

Interim Financial Report
for the quarter ended 31 March 2019

**Empowering Your Digital
Enterprise**

systems

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Company Information

Board of Directors

Mr. Aeza 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 Hamad 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

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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. 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 three months ended 31 March 2019.

FINANCIAL RESULTS

Unconsolidated:

During first quarter of 2019, standalone revenue grew by 41% from Rs. 789.43 million to Rs. 1,117.02 million. Gross profit and operating profit increased by 47% and 39% respectively. Profit for the period increased by 39% from 205.76 million to Rs. 286.56 million without any material devaluation impact. Basic and diluted earnings per share increased to 39% and 38% respectively in line with operating profit and profit for the period.

Unconsolidated			
Particulars	March-19 (unaudited)	March-18 (unaudited)	Q/Q
	Rs.	Rs.	%
Revenue	1,117,020,891	789,430,855	41%
Gross profit	382,755,386	259,839,175	47%
Operating profit	295,546,697	211,880,587	39%
Profit for the period	286,562,488	205,761,808	39%
Earnings per share (basic)	2.55	1.84	39%
Earnings per share (diluted)	2.54	1.84	38%

Consolidated:

During first quarter of 2019, consolidated revenue grew by 45% from Rs. 1,106.10 million to Rs. 1,601.24 million. Gross profit and operating profit increased by 48% and 34% respectively. Profit for the period increased by 34% from 229.53 million to Rs. 307.97 million. Basic and diluted earnings per share increased to 34% and 34% respectively in line with operating profit and profit for the period.

Consolidated			
Particulars	March 2019	March 2018	Q/Q
	Rs.	Rs.	%
Revenue	1,601,241,891	1,106,104,857	45%
Gross profit	486,814,981	328,793,831	48%
Operating profit	319,121,370	237,296,470	34%
Profit for the period	307,797,407	229,525,287	34%
Earnings per share (basic)	2.78	2.08	34%
Earnings per share (diluted)	2.77	2.07	34%

FUTURE OUTLOOK

The Company's outlook for 2019 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.

In 2019, the Company is planning to further strengthen its focus on the US Market. The Company has developed accelerated assets, products and solutions that will improve business closure in North American market. The Company expects a healthy growth in the European geography, which is currently consolidated with Middle East in the segment reporting. The Company is expecting to maintain the growth momentum from all of the business units and all geographies.

DIRECTORS' REVIEW REPORT

TechVista Systems FZ LLC, the subsidiary operating in the Middle East region, has increased significant foot print in the Middle East market and most of the new customers were converted to 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. Middle East as a segment has become profitable for the Company and we are expecting higher margins on this segment in this year.

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 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.
- ✓ The Company's services are moving up the value chain by investing and re-inventing themselves in new business verticals and latest technology stacks and the Company is expecting to bring business from new clients.
- ✓ The Company is investing heavily in new tools and technologies to align the workforce for the current and future demand.
- ✓ The Company is building industry solutions that will help in entering new markets and generate recurring revenue stream.

ACKNOWLEDGEMENT

The Board takes this opportunity to thank the Company's valued customers, bankers and other stakeholders for their 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 April 2019
Lahore.

ڈائریکٹرز کی جائزہ رپورٹ - 31 مارچ 2019

بورڈ آف ڈائریکٹرز کی جانب سے ہم ارکان کو 31 مارچ 2019 کو ختم ہونے والی پہلی سہ ماہی کے اعداد اور مجموعی مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی نتائج غیر یکجا

سال 2019 کی پہلی سہ ماہی کے دوران، کمپنی کی واحد آمدنی 41 فیصد کے ساتھ 789.43 ملین روپے سے 1,117.02 ملین روپے تک ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع بالترتیب 47 فیصد اور 39 فیصد تک بڑھ گیا۔ موجودہ مدت کا منافع 39 فیصد اضافہ کے ساتھ 205.76 ملین روپے سے 286.56 ملین روپے تک ہو گیا جو کسی بھی مواد کی قدر میں کمی کے اثرات کے بغیر ہے۔ فی شیئر بنیادی اور معتدل آمدنی موجودہ مدت کے لئے آپریٹنگ منافع کے لحاظ سے بالترتیب 39 فیصد اور 38 فیصد تک بڑھ گئی۔

