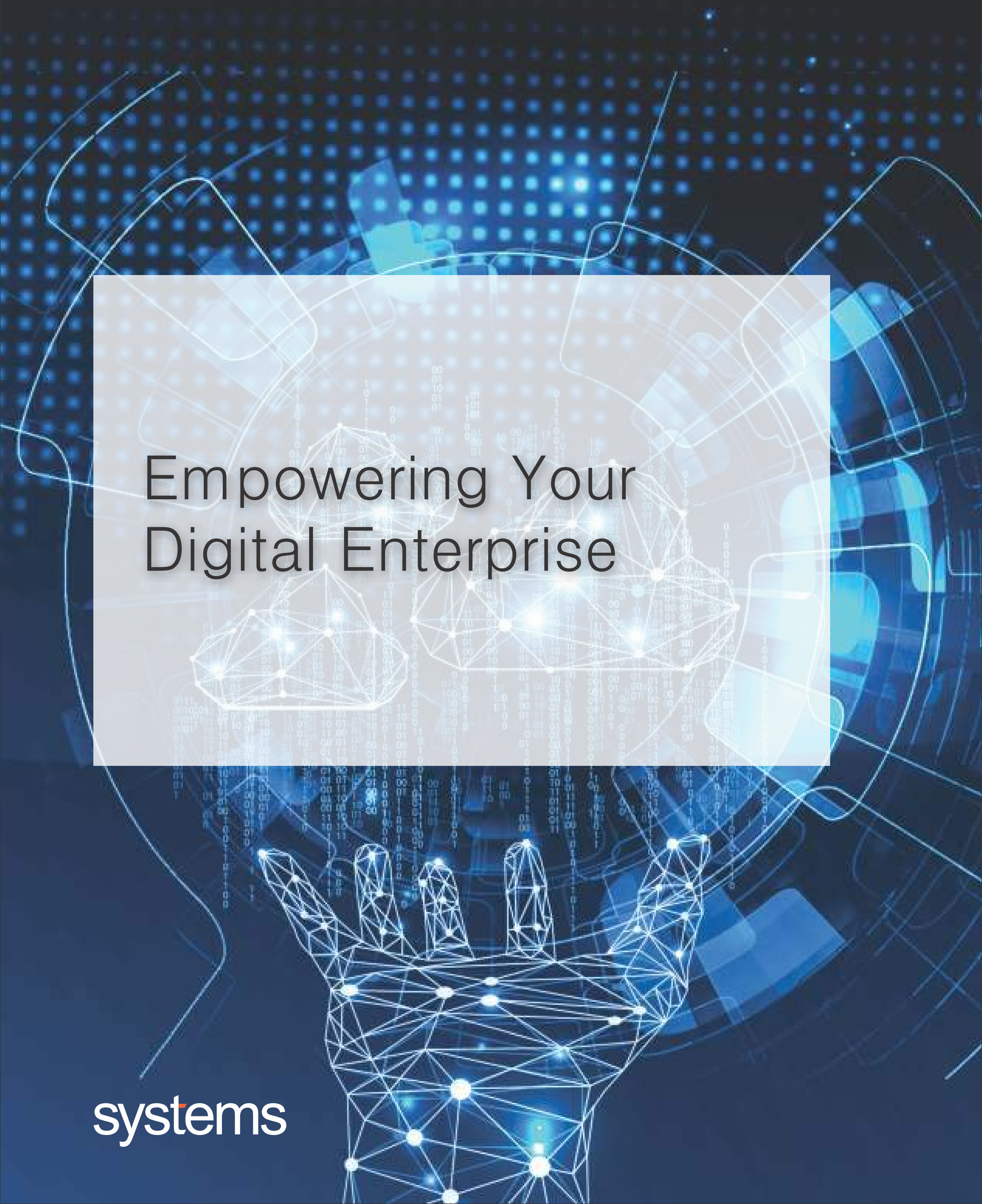
Interim Financial Report | for the half year ended 30 June 2019



Empowering Your Digital Enterprise

systems

Contents

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

Company Secretary

Mr. Saad Hasan Aslam

External Auditors

Ernst & Young Ford Rhodes
Chartered Accountants
Lahore

Internal Auditors

Uzair Hammad Faisal & Co.

Legal Advisor

Hassan & Hassan Advocates
Ahmed & Pansota

Bankers

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

Shares Registrar

THK Associates (Private) Limited.
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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 603, The Exchange Tower, Business Bay, Dubai, United Arab Emirates.
T: + 97 14 369 3525
F: +97 14 456 3761

WEB PRESENCE

www.systemsltd.com

Director's Review

On behalf of the Board of Directors we are pleased to present Standalone and Consolidated Financial Statements for six months ended 30 June 2019.

FINANCIAL RESULTS

Unconsolidated:

During half year ended 30 June 2019, standalone revenue grew by 50% from Rs. 1,653.29 million to Rs. 2,478.61 million. Gross profit and operating profit increased by 62% and 82% respectively. Profit for the period increased by 84% from 422.41 million to Rs. 779.20 million and we measured 21% growth in net profits if we take out the exchange gain. Basic and diluted earnings per share both increased by 77% in line with operating profit and profit for the period.

The Company is also creating employment for the educated and especially for women. About 900 resources have been added to the system in the current year.

Unconsolidated			
	Six months ended 30 June 2019	Six months ended 30 June 2018	Change %
Revenue	**2,478,612,319**	1,653,293,244	50%
Gross Profit	**824,517,505**	507,478,183	62%
Operating profit	**563,812,884**	310,087,371	82%
Profit for the period	**779,203,149**	422,412,491	84%
Earnings per share (basic)	**6.70**	3.78	77%
Earnings per share (diluted)	**6.66**	3.76	77%

Consolidated:

During half year ended 30 June 2019, consolidated revenue grew by 54% from Rs. 2,331.10 million to Rs. 3,580.77 million. Gross profit and operating profit increased by 69% and 94% respectively. Net profit for the period increased by 94% from 453.04 million to Rs. 878.18 million which translates into 35% without exchange gain. Basic and diluted earnings per share both increased by 85% in line with operating profit and profit for the period despite of 10% bonus issue earlier this year.

Consolidated			
	Six months ended 30 June 2019	Six months ended 30 June 2018	Change %
Revenue	**3,580,778,430**	2,331,108,188	54%
Gross Profit	**1,102,861,859**	652,038,705	69%
Operating profit	**912,787,707**	470,673,834	94%
Profit for the period	**878,186,408**	453,044,869	94%
Earnings per share (basic)	**7.61**	4.11	85%
Earnings per share (diluted)	**7.57**	4.09	85%

FUTURE OUTLOOK

The Company's budget for 2019 aimed to retain good top line growth but have a more accelerated growth in net profit, standalone and for the Group as well. In first half of the year, company has stayed true to its goal and has delivered the results accordingly.

With about 80% of its revenues being in export, the company has become more competitive with the recent devaluation and expects to further strengthen its engagement in the international markets. The Company has developed accelerated assets, products and solutions that will improve the sales pipeline and bring more sale closures for future in the Global market. The Company is following similar steps in the European Geography as well.

Though growth in the Middle East Market is stagnant, however the Company has realigned the strategy to obtain positive outcome by providing more services from off-shore. This has made the company more competitive in that market and more profitable without needing revenue growth.

Director's Review

The Subsidiary E-Processing Systems has started showing tremendous growth. The number of users has increased from 20k in Dec 2018 to 35k in 2019 showing very promising 70% growth. Number of transactions has also increased by 30% reaching at 7.5 million per month. The Company believes in the tremendous potential of E-Processing Systems and has further invested in the subsidiary by converting the working capital loan into equity with the approval of Board and the Shareholders. The Company believes that this should further support E-Processing Systems to bring in positive results by reducing the financial burden on the startup.

Following are few key parameters for the Group growth:

- The Company has achieved the milestones for this year and operating results in first half are higher than budget. The Company is expecting further growth for the remaining two quarters.
- The Company has started focusing on 2020 planning and is working on the strategic roadmap for 3 to 5 years. The management and sales teams are aligned in all the geographies to plan the sales pipelines, the opportunities and the product roadmap proactively for long term and specifically 2020 targets. The future outlook also looks positive.
- The Company believes that Pakistan has strategic positioning in terms of currency advantage. The resources here are at least 30% cheaper than the neighboring geographies in which the company is competing. The Company wants to leverage that advantage to grow further along with the other advantages.
- The Company is foreseeing economic stability in Pakistan. The foreign confidence has improved, and foreigners are more willing to come to Pakistan. With the expected improvement in US and Pakistan ties, the travel advisory will hopefully be relatively relaxed and visa process is expected to be easier.
- As part of the strategy, the Company plans to build accelerators and Intellectual Property (IP). The Company is looking at both local and foreign startups to provide either an investment in cash or in kind through service to increase the future valuation. The Company is confident that we can take these startups to the next level with experience.
- As the technology is continuously evolving, the Company is also continuously upgrading their skills and is aligned with the technological enhancements and rapid changes in the industry and major principals like Microsoft, IBM, Google.
- The Company doesn't expect any supply side challenges in near future as they are investing heavily in hiring and training the resources proactively.
- Further future growth and plans are all contingent upon Geo-Political stability of Pakistan.

