65,532,595
Mark-up accrued on short term borrowings		1,397,905	2,795,246
Current portion of long term advances		6,313,795	4,906,222
Total current liabilities		921,351,762	606,719,736
TOTAL EQUITY AND LIABILITIES		4,397,502,246	3,830,116,677
Contingencies and commitments	20		

The annexed notes from 1 to 28 form an integral part of these unconsolidated condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Condensed Interim Profit and Loss Account

for the six and three months ended 30 June 2018

	Note	Six Months Ended		Three Months Ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		Rupees	Rupees	Rupees	Rupees
Revenue - net		1,653,293,244	1,364,858,943	863,862,389	698,102,599
Cost of sales		1,145,815,061	929,690,777	616,223,381	466,006,704
Gross profit		507,478,183	435,168,166	247,639,008	232,095,895
Distribution expenses		19,267,316	46,794,289	10,969,216	40,909,008
Administrative expenses		178,123,496	136,278,207	88,999,767	71,207,806
		197,390,812	183,072,496	99,968,983	112,116,814
Operating profit		310,087,371	252,095,670	147,670,025	119,979,081
Other income		165,657,562	32,885,669	92,373,246	28,133,240
		475,744,933	284,981,339	240,043,271	148,112,321
Other operating expenses	21	39,288,433	37,074,557	15,467,358	37,074,557
Finance costs		5,528,591	1,579,506	3,173,390	1,142,937
Profit before taxation		430,927,909	246,327,276	221,402,523	109,894,827
Taxation		8,515,418	5,248,769	4,751,840	3,048,769
Profit for the period		422,412,491	241,078,507	216,650,683	106,846,058
Earnings per share:					
Basic earnings per share	22	3.78	2.16	1.94	0.96
Diluted earnings per share		3.76	2.16	1.93	0.95

The annexed notes from 1 to 28 form an integral part of these unconsolidated condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Comprehensive Income

for the six months ended 30 June 2018

	Six Months Ended	
	30 June 2018	30 June 2017
	Rupees	Rupees
Profit for the period	422,412,491	241,078,507
Other comprehensive income	-	-
Total comprehensive income for the period	422,412,491	241,078,507

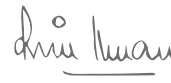
The annexed notes from 1 to 28 form an integral part of these unconsolidated condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Condensed Interim Cash Flow Statement

for the six months ended 30 June 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash (used in) / generated from operations	24	(182,851,380)	205,795,576
Finance costs paid		(6,925,932)	(1,579,506)
Taxes paid		(17,891,416)	(21,491,749)
		(24,817,348)	(23,071,255)
Net cash flows (used in) / generated from operating activities		(207,668,728)	182,724,321
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(149,938,422)	(243,956,841)
Development expenditure		(18,931,894)	(16,887,688)
Proceeds from the disposal of property and equipment		6,457,112	(12,556,203)
Purchase short term investments - net of disposal		105,000,000	93,000,000
Increase in long term deposits		519,323	-
Profit received on bank deposits		2,234,555	1,305,478
Net cash flows (used in) investing activities		(54,659,326)	(179,095,254)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		-	15,088,889
Increase in short term borrowings		250,000,000	150,000,000
Dividend paid		(173,219,207)	(207,999,433)
Increase / (decrease) in long term advances		4,455,745	(2,482,864)
Net cash flows from / (used in) financing activities		81,236,538	(45,393,408)
Net (decrease) in cash and cash equivalents		(181,091,516)	(41,764,341)
Cash and cash equivalents at beginning of the period		444,255,392	183,200,188
Cash and cash equivalents at closing of the period		263,163,876	141,435,847

The annexed notes from 1 to 28 form an integral part of these unconsolidated condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Changes in Equity for the six months ended 30 June 2018

	Issued, subscribed and paid up share capital	Capital reserves		Revenue reserve		Total
		Share capital premium	Employee compensation reserve	Unappropriated profit		
-----Rupees-----						
Balance as at 31 December 2016 - (Audited)	1,110,784,920	422,623,948	38,467,279	1,344,492,456	2,916,368,603	
Transfer from compensation reserve to share premium reserve	-	43,068,402	(43,068,402)	-	-	
Shares issued against Employees' Share Option Scheme	7,491,600	7,597,289	-	-	15,088,889	
Share based payments	-	-	12,244,283	-	12,244,283	
Final dividend @ Rs.186 per shares for the year ended 31 December 2016	-	-	-	(207,999,433)	(207,999,433)	
Total comprehensive income for the period	-	-	-	241,078,507	241,078,507	
Balance as at 30 June 2017 - (Unaudited)	1,118,276,520	473,289,639	7,643,160	1,377,571,530	2,976,780,849	
Balance as at 31 December 2017 - (Audited)	1,118,276,520	473,289,639	9,742,937	1,609,869,061	3,211,178,157	
Transfer from compensation reserve to share premium reserve	-	-	-	-	-	
Shares issued against Employees' Share Option Scheme	-	-	-	-	-	
Share based payments	-	-	22,991,271	-	22,991,271	
Final dividend @ Rs.175 per shares for the year ended 31 December 2017	-	-	-	(195,698,391)	(195,698,391)	
Total comprehensive income for the period	-	-	-	422,412,491	422,412,491	
Balance as at 30 June 2018- (Unaudited)	1,118,276,520	473,289,639	32,734,208	1,836,583,161	3,460,883,528	

The annexed notes from 1 to 28 form an integral part of these unconsolidated condensed interim financial statements.


CHAIRMAN


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

Selected Notes to the Condensed Interim Financial Information for the six months ended 30 June 2018 (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

- 1.1 The Company is a public limited Company incorporated in Pakistan under the repealed Companies Ordinance 1984, and is listed on the Pakistan Stock Exchange (formerly Karachi, Islamabad and Lahore Stock Exchanges). The Company is principally engaged in the business of software development, trading of software and business process outsourcing services. The head office of the Company is situated at E-1 Sehjpal Road, Near DHA Phase VIII (Ex-Air Avenue), Lahore Cantt.
- 1.2 These financial statements are the separate financial statements of the company in which investment in subsidiary is stated at cost less impairment losses, if any. The condensed interim consolidated financial statements are prepared separately.

2. STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 have been followed.
 - Provisions of and directives issued under the Companies Act, 2017.
- 2.2 The interim financial information is un-audited and is being submitted to shareholders, as required by section 237 of the Companies Act, 2017.

3. BASIS OF PREPARATION

- 3.1 These unconsolidated condensed interim financial information of the Company for the six months period ended 30 June 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting as are notified under the Companies Act, 2017.
- 3.2 This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2017.
- 3.3 These condensed interim financial statements have been prepared under the historical cost convention.
- 3.4 These unconsolidated condensed interim financial statements are presented in Pak rupee, which is also the functional currency of the Company.