غیر یکجا			
ماخذ	مارچ 2019	مارچ 2018	سہ ماہی
	روپے	روپے	فیصد
آمدنی	1,117,020,891	789,430,855	41%
مجموعی منافع	382,755,386	259,839,175	47%
آپریٹنگ منافع	295,546,697	211,880,587	39%
موجودہ منافع	286,562,488	205,761,808	39%
فی شیئر آمدنی (بنیادی)	2.55	1.84	39%
فی شیئر آمدنی (معتدل)	2.54	1.84	38%

یکجا

سال 2019 کی پہلی سہ ماہی کے دوران، کمپنی کی مجموعی آمدنی 45 فیصد کے ساتھ 1,106.10 ملین روپے سے 1,601.24 ملین روپے تک ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع بالترتیب 48 فیصد اور 34 فیصد تک بڑھ گیا۔ موجودہ مدت کا منافع 34 فیصد اضافہ کے ساتھ 229.53 ملین روپے سے 307.97 ملین روپے تک ہو گیا۔ فی شیئر بنیادی اور معتدل آمدنی موجودہ مدت کے لئے آپریٹنگ منافع کے لحاظ سے بالترتیب 34 فیصد اور 34 فیصد تک بڑھ گئی۔

یکجا			
ماخذ	مارچ 2019	مارچ 2018	سہ ماہی
	روپے	روپے	فیصد
آمدنی	1,601,241,891	1,106,104,857	45%
مجموعی منافع	486,814,981	328,793,831	48%
آپریٹنگ منافع	319,121,370	237,296,470	34%
موجودہ منافع	307,797,407	229,525,287	34%
فی شیئر آمدنی (بنیادی)	2.78	2.08	34%
فی شیئر آمدنی (معتدل)	2.77	2.07	34%

اعلیٰ سطحی موبکو برقرار رکھنا سال 2019ء 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۔

2019 میں، کمپنی امریکی مارکیٹ پر اپنی توجہ مزید تیز کرنے کی منصوبہ بندی کر رہی ہے۔ کمپنی نے تیز رفتار ایپیس، مصنوعات اور سالیوشنز تیار کئے ہیں جو شمالی امریکی مارکیٹ میں کاروباری بندش کو بہتر بنائیں گے۔ کمپنی کو یورپی جغرافیہ سے صحت مند نمو کی توقع ہے، جو فی الحال سیگمنٹ رپورٹنگ میں مشرق وسطیٰ کے ساتھ کچا ہے۔ کمپنی تمام کاروباری یونٹس اور تمام جغرافیوں کی مدد میں پیداواری رفتار کو برقرار رکھنے کی امید کرتی ہے۔

نیک و سٹاسٹرو ایف زی لمیٹڈ نے مشرق وسطیٰ کی مارکیٹ میں نمایاں مقام حاصل کیا ہے اور صارفین کی کثیر تعداد مستقل کسٹمر 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 کی کارکردگی میں مثبت اثرات مرتب ہوں گے۔ ایپوریٹیکمنٹ مشرق وسطیٰ کمپنی کے لئے منافع بخش ثابت ہوا ہے اور اس علاقہ میں کمپنی کی نمو میں نمایاں بہتری کے امکانات ہیں۔

ای پروسیسنگ سسٹمز (پرائیویٹ) لمیٹڈ کا مقصد ریٹیلرز کو کمپنیوں کے ساتھ براہ راست رابطہ فراہم کر کے B2B سرومز 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 گذشتہ چند برسوں سے لگاتار ہے)

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۔

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

کمپنی نئے حربوں اور ٹیکنالوجی میں بھاری سرمایہ داری کر رہی ہے تاکہ حالیہ اور آئندہ کی طلب کو پورا کرنے کے لئے اپنی صلاحیتوں کو بڑھا جا سکے۔

کمپنی انڈسٹری سالیوشن بھی تیار کر رہی ہے جس کی وجہ سے وہ نئی منڈیوں تک رسائی حاصل کر سکے گی۔