ACKNOWLEDGEMENT

The Board takes this opportunity to thank the Company's valued customers, bankers and other stakeholders for their corporation 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

26 August 2019
Lahore

ڈائریکٹرز رپورٹ ۔30 جون 2019ء

بورڈ آف ڈائیریکٹرز کی جانب سے بخوشی 30 جون 2019 کو ختم ہونے والے غیر مجموعی مالی اسٹیٹمنٹ اور مجموعی مالی اسٹیٹمنٹ پیش کر رہے ہیں۔

مالی نتائج

غیر مجموعی

سال 30 جون 2019 کی پہلی ششماہی میں کمپنی کے منافع میں مبلغ ملین 1,653.29 روپے سے مبلغ 2,478.61 ملین روپے 50% زیادہ منافع ہوا۔خام منافع اور آپریٹنگ منافع بالترتیب 62% اور 82% زیادہ منافع ہوا۔موجودہ سال کا منافع مبلغ 422.41 ملین روپے سے مبلغ 779.20 ملین روپے سے 84% کا اضافہ ہوا اور اگر ہم تبادلہ کے منافع کو مدنظر رکھیں تو ہم خالص منافع میں 21% کی بڑھوتری دیکھتے ہیں۔آپریٹنگ منافع اور موجودہ منافع کے لحاظ سے فی حصص کا بنیادی منافع بیسک اور ڈیلوٹڈ دونوں میں 77% کا اضافہ ہوا۔

کمپنی پڑھے لکھے افراد بالخصوص خواتین کے لیئے روزگار کے مواقع پیدا کر رہی ہے۔موجودہ سال میں تقریباً 900 ذرائع سسٹم میں داخل کیئے گئے ہیں۔

غیر مجموعی	30 جون 2019ء	30 جون 2018ء	سالانہ فیصد
آمدنی	**2,478,612,319**	1,653,293,244	50%
خام منافع	**824,517,505**	507,478,183	62%
آپریٹنگ منافع	**563,812,884**	310,087,371	82%
موجودہ پیریڈ کا منافع	**779,203,149**	422,412,491	84%
فی حصص منافع (Basic)	**6.70**	3.78	77%
فی حصص منافع (Diluted)	**6.66**	3.76	77%

مجموعی

سال 30 جون 2019 کی پہلی ششماہی میں کمپنی کے مجموعی منافع میں مبلغ 2,331.10 ملین روپے سے مبلغ 3,580.77 ملین روپے 54% زیادہ منافع ہوا۔خام منافع اور آپریٹنگ منافع بالترتیب 69% اور 94% زیادہ منافع ہوا۔موجودہ سال کا خالص منافع مبلغ 453.04 ملین روپے سے مبلغ 878.18 ملین روپے کا 94% اضافہ ہوا جس کا مطلب تبادلہ کے منافع کے بغیر 35% منافع ہے۔موجودہ سال کے آغاز میں 10% بونس کے اجراء کے باوجود آپریٹنگ منافع کے لحاظ سے بیسک اور ڈیولیٹڈ فی حصص منافع دونوں میں 85% کا اضافہ ہوا۔

مجموعی	30 جون 2019ء	30 جون 2018ء	سالانہ فیصد
آمدنی	**3,580,778,430**	2,331,108,188	54%
خام منافع	**1,102,861,859**	652,038,705	69%
آپریٹنگ منافع	**912,787,707**	470,673,834	94%
موجودہ پیریڈ کا منافع	**878,186,408**	453,044,869	94%
فی حصص منافع (Basic)	**7.61**	4.11	85%
فی حصص منافع (Diluted)	**7.57**	4.09	85%

مستقبل کا ڈھانچہ

سال 2019 کے کمپنی کے بجٹ کا مقصد کمپنی کی بڑھوتری کو بلند سطح پر برقرار رکھنا ہے اور اس کے ساتھ ساتھ خالص منافع، منافع اور گروپ کے منافع میں بھی بڑھوتری کو برقرار رکھنا ہے۔سال کی پہلی ششماہی میں کمپنی نے اپنے مقصد میں توجہ مرکوز رکھی ہے اور اسی حساب سے بہترین نتائج بھی دیئے ہیں۔

کل منافع کے 83% بر آمدات پر مشتملی کی وجہ سے کمپنی نے حالیہ کرنسی کی قدر میں کمی کی وجہ سے کمپنی بہت زیادہ مسابقتی رہی ہے اور توقع کی جا رہی ہے کہ مستقبل میں عالمی منڈیوں میں کمپنی اپنی مظبوطی قائم

رکھے گی۔ کمپنی نے تیز ترین اثاثے، مصنوعات اور حل ایجاد کیئے ہیں جو کہ کمپنی کی فروختگی کو بہتر بنانے میں معاون ہوگی اور مستقبل میں عالمی منڈیوں تک مزید رسائی میں مددگار ہوگی۔ کمپنی اسی خطوط پر یورپی جغرافیہ میں کام کر رہی ہے۔

اگرچہ مڈل ایسٹ کی منڈی میں کمپنی کی بڑھوتری جمود کا شکار ہے تاہم کمپنی نے حکمت عملی اپنائی ہے کہ کمپنی آف شور کے ذریعے مزید خدمات فراہم کرے گی جس سے کمپنی کی آمدنی میں مثبت پیش رفت ہوگی۔ یہ حکمت عملی کمپنی کو منڈی میں مزید مسابقتی بنائے گی اور آمدنی میں اضافے کی ضرورت کے بغیر مزید منافع بخش بنائے گی۔

ذیلی کمپنی ای۔ پروسیسنگ سسٹمز نے زبردست آغاز دکھایا ہے۔ کمپنی کے یوزرز میں سال دسمبر 2018 میں 20k اور سال 2019 میں 35k کا اضافہ ہوا جو کہ 70% اضافہ کو ظاہر کرتا ہے۔ مبلغ 7.5 ملین روپے کی ہر مہینے ٹرانزیکشن کی تعداد میں 30% اضافہ ہوا۔ کمپنی ای۔ پروسیسنگ سسٹم کی صلاحیت میں زبردست اضافہ پر یقین رکھتی ہے اور کمپنی نے بورڈ آف ڈائیریکٹرز اور حصہ داران کی منظوری کے بعد اپنی ذیلی کمپنی میں ورکنگ کیپیٹل قرضہ کو ایکویٹی میں تبدیل کر کے مزید سرمایہ کاری کی ہے۔ کمپنی کو اس بات کا یقین ہے ان اقدامات کی وجہ سے ای۔ پروسیسنگ سسٹمز کو آغاز میں ہی مالی قرضہ میں کمی اور بہترین نتائج کی بدولت مزید سہارا ملے گا۔

گروپ میں بڑھوتری کے اقدامات مندرجہ ذیل ہیں:

☆ کمپنی نے اس سال سنگ میل حاصل کیا ہے اور پہلی ششماہی کے آپریٹنگ نتائج بجٹ سے بھی زیادہ ہیں۔ کمپنی باقی دونوں چوتھائیوں میں مزید بڑھوتری کی توقع کر رہی ہے۔

☆ کمپنی نے سال 2020 کے منصوبوں میں توجہ مرکوز رکھی ہے اور 3 سے 5 سال کے حکمت عملی کے روڈ میپ پر کام کر رہی ہے۔ انتظامیہ اور سیلز ٹیمز فروختگی، مواقع اور مصنوعات کو زیادہ لمبے عرصے تک فعال بنانے بالخصوص سال 2020 کے ہدف کو فعال بنانے میں ساتھ ساتھ ہیں۔ کمپنی کا مستقبل بھی بہت مثبت ہے۔

☆ کمپنی کو یقین ہے کہ کرنسی کے فائدے کے معاملے میں پاکستان حکمت عملی کے ساتھ اپنی پوزیشن مظبوط کر رہا ہے۔ ہمسایہ ممالک، جن کے ساتھ کمپنی مقابلہ کر رہی ہے، کی بدولت یہاں ذرائع 30% سستے ہیں۔ کمپنی چاہتی ہے کہ بیعانہ کے فائدے کے ساتھ ساتھ مستقبل میں دیگر فوائد بھی حاصل کرے۔

☆ کمپنی پاکستان میں معاشی استحکام دیکھ رہی ہے۔ بیرونی اعتماد میں اضافہ ہوا ہے اور بیرونی وفود پاکستان آنے کے خواہش مند ہیں۔ پاکستان اور امریکہ کے تعلقات میں بہتری کی توقع کی بدولت سفری خدمات میں نسبتاً نرمی آئی ہے اور ویزے کے اجراء کا طریقہ بھی آسان ہونے کی توقع ہے۔

☆ حکمت عملی کے ایک جزء کے طور پر کمپنی تیز ترین اثاثے اور انٹیلیکچول اثاثے بنانے کی منصوبہ بندی کر رہی ہے۔ کمپنی مستقبل کی تشخیص کو بڑھانے کے لیئے ملکی اور غیر ملکی آغاز کو دیکھ رہی ہے کہ وہ آیا کہ پیسوں کی صورت میں یا کسی اور طریقے سے خدمات کی صورت میں سرمایہ کاری کرے۔ کمپنی کو اعتماد ہے کہ ہم اگلے مرحلے میں ان شروعات کو تجربات کے ساتھ آغاز کر دیں گے۔

☆ جیسا کہ ٹیکنالوجی میں مسلسل تنوع ہو رہی ہے، کمپنی بھی اسی کے ساتھ ساتھ اپنی مہارت بڑھا رہی ہے اور ٹیکنالوجی کی ترقی میں ساتھ کھڑی ہے اور منڈی بالخصوص بنیادی اصولوں مثلاً مائیکروسافٹ، آئی بی ایم، گوگل میں زیادہ تیزی سے تبدیلیاں آئی ہیں۔

☆ کمپنی مستقبل قریب میں زیادہ مقابلے کی توقع نہیں کر رہی کیونکہ کمپنی نے ذرائع کی ہائیرنگ اور ٹریننگ میں بہت بڑی سرمایہ کاری کی ہے۔

☆ مزید، مستقبل کی بڑھوتری اور منصوبے پاکستان کی سیاسی استحکام کے ساتھ مربوط ہے۔

اعتراف

بورڈ اس موقع پر کمپنی کے محترم گاہکوں، بنکاروں اور دیگر اسٹیک ہولڈرز کو ان کے تعاون اور حمایت کے لیئے شکریہ ادا کرتا ہے۔ بورڈ تمام ملازمین کی سخت محنت اور انتھک کوششوں کو سراہتا ہے۔

بورڈ کی جانب سے:

آصف پیر

چیف ایگزیکٹو آفیسر

مورخہ: 26-08-2019

لاہور

Systems Limited
Standalone Financial Statements

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EY Ford Rhodes
Chartered Accountants
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Building a better working world

Independent Auditors' 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 as at 30 June 2019 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 the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these 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 the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures of unconsolidated condensed interim statement of profit or loss account and condensed interim statement of comprehensive income for the quarters ended 30 June 2019 and 2018 have not been reviewed as we are required to review only the cumulative figures for the six month period ended 30 June 2019.