4. ACCOUNTING POLICIES

- 4.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended 31 December 2017 except as follows:

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

IFRS 2 - Share based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)

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

IAS-28 -Investment in Associate and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice (Amendments)

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

IFRICS 22 -Foreign Currency Transactions and Advances Consideration

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

- 4.2 As per SRO 1007(I)/2017 issued by Securities and Exchange Commission of Pakistan (SECP) IFRS 15 and IFRS 9 are applicable from annual reporting periods beginning on or after 1 July 2018. With reference to note 4 of first quarter financial statements, the Board has now decided to adopt these standards from the effective date specified in SRO issued by SECP.

The company is in the process of determining the impact of IFRS 15 and IFRS 9 with respect to financial statements of 2019.

5 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2017.

	Note	Un-audited 30 June 2018	Audited 31 December 2017
----- (Rupees) -----			
6. PROPERTY AND EQUIPMENT			
Operating fixed assets	(6.1)	876,273,039	832,499,330
Capital work in progress	(6.2)	103,881,982	52,274,081
		<u>980,155,021</u>	<u>884,773,411</u>
6.1 Operating fixed assets - Owned			
Opening balance - net book value		832,499,330	175,872,315
Additions during the period / year - cost	(6.1.1)	98,330,521	744,664,032
		<u>930,829,851</u>	<u>920,536,347</u>
Less:			
Disposals during the period / year	(6.1.2)	3,141,081	14,067,827
Depreciation during the period / year		51,415,731	73,969,190
Book value at the end of the period / year		<u>876,273,039</u>	<u>832,499,330</u>

16 Systems Limited

	Note	Un-audited 30 June 2018	Audited 31 December 2017
		----- (Rupees) -----	
6.1.1	Additions during the period/year-cost		
	Building	-	485,167,103
	Computers	27,114,311	51,810,917
	Computer equipment and installations	2,353,149	26,472,233
	Other equipment and installations	464,420	66,112,541
	Generator	9,114,300	26,800,700
	Furniture and fittings	5,914,120	27,787,309
	Office equipment	1,180,277	27,274,924
	Vehicles	52,189,944	32,562,500
	Project assets	-	675,805
		<u>98,330,521</u>	<u>744,664,032</u>
6.1.2	Disposals during the period / year		
		Cost	Accumulated Depreciation
			Written Down Value
		----- (Rupees) -----	
	30 June 2018 (Unaudited)		
	Computers	1,445,900	658,437
	Vehicles	7,566,381	5,212,763
		<u>9,012,281</u>	<u>3,141,081</u>
	31 December 2017 (Audited)		
	Computers and mobile sets	2,870,008	2,251,776
	Vehicles	25,379,908	11,930,313
		<u>28,249,916</u>	<u>14,067,827</u>
		Un-audited 30 June 2018	Audited 31 December 2017
		----- (Rupees) -----	
6.2	CAPITAL WORK IN PROGRESS		
	Balance at the beginning of the period / year	52,274,081	381,726,137
	Additions during the period / year	51,607,901	355,174,824
	Transfer to operating fixed assets during the period / year	-	(684,626,880)
	Balance at the end of the period / year	<u>103,881,982</u>	<u>52,274,081</u>
7.	INTANGIBLES		
	Opening balance - net book value	60,306,397	51,467,435
	Additions during the period / year - cost	18,931,894	34,411,542
		<u>79,238,291</u>	<u>85,878,977</u>
	Less:		
	Amortization during the period / year	14,243,739	25,572,580
	Book value at the end of the period / year	<u>64,994,552</u>	<u>60,306,397</u>

	Note	Un-audited 30 June 2018	Audited 31 December 2017
----- (Rupees) -----			
8. LONG TERM INVESTMENTS			
Investment in Subsidiaries - at cost - unquoted			
E - Processing Systems (Private) Limited 140,001 (2017: 140,001) fully paid ordinary shares of Rs. 10/- each	(8.1)	49,700,030	49,700,030
Tech Vista Systems FZ-LLC 50 (2017: 50) fully paid ordinary shares of AED 1000/- each	(8.2)	1,377,950	1,377,950
		51,077,980	51,077,980
8.1 This represents 53% share in 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.			
8.2 This represents 100% share in Company's subsidiary, TechVista Systems FZ LLC, a company set up in Dubai Technology and Media Free Zone Authority engaged in providing a host of services including enterprise application integration and software development and has been registered as a limited liability company on 03 April 2013.			
	Note	Un-audited 30 June 2018	Audited 31 December 2017
----- (Rupees) -----			
9. TRADE DEBTS			
Considered good - unsecured			
Export	(9.1)	1,333,867,505	959,900,736
Local		278,268,897	180,970,428
		1,612,136,402	1,140,871,164
Considered doubtful - unsecured			
Export		7,416,476	8,869,189
Local		51,895,735	38,417,236
		59,312,211	47,286,425
		1,671,448,613	1,188,157,589
Less: Provision for doubtful debts		(50,291,363)	(36,732,888)
Less: written off		(9,020,848)	(10,553,537)
		(59,312,211)	(47,286,425)
		1,612,136,402	1,140,871,164
9.1 This includes receivables from related parties i.e. Visionet Systems Incorporation and Tech Vista Systems FZ LLC amounting to Rs. 518.49 million (2017: Rs 329 million) and Rs.822.79 million (2017: Rs 617.68 million) respectively.			
	Note	Un-audited 30 June 2018	Audited 31 December 2017
----- (Rupees) -----			
10. LOANS AND ADVANCES - CONSIDERED GOOD			
Advances- considered good			
Against salary		7,145,046	2,925,438
Against expenses		15,758,025	6,035,111
	(10.1)	22,903,071	8,960,549
Advances to suppliers - against goods		69,563,178	15,475,741
		92,466,249	24,436,290
Loans to related parties		171,296,763	194,190,496
Elimination on account of joint operation		(5,727,001)	(75,026,129)
		165,569,762	119,164,367
		258,036,011	143,600,657

18 Systems Limited

10.1 It includes advances to executives amounting to Rs.7.3 million (2017: Rs. 8.77) million.

	Note	Un-audited 30 June 2018	Audited 31 December 2017
----- (Rupees) -----			
11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits	(11.1)	142,273,057	83,813,930
Prepayments		32,875,872	20,056,350
		<u>175,148,929</u>	<u>103,870,280</u>

11.1 This represents interest free security bid bonds deposited with customers. It also includes security deposit of Rs 37.5 million with MCB against running finance facility

