



Interim Financial Report
for the quarter ended 31 March

2018

*We dream the Future
and Deliver it.*

systems

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Company Information

Board of Directors

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

Audit Committee

Mr. Ayaz Dawood Chairman
Mr. Tahir Masaud Member
Ms. Romana Abdullah Member

Human Resource & Compensation Committee

Mr. Asif Jooma Chairman
Mr. Tahir Masaud Member
Ms. Romana Abdullah Member

Chief Financial Officer & Company Secretary

Ms. Roohi Khan

External Auditors

Ernst & Young Ford Rhodes
Chartered Accountants
Lahore

Internal Auditors

Uzair Hammad Faisal & Co.

Legal Advisors

Hassan & Hassan Advocates
Ahmed & Pansota Advocates & Legal Consultants

Bankers

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

Shares Registrar

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

Registered Office

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

Karachi Office

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

Dubai Office

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

WEB PRESENCE

www.systemsltd.com

DIRECTORS' REVIEW REPORT

On behalf of the Board of Directors we are pleased to present Standalone and Consolidated Financial Statements for the three months ended 31 March 2018.

FINANCIAL RESULTS

Unconsolidated:

During the first quarter of 2018, standalone revenue grew by 18% from Rs. 666.76 million to Rs. 789.43 million. Gross profit and operating profit increased by 25% and 55% respectively. A portion of operating profit is coming from currency devaluation. Profit for the period increased by 53% from Rs. 134.23 million to Rs. 205.76 million. Basic and diluted earnings per share increased to 52% and 53% respectively in line with operating profit and profit for the period.

Unconsolidated			
Particulars	March 2018	March 2017	Q/Q
	Rs.	Rs.	%
Revenue	789,430,855	666,756,344	18%
Gross profit	259,839,175	208,062,601	25%
Operating profit	211,880,587	136,869,018	55%
Profit for the period	205,761,808	134,232,449	53%
Earnings per share (basic)	1.84	1.21	52%
Earnings per share (diluted)	1.84	1.20	53%

Consolidated:

During the first quarter of 2018, consolidated revenue grew by 35% from Rs. 817.65 million to Rs. 1,106.10 million. Gross profit and operating profit increased by 35% and 64% respectively. A portion of operating profit is coming from currency devaluation. Profit for the period increased by 64% from Rs. 140.07 million to Rs. 229.53 million. Basic and diluted earnings per share increased to 63% and 63% respectively in line with operating profit and profit for the period.

Consolidated			
Particulars	March 2018	March 2017	Q/Q
	Rs.	Rs.	%
Revenue	1,106,104,857	817,647,187	35%
Gross profit	328,793,831	242,965,557	35%
Operating profit	237,296,470	144,882,277	64%
Profit for the period	229,525,287	140,072,326	64%
Earnings per share (basic)	2.08	1.28	63%
Earnings per share (diluted)	2.07	1.27	63%

FUTURE OUTLOOK

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

The other fundamental principle is to diversify the revenue from new geographies. The first significant work from Europe started in late 2017 and the Company expects a healthy growth in this geography. The Company is expecting to maintain the growth momentum from all of the business units and all geographies. Further, the Company is expecting substantial future growth in Digital Marketing and Call Center.

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

DIRECTORS' REVIEW REPORT

E-Processing Systems (Private) Limited aims to enhance B2B services by connecting retailers directly with companies, and further facilitate the retailers in digital payments and aggregating additional financial services for the unbanked under a single umbrella.

Following are few key parameters for the Group growth:

- ✓ The Company expects to retain most of the current clients (this is in consistent with the past few years).
- ✓ The Company is expecting above average growth rate from the existing customers, as the company has focused and invested in the engagement management and leadership layer. This is an election year so new domestic Public-sector business may slow down and cash flow may be impacted.
- ✓ The Company's services are moving up the value chain by investing and re-inventing themselves in new business verticals and latest technology stacks and the Company is expecting to bring business from new clients.
- ✓ The Company is investing heavily in new tools and technologies to align the workforce for the current and future demand.
- ✓ The Company is building industry solutions that will help in entering new markets and generate recurring revenue stream.
- ✓ Further currency devaluation will have a positive impact on the Company's bottom-line as it does not impact the selling price globally and most of the cost elements are in local currency.

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
Date: 26 March 2018
Lahore.

ڈائریکٹرز کی جائزہ رپورٹ - 31 مارچ 2018

بورڈ آف ڈائریکٹرز کی جانب سے ہم اراکان کو 31 مارچ 2018 کو ختم ہونے والی پہلی سہ ماہی کے واحد اور مجموعی مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی نتائج غیر یکجا

سال 2018 کی پہلی سہ ماہی کے دوران، کمپنی کی واحد آمدنی 18 فیصد اضافہ کے ساتھ 666.76 ملین روپے سے 789.43 ملین روپے تک ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع بالترتیب 25 فیصد اور 55 فیصد تک بڑھ گیا۔ آپریٹنگ منافع کا ایک حصہ کرنسی کی قدر میں کمی کی وجہ سے آیا ہے۔ موجودہ مدت کا منافع 53 فیصد اضافہ کے ساتھ 134.23 ملین روپے سے 205.76 ملین روپے تک ہو گیا۔ فی شیئر بنیادی اور معتدل آمدنی موجودہ مدت کے لئے آپریٹنگ منافع اور منافع کے لحاظ سے بالترتیب 52 فیصد اور 53 فیصد تک بڑھ گئی۔

غیر یکجا			
ماخذ	مارچ 2018	مارچ 2017	سہ ماہی فیصد
	روپے	روپے	
آمدنی	789,430,855	666,756,344	18%
مجموعی منافع	259,839,175	208,062,601	25%
آپریٹنگ منافع	211,880,587	136,869,018	55%
موجودہ منافع	205,761,808	134,232,449	53%
فی شیئر آمدنی (بنیادی)	1.84	1.21	52%
فی شیئر آمدنی (معتدل)	1.84	1.20	53%

یکجا

سال 2018 کی پہلی سہ ماہی کے دوران، کمپنی کی مجموعی آمدنی 35 فیصد اضافہ کے ساتھ 817.66 ملین روپے سے 1,106.10 ملین روپے تک ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع بالترتیب 35 فیصد اور 64 فیصد تک بڑھ گیا۔ آپریٹنگ منافع کا ایک حصہ کرنسی کی قدر میں کمی کی وجہ سے آیا ہے۔ موجودہ مدت کا منافع 64 فیصد اضافہ کے ساتھ 140.07 ملین روپے سے 229.53 ملین روپے تک ہو گیا۔ فی شیئر بنیادی اور معتدل آمدنی موجودہ مدت کے لئے آپریٹنگ منافع اور منافع کے لحاظ سے بالترتیب 63 فیصد اور 63 فیصد تک بڑھ گئی۔