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

Chartered Accountants

Place: Lahore
Date: 28 August 2019

Unconsolidated Condensed Interim Statement of Financial Position (Un-audited)

as at 30 June 2019

	Note	Un-audited 30 June 2019	Audited 31 December 2018
		Rupees	Rupees
ASSETS			
Non-current assets			
Property and equipment	6	**1,480,728,659**	1,070,601,940
Intangibles	7	**49,597,798**	62,628,120
Long term investments	8	**271,973,167**	51,077,980
Long term deposits		**17,834,913**	18,036,753
Total non-current assets		**1,820,134,537**	1,202,344,793
Current assets			
Contract assets		**543,758,765**	365,337,819
Trade debts	9	**2,123,244,000**	1,916,900,586
Loans and advances - considered good	10	**202,297,882**	274,282,809
Trade deposits and short term prepayments	11	**188,187,547**	180,733,794
Interest accrued		**1,912,260**	1,457,808
Other receivables		**-**	195,338,066
Short term investments	12	**530,000,000**	295,000,000
Tax refunds due from the Government		**166,749,147**	167,013,463
Cash and bank balances	13	**483,742,167**	400,760,630
Total current assets		**4,239,891,768**	3,796,824,975
TOTAL ASSETS		**6,060,026,305**	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	14	**1,234,349,020**	1,122,135,480
Capital reserves		**537,041,862**	533,080,217
Unappropriated profit		**2,803,129,425**	2,423,653,841
Total shareholders' equity		**4,574,520,307**	4,078,869,538
Non-current liabilities			
Long term advances		**25,985,576**	18,565,295
Lease liabilities		**111,074,015**	-
		137,059,591	18,565,295
Current liabilities			
Trade and other payables	15	**593,039,027**	411,259,725
Unclaimed dividend		**17,285,236**	1,975,820
Short term borrowings	16	**650,000,000**	450,000,000
Contract liabilities		**30,899,569**	25,149,881
Mark-up accrued on short term borrowings		**2,578,767**	3,689,005
Current portion of lease liabilities		**37,248,631**	-
Current portion of long term advances		**17,395,177**	9,660,504
Total current liabilities		**1,348,446,407**	901,734,935
TOTAL EQUITY AND LIABILITIES		**6,060,026,305**	4,999,169,768
Contingencies and commitments	18		

The annexed notes, from 1 to 26, form an integral part of these unconsolidated condensed interim financial statements.

CHAIRMAN | **CHIEF EXECUTIVE OFFICER** | **CHIEF FINANCIAL OFFICER**

Unconsolidated Condensed Interim Statement Of Profit Or Loss Account (Un-audited)

for the six months period ended 30 June 2019

	Note	Six Months Ended		Three Months Ended	
		30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
		Rupees	**Rupees**	**Rupees**	**Rupees**
Revenue from contracts with customers - net		**2,478,612,319**	1,653,293,244	**1,361,591,428**	863,862,389
Cost of revenue		**1,654,094,814**	1,145,815,061	**919,829,309**	616,223,381
Gross profit		**824,517,505**	507,478,183	**441,762,119**	247,639,008
Distribution expenses		**48,185,378**	19,267,316	**24,731,968**	10,969,216
Administrative expenses		**212,519,243**	178,123,496	**113,002,232**	88,999,767
		260,704,621	197,390,812	**137,734,200**	99,968,983
Operating profit		**563,812,884**	310,087,371	**304,027,919**	147,670,025
Other income		**307,970,370**	165,657,562	**268,262,003**	92,373,246
		871,783,254	475,744,933	**572,289,922**	240,043,271
Other operating expenses	19	**63,127,537**	39,288,433	**59,180,902**	15,467,358
Finance costs		**16,096,520**	5,528,591	**12,345,051**	3,173,390
Profit before taxation		**792,559,197**	430,927,909	**500,763,969**	221,402,523
Taxation		**13,356,048**	8,515,418	**8,123,308**	4,751,840
Profit for the period		**779,203,149**	422,412,491	**492,640,661**	216,650,683
Earnings per share:					
Basic earnings per share	20	**6.70**	3.78	**4.24**	1.94
Diluted earnings per share		**6.66**	3.76	**4.21**	1.93

The annexed notes, from 1 to 26, form an integral part of these unconsolidated condensed interim financial statements.

CHAIRMAN **CHIEF EXECUTIVE OFFICER** **CHIEF FINANCIAL OFFICER**

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

for the six months period ended 30 June 2019

	Six Months Ended		Three Months Ended	
	30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
	Rupees	**Rupees**	**Rupees**	**Rupees**
Profit for the period	**779,203,149**	422,412,491	**492,640,661**	216,650,683
Other comprehensive income	**-**	-	**-**	-
Total comprehensive income for the period	**779,203,149**	422,412,491	**492,640,661**	216,650,683

The annexed notes, from 1 to 26, form an integral part of these unconsolidated condensed interim financial statements.

CHAIRMAN **CHIEF EXECUTIVE OFFICER** **CHIEF FINANCIAL OFFICER**

Unconsolidated Condensed Interim Statement of Cash Flows (Un-audited)

for the six months period ended 30 June 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from / (used in) operations	22	**884,744,838**	(182,851,380)
Finance costs paid		**(17,206,758)**	(6,925,932)
Taxes paid		**(16,858,030)**	(17,891,416)
		(34,064,788)	(24,817,348)
Net cash flows generated from / (used in) operating activities		**850,680,050**	(207,668,728)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(486,593,417)**	(149,938,422)
Development expenditure		**(2,418,176)**	(18,931,894)
Proceeds from the disposal of property and equipment		**16,849,768**	6,457,112
Purchase of short term investments - net of disposals		**(235,000,000)**	105,000,000
Decrease in long term deposits		**201,840**	519,323
Increase in Long term Investment		**(220,895,187)**	-
Profit received on bank deposits		**5,796,739**	2,234,555
Net cash flows used in investing activities		**(922,058,433)**	(54,659,326)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short term borrowings		**200,000,000**	250,000,000
Dividend paid		**(209,117,680)**	(173,219,207)
Increase in lease liabilities - net		**148,322,646**	-
Increase in long term advances		**15,154,954**	4,455,745
Net cash flows generated from financing activities		**154,359,920**	81,236,538
Net increase / (decrease) in cash and cash equivalents		**82,981,537**	(181,091,516)
Cash and cash equivalents at beginning of the period		**400,760,630**	444,255,392
Cash and cash equivalents at closing of the period		**483,742,167**	263,163,876

The annexed notes, from 1 to 26, form an integral part of these unconsolidated condensed interim financial statements.

CHAIRMAN **CHIEF EXECUTIVE OFFICER** **CHIEF FINANCIAL OFFICER**

Unconsolidated Condensed Interim Statement Of Changes In Equity (Un-audited)

for the six months period ended 30 June 2019

	Issued, subscribed and paid up share capital	Capital reserves		Revenue reserve	
		Share capital premium	Employee compensation reserve	Unappropriated profit	Total
	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 01 January 2018 - (Audited)	1,118,276,520	473,289,639	9,742,937	1,609,869,061	3,211,178,157
Share based payments	-	-	22,991,271	-	22,991,271
Final dividend @ Rs.1.75 per share for the year ended 31st 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
Balance as at 01 January 2019 - (Audited)	1,122,135,480	505,511,843	27,568,374	2,423,653,841	4,078,869,538
Impact of adoption of IFRS-15				(63,086,929)	(63,086,929)
10% Bonus shares issued	112,213,540			(112,213,540)	-
Share based payments	-	-	3,961,645	-	3,961,645
Final dividend @ Rs.2.00 per share for the year ended 31st December 2018				(224,427,096)	(224,427,096)
Total comprehensive income for the period				779,203,149	779,203,149
Balance as at 30 June 2019 - (Unaudited)	**1,234,349,020**	**505,511,843**	**31,530,019**	**2,803,129,425**	**4,574,520,307**

The annexed notes, from 1 to 26, form an integral part of these unconsolidated condensed interim financial statements.

CHAIRMAN | **CHIEF EXECUTIVE OFFICER** | **CHIEF FINANCIAL OFFICER**

Selected Notes to the Unconsolidated Condensed Interim Financial Information (Un-audited)

for the six months period ended 30 June 2019

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company is a public limited Company incorporated in Pakistan under the repealed Companies Ordinance 1984, (now Companies Act, 2017) 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.

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 comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act) have been followed.
- Provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 These unconsolidated condensed interim financial statements are un-audited and are being submitted to shareholders, as required by Section 237 of the Act.

3. BASIS OF PREPARATION

3.1 These unconsolidated condensed interim financial statements do 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 for the year ended 31 December 2018. The comparative Statement of Financial Position is extracted from the annual financial statements, as of 31 December 2018, whereas the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity are extracted from the un-audited condensed interim financial statements for the period ended 30 June 2018.

3.2 These unconsolidated condensed interim financial statements are the separate unconsolidated condensed interim financial statements of the Company in which investments in the subsidiary companies namely E-Processing Systems (Private) Limited, TechVista Systems FZ - LLC and SUS JV (Private) Limited have been accounted for at cost less accumulated impairment losses, if any, rather than on the basis of reported results.

3.3 These unconsolidated condensed interim financial statements have been prepared under the historical cost convention and are presented in Pak rupee, which is also the functional currency of the Company.

4. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended 31 December 2018, except for the change in policies due to adoption of new standards.

4.1 Standards, amendments and interpretations to accounting standards effective in the current period

The Company has adopted the following standards and amendment to International Financial Reporting Standards (IFRSs) which became effective for the current period:

4.1.1 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 recognised 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.

IMPACT OF ADOPTION OF IFRS 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS

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.