اظہار تشکر

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

منجانب بورڈ



آصف علی

چیف ایگزیکٹو آفیسر

مورخہ: 26 اپریل 2019ء

لاہور۔

Systems Limited
Standalone Financial Statements

Condensed Interim Statement of Financial Position

as at 31 March 2019

		Unaudited 31 March 2019 Rupees	Audited 31 December 2018 Rupees
	Note		
ASSETS			
Non-current assets			
Property and equipment	6	1,058,340,171	1,070,601,940
Intangibles	7	55,108,329	62,628,120
Long term investments	8	51,077,980	51,077,980
Long term deposits		18,036,753	18,036,753
Deferred taxation - net		-	-
		1,182,563,233	1,202,344,793
Current assets			
Unbilled revenue		560,347,814	365,337,819
Trade debts	9	2,158,380,818	1,916,900,586
Loans and advances	10	415,996,414	274,282,809
Trade deposits and short term prepayments	11	177,328,873	180,733,794
Interest accrued		9,604,199	1,457,808
Other receivables	12	-	195,338,066
Short term investments	13	470,000,000	295,000,000
Tax refunds due from the Government		177,996,549	167,013,463
Cash and bank balances	14	164,110,267	400,760,630
		4,133,764,934	3,796,824,975
TOTAL ASSETS		5,316,328,167	4,999,169,768
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	1,122,135,480	1,122,135,480
Capital reserves		536,580,217	533,080,217
Unappropriated profit		2,647,129,400	2,423,653,841
		4,305,845,097	4,078,869,538
Non-current liabilities			
Long term advances	16	33,028,939	18,565,295
Current liabilities			
Trade and other payables	17	495,199,529	423,490,628
Unclaimed Dividend		1,975,820	1,975,820
Unearned revenue		24,367,969	12,918,978
Markup accrued on short term borrowing		2,776,148	3,689,005
Short term borrowings	18	450,000,000	450,000,000
Current portion of long term advances		3,134,665	9,660,504
		977,454,131	901,734,935
TOTAL EQUITY AND LIABILITIES		5,316,328,167	4,999,169,768
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes from 1 to 29 form an integral part of this condensed interim financial information.

Condensed Interim Profit and Loss Account

for the three months ended 31 March 2019 (Unaudited)

	Note	Three Months Ended	
		31 March 2019	31 March 2018
		Rupees	Rupees
Revenue - net		1,117,020,891	789,430,855
Cost of sales		734,265,505	529,591,680
Gross profit		382,755,386	259,839,175
Distribution expenses		23,453,410	8,298,100
Administrative expenses		99,517,011	89,123,729
Other operating expenses	21	3,946,635	23,821,075
		126,917,056	121,242,904
Other income		39,708,367	73,284,316
Operating profit		295,546,697	211,880,587
Finance cost		3,751,469	2,355,201
Profit before taxation		291,795,228	209,525,386
Taxation		5,232,740	3,763,578
Profit for the period		286,562,488	205,761,808
Earnings per share:			
Basic earnings per share	22	2.55	1.84
Diluted earnings per share	22	2.54	1.84

The annexed notes from 1 to 29 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 2019 (Unaudited)

	Three Months Ended	
	31 March	31 March
	2019	2018
	Rupees	Rupees
Profit for the period	286,562,488	205,761,808
Other comprehensive income	-	-
Total comprehensive income for the period	286,562,488	205,761,808

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

Condensed Interim Cash Flow Statement

for the three months ended 31 March 2019 (Unaudited)

	Note	Three Months Ended	
		31 March	31 March
		2019	2018
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from / (used in) operations	24	(38,648,122)	17,488,751
Finance costs paid			
Taxes paid		(4,664,326)	(4,583,911)
		(16,215,826)	(7,560,467)
Net cash flows from / (used in) operating activities		(20,880,152)	(12,144,378)
		(59,528,274)	5,344,373
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment			
Development expenditure		(22,395,498)	(58,911,690)
Proceeds from the disposal of property and equipment		(622,042)	(9,958,168)
(Purchase) / disposal of short term investments - net		2,677,303	4,330,212
Profit received on short term investment		(175,000,000)	(30,000,000)
Profit received on bank deposits		8,076,729	2,700,000
Net cash flows (used in) / from investing activities		2,203,614	921,104
		(185,059,894)	(90,918,542)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options			
Increase in short term borrowings		-	-
Dividend paid		-	-
Increase / (decrease) in long term advances		-	-
Net cash flows used in financing activities		7,937,805	324,382
		7,937,805	324,382
Net (decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		(236,650,363)	(85,249,787)
Cash and cash equivalents at closing of the period		400,760,630	444,255,392
		164,110,267	359,005,605