یکجا			
ماخذ	مارچ 2018	مارچ 2017	سہ ماہی فیصد
	روپے	روپے	
آمدنی	1,106,104,857	817,647,187	35%
مجموعی منافع	328,793,831	242,965,557	35%
آپریٹنگ منافع	237,296,470	144,882,277	64%
موجودہ منافع	229,525,287	140,072,326	64%
فی شیئر آمدنی (بنیادی)	2.08	1.28	63%
فی شیئر آمدنی (معتدل)	2.07	1.27	63%

مستقبل کا لائحہ عمل

اعلیٰ سطحی مجموعہ برقرار رکھنا سال 2018ء کے لئے کمپنی کی منصوبہ بندی کا حصہ ہے۔ اس میں مجموعی نفع کی رفتار کو نہ صرف انفرادی طور پر بلکہ گروپ کے لئے بڑھانا شامل ہے۔

دوسرا بنیادی اصول نئے جغرافیہ سے آمدنی کا حصول ہے۔ یورپ سے پہلا اہم کام 2017ء کے آخر میں شروع ہوا اور کمپنی کو اس نئے جغرافیہ سے صحت مند نمو کی توقع ہے۔ کمپنی تمام کاروباری یونٹس اور تمام جغرافیوں کی مدد میں پیداواری رفتار کو برقرار رکھنے کی امید کرتی ہے۔ مزید برآں کمپنی ڈیجیٹل مارکیٹنگ اور کال سنٹر میں مزید بہتری کی توقع رکھتی ہے۔

بیک وسٹس سٹریٹجی ایف زی ایل ایل سی کے موجودہ صارفین کی کثیر تعداد مستقل صارفین بن چکی ہے۔ موجودہ صارفین کو برقرار رکھنے کی وجہ سے نئے کسٹمرز کے حصول پر لاگت میں مجموعی طور پر کمی واقع ہوئی ہے۔ اور اس وجہ سے کمپنی کی آئندہ کارکردگی میں مثبت اثرات مرتب ہوں گے۔ کمپنی نے مستقبل کی نمو میں مدد کیلئے نئے لوگوں کا بھی اضافہ کر رہی ہے۔

ای پروسیسنگ سسٹمز (پرائیویٹ) لمیٹڈ کا مقصد ریٹیلرز کو کمپنیوں کے ساتھ براہ راست رابطہ فراہم کر کے B2B سروسز کو بڑھانے کا ہے۔ مزید یہ کہ کمپنی ریٹیلرز کو ایک پلیٹ فارم کے نیچے ڈیجیٹل ادا کیوں اور بینک کے بغیر اضافی مالی خدمات بھی فراہم کرنا ہے۔

گروپ کی نمو کے لئے چند بنیادی عوامل حسب ذیل ہیں:

کمپنی کو اکثر حالیہ کلائنٹ کو برقرار رکھنے کی توقع ہے۔ (یہ کلائنٹ چند برسوں سے لگا رہے)

کمپنی حالیہ کسٹمرز سے اوسط سے زیادہ نمو کی شرح حاصل کرنے کی توقع رکھتی ہے کیونکہ کمپنی نے رابطہ کے انتظامات اور رہنمائی میں سرمایہ داری پر بھرپور توجہ دی ہے۔ یہ انتخابات کا سال ہے اس لئے نئے ڈومیسٹک پبلک سیکٹر کی نمو میں کمی واقع ہو سکتی ہے۔

کمپنی کی خدمات میں سرمایہ داری اور کاروبار اور دیکھنا لوہی میں تجدید نو کے ذریعے اضافہ ہو رہا ہے۔ اور کمپنی نئے کلائنٹس سے کاروبار حاصل کرنے کی توقع رکھتی ہے۔

کمپنی نئے حربوں اور دیکھنا لوہی میں بھاری سرمایہ داری کر رہی ہے تاکہ حالیہ اور آئندہ کی طلب کو پورا کرنے کے لئے اپنی صلاحیتوں کو بڑھایا جاسکے۔

کمپنی انٹرنیٹ پر سالیوشن بھی تیار کر رہی ہے جس کی وجہ سے وہ نئی منڈیوں تک رسائی اور مستقل آمدنی کا بہاؤ حاصل کر سکتی گی۔

کرنسی کی قدر میں مزید کمی کمپنی کی چلی لائن پر مثبت اثر ڈالے گی کیونکہ یہ عالمی قیمت فروخت پر اثر انداز نہیں ہوتی اور اکثر عناصر کی لاگت متاثر نہیں ہوتی۔

اظہار تشکر

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

منجانب بورڈ



آصف بیکر

چیف ایگزیکٹو آفیسر

مورخہ: 26 مارچ 2018ء

لاہور۔

**Systems Limited
Standalone Financial Statements**

Condensed Interim Statement of Financial Position as at 31 March 2018

		Unaudited 31 March 2018 Rupees	Audited 31 December 2017 Rupees
	Note		
ASSETS			
Non-current assets			
Property and equipment	6	916,729,308	884,773,411
Intangibles	7	62,366,514	60,306,397
Long term investments	8	51,077,980	51,077,980
Long term deposits		17,336,739	17,336,739
Deferred taxation - net		31,771,724	31,771,724
		1,079,282,265	1,045,266,251
Current assets			
Unbilled revenue		471,454,475	388,018,078
Trade debts	9	1,223,927,743	1,140,871,164
Loans and advances	10	216,412,733	143,600,657
Trade deposits and short term prepayments	11	120,366,269	103,870,280
Interest accrued		15,162,063	13,486,671
Other receivables	12	214,769,915	183,663,700
Short term investments	13	255,000,000	225,000,000
Tax refunds due from the Government		145,881,373	142,084,484
Cash and bank balances	14	359,005,605	444,255,392
		3,021,980,176	2,784,850,426
TOTAL ASSETS		4,101,262,441	3,830,116,677
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 200,000,000 (2017: 200,000,000) ordinary shares of Rs. 10 each		2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	15	1,118,276,520	1,118,276,520
Capital reserves		499,032,576	483,032,576
Unappropriated profit		1,815,630,869	1,609,869,061
		3,432,939,965	3,211,178,157
Non-current liabilities			
Long term advances	16	13,481,748	12,218,784
Current liabilities			
Trade and other payables	17	375,943,605	333,485,673
Unearned revenue		74,362,947	65,532,595
Markup accrued on short term borrowing		566,536	2,795,246
Short term borrowings	18	200,000,000	200,000,000
Current portion of long term advances		3,967,640	4,906,222
		654,840,728	606,719,736
TOTAL EQUITY AND LIABILITIES		4,101,262,441	3,830,116,677
CONTINGENCIES AND COMMITMENTS			