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

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 analyse 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:

ASSETS	**Carrying amount in accordance with IAS-18 as at 31-Dec-18**	**Adjustment**	**Carrying amount in accordance with IFRS-15 as at 1-Jan-19**
CURRENT ASSETS			
Contract Assets	365,337,819	(63,086,929)	302,250,890
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Unappropriated Profits	2,423,653,841	(63,086,929)	2,360,566,912

4.1.2 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 capitalised and the lease payments were recognised 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 recognised 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 has not restated comparatives for the prior reporting period, as permitted under the specific transitional provisions in the standard.

4.1.3 IFRS 9 - Financial Instruments

The Company implemented IFRS 9, as of 1 January 2019. IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

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 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 financial statements of prior year and accordingly no adjustment has been made to the figures reported in previous year.

4.2 Change in accounting policies due to adoption of IFRS - 15 Revenue from contracts with customers

4.2.1 Revenue

Revenue recognised 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 recognised when (or as) those performance obligations are satisfied.

For each performance obligation, the Company determines if revenue will be recognised over time or at a point in time. Where the Company recognises 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 recognised 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 recognises 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, 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:

4.2.2 Professional services

The nature of contracts or performance obligations categorised 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 customisation involved and other key factors surrounding each contract. Revenue is recognised 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.

4.2.3 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 recognises 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.

4.2.4 Sale of third party software

Revenue is recognised 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.

4.2.5 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 recognised over time or at a point in time from the go live date of the license.

4.3 Change in policies due to adoption of IFRS - 16 Leases

4.3.1 Right-of-use assets

The Company recognises 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 recognised, 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 recognised 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.

4.3.2 Lease liabilities

At the commencement date of the lease, the Company recognises 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.

4.3.3 Significant judgement in determining the lease term of contracts with renewal options

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 additional terms of two to five years. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, 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).

The Company included the renewal period as part of the lease term for leases of offices due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e. two to five years) and there will be a significant negative effect on operations if a replacement is not readily available.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated condensed interim financial statements 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 2018, except for:

5.1 Impairment of financial assets

The Company assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Company measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. The significant estimates relating to the measurement of ECL relate to the fair value of the collaterals in place, the expected timing of the collection and forward looking economic factors.

	Note	Un-audited 30 June 2019	Audited 31 December 2018
		Rupees	Rupees

6. PROPERTY AND EQUIPMENT

	Note	Un-audited 30 June 2019 Rupees	Audited 31 December 2018 Rupees
Operating fixed assets	(6.1)	**1,252,107,736**	925,570,335
Capital work in progress	(6.2)	**81,862,322**	145,031,605
Right-of-use assets	(6.3)	**146,758,601**	-
		1,480,728,659	1,070,601,940

6.1 OPERATING FIXED ASSETS - OWNED

	Note	Un-audited 30 June 2019 Rupees	Audited 31 December 2018 Rupees
Opening balance - net book value		**925,570,335**	832,499,330
Additions during the period / year - cost	(6.1.1)	**403,004,099**	210,648,685
		1,328,574,434	1,043,148,015
Less:			
Disposals during the period / year	(6.1.2)	**(9,873,398)**	(8,378,645)
Depreciation during the period / year		**(66,593,300)**	(109,199,035)
Book value at the end of the period / year		**1,252,107,736**	925,570,335

6.1.1 Additions during the period/year-cost

	Un-audited 30 June 2019 Rupees	Audited 31 December 2018 Rupees
Land - freehold	**292,247,289**	-
Building	**3,036,682**	6,648,425
Computers	**40,314,501**	56,070,423
Computer equipment and installations	**2,255,800**	3,398,929
Other equipment and installations	**3,567,552**	3,937,965
Generator	**474,750**	9,114,300
Furniture and fittings	**7,933,447**	14,591,038
Vehicles	**51,152,983**	105,694,309
Office equipment	**1,575,050**	2,410,076
Leasehold Building Improvements	**446,045**	8,783,220
	403,004,099	210,648,685

6.1.2 Disposals during the period / year

	Cost	Accumulated Depreciation	Written Down Value
	Rupees	**Rupees**	**Rupees**
30 June 2019:			
Computers and mobile sets	**2,601,603**	**2,119,306**	**482,297**
Computer equipment and installations	**89,500**	**89,500**	**-**
Other equipment and installations	**178,679**	**27,692**	**150,987**
Furniture and fittings	**539,032**	**219,836**	**319,196**
Vehicles	**17,081,214**	**8,179,831**	**8,901,383**
Office equipment	**85,000**	**65,465**	**19,535**
	20,575,028	**10,701,630**	**9,873,398**
31 December 2018:			
Computers and mobile sets	43,724,121	42,571,734	1,152,387
Computer equipment and installations	13,868,662	13,868,662	-
Other equipment and installations	15,543,845	15,281,570	262,275
Generators	7,971,669	7,883,097	88,572
Furniture and fittings	4,977,539	4,464,795	512,744
Vehicles	16,617,623	10,684,520	5,933,103
Office equipment	5,906,819	5,477,255	429,564
	108,610,278	100,231,633	8,378,645

	Un-audited 30 June 2019	Audited 31 December 2018
	Rupees	Rupees

6.2 CAPITAL WORK IN PROGRESS

Balance at the beginning of the period / year	**145,031,605**	52,274,081
Additions during the period / year	**64,282,844**	126,643,662
Transfer to operating fixed assets during the period / year	**(127,452,127)**	(33,886,138)
Balance at the end of the period / year	**81,862,322**	145,031,605

6.3 RIGHT-OF-USE ASSETS

Opening book value	**-**	-
Additions during the period / year - cost	**170,065,480**	-
Depreciation charge during the period / year	**(23,306,879)**	-
Book value at the end of the period / year	**146,758,601**	**-**

	Note	Un-audited 30 June 2019	Audited 31 December 2018
		Rupees	Rupees

7. INTANGIBLES

	Note	Un-audited 30 June 2019 Rupees	Audited 31 December 2018 Rupees
Opening balance - net book value		**62,628,120**	60,306,397
Additions during the period / year - cost		**2,418,176**	29,093,016
		65,046,296	89,399,413
Less:			
Amortization during the period / year		**(15,448,498)**	(26,771,293)
Book value at the end of the period / year		**49,597,798**	62,628,120

8. LONG TERM INVESTMENTS

Investment in Subsidiaries - at cost - unquoted:

	Note	Un-audited 30 June 2019 Rupees	Audited 31 December 2018 Rupees
E - Processing Systems (Private) Limited 179,501 (2018: 140,004) fully paid ordinary shares of Rs. 10/- each	(8.1)	**270,500,227**	49,700,030
Tech Vista Systems FZ-LLC 50 (2018: 50) fully paid ordinary shares of AED 1000/- each	(8.2)	**1,377,950**	1,377,950
SUS-JV (Private) Limited 9,499 (2018: nil) fully paid ordinary shares of Rs. 10/- each	(8.3)	**94,990**	-
		271,973,167	51,077,980

8.1 This represents 59.13% (2018: 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% (2018: 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.

8.3 This represents 94.99% (2018: nil) share 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.

	Note	Un-audited 30 June 2019	Audited 31 December 2018
		Rupees	Rupees
9. TRADE DEBTS - unsecured			
Export	(9.1)	**1,633,678,883**	1,533,080,066
Local		**554,965,747**	421,888,357
		2,188,644,630	1,954,968,423
Less: Allowance for expected credit losses		**(65,400,630)**	(38,067,837)
		2,123,244,000	1,916,900,586

9.1 This includes receivables from related parties i.e. Visionet Systems Incorporation and Tech Vista Systems FZ-LLC amounting to Rs. 602.2 million (2018: Rs 502.2 million) and Rs. 984.8 million (2018: Rs 1,006.6 million) respectively.

	Note	Un-audited 30 June 2019	Audited 31 December 2018
		Rupees	Rupees
10. LOANS AND ADVANCES - CONSIDERED GOOD			
Advances to employees - considered good			
against salary		**5,439,334**	3,848,442
against expenses		**37,211,405**	19,874,465
	(10.1)	**42,650,739**	23,722,907
Advances to suppliers - against goods		**15,913,677**	20,964,570
		58,564,416	44,687,477
Loans to related parties	(10.2)	**441,370,791**	487,673,102
Elimination on account of joint operation	(10.3)	**(297,637,325)**	(258,077,770)
		143,733,466	229,595,332
		202,297,882	274,282,809

10.1 This includes advances to executives amounting to Rs. 24.65 (2018: Rs. 14.35) million.

10.2 This includes loan amounting to Rs. 122 (2018: Rs. 220.8) million provided to E-Processing Systems (Private) Limited for meeting working capital requirements. This amount is unsecured and is subject to interest at one-year KIBOR (2018: one-year KIBOR) on the outstanding loan balance at the end of each month.

10.3 This represents loan provided to UUS Joint Venture (Private) Limited for meeting working capital requirements. This amount is unsecured and is subject to interest at one-year KIBOR (2018: one-year KIBOR) on the outstanding loan balance at the end of each month.

	Note	Un-audited 30 June 2019	Audited 31 December 2018
		Rupees	Rupees
11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits	(11.1)	**154,363,820**	157,721,853
Prepayments		**33,823,727**	23,011,941
		188,187,547	180,733,794

11.1 This represents interest free security bid bonds deposited with customers and retention money for various projects. It also includes security deposit of Rs 97.5 (2018: Rs. 97.5) million with MCB against Export Re-finance facility.