12. OTHER RECEIVABLES

These represent receivables from the following related parties:

Considered good - unsecured

Visionet Systems Incorporation - USA	(12.1)	52,150,297	4,118,251
Tech Vista Systems FZ LLC - UAE	(12.2)	175,883,568	179,545,449
		<u>228,033,865</u>	<u>183,663,700</u>

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

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

13. SHORT TERM INVESTMENTS

Term Deposit Receipts (TDRs)	(13.1)	<u>120,000,000</u>	<u>225,000,000</u>
------------------------------	--------	--------------------	--------------------

13.1 This represents TDRs carrying markup at rates ranging from 5.35% to 6%(2017: 3.39% to 5.85%) per annum.

14. CASH AND BANK BALANCES

Cash in hand		13,803	93,105
Cash at bank:			
Local currency:			
Current accounts		67,742,981	55,298,198
Saving accounts	(14.1)	192,656,127	388,335,699
		260,399,108	443,633,897
Foreign currency - current accounts		2,750,965	528,390
		<u>263,163,876</u>	<u>444,255,392</u>

14.1 These carry interest rate of 3.26% to 4.50% (2017: 3.75% to 4%) per annum.

15. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			Un-audited	Audited	
			30 June	31 December	
				2018	2017
		----- (Rupees) -----			
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	
	-----No of Shares-----		-----Rupees-----		
Ordinary shares of Rs. 10/- each fully paid in cash	22,976,087	22,976,087	229,760,870	229,760,870	
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	88,851,565	88,851,565	888,515,650	888,515,650	
	<u>111,827,652</u>	<u>111,827,652</u>	<u>1,118,276,520</u>	<u>1,118,276,520</u>	

15.1 Reconciliation of issued, subscribed and paid-up share capital:

Balance as at 1st January	111,827,652	111,078,492	1,118,276,520	1,110,784,920
Stock options exercised	-	749,160	-	7,491,600
	<u>111,827,652</u>	<u>111,827,652</u>	<u>1,118,276,520</u>	<u>1,118,276,520</u>

16. LONG TERM ADVANCES

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

17. TRADE AND OTHER PAYABLES			Un-audited	Audited	
			30 June	31 December	
				2018	2017
		----- (Rupees) -----			
Creditors			73,928,232	30,439,992	
Advance from customers			13,952,185	1,541,005	
Retention Money			-	335,116	
Accrued liabilities			312,593,786	275,658,468	
Withholding income tax payable			11,184,744	8,946,059	
Provident fund payable			15,309,055	16,565,033	
Dividend Payable			22,479,184	-	
			<u>449,447,186</u>	<u>333,485,673</u>	

18. SHORT TERM BORROWINGS

This represents running finance obtained from MCB Limited. The facility has a limit of Rs. 650 million for working capital requirement and carries interest rate at 3 months Kibor + 0.5% per annum. The facility is mainly secured against first exclusive charge of Rs 1,733.32 million on present and future current and fixed assets of the Company along with 15% cash margin

19. 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	
	Un-audited Six Months Ended 30 June		Un-audited Six Months Ended 30 June		Un-audited Six Months Ended 30 June		Un-audited Six Months Ended 30 June	
	2018	2017	2018	2017	2018	2017	2018	2017
-----Rupees-----								
Sales	1,041,363,603	920,499,835	194,326,755	181,920,643	417,602,886	262,438,465	1,653,293,244	1,364,858,943
Cost of sales	(608,350,804)	(523,816,337)	(183,235,586)	(185,970,255)	(354,228,671)	(219,904,185)	(1,145,815,061)	(929,690,777)
Gross profit	433,012,799	396,683,498	11,091,169	(4,049,612)	63,374,215	42,534,280	507,478,183	435,168,166
Distribution expenses	(2,045,091)	(1,442,603)	(818,036)	(3,197,675)	(16,404,189)	(13,372,011)	(19,267,316)	(46,794,289)
Administrative expenses	(122,279,432)	(97,340,237)	(23,137,397)	(19,103,146)	(32,706,667)	(19,834,824)	(178,123,496)	(136,278,207)
	(124,324,523)	(98,782,840)	(23,955,433)	(51,082,821)	(49,110,856)	(33,206,835)	(197,390,812)	(183,072,496)
Profit / (loss) before taxation and Unallocated income and expenses	<u>308,688,276</u>	<u>297,900,658</u>	<u>(12,864,264)</u>	<u>(55,132,433)</u>	<u>14,263,359</u>	<u>9,327,445</u>	<u>310,087,371</u>	<u>252,095,670</u>
Unallocated income and expenses:							2018	2017
							Rupees	Rupees
Other operating expenses							(39,288,433)	(37,074,557)
Other income							165,657,562	32,885,669
Finance cost							(5,528,591)	(1,579,506)
							120,840,538	(5,768,394)
Profit before taxation							430,927,909	246,327,276
Taxation							8,515,418	5,248,769
Profit for the year							<u>422,412,491</u>	<u>241,078,507</u>

20. CONTINGENCIES AND COMMITMENTS

Contingencies

There is no significant change in the contingencies since the date of preceding published annual financial statements except for following:

The Additional Commissioner Inland Revenue issued order under section 122(1),122(5A) of Income Tax Ordinance, 2001 for tax year 2012 creating demand of Rs. 18.46 million. The company has filed the appeal before the CIR Appeals which is pending adjudication.

The Assistant Commissioner Inland Revenue issued order under section 11(2) and 11(3) of Sales Tax Act 1990, for tax period from March 2013 to June 2015 creating demand of Rs. 28.8 million. The company has filed the appeal before the CIR Appeals which is pending adjudication.

Commitments:

- 20.1 Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 360.28 million (2017: Rs. 260.18 million). This includes guarantees of Rs. 254.54 million (2017: Rs. 177.17 million) given on behalf of Joint Operation .

Commitments include capital commitments for construction of building of the Company amounting to Rs. 52 (2017: 52) million.