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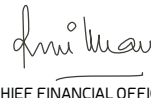
The annexed notes from 1 to 28 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Condensed Interim Profit and Loss Account

for the three months ended 31 March 2018 (Unaudited)

	Note	Three Months Ended	
		31 March 2018	31 March 2017
		Rupees	Rupees
Revenue - net		789,430,855	666,756,344
Cost of sales		529,591,680	458,693,743
Gross profit		259,839,175	208,062,601
Distribution expenses		8,298,100	5,885,281
Administrative expenses		89,123,729	65,070,401
Other operating expenses	21	23,821,075	4,990,330
		121,242,904	75,946,012
Other income		73,284,316	4,752,429
Operating profit		211,880,587	136,869,018
Finance cost		2,355,201	436,569
Profit before taxation		209,525,386	136,432,449
Taxation		3,763,578	2,200,000
Profit for the period		205,761,808	134,232,449
Earnings per share:			
Basic earnings per share	22	1.84	1.21
Diluted earnings per share	22	1.84	1.20

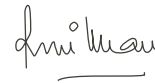
The annexed notes from 1 to 28 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Comprehensive Income
for the three month ended 31 March 2018 (Unaudited)

	Three Months Ended	
	31 March 2018	31 March 2017
	Rupees	Rupees
Profit for the period	205,761,808	134,232,449
Other comprehensive income	-	-
Total comprehensive income for the period	205,761,808	134,232,449

The annexed notes from 1 to 28 form an integral part of this condensed interim financial information.


CHAIRMAN


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

Condensed Interim Cash Flow Statement

for the three months ended 31 March 2018 (Unaudited)

	Note	Three Months Ended	
		31 March 2018	31 March 2017
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from / (used in) operations	24	17,488,751	(67,233,548)
Finance costs paid		(4,583,911)	(436,569)
Taxes paid		(7,560,467)	(7,615,381)
		(12,144,378)	(8,051,950)
Net cash flows from / (used in) operating activities		5,344,373	(75,285,498)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(58,911,690)	(137,525,952)
Development expenditure		(9,958,168)	(6,743,184)
Proceeds from the disposal of property and equipment		4,330,212	3,082,526
(Purchase) / disposal of short term investments - net		(30,000,000)	70,000,000
Profit received on short term investment		2,700,000	831,669
Profit received on bank deposits		921,104	-
Net cash used in investing activities		(90,918,542)	(70,354,942)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long term advances		324,382	2,236,351
Net cash flows from financing activities		324,382	2,236,351
Net (decrease) in cash and cash equivalents		(85,249,787)	(143,404,089)
Cash and cash equivalents at beginning of the period		444,255,392	183,200,188
Cash and cash equivalents at closing of the period		359,005,605	39,796,099

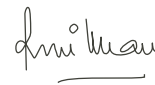
The annexed notes from 1 to 28 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Changes in Equity

for the three month ended 31 March 2018

	Issued, subscribed and paid up share capital	Capital reserves		Revenue reserve		Total
		Share capital premium	Employee compensation reserve	Unappropriated profit		
Balance as at 31 December 2016 - (Audited)	1,110,784,920	422,623,948	38,467,279	1,344,492,456		2,916,368,603
Total comprehensive income for the period (Unaudited)	-	-	-	134,232,449		134,232,449
Share based payments	-	-	7,384,133			7,384,133
Balance as at 31 March 2017 - (Unaudited)	1,110,784,920	422,623,948	45,851,412	1,478,724,905		3,057,985,185
Balance as at 31 December 2017 - (Audited)	1,118,276,520	473,289,639	9,742,937	1,609,869,061		3,211,178,157
Total comprehensive income for the period (Unaudited)	-	-	-	205,761,808		205,761,808
Share based payments	-	-	16,000,000			16,000,000
Balance as at 31 March 2018 - (Unaudited)	1,118,276,520	473,289,639	25,742,937	1,815,630,869		3,432,939,965

----- Rupees -----

The annexed notes from 1 to 28 form an integral part of this condensed interim financial information.


CHAIRMAN


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

Selected Notes to the Condensed Interim Financial Information for the three months ended 31 March 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

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

2. STATEMENT OF COMPLIANCE

- 2.1 These 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 Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and 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

- 3.1 This unconsolidated condensed interim financial information of the Company for the three months period ended 31 March 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017.
- 3.2 This condensed interim financial information does not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2017.
- 3.3 This condensed interim financial statements have 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 Company for the year ended 31 December 2017 except as follows:

The Company has adopted the following standards and amendment to IFRS:

IFRS 9 - Financial Instruments

IFRS 15 - Revenue from Contracts with Customers

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

5 ACCOUNTING ESTIMATES AND JUDGMENTS

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

	Note	Unaudited 31 March 2018	Audited 31 December 2017
----- (Rupees) -----			
6. PRPOERTY AND EQUIPMENT			
Operating fixed assets:			
Opening balance - net book value		832,499,330	175,872,315
Additions during the period / year - cost	(6.1)	9,888,806	744,664,032
		842,388,136	920,536,347
Less:			
Disposals during the period / year	(6.2)	2,198,650	14,067,827
Depreciation during the period / year		24,757,143	73,969,190
Book value at the end of the period / year		815,432,343	832,499,330
Capital work in progress:			
Opening balance		52,274,081	381,726,137
Additions during the period / year - cost		49,022,884	355,174,824
		101,296,965	736,900,961
Less:			
Transfer to operating fixed assets		-	684,626,880
Closing value at the end of the period / year		101,296,965	52,274,081
		916,729,308	884,773,411
6.1 Additions during the period / year-cost			
Building		-	485,167,103
Computers and mobile sets		9,271,986	51,810,917
Computer equipment and installations		283,900	26,472,233
Other equipment and installations		332,920	66,112,541
Generator		-	26,800,700
Furniture and fittings		-	27,787,309
Vehicles		-	32,562,500
Office equipment		-	27,274,924
Project assets		-	675,805
		9,888,806	744,664,032
6.2 Disposals during the period / year			
	Cost	Accumulated Depreciation	Written Down Value
----- (Rupees) -----			
31 March 2018			
Computers and mobile sets	-	-	-
Vehicles	5,098,640	2,899,990	2,198,650
	5,098,640	2,899,990	2,198,650
31 December 2017			
Computers and mobile sets	2,870,008	2,251,776	618,232
Vehicles	25,379,908	11,930,313	13,449,595
	28,249,916	14,182,089	14,067,827