	Note	Un-audited 30 June 2019	Audited 31 December 2018
		Rupees	Rupees
12. SHORT TERM INVESTMENTS			
Term Deposit Receipts (TDRs)	(12.1)	**530,000,000**	295,000,000

12.1 This represents TDRs carrying markup at rates ranging from 4.28% to 12.25% (2018: 3.46% to 8.5%) per annum.

	Note	Un-audited 30 June 2019	Audited 31 December 2018
		Rupees	Rupees
13. CASH AND BANK BALANCES			
Cash in hand		**942,006**	225,401
Cash at bank:			
Local currency:			
Current accounts		**120,041,168**	51,475,407
Saving accounts	(13.1)	**342,237,125**	347,087,233
		462,278,293	398,562,640
Foreign currency - current accounts		**20,521,868**	1,972,589
		483,742,167	400,760,630

13.1 These carry interest rate of 9% to 10% (2018: 3.34% to 5.39%) per annum.

14. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	No of Shares	No of Shares	**Rupees**	Rupees
Ordinary shares of Rs. 10/- each fully paid in cash	**23,361,983**	23,361,983	**233,619,830**	233,619,830
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	**100,072,919**	88,851,565	**1,000,729,190**	888,515,650
	123,434,902	112,213,548	**1,234,349,020**	1,122,135,480

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

	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	No of Shares	No of Shares	**Rupees**	Rupees
Balance as at 1st January	**112,213,548**	111,827,652	**1,122,135,480**	1,118,276,520
Stock options exercised	**-**	385,896	**-**	3,858,960
Bonus shares issued	**11,221,354**	-	**112,213,540**	-
Balance as at 30 June	**123,434,902**	112,213,548	**1,234,349,020**	1,122,135,480

15. TRADE AND OTHER PAYABLES

	Un-audited 30 June 2019	Audited 31 December 2018
	Rupees	Rupees
Creditors	**37,306,824**	64,384,423
Advance from customers	**-**	-
Accrued liabilities	**546,381,087**	317,868,679
Withholding income tax payable	**9,351,116**	13,117,414
Provident fund payable	**-**	15,889,209
	593,039,027	411,259,725

16. SHORT TERM BORROWINGS

This represents export re-finance (ERF) obtained from the following banks at respective terms:

MCB Limited amounting to Rs. 450 (2018: Rs. 450) million. Mark-up is charged at SBP rate plus 0.5% (2018: SBP rate plus 0.5%). The facility is secured against cash margin of Rs. 97.5 million.

Habib Metropolitan Bank amounting to Rs. 200 (2018: Rs. Nil) million. Mark-up is charged at SBP rate plus 1% (2018: Nil). The facility is secured against land measuring 57 marlas and costing Rs. 96.49 million.

17. 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 Un-audited Six Months Ended 30 June		Middle East Un-audited Six Months Ended 30 June		Pakistan Un-audited Six Months Ended 30 June		Total Un-audited Six Months Ended 30 June	
	2019 Rupees	2018 Rupees	**2019 Rupees**	2018 Rupees	**2019 Rupees**	2018 Rupees	**2019 Rupees**	2018 Rupees
Sales	**1,351,556,773**	1,041,363,603	**375,351,851**	194,326,755	**751,703,695**	417,602,886	**2,478,612,319**	1,653,293,244
Cost of sales	**(749,963,186)**	(608,350,804)	**(322,969,068)**	(183,235,586)	**(581,162,560)**	(354,228,671)	**(1,654,094,814)**	(1,145,815,061)
Gross profit	**601,593,587**	433,012,799	**52,382,783**	11,091,169	**170,541,135**	63,374,215	**824,517,505**	507,478,183
Distribution expenses	**(27,057,287)**	(2,045,091)	**-**	(818,036)	**(21,128,091)**	(16,404,189)	**(48,185,378)**	(19,267,316)
Administrative expenses	**(170,427,628)**	(122,279,432)	**(14,100,691)**	(23,137,397)	**(27,990,924)**	(32,706,667)	**(212,519,243)**	(178,123,496)
	(197,484,915)	(124,324,523)	**(14,100,691)**	(23,955,433)	**(49,119,015)**	(49,110,856)	**(260,704,621)**	(197,390,812)
Profit / (loss) before taxation and Unallocated income and expenses	**404,108,672**	308,688,276	**38,282,092**	(12,864,264)	**121,422,120**	14,263,359	**563,812,884**	310,087,371
Unallocated income and expenses:								
Other operating expenses							**(63,127,537)**	(39,288,433)
Other income							**307,970,370**	165,657,562
Finance cost							**(16,096,520)**	(5,528,591)
							228,746,313	120,840,538
Profit before taxation							**792,559,197**	430,927,909
Taxation							**13,356,048**	8,515,418
Profit for the period							**779,203,149**	422,412,491

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

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

18.2 Commitments:

Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 341.12 million (2018: Rs. 358.02 million). This includes guarantees of Rs 254.54 million (2018: Rs 257.26 million) given on behalf of Joint Operation .

Commitments include capital commitments for construction of building of the Company amounting to Rs. 22.29 million (2018: nil).

	Un-audited 30 June 2019 Rupees	Un-audited 30 June 2018 Rupees

19. OTHER OPERATING EXPENSES

Allowance for expected credit losses	**43,732,000**	28,029,231
Contract assets and bad debts written-off	**18,363,724**	11,259,202
Advances written-off	**1,031,813**	-
	63,127,537	39,288,433

20. EARNINGS PER SHARE

	Six Month Ended		Three Month Ended	
	2019	2018	**2019**	2018
Basic earnings per share:				
Profit for the period	**779,203,149**	422,412,491	**492,640,661**	216,650,683
Weighted-average number of ordinary shares outstanding during the period	**116,265,704**	111,827,652	**116,265,704**	111,827,652
Basic - in Rupees	**6.70**	3.78	**4.24**	1.94
Diluted earnings per share:				
Profit for the period	**779,203,149**	422,412,491	**492,640,661**	216,650,683
Weighted-average number of Ordinary shares (basic)	**116,265,704**	111,827,652	**116,265,704**	111,827,652
Effect of share options	**754,443**	525,050	**754,443**	525,050
	117,020,147	112,352,702	**117,020,147**	112,352,702
Diluted - in Rupees	**6.66**	3.76	**4.21**	1.93

21. 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:

			Un-audited	
			Six Months Ended	
			30 June	
Related party	**Relationship**	**Nature of transactions**	**2019**	2018
			Rupees	Rupees
E Processing Systems (Pvt.) Ltd.	Subsidiary	Loan	**173,467,697**	46,561,306
		Interest income	**14,387,819**	2,215,190
			187,855,516	48,776,496
Tech Vista Systems FZ - LLC	Subsidiary	Sales	**375,351,853**	169,439,347
		Loan	**134,179,004**	3,661,882
			509,530,857	173,101,229
Visionet Systems Incorporation	Common directorship	Sales	**1,304,090,453**	1,014,296,175
		Out of pocket expenses	**-**	48,032,046
			1,304,090,453	1,062,328,221
UUS-JV (Private) Limited	Joint Operation	Loan	**18,331,585**	-
		Interest Income	**14,523,281**	-
			32,854,866	-
Provident fund	Employee benefit plan	Contributions	**55,423,565**	45,942,827

	Un-audited Six Months Ended 30 June	
	2019	2018
	Rupees	Rupees

22. CASH FLOWS FROM OPERATING ACTIVITIES

	2019 Rupees	2018 Rupees
Profit before taxation	**792,559,197**	430,927,909
Adjustments for:		
Depreciation on property and equipment	**66,593,300**	51,415,731
Amortization of intangibles	**15,448,498**	14,243,739
Allowance for expected credit losses	**43,732,000**	28,029,231
Bad debts - written off	**18,363,724**	11,259,202
Advances - written off	**1,031,813**	-
Share based payment expense	**3,961,645**	22,991,271
Finance costs	**16,096,520**	5,528,591
Exchange gain - net	**(267,483,436)**	(136,392,403)
Profit on bank deposits	**(5,796,739)**	(2,234,555)
Gain on short term investments	**(13,434,464)**	(4,929,793)
Gain on disposal of property and equipment	**(6,976,370)**	(3,316,031)
	(128,463,509)	(13,405,017)
Profit before working capital changes	**664,095,688**	417,522,892
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Contract Assets - net	**(235,758,187)**	(92,220,487)
Trade debts	**(955,702)**	(374,161,268)
Advances	**70,953,114**	(114,435,354)
Trade deposits and short term prepayments	**(7,453,753)**	(71,278,649)
Interest accrued	**12,980,012**	2,609,322
Other receivables	**195,338,066**	(44,370,165)
	35,103,550	(693,856,601)
(Decrease) / increase in current liabilities:		
Trade and other payables	**185,545,600**	93,482,329
	220,649,150	(600,374,272)
Net cash (used in) / generated from operations	**884,744,838**	(182,851,380)

23. FINANCIAL RISK MANAGEMENT

23.1 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 2018.

23.2 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 2019.
- During the six month period ended 30 June 2019, 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 2018.

	30 June 2019			
	Cash and cash equivalents	**Loans and receivables**	**Held to maturity**	**Total**
	Rupees	**Rupees**	**Rupees**	**Rupees**
Financial instruments by categories:				
Financial assets as per balance sheet				
Long term deposits	-	17,834,913	-	17,834,913
Contract Assets	-	543,758,765	-	543,758,765
Loans and advances	-	202,297,882	-	202,297,882
Trade debts	-	2,123,244,000	-	2,123,244,000
Security deposits	-	154,363,820	-	154,363,820
Interest accrued	-	1,912,260	-	1,912,260
Other receivable	-	-	-	-
Short term investments	-	-	530,000,000	530,000,000
Cash and bank balances	483,742,167	-	-	483,742,167
	483,742,167	**3,043,411,640**	**530,000,000**	**4,057,153,807**

	31 December 2018			
	Cash and cash equivalents	Loans and receivables	Held to maturity	Total
	Rupees	Rupees	Rupees	Rupees
Financial assets as per balance sheet				
Long term deposits	-	18,036,753	-	18,036,753
Contract Assets	-	365,337,819	-	365,337,819
Loans and advances	-	274,282,809	-	274,282,809
Trade debts	-	1,916,900,586	-	1,916,900,586
Security deposits	-	157,721,853	-	157,721,853
Interest accrued	-	1,457,808	-	1,457,808
Other receivables	-	195,338,066	-	195,338,066
Short term investments	-	-	295,000,000	295,000,000
Cash and bank balances	400,760,630	-	-	400,760,630
	400,760,630	2,929,075,694	295,000,000	3,624,836,324

	30 June 2019	31 December 2018
	Financial Liabilities at amortized cost	Financial Liabilities at amortized cost
	Rupees	Rupees
Financial liabilities as per balance sheet		
Mark-up accrued on short term borrowings	**2,578,767**	3,689,005
Short term borrowings	**650,000,000**	450,000,000
Trade and other payables	**37,306,824**	76,615,326
	689,885,591	530,304,331

24. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on 26 August 2019 by the Board of Directors of the Company.