The annexed notes from 1 to 29 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 2019

Note	Issued, subscribed and paid up share capital	Capital reserves		Revenue reserve		Total
		Share capital premium	Employee compensation reserve	Unappropriated profit		
	1,118,276,520	473,289,639	9,742,937	1,609,869,061	3,211,178,157	
	-	-	-	205,761,808	205,761,808	
	-	-	16,000,000	-	16,000,000	
	1,118,276,520	473,289,639	25,742,937	1,815,630,869	3,432,939,965	
	1,122,135,480	505,511,843	27,568,374	2,423,653,841	4,078,869,538	
	-	-	-	(63,086,929)	286,562,488	
	-	-	3,500,000	-	3,500,000	
	1,122,135,480	505,511,843	31,068,374	2,647,129,400	4,305,845,097	

-----Rupees-----

Balance as at 31 December 2017 - (Audited)
 Total comprehensive income for the period
 Share based payments
 Balance as at 31 March 2018 - (Un-audited)

Balance as at 31 December 2018 - (Audited)
 Restatement on initial application of IFRS-15
 Total comprehensive income for the period
 Share based payments
 Balance as at 31 March 2019 - (Un-audited)

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The annexed notes from 1 to 29 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 2019

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** This interim financial information of the Company for the quarter ended 31 March 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

- 3.1** These unconsolidated condensed interim financial information of the Company for the three months period ended 31 March 2019 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 2018.
- 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 2018 except for the change in revenue recognition policies detailed below:

4.1 Revenue Recognition

The Company follows IFRS 15 for the recognition of revenue for all its revenue streams. The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with customer;
- Identification of performance obligations in the contract;
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of the revenue when, or as, we satisfy a performance obligation.

For each performance obligation, the Company determines if revenue will be recognized over time or at a point in time. For each performance obligation to be recognized over time, the Company applies a revenue recognition method that faithfully depicts the Company 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 all contracts. If performance obligations in a contract do not meet the over time criteria, the Company recognizes revenue at a point in time.

Professional Services

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

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

The Company has assessed that maintenance and support is a performance obligation that can be considered capable of being distinct and separately identifiable in a contract. These recurring services are substantially the same as the nature of the promise is for the Company to 'stand ready' to perform maintenance and support when required by the customer. Time-based measure of progress is used for such services since it best reflects the Company's efforts in satisfying the performance obligation.

Outsourcing Services

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

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

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

Sale of airtime and related services

The Company 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 Company's efforts in satisfying the performance obligation.

4.2 Impact of Adoption of IFRS 15 Revenue From Contract With Customers

The Company has implemented the new standard IFRS 15 Revenue from Contract with Customers as of January 1, 2019. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations.

The Company applied the modified retrospective method upon adoption of IFRS 15 on January 1, 2019. The 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 January 1, 2019 was a decrease in retained earnings of PKR 63 million.

For further information on the impact of adoption of IFRS 15 Revenue from Contracts with Customers see Note 26.

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 2018.