	Note	Unaudited 31 March 2018	Audited 31 December 2017
----- (Rupees) -----			
7. INTANGIBLES			
Opening balance - net book value		60,306,397	51,467,435
Additions during the period / year - cost		9,958,168	34,411,542
		70,264,565	85,878,977
Less:			
Amortization during the period / year		7,898,051	25,572,580
Book value at the end of the period / year		62,366,514	60,306,397
8. LONG TERM INVESTMENTS			
Investment in related parties			
Investment in Subsidiaries - at cost - unquoted			
E-Processing Systems (Private) Limited	(8.1)	49,700,030	49,700,030
140,001 (2017: 140,001) fully paid ordinary shares of Rs. 10/- each			
TechVista Systems FZ LLC	(8.2)	1,377,950	1,377,950
50 (2017: 50) fully paid ordinary shares of AED 1,000/- each			
		51,077,980	51,077,980
8.1	This represents 53% share in Company's subsidiary E-Processing Systems (Private) Limited, a company engaged in the business of purchase and sale of airtime and related services in Pakistan.		
8.2	This represents 100% share in Company's subsidiary, TechVista Systems FZ LLC, a company set up in Dubai Technology and Media Free Zone Authority engaged in providing a host of services including enterprise application integration and software development and has been registered as a limited liability company on 03 April 2013.		
	Note	Unaudited 31 March 2018	Audited 31 December 2017
----- (Rupees) -----			
9. TRADE DEBTS			
Considered good - unsecured			
Export	(9.1)	1,051,464,172	959,900,736
Local		172,463,571	180,970,428
		1,223,927,743	1,140,871,164
Considered doubtful - unsecured			
Export		7,416,476	8,869,189
Local		46,479,977	38,417,236
		53,896,453	47,286,425
		1,277,824,196	1,188,157,589
Less: Provision for doubtful debts		(47,182,253)	(36,732,888)
Less: Written off		(6,714,200)	(10,553,537)
		(53,896,453)	(47,286,425)
		1,223,927,743	1,140,871,164
9.1	This includes receivables from related parties i.e. Visionet Systems Incorporation and TechVista Systems FZ LLC amounting to Rs. 352.94 (2017: Rs. 329) million and Rs. 678.40 (2017: Rs. 617.68) million respectively.		

16 Systems Limited

	Note	Unaudited 31 March 2018	Audited 31 December 2017
----- (Rupees) -----			
10. LOANS AND ADVANCES - considered good			
Advances to staff:			
against salary		5,556,165	2,925,438
against expenses		8,411,593	6,035,111
		13,967,758	8,960,549
Advances to suppliers - against goods		82,589,886	15,475,741
		96,557,644	24,436,290
E-Processing Systems (Private) Limited		119,855,089	119,164,367
		216,412,733	143,600,657
11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		88,125,782	83,813,930
Prepayments		32,240,487	20,056,350
		120,366,269	103,870,280
12. OTHER RECEIVABLES			
These represent receivables from the following related parties:			
Considered good - unsecured			
Visionet Systems Incorporation - USA		23,879,954	4,118,251
TechVista Systems FZ LLC - UAE		190,889,961	179,545,449
		214,769,915	183,663,700
13. SHORT TERM INVESTMENTS			
Held to maturity			
Habib Metropolitan Bank	(13.1)	255,000,000	225,000,000
13.1			
This represents Term Deposit Receipts (TDRs) carrying markup at rates ranging from 3.93% to 5.85% (2017: 3.93% to 5.85%) per annum.			
14. CASH AND BANK BALANCES			
Cash in hand		97,422	93,105
Cash at bank:			
Local currency:			
Current accounts		32,264,086	55,298,198
Deposit accounts	(14.1)	323,043,117	388,335,699
		355,307,203	443,633,897
Foreign currency - current accounts		3,600,980	528,390
		359,005,605	444,255,392
14.1			
These carry interest rate of 3.75% to 4.00% (2017: 3.75% to 4.00%) per annum.			

15. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

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

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

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

16. LONG TERM ADVANCES

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

	Unaudited 31 March 2018	Audited 31 December 2017
	----- (Rupees) -----	
17. TRADE AND OTHER PAYABLES		
Creditors	180,435,091	154,730,974
Advance from customers	5,836,421	1,541,005
Retention money	335,116	335,116
Accrued liabilities	158,541,082	151,367,486
Provident fund payable	18,928,871	16,565,033
Withholding income tax payable	11,867,024	8,946,059
	<u>375,943,605</u>	<u>333,485,673</u>
18. SHORT TERM BORROWINGS		
MCB Bank Limited	200,000,000	-

Short term borrowings are availed from MCB Bank Limited against aggregate sanctioned limit of Rs. 400 (2017: Nil) million. The rate of markup range between KIBOR plus 0.1% to Kibor plus 0.4% per annum.

19. OPERATING SEGMENT INFORMATION

Geographical segments

For management purposes, the Systems Limited is organized into business units based on their geographical areas and has three reportable operating segments as follows:

North America

Middle East

Pakistan

No other operating segments have been aggregated to form the above reportable operating segments.

Management monitors the results of its operating segments separately for the purpose of performance assessment. Segment performance is evaluated based on profit and 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	
	Unaudited Three Months Ended 31 March		Unaudited Three Months Ended 31 March		Unaudited Three Months Ended 31 March		Unaudited Three Months Ended 31 March	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue - net	524,926,590	471,757,835	93,601,472	76,248,800	170,902,793	118,749,709	789,430,855	666,756,344
Cost of sales	299,430,886	280,591,188	89,470,495	77,601,972	140,690,299	100,500,583	529,591,680	458,693,743
Gross profit	225,495,704	191,166,647	4,130,977	(1,353,172)	30,212,494	18,249,126	259,839,175	208,062,601
Distribution expenses	817,546	406,392	327,019	162,557	7,153,535	5,316,332	8,298,100	5,885,281
Administrative expenses	61,960,732	47,780,261	11,269,543	7,740,943	15,893,454	9,549,197	89,123,729	65,070,401
Profit / (loss) before taxation and unallocated income and expenses	62,778,278	48,186,653	11,596,562	7,903,500	23,046,989	14,865,529	97,421,829	70,955,682
Unallocated income and expenses:								
Other operating expenses							23,821,075	4,990,330
Other income							73,284,316	4,752,429
Finance cost							2,355,201	436,569
Profit before taxation							209,525,386	136,432,449
Taxation							3,763,578	2,200,000
Profit after taxation							205,761,808	134,232,449

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

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

20.2 Commitments:

Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 281.75 (2017: Rs. 260.18) million. This includes guarantees of Rs. 177.17 (2017: 177.17) million given on behalf of Joint Operation.