	Un-audited 30 June 2018	Un-audited 30 June 2017
	----- (Rupees) -----	
21. OTHER OPERATING EXPENSES		
Provision for doubtful debts	28,029,231	840,484
Unbilled and bad debt written-off	11,259,202	36,234,073
	<u>39,288,433</u>	<u>37,074,557</u>

	Un-audited			
	Six Months Ended		Three Months Ended	
	2018	2017	2018	2017
22. EARNINGS PER SHARE				
Basic earnings per share:				
Profit for the period (Rupees)	422,412,491	241,078,507	216,650,683	106,846,058
Weighted-average number of ordinary shares outstanding during the period	111,827,652	111,413,751	111,827,652	111,745,327
Basic - in Rupees	3.78	2.16	1.94	0.96
Diluted earnings per share:				
Profit for the period (Rupees)	422,412,491	241,078,507	216,650,683	106,846,058
Weighted-average number of ordinary shares (basic)	111,827,652	111,413,751	111,827,652	111,745,327
Effect of share options	525,050	210,965	525,050	237,032
	<u>112,352,702</u>	<u>111,624,716</u>	<u>112,352,702</u>	<u>111,982,359</u>
Diluted - in Rupees	3.76	2.16	1.93	0.95

23. TRANSACTIONS WITH RELATED PARTIES

Related parties comprises of associated companies, staff retirement fund, directors and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

Related party	Relationship	Nature of transactions	Un-audited	
			30 June	
			2018	2017
			----- Rupees -----	
E Processing Systems (Pvt.) Ltd.	Subsidiary	Payment for expenses	46,561,306	30,587,197
		Interest income	2,215,190	1,966,102
			<u>48,776,496</u>	<u>32,553,299</u>
Tech Vista Systems FZ LLC	Subsidiary	Sales	169,439,347	164,591,417
		Payment for expenses	3,661,882	8,848,446
			<u>173,101,229</u>	<u>173,439,863</u>
Visionet Systems Incorporation	Common directorship	Sales	1,014,296,175	899,311,716
		Payment for expenses	48,032,046	4,300,951
			<u>1,062,328,221</u>	<u>903,612,667</u>
Provident fund	Employee benefit plan	Contributions	45,942,827	43,455,174

	Un-audited 30 June 2018	Un-audited 30 June 2017
	----- (Rupees) -----	
24. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	430,927,909	246,327,276
Adjustments for:		
Depreciation on property and equipment	51,415,731	33,876,699
Amortization of intangibles	14,243,739	12,559,324
Provision for bad debts	28,029,231	840,484
Bad debts - written off	11,259,202	36,234,073
Share based payment expense	22,991,271	12,244,283
Finance costs	5,528,591	1,579,506
Exchange gain - net	(136,392,403)	(610,210)
Profit on bank deposits	(2,234,555)	(1,305,478)
Gain on short term investments	(4,929,793)	(5,632,814)
Gain on disposal of property and equipment	(3,316,031)	(5,237,783)
	(13,405,017)	84,548,084
Profit before working capital changes	417,522,892	330,875,360
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Unbilled revenue - net	(92,220,487)	(117,459,187)
Trade debts	(374,161,268)	91,743,098
Advances	(114,435,354)	(23,861,912)
Trade deposits and short term prepayments	(71,278,649)	18,073
Interest accrued	2,609,322	4,056,431
Other receivables	(44,370,165)	(43,736,593)
	(693,856,601)	(89,240,090)
Increase / (Decrease) in current liabilities:		
Trade and other payables	93,482,329	(35,839,694)
	(600,374,272)	(125,079,784)
Net cash (used in) / generated from operations	(182,851,380)	205,795,576

25. FINANCIAL RISK MANAGEMENT

25.1 Financial risk factors

There is no change in the company's objectives, policies, procedures for measuring and managing the financial risks including capital management risk, since the preceding annual financial year ended 31 December 2017.

25.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date. Accordingly, detailed disclosure with reference to fair value has not been given in this condensed interim financial information.

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

- There were no financial assets and liabilities measured at fair value as at 30 June 2018.
- During the six months period ended 30 June 2018, there were no transfers between Level 1 and Level 2 fair value measurements.
- There were no financial assets and liabilities measured at fair value as at 31 December 2017.

30 June 2018		
Cash and cash equivalents	Loans and advances	Total
----- (Rupees) -----		

Financial instruments by categories**Financial assets as per balance sheet**

Long term deposits	-	16,817,416	16,817,416
Unbilled revenue	-	428,898,846	428,898,846
Loans and advances	-	258,036,011	258,036,011
Trade debts	-	1,612,136,402	1,612,136,402
Security deposits	-	142,273,057	142,273,057
Interest accrued	-	15,807,142	15,807,142
Other receivable	-	228,033,865	228,033,865
Short term investments	-	120,000,000	120,000,000
Cash and bank balances	263,163,876	-	263,163,876
	<u>263,163,876</u>	<u>2,822,002,739</u>	<u>3,085,166,615</u>

31 December 2017		
Cash and cash equivalents	Loans and advances	Total
----- (Rupees) -----		

Financial assets as per balance sheet

Long term deposits	-	17,336,739	17,336,739
Unbilled revenue	-	388,018,078	388,018,078
Loans and advances	-	143,600,657	143,600,657
Trade debts	-	1,140,871,164	1,140,871,164
Security deposits	-	83,813,930	83,813,930
Interest accrued	-	13,486,671	13,486,671
Other receivables	-	183,663,700	183,663,700
Short term investments	-	225,000,000	225,000,000
Cash and bank balances	444,255,392	-	444,255,392
	<u>444,255,392</u>	<u>2,195,790,939</u>	<u>2,640,046,331</u>

	30 June 2018	31 December 2017
	Financial Liabilities at amortized cost Rupees	Financial Liabilities at amortized cost Rupees
Financial liabilities as per balance sheet		
Mark-up accrued on short term borrowings	1,397,905	2,795,246
Short term borrowings	450,000,000	200,000,000
Trade and other payables	87,880,417	156,271,979
	<u>539,278,322</u>	<u>359,067,225</u>

26. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on **27 August 2018** by the Board of Directors of the Company.

27. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or re-classified where necessary for the purpose of comparison, however no significant re-classification or re-arrangements have been made in this condensed interim financial information.

28. GENERAL

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



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

**Systems Limited
Consolidated Financial Statements**

Consolidated Condensed Interim Statement of Financial Position as at 30 June 2018