	Note	Unaudited 31 March 2019	Audited 31 December 2018
----- (Rupees) -----			
6. PROPERTY AND EQUIPMENT			
Opening balance - net book value		1,070,601,940	884,773,411
Additions during the period / year - cost	(6.1)	22,395,498	303,406,209
		1,092,997,438	1,188,179,620
Less:			
Disposals during the period / year	(6.2)	3,659,102	8,378,645
Depreciation during the period / year		30,998,165	109,199,035
Book value at the end of the period / year		1,058,340,171	1,070,601,940
6.1 Additions during the period / year-cost			
Building		748,121	6,648,425
Computers and mobile sets		6,659,478	56,070,423
Computer equipment and installations		429,550	3,398,929
Other equipment and installations		340,680	3,937,965
Generator		-	9,114,300
Furniture and fittings		2,302,410	14,591,038
Vehicles		11,051,300	105,694,309
Office equipment		417,914	2,410,076
Leasehold Building - Improvements		446,045	8,783,220
Capital work in progress		-	92,757,524
		22,395,498	303,406,209

	Cost	Accumulated Depreciation	Written Down Value
----- (Rupees) -----			
6.2 Disposals during the period / year			
31 March 2019			
Computers and mobile sets	2,245,633	1,788,801	456,832
Computer equipment and installations	89,500	89,500	-
Other equipment and installations	118,679	27,692	90,987
Vehicles	4,165,226	1,053,943	3,111,283
	6,619,038	2,959,936	3,659,102
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 31 March 2019	Audited 31 December 2018
	Note	----- (Rupees) -----	
7. INTANGIBLES			
Opening balance - net book value		62,628,120	60,306,397
Additions during the period / year - cost		622,042	29,093,016
		63,250,162	89,399,413
Less:			
Amortization during the period / year		8,141,833	26,771,293
Book value at the end of the period / year		55,108,329	62,628,120

8. LONG TERM INVESTMENTS

Investment in related parties

Investment in Subsidiaries - at cost - unquoted

E-Processing Systems (Private) Limited 140,001 (2018: 140,001) fully paid ordinary shares of Rs. 10/- each	(8.1)	49,700,030	49,700,030
TechVista Systems FZ LLC 50 (2018: 50) fully paid ordinary shares of AED 1,000/- each	(8.2)	1,377,950	1,377,950
		51,077,980	51,077,980

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

8.2 This represents 100% share in Company's subsidiary, TechVista Systems FZ LLC, a company set up in Dubai Technology and Media Free Zone Authority engaged in providing a host of services including enterprise application integration and software development and has been registered as a limited liability company on 03 April 2013.

		Unaudited 31 March 2019	Audited 31 December 2018
	Note	----- (Rupees) -----	
9. TRADE DEBTS			
Considered good - unsecured			
Export	(9.1)	1,864,951,353	1,532,621,590
Local		293,429,465	384,278,996
		2,158,380,818	1,916,900,586
Considered doubtful - unsecured			
Export		458,476	458,476
Local		36,758,800	37,609,361
		37,217,276	38,067,837
		2,195,598,094	1,954,968,423
Less: Provision for doubtful debts		(37,217,276)	(38,067,837)
		2,158,380,818	1,916,900,586

9.1 This includes receivables from related parties i.e. Visionet Systems Incorporation and TechVista Systems FZ LLC amounting to Rs. 893.4 (2018: Rs. 502.2) million and Rs. 942.97 (2018: Rs. 1006.6) million respectively.

INTERIM FINANCIAL REPORT

		Unaudited 31 March 2019	Audited 31 December 2018
		----- (Rupees) -----	
10.	LOANS AND ADVANCES - considered good		
	Advances to staff:		
	against salary	5,499,750	3,848,442
	against expenses	32,107,947	19,874,465
		37,607,697	23,722,907
	Advances to suppliers - against goods	134,169,911	20,964,570
		171,777,608	44,687,477
	Loans to related parties	244,218,806	229,595,332
		415,996,414	274,282,809
11.	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
	Security deposits	157,292,743	157,721,853
	Prepayments	20,036,130	23,011,941
		177,328,873	180,733,794
12.	OTHER RECEIVABLES		
	These represent receivables from the following related parties:		
	Considered good - unsecured		
	Visionet Systems Incorporation - USA	-	-
	TechVista Systems FZ LLC - UAE	-	195,338,066
		-	195,338,066
13.	SHORT TERM INVESTMENTS		
	Held to maturity		
	Habib Metropolitan Bank (13.1)	470,000,000	295,000,000
13.1	This represents Term Deposit Receipts (TDRs) carrying markup at rates ranging from 3.93% to 9.25% (2018: 3.46% to 8.5%) per annum.	Unaudited 31 March 2019	Audited 31 December 2018
	Note	----- (Rupees) -----	
14.	CASH AND BANK BALANCES		
	Cash in hand	1,756,552	225,401
	Cash at bank:		
	Local currency:		
	Current accounts	46,178,519	51,475,407
	Deposit accounts (14.1)	111,898,340	347,087,233
		158,076,859	398,562,640
	Foreign currency - current accounts	4,276,856	1,972,589
		164,110,267	400,760,630
14.1	These carry interest rate of 5.39% to 8.00% (2018: 3.34% to 5.39%) per annum.		