Commitments include capital commitments for purchase of furniture of the company amounting to Rs. 4.19 (2017: 5.33) million.

	Unaudited 31 March 2018	Unaudited 31 March 2017
	----- (Rupees) -----	
21. OTHER OPERATING EXPENSES		
Provision for doubtful debts - net	12,561,872	4,990,330
Unbilled revenue and bad debts written-off	11,259,203	-
	<u>23,821,075</u>	<u>4,990,330</u>

22. EARNINGS PER SHARE

	Unaudited Three Months Ended	
	31 March 2018	31 March 2017
Basic earnings per share		
Profit for the period (Rupees)	205,761,808	134,232,449
Weighted-average number of ordinary shares outstanding during the period	111,827,652	111,078,492
Basic - in Rupees	1.84	1.21
Diluted earnings per share		
Profit for the period (Rupees)	205,761,808	134,232,449
Weighted-average number of ordinary shares (basic)	111,827,652	111,078,492
Effect of share options	293,854	1,148,383
	112,121,506	112,226,875
Diluted - in Rupees	1.84	1.20

23. TRANSACTIONS WITH RELATED PARTIES

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

Undertaking	Relation	Nature of transactions	Unaudited Three Months Ended	
			31 March 2018	31 March 2017
			----- Rupees -----	
E-Processing Systems (Private) Ltd.	Subsidiary	Payment for expenses - net	690,722	2,400,000
		Interest income	1,020,095	889,301

Related party	Relationship	Nature of transactions	Unaudited	
			Three Months Ended	
			31 March 2018	31 March 2017
----- Rupees -----				
TechVista Systems FZ LLC - UAE	Subsidiary	Sales	86,249,258	78,235,399
		Payment for expenses	11,344,512	4,837,463
Visionet Systems Incorporation - USA	Common Directorship	Sales	511,585,665	446,987,244
		Reimbursement of expenses	-	-
UUS Joint Venture (Private) Limited	Joint Operations	Payment for expenses	-	-
		Interest income	463,750	-
Staff retirement funds		Contribution	22,789,112	18,425,935
24. CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation			209,525,386	136,432,449
Adjustments for:				
Depreciation on property and equipment			24,757,143	16,915,731
Amortization of intangibles			7,898,051	6,234,572
Provision for doubtful debts			12,561,872	4,990,330
Bad debts - written off			11,259,203	-
Share based payment expense			16,000,000	7,384,133
Finance costs			2,355,201	436,569
Interest accrued			(1,675,392)	-
Exchange (gain)/loss on transation of export receivables			(51,445,499)	467,676
Gain on disposal of property and equipment			(2,131,562)	(576,853)
Gain on short term investments			(2,700,000)	(618,000)
Profit on bank deposits			(921,104)	-
			15,957,913	35,234,158
Profit before working capital changes			225,483,299	171,666,607
Effect on cash flow due to working capital changes				
(Increase) / decrease in current assets:				
Unbilled revenue			(86,383,002)	(34,189,693)
Trade debts			(61,077,258)	(80,086,480)
Loand and advances			(72,812,076)	(19,124,450)
Other receivables			(22,514,507)	(21,929,879)
Trade deposits and short term prepayments			(16,495,989)	6,512,559
			(259,282,832)	(148,817,943)
(Decrease) / increase in current liabilities:				
Trade and other payables			42,457,932	(75,694,626)
Unearned revenue			8,830,352	(14,387,586)
			(207,994,548)	(90,082,212)
Net cash generated from / (used in) operations			17,488,751	(67,233,548)

25. FINANCIAL RISK MANAGEMENT

25.1 Financial risk factors

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

25.2 Fair values of financial assets and liabilities

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

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

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

25.3 Financial instruments by categories

31 March 2018			
Cash and cash equivalents	Loans and advances	Held to maturity	Total
----- (Rupees) -----			
Financial assets as per balance sheet			
Long term deposits	17,336,739		17,336,739
Unbilled revenue	471,454,475		471,454,475
Trade debts	1,223,927,743		1,223,927,743
Loans and advances	216,412,733		216,412,733
Security deposits	88,125,782		88,125,782
Interest accrued	15,162,063		15,162,063
Other receivable	214,769,915		214,769,915
Short term investments	-	255,000,000	255,000,000
Cash and bank balances	359,005,605	-	359,005,605
	<u>359,005,605</u>	<u>2,247,189,450</u>	<u>2,861,195,055</u>

Financial liabilities as per balance sheet

Markup accrued on short term borrowing
Short term borrowing
Trade and other payables

31 March 2018	
Financial Liabilities at amortized cost Rupees	
	566,536
	200,000,000
	186,271,512
	<u>386,838,048</u>

31 December 2017			
Cash and cash equivalents	Loans and advances	Held to maturity	Total

----- (Rupees) -----

Financial assets as per balance sheet

Long term deposits	17,336,739		17,336,739
Unbilled revenue	388,018,078		388,018,078
Trade debts	1,140,871,164		1,140,871,164
Loans and advances	143,600,657		143,600,657
Security deposits	83,813,930		83,813,930
Interest accrued	13,486,671		13,486,671
Other receivable	183,663,700		183,663,700
Short term investments	-	225,000,000	225,000,000
Cash and bank balances	444,255,392	-	444,255,392
	<u>444,255,392</u>	<u>1,970,790,939</u>	<u>2,640,046,331</u>

31 December 2017

**Financial Liabilities
at amortized cost
Rupees**

Financial liabilities as per balance sheet

Markup accrued on short term borrowing	2,795,246
Short term borrowing	200,000,000
Trade and other payables	156,271,979
	<u>359,067,225</u>

26. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on **26 April 2018** by the Board of Directors of the Company.