25. 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 these unconsolidated condensed interim financial statements.

26. GENERAL

26.1 The figures of unconsolidated condensed interim profit and loss account for the three month period ended 30 June 2018 and 2019 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.

26.2 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 (Un-audited)

as at 30 June 2019

	Note	**Un-audited 30 June 2019 Rupees**	Audited 31 December 2018 Rupees
ASSETS			
Non-current assets			
Property and equipment	6	**1,496,711,260**	1,084,194,685
Intangible	7	**179,072,712**	173,060,937
Long term deposits		**34,228,515**	22,970,553
		1,710,012,487	1,280,226,175
Current assets			
Contract assets		**668,494,838**	571,727,867
Trade debts	8	**1,934,423,421**	1,691,798,483
Loans and advances	9	**87,716,045**	69,695,751
Trade deposits and short term prepayments	10	**627,947,784**	322,718,950
Interest accrued		**1,127,192**	1,457,808
Other receivables	11	**208,241,161**	207,780,930
Short term investments	12	**530,000,000**	295,000,000
Tax refunds due from the Government		**168,432,390**	165,250,487
Cash and bank balances	13	**755,313,703**	761,651,601
		4,981,696,533	4,087,081,877
TOTAL ASSETS		**6,691,709,019**	5,367,308,052
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	**1,234,349,020**	1,122,135,480
Capital and reserves		**597,178,301**	559,888,228
Unappropriated profits		**2,970,232,338**	2,488,343,457
		4,801,759,659	4,170,367,165
Non-controlling interest		**(8,407,508)**	(1,276,580)
		4,793,352,151	4,169,090,585
Non-current liabilities			
Long term advances	15	**25,985,576**	18,565,295
Lease Liability		**111,074,015**	-
Provision for gratuity		**24,577,516**	6,636,508
		161,637,107	25,201,803
Current liabilities			
Trade and other payables	16	**970,888,468**	655,669,263
Unclaimed Dividend		**17,285,236**	1,975,820
Contract Liability		**30,899,569**	41,597,158
Mark-up accrued on short term borrowings		**2,578,767**	3,689,005
Short term borrowings	17	**660,423,914**	460,423,914
Current Portion of Lease Liability		**37,248,631**	-
Current portion of long term advances		**17,395,177**	9,660,504
		1,736,719,762	1,173,015,664
TOTAL EQUITY & LIABILITIES		**6,691,709,019**	5,367,308,052
CONTINGENCIES AND COMMITMENTS	19		

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

CHAIRMAN | **CHIEF EXECUTIVE OFFICER** | **CHIEF FINANCIAL OFFICER**

Consolidated Condensed Interim Statement Of Profit Or Loss Account (Un-audited)

for the six months period ended 30 June 2019

		Six Months Ended		Three Months Ended	
		30 June 2019	30 June 2018	**30 June 2019**	30 June 2018
	Note	**Rupees**	Rupees	**Rupees**	Rupees
Revenue from contract with customers - net		**3,580,778,430**	2,331,108,188	**1,979,536,539**	1,225,003,332
Cost of sales		**2,477,916,571**	1,679,069,483	**1,363,489,661**	901,758,458
Gross profit		**1,102,861,859**	652,038,705	**616,046,878**	323,244,874
Distribution expenses		**95,484,319**	65,146,617	**50,417,950**	35,246,299
Administrative expenses		**321,590,760**	232,527,168	**174,278,015**	123,634,095
Other operating expenses	20	**67,008,726**	46,162,700	**57,141,775**	21,731,825
		484,083,805	343,836,485	**281,837,741**	180,612,219
Other income		**294,009,653**	162,471,614	**259,457,199**	90,744,708
Operating profit		**912,787,707**	470,673,834	**593,666,337**	233,377,363
Finance cost		**19,791,671**	8,087,125	**14,315,782**	4,561,494
Profit before taxation		**892,996,036**	462,586,709	**579,350,555**	228,815,869
Taxation		**14,809,628**	9,541,840	**8,961,554**	5,296,288
Profit after taxation		**878,186,408**	453,044,869	**570,389,001**	223,519,582
Attributable to:					
Equity holders of the parent		**885,312,326**	459,854,635	**572,983,599**	227,224,889
Non-controlling interest		**(7,125,918)**	(6,809,766)	**(2,594,598)**	(3,705,307)
		878,186,408	453,044,869	**570,389,001**	223,519,582
Earnings per share:					
Basic earnings per share	21	**7.61**	4.11	**4.91**	2.03
Diluted earnings per share	22	**7.57**	4.09	**4.87**	2.02

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

CHAIRMAN **CHIEF EXECUTIVE OFFICER** **CHIEF FINANCIAL OFFICER**

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

for the six months period ended 30 June 2019

	Six Months Ended	
	30 June 2019	30 June 2018
	Rupees	Rupees
Profit for the period	**878,186,408**	453,044,869
Other comprehensive income		
Exchange difference on translation of foreign operations	**33,328,428**	7,963,065
Total comprehensive income for the period	**911,514,836**	461,007,934
Attributable to:		
Equity holders of the parent	**918,640,754**	467,817,700
Non-controlling interest	**(7,125,918)**	(6,809,766)
	911,514,836	461,007,934

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

CHAIRMAN **CHIEF EXECUTIVE OFFICER** **CHIEF FINANCIAL OFFICER**

Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

for the six months period ended 30 June 2019

	Note	Six Months Ended 30 June 2019	30 June 2018
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from/(used in) operations	23	**578,647,315**	(63,329,475)
Finance costs paid		**(20,901,909)**	(9,484,465)
Gratuity paid		**(2,757,557)**	-
Taxes paid		**(20,443,210)**	(17,891,417)
		(44,102,692)	(27,375,882)
Net cash flows from/(used in) operating activities		**534,544,623**	(90,705,357)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		**(493,483,407)**	(152,707,093)
Development expenditure		**(25,241,087)**	(31,979,202)
Proceeds from the disposal of property and equipment		**16,849,768**	6,457,112
Increase / decrease in long term deposits		**(11,257,962)**	519,323
Purchase / (disposal) of short term investments - net		**(235,000,000)**	109,929,793
Profit received on short term investment		**13,765,080**	-
Profit received on bank deposits		**5,796,739**	2,234,555
Net cash flows used in/from investing activities		**(728,570,869)**	(65,545,512)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		**-**	-
Increase in short term borrowings		**200,000,000**	250,000,000
Dividend paid		**(209,117,680)**	(195,698,391)
Increase in Lease Liability		**148,322,646**	-
Increase / (decrease) in long term advances		**15,154,954**	4,455,745
Net cash flows used in financing activities		**154,359,919**	58,757,354
Net (decrease) in cash and cash equivalents		**(39,666,327)**	(97,493,515)
Effect of exchange translation reserve		**33,328,428**	7,963,065
Cash and cash equivalents at beginning of the period		**761,651,601**	697,875,255
Cash and cash equivalents at closing of the period		**755,313,703**	608,344,805

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

CHAIRMAN | **CHIEF EXECUTIVE OFFICER** | **CHIEF FINANCIAL OFFICER**

Consolidated Condensed Interim Statement Of Changes In Equity (Un-audited)

for the six months period ended 30 June 2019

	Issued, subscribed and paid up share capital	Capital reserve			Revenue reserve	Total equity attributable to shareholders of parent company	Non-controlling interest	Total
		Share capital premium	Employee compensation reserve	Foreign currency translation reserve	Unappropriated profit			
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at 31st December 2017 (Audited)	1,118,276,520	473,289,639	9,742,937	1,831,748	1,609,551,095	3,212,691,939	11,930,892	3,224,622,831
Share Based Payments	-	-	22,991,271	-	-	22,991,271	-	22,991,271
Final Dividend @ Rs. 1.75 per share 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	459,854,635	(6,809,766)	453,044,869
Other comprehensive income for the year	-	-	-	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
Balance as at 31 December 2018 (Audited)	1,122,135,480	505,511,843	27,568,374	26,808,011	2,488,343,457	4,170,367,165	(1,276,580)	4,169,090,585
Restatement on initial application of IFRS-15		-	-	-	(66,782,809)	(66,782,809)	-	(66,782,809)
Bonus Issue @ 10% for the year ended 31 December 2018	112,213,540	-	-	-	(112,213,540)	-	-	-
Final Dividend @ Rs. 2 per share for the year ended 31 December 2018	-	-	-	-	(224,427,096)	(224,427,096)	-	(224,427,096)
Total comprehensive income for the period	-	-	-	-	885,312,326	885,312,326	(7,125,918)	878,186,408
Other comprehensive income for the year	-	-	-	33,328,428	-	33,328,428	-	33,328,428
Share based payments	-	-	3,961,645	-	-	3,961,645	-	3,961,645
SUS JV (Private) Limited	-	-	-	-	-	-	(5,010)	(5,010)
Balance as at 30 June 2019 (Un-audited)	**1,234,349,020**	**505,511,843**	**31,530,019**	**60,136,439**	**2,970,232,338**	**4,801,759,659**	**(8,407,508)**	**4,793,352,151**

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

CHAIRMAN **CHIEF EXECUTIVE OFFICER** **CHIEF FINANCIAL OFFICER**

Selected Notes to the Consolidated Condensed Interim Financial Information (Un-audited)

for the six months period ended 30 June 2019

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 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 Company

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.

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.