ASSETS	Note	30 June 2018 Un-audited Rupees	31 December 2018 Audited Rupees
Non-current assets			
Property and equipment	6	991,711,086	896,628,030
Intangibles	7	162,153,805	146,681,884
Long term deposits		19,823,416	20,342,739
Deferred taxation		31,771,724	31,771,724
		1,205,460,031	1,095,424,377
Current assets			
Unbilled revenue		768,300,665	491,012,735
Trade debts	8	1,180,169,637	1,009,749,395
Loans and advances	9	113,038,793	63,760,802
Trade deposits and short term prepayments	10	253,331,928	125,030,318
Interest accrued		13,591,952	374,882
Other receivables	11	241,360,711	136,723,252
Short term investments	12	120,000,000	225,000,000
Tax refunds due from the Government		149,394,454	141,044,878
Cash and bank balances	13	608,344,805	697,875,255
		3,447,532,945	2,890,571,517
TOTAL ASSETS		4,652,992,976	3,985,995,894
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 200,000,000 (2017: 200,000,000) ordinary shares of Rs. 10 each		2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	14	1,118,276,520	1,118,276,520
Capital and reserve		515,818,660	484,864,324
Unappropriated profit		1,873,707,339	1,609,551,095
		3,507,802,519	3,212,691,939
Non-controlling interest		5,121,126	11,930,892
		3,512,923,645	3,224,622,831
Non-current liabilities			
Long term advances	15	15,266,956	12,218,784
Provision for gratuity		9,815,117	9,010,703
		25,082,073	21,229,487
Current liabilities			
Trade and other payables	16	632,658,768	431,207,930
Unearned revenue		14,192,876	90,810,264
Mark-up accrued on short term borrowings		1,397,905	2,795,246
Short term borrowings	17	460,423,914	210,423,914
Current portion of long term advances		6,313,795	4,906,222
		1,114,987,258	740,143,576
TOTAL EQUITY & LIABILITIES		4,652,992,976	3,985,995,894
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 27 form an integral part of this consolidated condensed interim financial information.


CHAIRMAN


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Profit and Loss Account

for the six and three months ended 30 June 2018

	Note	Six Months Ended		Three Months Ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		Rupees	Rupees	Rupees	Rupees
Revenue - net		2,331,108,188	1,682,399,849	1,225,003,332	864,752,662
Cost of sales		1,679,069,483	1,185,271,966	901,758,458	610,590,336
Gross profit		652,038,705	497,127,883	323,244,874	254,162,326
Distribution expenses		65,146,617	42,681,500	35,246,299	22,063,241
Administrative expenses		232,527,168	161,231,212	123,634,095	85,106,918
		297,673,785	203,912,712	158,880,393	107,170,159
Operating profit		354,364,920	293,215,171	164,364,481	146,992,167
Other income		162,471,614	30,021,069	90,744,708	26,371,466
		516,836,534	323,236,240	255,109,190	173,363,633
Other operating expenses	20	46,162,700	37,074,557	21,731,825	32,084,227
Finance costs		8,087,125	2,835,021	4,561,494	225,070
Profit before taxation		462,586,709	283,326,662	228,815,871	141,054,336
Taxation		9,541,840	5,722,298	5,296,288	3,522,298
Profit for the period		453,044,869	277,604,364	223,519,583	137,532,038
Attributable to:					
Equity holders of the parent		459,854,635	282,262,178	227,224,889	140,283,006
Non-controlling interest		(6,809,766)	(4,657,814)	(3,705,307)	(2,750,968)
		453,044,869	277,604,364	223,519,582	137,532,038
Earnings per share:					
Basic earnings per share	21	4.11	2.53	2.03	1.26
Diluted earnings per share		4.09	2.53	2.02	1.25

The annexed notes from 1 to 27 form an integral part of this consolidated condensed interim financial information.


CHAIRMAN


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Comprehensive Income for the six months ended 30 June 2018

	Six Months Ended	
	30 June 2018 Un-audited Rupees	30 June 2017 Un-audited Rupees
Profit for the period	453,044,869	227,604,364
Other comprehensive income		
Exchange difference on transaltion of foreign operations	7,963,065	167,673
Total comprehensive income for the period	461,007,934	227,772,037
Attributable to:		
Equity holders of the parent	467,817,700	282,429,851
Non-controlling interest	(6,809,766)	(4,657,814)
	461,007,934	277,772,037

The annexed notes from 1 to 27 form an integral part of this consolidated condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Cash Flow Statement

for the six months ended 30 June 2018

	Note	30 June 2018 Un-audited Rupees	30 June 2017 Un-audited Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows / (used in) from operations	23	(63,329,475)	262,617,867
Finance costs paid		(9,484,465)	(1,579,506)
Gratuity paid		-	(335,941)
Taxes paid		(17,891,417)	(21,965,278)
		(27,375,882)	(23,880,725)
Net cash flows (used in) / from operating activities		(90,705,357)	238,737,142
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(152,707,093)	(259,075,327)
Development expenditure		(31,979,202)	(16,887,688)
Proceeds from the disposal of property and equipment		6,457,112	(12,556,203)
Increase / (Decrease) in long term deposits		519,323	-
Purchase of short term investments - net		109,929,793	93,000,000
Profit received on bank deposits		2,234,555	1,305,478
Net cash flows (used in) / investing activities		(65,545,512)	(194,213,740)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		-	15,088,889
Proceeds from issue of share			222,220
Increase in short term borrowings		250,000,000	180,587,197
Proceeds from convertible loan			10,423,914
Dividend paid		(195,698,391)	(207,999,433)
Increase / (decrease) in long term advances		4,455,745	(2,482,864)
Net cash flows from / (used in) financing activities		58,757,354	(4,160,077)
Net (decrease) in cash and cash equivalents		(97,493,515)	40,363,325
Effect of exchange translation reserve		7,963,065	390,545
Cash and cash equivalents at beginning of the period		697,875,255	274,133,403
Cash and cash equivalents at closing of the period		608,344,805	314,887,273

The annexed notes from 1 to 27 form an integral part of this consolidated condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Changes in Equity for the six months ended 30 June 2018

	Issued, subscribed and paid up share capital	Capital reserve			Foreign currency transaction reserve	Revenue reserve		Total equity attributable to shareholders of parent company	Non-controlling interest	Total
		Share capital premium	Employee compensation reserve			Unappropriated profit				
Balance as at 31 December 2016 - (Audited)	1,110,784,920	422,623,948	38,467,279	(316,714)	1,244,108,681	2,815,668,114	(15,568,020)	2,800,100,094	-	-
Transfer from compensation reserve to share premium reserve	-	43,088,402	(43,088,402)	-	-	-	-	-	-	15,088,889
Shares issued against Employees' Share Option Scheme	7,491,600	7,597,289	-	-	-	12,244,283	-	12,244,283	-	12,244,283
Share based payments	-	-	12,244,283	-	-	-	-	-	222,220	222,220
Shares issued to NCI against cash	-	-	-	-	-	-	-	-	-	-
Adjustment on account of issue of shares to NCI	-	-	-	-	-	-	-	-	-	-
Final dividend @ Rs.186 per share for the year ended 31 December 2016	-	-	-	-	-	3,772,541	-	3,772,541	(3,772,541)	-
Total comprehensive income for the period	-	-	-	-	-	(207,999,433)	(207,999,433)	282,262,178	(4,657,814)	(207,999,433)
Other comprehensive income for the period	-	-	-	-	167,673	-	-	167,673	-	167,673
Balance as at 30 June 2017 (un-audited)	1,118,276,520	473,289,639	7,643,160	(149,041)	1,322,143,967	2,921,204,245	(23,776,155)	2,897,428,090	-	2,897,428,090
Balance as at 31 December 2017 (Audited)	1,118,276,520	473,289,639	9,742,937	183,1748	1,609,551,095	3,212,691,939	11,930,892	3,224,622,831	-	3,224,622,831
Share based payments	-	-	22,991,271	-	-	22,991,271	-	22,991,271	-	22,991,271
Final dividend @ Rs.175 per shares for the year ended 31 December 2017	-	-	-	-	-	(195,698,391)	-	(195,698,391)	-	(195,698,391)
Total comprehensive income for the period	-	-	-	-	-	459,854,635	(6,809,766)	459,854,635	(6,809,766)	453,044,869
Other comprehensive income for the period	-	-	-	-	7,963,065	-	-	7,963,065	-	7,963,065
Balance as at 30 June 2018 (un-audited)	1,118,276,520	473,289,639	32,734,208	9,794,813	1,873,707,339	3,507,802,519	5,121,126	3,512,923,645	-	3,512,923,645