27. CORRESPONDING FIGURES

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

28. GENERAL

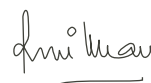
28.1 Figures have been rounded off to the nearest rupees, unless otherwise stated.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

**Systems Limited
Consolidated Financial Statements**

Consolidated Condensed Interim Statement of Financial Position as at 31 March 2018

	Note	Unaudited 31 March 2018 Rupees	Audited 31 December 2017 Rupees
ASSETS			
Non-current assets			
Property and equipment	6	928,613,493	896,628,030
Intangible	7	153,812,395	146,681,884
Long term deposits		20,342,739	20,342,739
Deferred taxation		31,771,724	31,771,724
		1,134,540,351	1,095,424,377
Current assets			
Unbilled revenue		708,985,477	491,012,735
Trade debts	8	928,849,548	1,009,749,395
Loans and advances	9	129,761,706	63,760,802
Trade deposits and short term prepayments	10	193,178,952	125,030,318
Interest accrued		1,030,179	374,882
Other receivables	11	173,165,596	136,723,252
Short term investments	12	255,000,000	225,000,000
Tax refunds due from the Government		144,381,902	141,044,878
Cash and bank balances	13	654,659,345	697,875,255
		3,189,012,705	2,890,571,517
TOTAL ASSETS		4,323,553,056	3,985,995,894
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 200,000,000 (2017: 200,000,000) ordinary shares of Rs. 10 each		2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	14	1,118,276,520	1,118,276,520
Capital and reserve		504,056,772	484,864,324
Unappropriated profit		1,842,180,841	1,609,551,095
		3,464,514,133	3,212,691,939
Non-controlling interest		8,826,433	11,930,892
		3,473,340,566	3,224,622,831
Non-current liabilities			
Long term advances	15	13,481,748	12,218,784
Provision for gratuity		9,912,865	9,010,703
		23,394,613	21,229,487
Current liabilities			
Trade and other payables	16	523,443,547	431,207,930
Unearned revenue		88,416,241	90,810,264
Mark-up accrued on short term borrowings		566,536	2,795,246
Short term borrowings	17	210,423,914	210,423,914
Current portion of long term advances		3,967,640	4,906,222
		826,817,878	740,143,576
TOTAL EQUITY & LIABILITIES		4,323,553,056	3,985,995,894

CONTINGENCIES AND COMMITMENTS

19

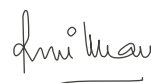
The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Profit and Loss Account for the three months ended 31 March 2018 (Unaudited)

	Note	Three Month Ended	
		31 March 2018 Rupees	31 March 2017 Rupees
Revenue - net		1,106,104,857	817,647,187
Cost of sales		777,311,026	574,681,630
Gross profit		328,793,831	242,965,557
Distribution expenses		29,900,318	20,618,259
Administrative expenses		108,893,074	76,124,294
Other operating expenses	20	24,430,875	4,990,330
		163,224,267	101,732,883
Other income		71,726,906	3,649,603
Operating profit		237,296,470	144,882,277
Finance cost		3,525,631	2,609,951
Profit before taxation		233,770,839	142,272,326
Taxation		4,245,552	2,200,000
Profit after taxation		229,525,287	140,072,326
Attributable to:			
Equity holders of the parent		232,629,746	141,979,172
Non-controlling interest		(3,104,459)	(1,906,846)
		229,525,287	140,072,326
Earnings per share:			
Basic earnings per share	21	2.08	1.28
Diluted earnings per share	21	2.07	1.27

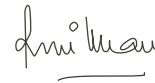
The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Comprehensive Income for the three month ended 31 March 2018 (Unaudited)

	Three Month Ended	
	31 March 2018	31 March 2017
	Rupees	Rupees
Profit for the period	229,525,287	140,072,326
Other comprehensive income		
Exchange difference on transaltion of foreign operations	3,192,448	(471,260)
Total comprehensive income for the period	232,717,735	139,601,066
Attributable to:		
Equity holders of the parent	235,822,194	141,507,912
Non-controlling interest	(3,104,459)	(1,906,846)
	232,717,735	139,601,066

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 Cash Flow Statement

for the three months ended 31 March 2018 (Unaudited)

	Note	Three Month Ended	
		31 March 2018	31 March 2017
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from/(used in) operations	23	65,624,818	(35,728,636)
Finance costs paid		(5,754,341)	(2,609,951)
Gratuity paid		(472,663)	-
Taxes paid		(7,582,576)	(7,615,381)
		(13,809,580)	(10,225,332)
Net cash flows from / (used in) operating activities		51,815,238	(45,953,968)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(60,338,962)	(138,487,643)
Development expenditure		(16,160,332)	(11,008,380)
Proceeds from the disposal of property and equipment		4,330,212	3,082,526
Increase in long term deposits		-	(2,713,815)
Purchase / (disposal) of short term investments - net		(30,000,000)	70,000,000
Profit received on short term investment		2,700,000	1,110,180
Profit received on bank deposits		921,104	-
Net cash flows used in investing activities		(98,547,978)	(78,017,132)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in long term advances		324,382	2,236,351
Net cash flows from financing activities		324,382	2,236,351
Net (decrease) in cash and cash equivalents		(46,408,357)	(121,734,749)
Effect of exchange translation reserve		3,192,448	(471,260)
Cash and cash equivalents at beginning of the period		697,875,255	274,133,403
Cash and cash equivalents at closing of the period		654,659,345	151,927,394

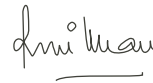
The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Changes in Equity

for the three month ended 31 March 2018

	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 transaction reserve	Unappropriated profit				
Balance as at 31 December 2016 (Audited)	1,110,784,920	422,623,948	38,467,279	(316,714)	1,244,108,681	2,815,668,114	(15,568,020)	2,800,100,094	
Total comprehensive income for the period (Unaudited)					141,979,172	141,979,172	(1906,846)	140,072,326	
Other comprehensive income for the year				(471,260)		(471,260)		(471,260)	
Share based payments			7,384,133			7,384,133		7,384,133	
Balance as at 31 March 2017 (Unaudited)	1,110,784,920	422,623,948	45,851,412	(787,974)	1,386,087,853	2,964,560,159	(17,474,866)	2,947,085,293	
Balance as at 31 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	
Total comprehensive income for the period (Unaudited)					232,629,746	232,629,746	(3,104,459)	229,525,287	
Other comprehensive income for the year				3,192,448		3,192,448		3,192,448	
Share based payments			16,000,000			16,000,000		16,000,000	
Balance as at 31 March 2018 (Unaudited)	1,118,276,520	473,289,639	25,742,937	5,024,196	1,842,180,841	3,464,514,133	8,826,433	3,473,340,566	

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 for the three months ended 31 March 2018

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.

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.

2. STATEMENT OF COMPLIANCE

2.1 These consolidated 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 Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and 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 2017.