Systems Limited

15. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	Unaudited		Audited	
	----- (Rupees) -----			
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	-----No of Shares-----		-----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	88,851,565	88,851,565	888,515,650	888,515,650
	112,213,548	112,213,548	1,122,135,480	1,122,135,480

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

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
	112,213,548	112,213,548	1,122,135,480	1,122,135,480

16. LONG TERM ADVANCES

This represents advances received from staff and will be adjusted as per Company's car policy against sale of vehicles. The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of long term loans is not considered material and hence not recognized.

	Unaudited 31 March 2019	Audited 31 December 2018
	----- (Rupees) -----	

17. TRADE AND OTHER PAYABLES

Creditors	68,429,517	64,384,423
Advance from customers	12,230,904	12,230,903
Retention money	-	-
Accrued liabilities	402,909,296	317,868,679
Provident fund payable	-	15,889,209
Withholding income tax payable	11,629,812	13,117,414
	495,199,529	423,490,628

18. SHORT TERM BORROWINGS

MCB Bank Limited	450,000,000	450,000,000
------------------	-------------	-------------

This represents export re-finance (ERF) availed from MCB Bank Limited against aggregate sanctioned limit of Rs. 650 (2018: Rs. 650) 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.

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 Unaudited		Middle East Unaudited		Pakistan Unaudited		Total Unaudited	
	Three Months Ended 31 March		Three Months Ended 31 March		Three Months Ended 31 March		Three Months Ended 31 March	
	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees							
Revenue - net	668,237,393	524,926,590	181,694,378	93,601,472	267,089,120	170,902,793	1,117,020,891	789,430,855
Cost of sales	380,993,510	299,430,886	147,191,801	89,470,495	206,080,194	140,690,299	734,265,505	529,591,680
Gross profit	287,243,883	225,495,704	34,502,577	4,130,977	61,008,926	30,212,494	382,755,386	259,839,175
Distribution expenses	13,174,718	817,546	-	327,019	10,278,692	7,153,535	23,453,410	8,298,100
Administrative expenses	79,613,603	61,960,732	10,449,285	11,269,543	9,454,123	15,893,454	99,517,011	89,123,729
Profit / (loss) before taxation and unallocated income and expenses	92,788,321	62,778,278	10,449,285	11,596,562	19,732,815	23,046,989	122,970,421	97,421,829
Unallocated income and expenses:	194,455,562	162,717,426	24,053,292	(7,465,585)	41,276,111	7,165,505	259,784,965	162,417,346
Other operating expenses							3,946,635	23,821,075
Other income							39,708,367	73,284,316
Finance cost							3,751,469	2,355,201
Profit before taxation							291,795,228	209,525,386
Taxation							5,232,740	3,763,578
Profit after taxation							286,562,488	205,761,808

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. 423.1 (2018: Rs. 358.02 million). This includes guarantees of Rs. 257.26 (2018: 257.26) million given on behalf of Joint Operation.

	Unaudited 31 March 2019	Unaudited 31 March 2018
	----- (Rupees) -----	

21. OTHER OPERATING EXPENSES

Provision for doubtful debts - net	3,946,635	12,561,872
Unbilled revenue and bad debts written-off	-	11,259,203
	3,946,635	23,821,075

22. EARNINGS PER SHARE

Basic earnings per share

Profit for the period	286,562,488	205,761,808
-----------------------	-------------	-------------

Weighted-average number of ordinary shares outstanding during the period

Three Month Ended 31 March	
2019	2018
112,213,548	111,827,652

Basic - in Rupees

2.55	1.84
------	------

Diluted earnings per share

Profit for the period	286,562,488	205,761,808
-----------------------	-------------	-------------