Rupees

The annexed notes from 1 to 27 form an integral part of this consolidated condensed interim financial information.


CHAIRMAN


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

Selected Notes to the Consolidated Condensed Interim Financial Information for the six months ended 30 June 2018 (Un-audited)

1. THE GROUP AND ITS OPERATIONS

Holding Company

The Company is a public limited Company incorporated in Pakistan under the repealed Companies Ordinance 1984 (now 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 head office of the Company is situated at E-1, Sehjpal 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. The Company is engaged in the business of developing software and providing ancillary services.

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

E-Processing Systems (Private) Limited, a private limited Company registered under the repealed Companies Ordinance 1984, (now the Companies Act 2017) incorporated on 06 February 2013, is a 53% owned subsidiary of Systems Limited. The Company is principally engaged in the business of purchase and sale of airtime and related services.

2. STATEMENT OF COMPLIANCE

2.1 This consolidated condensed interim financial information is not audited and has been prepared in condensed form and does not include all the information as is required to be provided in full set of annual financial statements. This condensed interim consolidated financial information should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017.

2.2 This interim financial information is un-audited and is being submitted to shareholders, as required by section 237 of the Companies Act, 2017.

3. BASIS OF PREPARATION

This consolidated condensed interim financial information is not audited and has been prepared in condensed form and does not include all the information as is required to be provided in full set of annual financial statements. This condensed interim consolidated financial information should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017.

3.1 Consolidated financial statements

This consolidated condensed interim financial information comprises the financial information of Systems Limited and its subsidiaries, here-in-after referred to as "the Group".

3.2 Basis of measurement

This consolidated condensed interim financial information has been prepared under the historical cost convention.

4. ACCOUNTING POLICIES

4.1 The accounting policies adopted for the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended 31 December 2017 except as follows:

The Group has adopted the following standards and amendment to IFRSs which became effective for the current period:

IFRS 2 - Share based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments)

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

IAS-28 -Investment in Associate and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice (Amendments)

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

IFRICS 22 -Foreign Currency Transactions and Advances Consideration

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

- 4.2 As per SRO 1007(I)/2017 issued by Securities and Exchange Commission of Pakistan (SECP) IFRS 15 and IFRS 9 are applicable from annual reporting periods beginning on or after 1 July, 2018. With reference to note 4 of first quarter financial statements, the Board has now decided to adopt these standards from the effective date specified in SRO issued by SECP.

The Group is in the process of determining the impact of IFRS 15 and IFRS 9 with respect to financial statements of 2019.

5 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2017.

	Note	30 June 2018 Un-audited Rupees	31 December 2017 Audited Rupees
6. PROPERTY AND EQUIPMENT			
Operating fixed assets:			
Opening balance - net book value		844,353,949	189,448,990
Additions during the period / year - cost	(6.1)	101,099,192	747,917,976
		945,453,141	937,366,966
Less:			
Disposals during the period / year	(6.2)	3,141,081	14,067,853
Depreciation during the period / year		54,482,956	78,945,164
Book value at the end of the period / year		887,829,104	844,353,949
Capital work in progress:			
Opening balance		52,274,081	381,726,137
Additions during the period / year - cost		51,607,901	355,174,824
		103,881,982	736,900,961
Less:			
Transfer to operating fixed assets		-	684,626,880
Closing value at the end of the period / year		103,881,982	52,274,081
		991,711,086	896,628,030

		30 June 2018 Un-audited Rupees	31 December 2017 Audited Rupees
6.1	Additions during the period / year-cost		
	Building	-	485,167,103
	Computers and mobile sets	27,833,366	54,574,764
	Computer equipment and installations	3,300,849	26,472,233
	Other equipment and installations	464,420	66,112,541
	Generator	9,114,300	26,800,700
	Furniture and fittings	5,914,120	27,849,587
	Vehicles	1,180,277	32,974,560
	Office equipment	52,189,944	27,291,457
	Project assets	-	675,031
	Exchange gain	1,101,916	-
		<u>101,099,192</u>	<u>747,917,976</u>
6.2	Disposals during the period / year		
		Cost	Accumulated Depreciation
		Written Down Value	
	30 June 2018 (Un-audited)		
	Computers and mobile sets	1,445,900	658,437
	Vehicles	7,566,381	5,212,763
		<u>9,012,281</u>	<u>5,871,200</u>
	31 December 2017 (Audited)		
	Computers and mobile sets	2,870,008	2,251,776
	Vehicles	25,379,908	11,930,287
		<u>28,249,916</u>	<u>14,182,063</u>
7.	INTANGIBLES		
	Opening balance - net book value	146,681,884	118,945,145
	Additions during the period / year - cost	31,979,202	56,725,912
		<u>178,661,086</u>	<u>175,671,057</u>
	Less:		
	Amortization during the period / year	16,507,281	28,989,173
	Book value at the end of the period / year	<u>162,153,805</u>	<u>146,681,884</u>
8.	TRADE DEBTS		
		Note	
		30 June 2018 Un-audited Rupees	31 December 2017 Audited Rupees
	Considered good - unsecured		
	Export		776,861,749
	Local	(8.1)	337,811,620
			<u>1,180,169,637</u>
	Considered doubtful - unsecured		
	Export	7,416,476	59,261,536
	Local	64,986,206	38,417,236
		<u>72,402,682</u>	<u>97,678,772</u>
		1,252,572,319	1,107,428,167
	Less: Provision for doubtful debts	(56,108,634)	(42,020,516)
	Less: Written off	(16,294,048)	(55,658,256)
		<u>(72,402,682)</u>	<u>(97,678,772)</u>
		<u>1,180,169,637</u>	<u>1,009,749,395</u>
8.1	This includes receivable from related parties i.e. Visionet Systems Incorporation amounting to Rs. 518.49 (2017: Rs 329) million.		