3.1 Consolidated financial statements

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

3.2 Basis of measurement

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

4 ACCOUNTING POLICIES

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

The Group has adopted the following standards and amendment to IFRS:

IFRS 9 - Financial Instruments

IFRS 15 - Revenue from Contracts with Customers

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

5 ACCOUNTING ESTIMATES AND JUDGMENTS

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

	Note	Unaudited 31 March 2018 Rupees	Audited 31 December 2017 Rupees
6. PROPOERTY AND EQUIPMENT			
Operating fixed assets:			
Opening balance - net book value		844,353,949	189,448,990
Additions during the period / year - cost	(6.1)	11,316,078	747,917,976
		855,670,027	937,366,966
Less:			
Disposals during the period / year	(6.2)	2,198,650	14,067,853
Depreciation during the period / year		26,154,849	78,945,164
Book value at the end of the period / year		827,316,528	844,353,949
Capital work in progress:			
Opening balance		52,274,081	381,726,137
Additions during the period / year - cost		49,022,884	355,174,824
		101,296,965	736,900,961
Less:			
Transfer to operating fixed assets		-	684,626,880
Closing value at the end of the period / year		101,296,965	52,274,081
		928,613,493	896,628,030
6.1 Additions during the period / year-cost			
Building		-	485,167,103
Computers and mobile sets		9,271,986	54,574,764
Computer equipment and installations		1,231,600	26,472,233
Other equipment and installations		332,920	66,112,541
Generator		-	26,800,700
Furniture and fittings		-	27,849,587
Vehicles		-	32,974,560
Office equipment		-	27,291,457
Project assets		-	675,031
Exchange gain		479,572	-
		11,316,078	747,917,976

6.2 Disposals during the period / year	Cost	Accumulated Depreciation	Written Down Value
31 March 2018			
Computers and mobile sets	-	-	-
Vehicles	5,098,640	2,899,990	2,198,650
	<u>5,098,640</u>	<u>2,899,990</u>	<u>2,198,650</u>
31 December 2017			
Computers and mobile sets	2,870,008	2,251,776	618,232
Vehicles	25,379,908	11,930,287	13,449,621
	<u>28,249,916</u>	<u>14,182,063</u>	<u>14,067,853</u>
	Note	Unaudited 31 March 2018 Rupees	Audited 31 December 2017 Rupees
7. INTANGIBLES ASSETS			
Opening balance - net book value		146,681,884	118,945,145
Additions during the period / year - cost		16,160,332	56,725,912
		<u>162,842,216</u>	<u>175,671,057</u>
Less:			
Amortization during the period / year		9,029,821	28,989,173
Book value at the end of the period / year		<u>153,812,395</u>	<u>146,681,884</u>
8. TRADE DEBTS			
Considered good - unsecured			
Export	(8.1)	706,116,622	776,861,749
Local		222,732,926	232,887,646
		<u>928,849,548</u>	<u>1,009,749,395</u>
Considered doubtful - unsecured			
Export		13,561,813	59,261,536
Local		46,479,977	38,417,236
		<u>60,041,790</u>	<u>97,678,772</u>
		<u>988,891,338</u>	<u>1,107,428,167</u>
Less: Provision for doubtful debts		(52,700,390)	(42,020,516)
Less: Written off		(7,341,400)	(55,658,256)
		<u>(60,041,790)</u>	<u>(97,678,772)</u>
		<u>928,849,548</u>	<u>1,009,749,395</u>
8.1	This includes receivable from related parties i.e. Visionet Systems Incorporation amounting to Rs. 352.94 (2017: Rs 329) million.		
9. LOANS AND ADVANCES - considered good			
Advances to staff:			
against salary		8,028,556	8,669,195
against expenses		12,179,152	6,035,111
		<u>20,207,708</u>	<u>14,704,306</u>
To suppliers-against goods		109,553,998	49,056,496
		<u>129,761,706</u>	<u>63,760,802</u>

		Unaudited 31 March 2018 Rupees	Audited 31 December 2017 Rupees
10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		132,994,259	93,482,668
Prepayments		60,184,693	31,547,650
		<u>193,178,952</u>	<u>125,030,318</u>
11. OTHER RECEIVABLES			
Visionet Systems Incorporation - USA		23,879,954	4,118,251
TechVista Information Technology - Qatar		149,285,642	132,605,001
		<u>173,165,596</u>	<u>136,723,252</u>
12. SHORT TERM INVESTMENTS			
Held to maturity			
Habib Metropolitan Bank	(12.1)	255,000,000	225,000,000
12.1			
This represents Term Deposit Receipts (TDRs) carrying markup at rates ranging from 3.93% to 5.85% (2017: 3.93% to 5.85%) per annum.			
13. CASH AND BANK BALANCES			
Cash in hand		159,763	105,446
Cash at bank:			
Local currency:			
Current accounts		162,202,750	129,257,303
Deposit accounts	(13.1)	488,695,853	567,984,116
		650,898,603	697,241,419
Foreign currency - current accounts		3,600,980	528,390
		<u>654,659,346</u>	<u>697,875,255</u>

13.1 These carry interest rate of 3.75% to 4.00% (2017: 3.75% to 4.00%) per annum.

14. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

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

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

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

15. LONG TERM ADVANCES

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

	Unaudited 31 March 2018 Rupees	Audited 31 December 2017 Rupees
16. TRADE AND OTHER PAYABLES		
Creditors	184,406,493	160,799,406
Advance from customers	5,836,421	1,541,005
Retention money	335,116	335,116
Accrued liabilities	289,514,015	234,218,365
Provident fund payable	18,928,871	16,565,033
Withholding income tax payable	12,722,427	9,451,235
Sales/Value Addition tax payable	5,913,806	-
Other payable	5,786,398	8,297,770
	523,443,547	431,207,930
17. SHORT TERM BORROWINGS		
MCB Bank Limited (17.1)	200,000,000	-
Convertible loan (17.2)	10,423,914	-
	210,423,914	-

17.1 This represent amount received from parent company Systems Limited for meeting working capital requirements. This amount is unsecured and cash loan is subject to interest at the rate of 7% (2017: 7%)

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 Company, however the management of the Company 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		Inter Segment Elimination		Total	
	Unaudited		Unaudited		Unaudited		Unaudited		Unaudited	
	Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended	
	31 March		31 March		31 March		31 March		31 March	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Rupees									
Revenue - net	524,926,590	471,757,835	457,966,851	295,317,579	209,460,674	128,807,171	86,249,258	78,235,399	1,106,104,857	817,647,187
Cost of sales	295,430,886	280,591,188	391,242,465	264,216,827	172,886,933	108,105,019	86,249,258	78,235,399	777,311,026	574,681,630
Gross profit	229,495,704	191,166,647	66,724,386	31,100,752	36,573,741	20,698,158			328,793,831	242,965,557
Distribution expenses	877,546	406,392	13,139,526	11,383,563	15,943,245	8,828,304			29,900,317	20,618,259
Administrative expenses	61,960,732	47,780,261	28,312,629	16,146,986	18,619,713	12,187,047			108,893,074	76,124,294
Profit / (loss) before taxation and unallocated income and expenses	62,778,278	48,186,653	41,452,758	27,530,549	34,562,958	2,1025,351			138,793,392	96,742,553
Unallocated income and expenses:										
Other operating expenses									24,430,875	4,990,330
Other income									71,726,906	3,649,603
Finance cost									3,525,631	2,609,951
Profit before taxation									233,770,839	142,272,326
Taxation									4,245,552	2,200,000
Profit after taxation									229,525,287	140,072,326

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. 441.22 (2017: Rs. 464.40) million. This includes guarantee of Rs. 177.17 (2017: 177.17) million given on behalf of Joint Operation.