E-Processing Systems (Private) Limited, a private limited Company registered under the repealed Companies Ordinance 1984, (now 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.

SUS JV (Private) Limtied, a company set up in Pakistan for the Balochistan Land Revenue Management Information System project, is 94.99% owned subsidiary of Systems Limited. The project is related to digitization of land records and development of a web-based management information system.

2. STATEMENT OF COMPLIANCE

2.1 This consolidated condensed interim financial information of the Group for the period ended 30 June 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

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 2018.

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

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 Group for the year ended 31 December 2018 except for the change in policies due to the adoption of new standards.

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

4.1.1 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 recognised 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. 66 million.

IMPACT OF ADOPTION OF IFRS 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Note 4.2 explain the changes and new accounting policies introduced on 1 January 2019 resulting from the adoption of the new accounting standard IFRS 15 Revenue from Contracts with Customers.

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.

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 and not closed or completed by 31 December 2018 and applied IFRS 15 on those contracts to evaluate and analyse the impact 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-Dec-18	Adjustment	Carrying amount in accordance with IFRS-15 as at 1-Jan-19
ASSETS			
CURRENT ASSETS			
Contract Assets	571,727,867	(66,782,809)	504,945,058
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Unappropriated Profits	2,488,343,457	(66,782,809)	2,421,560,648

4.1.2 IFRS 16 - Leases

The Group implemented IFRS 16, as issued by the International Accounting Standards Board (IASB) in January 2016, as of 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 capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised 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.

As permitted by the transitional provisions of IFRS 16, the Group elected not to restate the comparative figures and not to adjust the opening retained earnings. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current period.

4.1.3 IFRS 9 - Financial Instruments

The Group implemented IFRS 9, as of 1 January 2019. IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

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.

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

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.

4.2 Change in policies due to adoption of IFRS - 15 Revenue from contracts with customers

4.2.1 Revenue

Revenue recognised 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 recognised when (or as) those performance obligations are satisfied.

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

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. The Group 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 Group recognises 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 Group disaggregates revenue from contracts with customers by contract type, as management believes this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors. The revenue recognition policy relevant to each contract type is as below:

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 Group 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 Group 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 Group '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 Group's efforts in satisfying the performance obligation.

Outsourcing Services

The Group 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 Group recognizes revenue based on provision of services over time as it best reflects the nature in which the Group is transferring control of the goods or services to the customer.

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.

Licenses & license support services

Software licenses delivered by the Group 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 Group 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.

Sale of airtime and related services

The Group determines for each distinct service promised in the contract whether it is a stand-ready obligation for a fixed term or usage based service to customer. For stand-ready obligations, time-based measure of progress is used while for usage based service, output method based on hours of service provided (the customer's usage of the services) best reflects the Group's efforts in satisfying the performance obligation.

4.3 Change in policies due to adoption of IFRS - 16 Leases

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

4.3.1 Right-of-use assets

The Group recognises 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 recognised, 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 recognised 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.

4.3.2 Lease liabilities

At the commencement date of the lease, the Group recognises 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.

4.3.3 Significant judgement in determining the lease term of contracts with renewal options

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 additional terms of two to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, 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).

The Group included the renewal period as part of the lease term for leases of offices due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e. two to five years) and there will be a significant negative effect on operations if a replacement is not readily available.

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 2018.

5.1 Impairment of financial assets

The Group assesses the impairment of its financial assets based on the Expected Credit Loss ("ECL") model. Under the expected credit loss model, the Group accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Group measures the loss allowance at an amount equal to lifetime ECL for its financial instruments.

The Group measures the expected credit losses of a financial instrument in a way that reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured for the maximum contractual period over which the entity is exposed to credit risk. The significant estimates relating to the measurement of ECL relate to the fair value of the collaterals in place, the expected timing of the collection and forward looking economic factors.

	Note	Unaudited 30 June 2019	Audited 31 December 2018
		Rupees	Rupees

6. PROPERTY AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	(6.1)	**1,268,090,337**	939,163,080
Capital work in progress	(6.2)	**81,862,322**	145,031,605
Right of Use Assets	(6.3)	**146,758,601**	-
		1,496,711,260	1,084,194,685

6.1 Operating fixed assets:

	Note	2019 Rupees	2018 Rupees
Opening balance - net book value		**939,163,080**	844,353,949
Additions during the period / year - cost	6.1.1	**409,894,089**	218,327,565
		1,349,057,169	1,062,681,514
Less:			
Disposals during the period / year	6.1.2	**9,873,398**	8,378,645
Depreciation during the period / year		**71,093,434**	115,139,789
Book value at the end of the period / year		**1,268,090,337**	939,163,080

6.1.1 Additions during the period / year-cost

	2019 Rupees	2018 Rupees
Land	**292,247,289**	**-**
Building	**3,036,682**	6,648,425
Computers and mobile sets	**41,552,560**	61,948,881
Computer equipment and installations	**2,959,702**	3,467,256
Other equipment and installations	**3,567,552**	3,937,965
Generator	**474,750**	9,114,300
Furniture and fittings	**11,375,969**	14,815,881
Vehicles	**51,152,983**	107,142,307
Office equipment	**1,575,050**	2,469,330
Leasehold Improvements	**446,045**	8,783,220
Capital work in progress	**-**	-
Exchange gain	**1,505,507**	-
	409,894,089	218,327,565

6.1.2 Disposals during the period / year

	Cost	Accumulated Depreciation	Written Down Value
	Rupees	Rupees	Rupees
30 June 2019			
Computers and mobile sets	**2,601,603**	**2,119,306**	**482,297**
Computer equipment and installations	**89,500**	**89,500**	**-**
Other equipment and installations	**178,679**	**27,692**	**150,987**
Furniture and fittings	**539,032**	**219,836**	**319,196**
Vehicles	**17,081,214**	**8,179,831**	**8,901,383**
Office equipment	**85,000**	**65,465**	**19,535**
	20,575,028	**10,701,630**	**9,873,398**
31 December 2018			
Computers and mobile sets	43,724,121	42,571,734	1,152,387
Computer equipment and installations	13,868,662	13,868,662	-
Other equipment and installations	15,543,845	15,281,570	262,275
Generators	7,971,669	7,883,097	88,572
Furniture and fittings	4,977,539	4,464,795	512,744
Vehicles	16,617,623	10,684,520	5,933,103
Office equipment	5,906,819	5,477,255	429,564
	108,610,278	100,231,633	8,378,645

	Unaudited 30 June 2019	Audited 31 December 2018
	Rupees	Rupees
6.2 CAPITAL WORK IN PROGRESS		
Balance at the beginning of the period / year	**145,031,605**	52,274,081
Additions during the period / year	**64,282,844**	126,643,662
Transfer to operating fixed assets during the period / year	**(127,452,127)**	(33,886,138)
Balance at the end of the period / year	**81,862,322**	145,031,605
6.3 RIGHT-OF-USE ASSETS		
Opening book value	**-**	-
Additions during the period / year - cost	**170,065,480**	-
Depreciation charge during the period / year	**(23,306,879)**	-
Book value at the end of the period / year	**146,758,601**	**-**

	Note	Unaudited 30 June 2019 Rupees	Audited 31 December 2018 Rupees
7. INTANGIBLES ASSETS			
Opening balance - net book value		**164,263,112**	141,577,271
Additions during the period / year - cost		**34,038,912**	63,562,578
		198,302,024	205,139,849
Less:			
Amortization during the period / year		**19,229,312**	32,078,912
Book value at the end of the period / year		**179,072,712**	173,060,937
8. TRADE DEBTS			
Considered good - unsecured			
Export	(8.1)	**1,289,396,671**	1,265,218,093
Local		**655,327,809**	426,580,390
		1,944,724,480	1,691,798,483
Considered doubtful - unsecured			
Export		**6,241,115**	13,654,569
Local		**63,330,779**	37,609,361
		69,571,894	51,263,930
		2,014,296,374	1,743,062,413
Less: Allowance for expected credit losses		**(79,872,953)**	(51,263,930)
		1,934,423,421	1,691,798,483

8.1 This includes receivable from related parties i.e. Visionet Systems Incorporation amounting to Rs. 602.2 (2018: Rs. 502.2) million.

	Note	Unaudited 30 June 2019	Audited 31 December 2018
		Rupees	Rupees
9. LOANS AND ADVANCES - considered good			
Advances to staff:			
against salary		**6,951,480**	11,374,876
against expenses		**57,537,253**	19,874,465
		64,488,733	31,249,341
Advances to suppliers - against goods		**15,913,677**	29,651,275
		80,402,410	60,900,616
Loans to related parties		**7,313,635**	8,795,135
		87,716,045	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 is subject to interest at one-year KIBOR (2018: one-year KIBOR) on the outstanding loan balance at the end of each month.

	Note	Unaudited 30 June 2019	Audited 31 December 2018
		Rupees	Rupees
10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		**155,666,720**	214,656,402
Prepayments		**472,281,064**	108,062,548
		627,947,784	322,718,950
11. OTHER RECEIVABLES			
Visionet Systems Incorporation - USA		**-**	-
TechVista Information Technology - Qatar		**208,241,161**	207,780,930
		208,241,161	207,780,930
12. SHORT TERM INVESTMENTS			
Term Deposit Receipts (TDRs)	(12.1)	**530,000,000**	295,000,000

12.1 This represents TDRs carrying markup at rates ranging from 4.28% to 12.25% (2018: 3.46% to 8.5%) per annum.

	Note	Unaudited 30 June 2019 Rupees	Audited 31 December 2018 Rupees
13. CASH AND BANK BALANCES			
Cash in hand		**942,006**	225,401
Cash at bank:			
Local currency:			
Current accounts		**174,577,521**	195,685,529
Deposit accounts	(13.1)	**559,272,308**	563,768,082
		733,849,829	759,453,611
Foreign currency - current accounts		**20,521,868**	1,972,589
		755,313,703	761,651,601

13.1 These carry interest rate of 9% to 10% (2018: 3.34% to 5.39%%) per annum.

14. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	30 June 2019 No of Shares	31 December 2018 No of Shares	30 June 2019 Rupees	31 December 2018 Rupees
Ordinary shares of Rs. 10/-fully paid in cash	**23,361,983**	23,361,983	**233,619,830**	233,619,830
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	**100,072,919**	88,851,565	**1,000,729,190**	888,515,650
	123,434,902	112,213,548	**1,234,349,020**	1,122,135,480

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

	30 June 2019 No of Shares	31 December 2018 No of Shares	30 June 2019 Rupees	31 December 2018 Rupees
Balance as at 1st January	**112,213,548**	111,827,652	**1,122,135,480**	1,118,276,520
Stock options exercised	**-**	385,896	**-**	3,858,960
Bonus issue 10%	**11,221,354**	-	**112,213,540**	-
	123,434,902	112,213,548	**1,234,349,020**	1,122,135,480

15. LONG TERM ADVANCES

This represents 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 IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of long term loans is not considered material and hence not recognized.