34 Systems Limited

	Note	30 June 2018 Un-audited Rupees	31 December 2017 Audited Rupees
9. LOANS AND ADVANCES - considered good			
Advances to staff:			
against salary		10,749,875	8,669,195
against expenses		24,898,058	6,035,111
		<u>35,647,933</u>	<u>14,704,306</u>
To suppliers-against goods		77,390,860	49,056,496
		<u>113,038,793</u>	<u>63,760,802</u>
10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		190,069,717	93,482,668
Prepayments		63,262,211	31,547,650
		<u>253,331,928</u>	<u>125,030,318</u>
11. OTHER RECEIVABLES			
Visionet Systems Incorporation - USA		52,150,297	4,118,251
TechVista Information Technology - Qatar		187,471,425	132,605,001
TechVista Manpower		1,738,989	-
		<u>241,360,711</u>	<u>136,723,252</u>
12. SHORT TERM INVESTMENTS			
Held to maturity			
Habib Metropolitan Bank	(12.1)	120,000,000	225,000,000
12.1		This represents TDRs carrying markup at rates ranging from 5.35% to 6%(2017: 3.39% to 5.85%) per annum.	
13. CASH AND BANK BALANCES			
Cash in hand		36,688	105,446
Cash at bank:			
Local currency:			
Current accounts		149,895,706	129,257,303
Deposit accounts	(13.1)	455,661,446	567,984,116
		<u>605,557,152</u>	<u>697,241,419</u>
Foreign currency - current accounts		2,750,965	528,390
		<u>608,344,805</u>	<u>697,875,255</u>
13.1		These carry interest rate of 3.26% to 4.50% (2017: 3.75% to 4%) per annum.	

14. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	30 JUNE 2018	31 December 2017	30 JUNE 2018	31 December 2017
	Un-audited -----No of Shares-----	Audited	Un-audited -----Rupees-----	Audited
Ordinary shares of Rs. 10/- each paid in cash	22,976,087	22,976,087	229,760,870	229,760,870
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	88,851,565	88,851,565	888,515,650	888,515,650
	<u>111,827,652</u>	<u>111,827,652</u>	<u>1,118,276,520</u>	<u>1,118,276,520</u>

14.1 Reconciliation of issued, subscribed and paid-up share capital:

Balance as at 1st January	111,827,652	111,078,492	1,118,276,520	1,110,784,920
Stock options exercised	-	749,160	-	7,491,600
	<u>111,827,652</u>	<u>111,827,652</u>	<u>1,118,276,520</u>	<u>1,118,276,520</u>

15. LONG TERM ADVANCES

This represents advances received from staff and will be adjusted as per Company's car policy against sale of vehicles. These advances are interest free and not being carried at amortized cost as the related impact would be immaterial.

	30 JUNE 2018 Un-audited Rupees	31 December 2017 Audited Rupees
16. TRADE AND OTHER PAYABLES		
Creditors	84,613,293	160,799,406
Advance from customers	13,952,185	1,541,005
Retention money	-	335,116
Accrued liabilities	438,641,675	234,218,365
MCB Running Finance	22,811,400	-
Provident fund payable	15,309,055	16,565,033
Withholding income tax payable	12,256,907	9,451,235
Dividend payable	22,479,184	-
Sales/Value Addition tax payable	16,502,494	-
Other payable	6,092,575	8,297,770
	<u>632,658,768</u>	<u>431,207,930</u>
17. SHORT TERM BORROWINGS		
MCB Bank Limited	(17.1)	450,000,000
Convertible loan	(17.2)	10,423,914
	<u>460,423,914</u>	<u>210,423,914</u>

- 17.1 This represents running finance obtained from MCB Limited. The facility has a limit of Rs. 650 million for working capital requirement and carries interest rate at 3 months Kibor + 0.5% per annum. The facility is mainly secured against first exclusive charge of Rs 1,733.32 million on present and future current and fixed assets of the Company along with 15% cash margin

19. 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 profit or loss.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

	North America		Middle East		Pakistan		Inter Segment Elimination		Total	
	Un-audited		Un-audited		Un-audited		Un-audited		Un-audited	
	Six Months Ended		Six Months Ended		Six Months Ended		Six Months Ended		Six Months Ended	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Rupees									
Revenue - net	1,041,363,603	920,499,835	961,621,526	671,775,732	499,716,606	286,114,899	(171,593,547)	(195,990,617)	2,331,108,188	1,682,399,849
Cost of sales	(608,350,804)	(566,853,340)	(824,574,857)	(540,076,105)	(417,737,371)	(242,933,937)	171,593,547	164,591,417	(1,679,069,493)	(1,185,271,966)
Gross profit	433,012,800	353,646,495	137,046,670	131,699,627	81,979,236	43,180,962			652,038,705	497,127,883
Distribution expenses	(2,045,091)	(1,451,188)	(27,191,223)	(53,467,287)	(35,910,303)	(19,142,225)		31,399,200	(65,146,617)	(42,681,500)
Administrative expenses	(122,279,432)	(97,454,405)	(67,140,953)	(38,612,293)	(43,106,784)	(25,164,514)			(232,527,168)	(161,231,212)
Profit / (loss) before taxation and unallocated income and expenses	(124,324,523)	(98,905,593)	(94,332,176)	(92,099,579)	(79,077,087)	(44,306,739)			(297,673,795)	(203,912,712)
	308,688,276	254,740,902	42,714,494	39,600,047	2,962,149	(1,125,777)			354,364,920	293,215,171
Unallocated income and expenses:										
Other operating expenses									(46,162,700)	(37,074,557)
Other income									162,471,614	30,021,069
Finance cost							2,215,190	2,215,190	(8,087,125)	(2,935,021)
Profit before taxation									462,596,709	283,326,662
Taxation									(19,541,840)	(5,722,298)
Profit after taxation									453,044,869	277,604,364

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

There is no significant change in the contingencies since the date of preceding published annual financial statements.

The Additional Commissioner Inland Revenue issued order under section 122(1), 122(5A) of Income Tax Ordinance, 2001 for tax year 2012 creating demand of Rs. 18.46 million. The group has filed the appeal before the CIR Appeals which is pending adjudication.

The Assistant Commissioner Inland Revenue issued order under section 11(2) and 11(3) of Sales Tax Act 1990, for tax period from March 2013 to June 2015 creating demand of Rs. 28.8 million. The group has filed the appeal before the CIR Appeals which is pending adjudication.