Commitments include capital commitments for construction of building of the Group amounting to Rs. 4.19 (2017: 5.33) million.

20. OTHER OPERATING EXPENSES

Provision for doubtful debts - net
Unbilled revenue and bad debts written-off

Unaudited 31 March 2018	Unaudited 31 March 2017
----- (Rupees) -----	

12,561,872	4,990,330
11,869,003	-
<u>24,430,875</u>	<u>4,990,330</u>
Basic earnings per share	
Profit for the period attributable to equity holder of parent (Rupees)	<u>232,629,746</u>
Weighted average number of ordinary shares in issue during the period	<u>111,827,652</u>
Basic - in Rupees	<u>2.08</u>
Diluted earnings per share	
Profit for the period attributable to equity holder of parent (Rupees)	<u>232,629,746</u>
Weighted-average number of ordinary shares (basic)	<u>111,827,652</u>
Effect of share options	<u>293,854</u>
	<u>112,121,506</u>
Diluted - in Rupees	<u>2.07</u>

21. EARNINGS PER SHARE

Basic earnings per share

Profit for the period attributable to equity holder of parent (Rupees)

Weighted average number of ordinary shares in issue during the period

Basic - in Rupees

Diluted earnings per share

Profit for the period attributable to equity holder of parent (Rupees)

Weighted-average number of ordinary shares (basic)

Effect of share options

Diluted - in Rupees

22. TRANSACTIONS WITH RELATED PARTIES

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

			Unaudited	
			Three Months Ended	
			31 March 2018	31 March 2017
----- Rupees -----				
Undertaking	Relation	Nature of transactions		
Visionet Systems Incorporation - USA	Common Directorship	Sales Reimbursement of expenses	511,585,665 -	446,987,244 -
UUS Joint Venture (Private) Limited	Joint Operations	Payment for expenses Interest income	- 463,750	- -
TechVista Information Technology, Qatar	Associate	Sales Reimbursement of expenses	22,261,664 -	3,935,680 9,311,536
Staff retirement funds		Contribution	22,789,112	18,425,935
			233,770,839	142,272,326
23. CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation			233,770,839	142,272,326
Adjustments from:				
Depreciation on property and equipment			26,154,849	18,093,839
Amortization of intangible assets			9,029,821	7,088,720
Provision for doubtful debts			12,561,872	4,990,330
Bad debts - written off			11,869,003	-
Share based payment expense			16,000,000	7,384,133
Finance cost			3,525,631	2,609,951
Gratuity expense			1,374,825	12,452
Interests accrued			(655,297)	-
Exchange gain/(loss) on translation of export receivables			(51,445,499)	722,999
Gain on disposal of property and equipment			(2,131,562)	(576,853)
Gain on short term investments			(2,700,000)	(618,000)
Profit on bank deposits			(921,104)	-
			22,662,538	39,707,571
Profit before working capital changes			256,433,377	181,979,897
Effect on cash flow due to working capital changes				
(Increase) / decrease in current assets:				
Unbilled revenue			(220,919,347)	72,853,228
Trade debts			102,269,368	(313,487,276)
Loans and advances			(66,000,904)	(15,997,464)
Other receivables			(27,850,636)	138,421,443
Trade deposits and short term prepayments			(68,148,634)	4,358,534
			(280,650,153)	(113,851,535)
(Decrease) / increase in current liabilities:				
Trade and other payables			92,235,617	(89,469,412)
Unearned revenue			(2,394,023)	(14,387,586)
			(190,808,559)	(103,856,998)
Net cash generated from / (used in) operations			65,624,818	(35,728,636)

24. FINANCIAL RISK MANAGEMENT

24.1 Financial risk factors

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

24.2 Fair values of financial assets and liabilities

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

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

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

24.3 Financial instruments by categories

31 March 2018			
Cash and cash equivalent	Loans and advances	Held to maturity	Total
----- (Rupees) -----			
Financial assets as per balance sheet			
Long term deposits	20,342,739		20,342,739
Unbilled revenue	708,985,477		708,985,477
Trade debts	928,849,548		928,849,548
Loans and advances	129,761,706		129,761,706
Security deposits	132,994,259		132,994,259
Interest accrued	1,030,179		1,030,179
Other receivable	173,165,596		173,165,596
Short term investments	-	255,000,000	255,000,000
Cash and bank balances	654,659,345	-	654,659,345
	654,659,345	2,095,129,504	3,004,788,849

Financial liabilities as per balance sheet

Markup accrued on short term borrowing
 Short term borrowing
 Trade and other payables

31 March 2018	
Financial Liabilities at amortized cost Rupees	
	566,536
	210,423,914
	190,242,914
	401,233,364

31 March 2017			
Cash and cash equivalent	Loans and advances	Held to maturity	Total
----- (Rupees) -----			
Financial assets as per balance sheet			
Long term deposits	20,342,739		20,342,739
Unbilled revenue	491,012,735		491,012,735
Trade debts	1,009,749,395		1,009,749,395
Loans and advances	63,760,802		63,760,802
Security deposits	93,482,668		93,482,668
Interest accrued	374,882		374,882
Other receivable	136,723,252		136,723,252
Short term investments		225,000,000	225,000,000
Cash and bank balances	697,875,255	-	697,875,255
	<u>697,875,255</u>	<u>1,815,446,473</u>	<u>2,738,321,728</u>

Financial liabilities as per balance sheet

Markup accrued on short term borrowing
Short term borrowing
Trade and other payables

**31 March 2017
Financial Liabilities
at amortized cost
Rupees**

2,795,246
210,423,914
162,340,411
375,559,571

25. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issuance on **26 April 2018** by the Board of Directors of the Company.

26. CORRESPONDING FIGURES

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

27. GENERAL

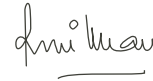
27.1 Figures have been rounded off to the nearest rupee unless otherwise stated.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

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

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


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