	Note	**Unaudited 30 June 2019**	Audited 31 December 2018
		Rupees	Rupees
16. TRADE AND OTHER PAYABLES			
Creditors		**58,284,285**	79,484,433
Advance from customers		**5,812,818**	12,230,903
Retention money		**28,494,770**	-
Accrued liabilities		**849,473,587**	532,801,351
Provident fund payable		**-**	15,889,209
Withholding income tax payable		**12,194,472**	14,646,167
Other payable		**16,628,536**	617,200
		970,888,468	655,669,263
17. SHORT TERM BORROWINGS			
MCB Bank Limited	(17.1)	**650,000,000**	450,000,000
Convertible loan	(17.2)	**10,423,914**	10,423,914
		660,423,914	460,423,914

17.1 This represents export re-finance (ERF) availed from MCB Bank Limited against aggregate sanctioned limit of Rs. 450 (2018: Rs. 450) million. Mark up is charged at are 3-month SBP plus 0.5% (2018: 3-month SBP plus 0.5%) per annum. These borrowings are secured against Rs. 97.5 (2018: Rs. 97.5) million cash margin.

Habib Metropolitan Bank amounting to Rs. 200 (2018: Rs. Nil) million. Mark-up is charged at SBP rate plus 1% (2018: Nil). The facility is secured against land measuring 57 marlas and costing Rs. 96.49 million.

17.2 This represents the unsecured loan received from Bright Star Mobile Library. This is interest free loan and can be convertible into equity at the discretion of the Group, however the management of the Group intends to repay the loan within next twelve months from the date of financial statements.

18. 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		Total	
	Un-audited		Un-audited		Un-audited		Un-audited	
							Six months ended	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	Rupees	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Revenue - net	**1,351,556,773**	1,041,363,603	**1,295,123,781**	961,621,526	**934,097,877**	328,123,059	**3,580,778,430**	2,331,108,188
Cost of sales	**749,963,186**	608,350,804	**1,017,638,922**	652,981,310	**710,314,463**	417,737,371	**2,477,916,571**	1,679,069,485
Gross profit	**601,593,587**	433,012,799	**277,484,859**	308,640,216	**223,783,414**	(89,614,312)	**1,102,861,859**	652,038,703
Distribution expenses	**27,057,287**	2,045,091	**11,295,687**	27,191,223	**57,131,345**	35,910,303	**95,484,319**	65,146,617
Administrative expenses	**170,427,628**	122,279,432	**112,174,531**	67,140,953	**38,988,601**	43,106,784	**321,590,760**	232,527,169
	197,484,915	124,324,523	**123,470,218**	94,332,176	**96,119,946**	79,017,087	**417,075,079**	297,673,786
Profit / (loss) before taxation and unallocated income and expenses	**404,108,672**	308,688,276	**154,014,641**	214,308,040	**127,663,467**	(168,631,399)	**685,786,780**	354,364,917
Unallocated income and expenses:								
Other operating expenses							**67,008,726**	46,162,700
Other income							**294,009,653**	162,471,614
Finance cost							**19,791,671**	8,087,125
Profit before taxation							**892,996,036**	462,586,710
Taxation							**14,809,628**	9,541,840
Profit after taxation							**878,186,408**	453,044,869

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

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

19.2 Commitments:

Guarantees issued by the financial institutions on behalf of the Group amount to Rs. 341.12 million (2018: Rs. 358.02 million). This includes guarantees of Rs 254.54 million (2018: Rs 257.26 million) given on behalf of Joint Operation.

Commitments include capital commitments for construction of building of the Group amounting to Rs. 22.29 million (2018: nil).

	Un-audited 30 June 2019	Un-audited 30 June 2018
	Rupees	Rupees
20. OTHER OPERATING EXPENSES		
Allowance for expected credit losses	**31,504,056**	28,029,231
Unbilled revenue and bad debts written-off	**34,472,857**	18,133,469
Advances Written Off	**1,031,813**	-
	67,008,726	46,162,700

	Six Months Ended 30 June	
	2019 Un-audited	2018 Un-audited
21. EARNINGS PER SHARE		
Basic earnings per share		
Profit for the period attributable to equity holder of parent	**885,312,326**	459,854,635
Weighted average number of ordinary shares in issue during the period	**116,265,704**	111,827,652
Basic - in Rupees	**7.61**	4.11
Diluted earnings per share		
Profit for the period attributable to equity holder of parent	**885,312,326**	459,854,635
Weighted-average number of ordinary shares (basic)	**116,265,704**	111,827,652
Effect of share options	**754,443**	525,050
	117,020,147	112,352,702
Diluted - in Rupees	**7.57**	4.09

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 holding 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:

Undertaking	**Relation**	**Nature of transactions**	**Unaudited Six Months Ended 30 June**	
			2019 Rupees	2018 Rupees
Visionet Systems Incorporation - USA	Common Directorship	Sales	**1,304,090,453**	1,014,296,175
		Reimbursement of expenses	**-**	48,032,046
UUS Joint Venture (Private) Limited	Joint Operations	Loan	**18,331,585**	-
		Interest income	**14,523,281**	-
TechVista Information Technology, Qatar	Associate	Sales	**202,739,299**	-
		Reimbursement of expenses	**5,501,861**	-
Staff retirement funds		Contribution	**55,423,565**	45,942,827

	Unaudited Six Months Ended 30 June	
	2019	2018
	Rupees	Rupees

23. CASH FLOWS FROM OPERATING ACTIVITIES

	2019 Rupees	2018 Rupees
Profit before taxation	**892,996,036**	462,586,709
Adjustments of reconcile profit before tax to meet cash flows:		
Depreciation on property and equipment	**71,093,434**	54,482,956
Amortization of intangible assets	**19,229,312**	16,507,281
Provision for bad debts	**31,504,056**	28,029,231
Bad debts - written off	**35,504,670**	18,133,469
Share based payment expense	**3,961,645**	22,991,271
Finance cost	**19,791,671**	8,087,125
Gratuity expense	**20,693,556**	804,414
Interests accrued	**-**	(13,217,070)
Exchange (gain)/loss on translation of export receivables	**(268,541,392)**	(127,793,484)
(Gain)/loss on disposal of property and equipment	**(6,976,370)**	(3,316,031)
(Gain)/loss on short term investments	**(13,434,464)**	(4,929,793)
Profit on bank deposits	**(5,796,739)**	(2,234,555)
	(92,970,621)	(2,455,186)
Profit before working capital changes	**800,025,414**	460,131,523
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Contract Asset - Net	**(163,549,781)**	(271,485,782)
Trade debts	**(41,092,272)**	(114,471,955)
Loans and advances	**(18,020,294)**	(49,277,991)
Other receivables	**(460,231)**	(84,757,110)
Trade deposits and short term prepayments	**(305,228,834)**	(128,301,610)
	(528,351,411)	(648,294,448)
(Decrease) / increase in current liabilities:		
Trade and other payables	**317,670,900**	201,450,838
Contract Liability	**(10,697,589)**	(76,617,388)
	(221,378,100)	124,833,450
Net cash flows from operations	**578,647,315**	(63,329,475)

24. FINANCIAL RISK MANAGEMENT

24.1 Financial risk factors

There is no change in the Group's objectives, policies, procedures for measuring and managing the financial risks including capital management risk, since the preceding annual financial year ended 31 December 2018.

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 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

- There were no financial assets and liabilities measured at fair value as at 30 June 2019.

- During the six months period ended 30 June 2019, 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 2018.

24.3 Financial instruments by categories

	30 June 2019		
	Cash and cash equivalent	Loans and advances	Total
	Rupees	Rupees	Rupees
Financial assets as per balance sheet			
Long term deposits	-	34,228,515	34,228,515
Unbilled revenue	-	668,494,838	668,494,838
Trade debts	-	1,934,423,421	1,934,423,421
Loans and advances	-	87,716,045	87,716,045
Security deposits	-	155,666,720	155,666,720
Interest accrued	-	1,127,192	1,127,192
Other receivable	-	208,241,161	208,241,161
Short term investments	-	530,000,000	530,000,000
Cash and bank balances	755,313,703	-	755,313,703
	755,313,703	3,619,897,891	4,375,211,594

	30 June 2018		
	Cash and cash equivalent	Loans and advances	Total
	Rupees	Rupees	Rupees
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	2,646,354,891	3,254,699,696

	30 June 2019	30 June 2018
	Financial Liabilities at amortized cost	
	Rupees	Rupees
Financial liabilities as per balance sheet		
Markup accrued on short term borrowing	**2,578,767**	1,397,905
Short term borrowing	**660,423,914**	460,423,914
Trade and other payables	**64,097,103**	632,658,768
	727,099,784	1,094,480,587

25. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issuance on 26 August 2019 by the Board of Directors of the Group.

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 condensed interim financial information.

27. GENERAL

27.1 Figures have been rounded off to the nearest rupee unless otherwise stated.

CHAIRMAN **CHIEF EXECUTIVE OFFICER** **CHIEF FINANCIAL OFFICER**

Notes

Notes

Notes

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