19.2 Commitments:

Guarantees issued by the financial institutions on behalf of the Group amount to Rs. 619.27 (2017: Rs. 464.40) million. This includes guarantee of Rs. 254.54 (2017: 177.17) million given on behalf of Joint Operation.

Commitments include capital commitments for construction of building of the Company amounting to Rs. 52 (2017: 52) million.

	Un-audited 30 June 2018	Un-audited 30 June 2017
	----- (Rupees) -----	
20. OTHER OPERATING EXPENSES		
Provision for doubtful debts - net	28,029,231	840,484
Unbilled revenue and bad debts written-off	18,133,469	36,234,073
	<u>46,162,700</u>	<u>37,074,557</u>
	Six Months Ended	
	2018	2017
	Un-audited	Un-audited
21. EARNINGS PER SHARE		
Basic earnings per share		
Profit for the period attributable to equity holder of parent (Rupees)	459,854,635	282,262,178
Weighted average number of ordinary shares in issue during the period	111,827,652	111,413,751
Basic - in Rupees	4.11	2.53
Diluted earnings per share		
Profit for the period attributable to equity holder of parent (Rupees)	459,854,635	282,262,178
Weighted-average number of ordinary shares (basic)	111,827,652	111,413,751
Effect of share options	525,050	210,965
	<u>112,352,702</u>	<u>111,624,716</u>
Diluted - in Rupees	4.09	2.53
22. TRANSACTIONS WITH RELATED PARTIES		

Related parties comprise of associated companies, staff retirement fund, directors, key management personnel and also close members of the family of all the aforementioned related parties. The company in normal course of business carries out transactions with related parties. Transactions with related parties other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

Related party	Relationship	Nature of transactions	Six Months Ended 30 June	
			Un-audited	
			2018	2017
			----- Rupees -----	
Visionet Systems Incorporation - USA	Common Directorship	Sales Reimbursement of expenses	1,014,296,175	961,648,911
			48,032,046	4,300,951
Staff retirement funds		Contribution	45,942,827	43,455,174

	Six Months Ended 30 June	
	Un-audited 2018	Un-audited 2017
	----- Rupees -----	
23. CASH FLOWS FROM OPERATING ACTIVITIES		
Adjustments for:	462,586,709	283,326,662
Depreciation on property and equipment	54,482,956	36,423,304
Amortization of intangible assets	16,507,281	14,267,620
Provision for bad debts	28,029,231	840,484
Bad debts - written off	18,133,469	36,234,073
Share based payment expense	22,991,271	12,244,283
Finance cost	8,087,125	1,579,506
Gratuity expense	804,414	1,808,602
Interests accrued	(13,217,070)	55,624
Exchange (loss)/gain on translation of export receivables	(127,793,484)	(610,210)
Gain on disposal of property and equipment	(3,316,031)	(5,237,783)
Gain on short term investments	(4,929,793)	(5,632,814)
Profit on bank deposits	(2,234,555)	(1,305,478)
	(2,455,186)	90,667,211
Profit before working capital changes	460,131,523	373,993,873
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Unbilled revenue - net	(271,485,782)	48,476,154
Trade debts	(114,471,955)	(28,688,723)
Loans and advances	(49,277,991)	(23,861,912)
Other receivables	(84,757,110)	(28,056,496)
Interest Accrued		6,022,533
Trade deposits and short term prepayments	(128,301,610)	(30,744,742)
	(648,294,448)	(56,853,186)
Increase / (decrease) in current liabilities:		
Trade and other payables	201,450,838	(54,522,820)
Unearned revenue	(76,617,388)	-
	(523,460,998)	(111,376,006)
Net cash flows (use in) / from operations	(63,329,475)	262,617,867

24. FINANCIAL RISK MANAGEMENT

24.1 Financial risk factors

There is no change in the company's objectives, policies, procedures for measuring and managing the financial risks including capital management risk, since the preceding annual financial year ended 31 December 2017.

24.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date. Accordingly, detailed disclosure with reference to fair value has not been given in this condensed interim financial information.

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

- There were no financial assets and liabilities measured at fair value as at 30 June 2018.
- During the six months period ended 30 June 2018, there were no transfers between Level 1 and Level 2 fair value measurements.
- There were no financial assets and liabilities measured at fair value as at 31 December 2017.

30 June 2018		
Cash and cash equivalents	Loans and advances	Total
----- (Rupees) -----		

24.3 Financial instruments by categories

Financial assets as per balance sheet

Long term deposits	19,823,416	19,823,416
Unbilled revenue	768,300,665	768,300,665
Trade debts	1,180,169,637	1,180,169,637
Loans and advances	113,038,793	113,038,793
Security deposits	190,069,717	190,069,717
Interest accrued	13,591,952	13,591,952
Other receivable	241,360,711	241,360,711
Short term investments	120,000,000	120,000,000
Cash and bank balances	608,344,805	608,344,805
	608,344,805	608,344,805
	2,646,354,891	3,254,699,696

Financial liabilities as per balance sheet

Markup accrued on short term borrowing	1,397,905
Short term borrowing	460,423,914
Trade and other payables	632,658,768
	1,094,480,587

30 June 2018 Financial Liabilities at amortized cost Rupees

30 June 2017		
Cash and cash equivalents	Loans and advances	Total
----- (Rupees) -----		

Financial assets as per balance sheet

Long term deposits	9,136,852	9,136,852
Unbilled revenue	262,384,124	262,384,124
Loans to employees	2,869,408	2,869,408
Trade debts	1,172,761,511	1,172,761,511
Trade deposits	33,144,419	33,144,419
Interest accrued	1,884,623	1,884,623
Other receivable	148,481,078	148,481,078
Short term investments	160,000,000	160,000,000
Cash and bank balances	314,887,273	314,887,273
	314,887,273	314,887,273
	1,790,662,015	2,105,549,288

Financial liabilities as per balance sheet

Trade and other payables	210,166,145
--------------------------	-------------

30 June 2017 Financial Liabilities at amortized cost Rupees

40 Systems Limited

25. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issuance on **27 August 2018** by the Board of Directors of the Company.

26. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or re-classified where necessary for the purpose of comparison, however no significant re-classification or re-arrangements have been made in this consolidated condensed interim financial information.

27. GENERAL

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



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

www.jamapunji.pk








 **Jama
Punji**
سرمایہ کاری سمجھداری کے ساتھ










**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

Registered & Head Office

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

Karachi

E-5, Central Commercial Area,
Shaheed-e-Millat Road, Karachi,
Pakistan.
T: +92 21 3 454 9385-87
F: +92 21 3 454 9389

Dubai

TechVista Systems FZ LLC
Office 1905, Regal Tower, Business
Bay, Dubai. UAE
T: + 97 14 369 3525
F: +97 14 456 3761