Weighted-average number of ordinary shares (basic)
Effect of share options

112,213,548	111,827,652
453,241	293,854
112,666,789	112,121,506

Diluted - in Rupees

2.54	1.84
------	------

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	
			2019	2018
			----- Rupees -----	
E-Processing Systems (Pvt.) Ltd.	Subsidiary	Loan	12,512,573	690,722
		Interest income	6,101,111	1,020,095

Related party	Relationship	Nature of transactions	Un-audited	
			Three Months Ended	
			31 March	
			2019	2018
			----- Rupees -----	
TechVista Systems FZ LLC - UAE	Subsidiary	Sales	152,174,994	86,249,258
		Out of pocket expenses	13,331,858	11,344,512
Visionet Systems Incorporation - USA	Common Directorship	Sales	645,247,360	511,585,665
		Out of pocket expenses	17,058,161	-
UUS Joint Venture (Private) Limited	Joint Operations	Loan	-	-
		Interest income	7,358,328	463,750
Staff retirement funds		Contribution	27,376,048	22,789,112

24. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	291,795,228	209,525,386
Adjustments for:		
Depreciation on property and equipment	30,998,165	24,757,143
Amortization of intangibles	8,141,833	7,898,051
Provision for doubtful debts	3,946,635	12,561,872
Bad debts - written off	-	11,259,203
Share based payment expense	3,500,000	16,000,000
Finance costs	3,751,469	2,355,201
Interest accrued	(6,101,134)	(1,675,392)
Exchange (gain)/loss on translation of export receivables	(20,393,529)	(51,445,499)
(Gain)/ loss on disposal of property and equipment	981,799	(2,131,562)
(Gain)/ loss on short term investments	(10,121,986)	(2,700,000)
Profit on bank deposits	(2,203,614)	(921,104)
	12,499,638	15,957,913
Profit before working capital changes	304,294,866	225,483,299

	Un-audited Three Months Ended 31 March	
	2019	2018
	----- Rupees -----	
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Unbilled revenue - net	(258,096,924)	(86,383,002)
Trade debts	(225,033,338)	(61,077,258)
Loan and advances	(141,713,605)	(72,812,076)
Other receivables	195,338,066	(22,514,507)
Trade deposits and short term prepayments	3,404,921	(16,495,989)
	(426,100,880)	(259,282,832)
(Decrease) / increase in current liabilities:		
Trade and other payables	71,708,901	42,457,932
Unearned revenue	11,448,991	8,830,352
	(342,942,988)	51,288,284
Net cash generated from / (used in) operations	(38,648,122)	17,488,751

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 2018.

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 2019.
- 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 2018.

25.3 Financial instruments by categories

Financial assets as per balance sheet

31 March 2019		
Cash and cash equivalents	Loans and advances	Total
----- (Rupees) -----		
Long term deposits	18,036,753	18,036,753
Unbilled revenue	560,347,814	560,347,814
Trade debts	2,158,380,818	2,158,380,818
Loans and advances	415,996,414	415,996,414
Security deposits	157,292,743	157,292,743
Interest accrued	9,604,199	9,604,199
Other receivable	-	-
Short term investments	470,000,000	470,000,000
Cash and bank balances	164,110,267	164,110,267
	164,110,267	3,789,658,741
		3,953,769,008

Financial liabilities as per balance sheet

31 March 2019	
Financial Liabilities at amortized cost	
Rupees	
Markup accrued on short term borrowing	2,776,148
Short term borrowing	450,000,000
Trade and other payables	80,660,421
	533,436,569

Financial assets as per balance sheet

31 December 2018		
Cash and cash equivalents	Loans and advances	Total
----- (Rupees) -----		
Long term deposits	18,036,753	18,036,753
Unbilled revenue	365,337,819	365,337,819
Trade debts	1,916,900,586	1,916,900,586
Loans and advances	274,282,809	274,282,809
Security deposits	157,721,853	157,721,853
Interest accrued	1,457,808	1,457,808
Other receivable	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	3,224,075,694
		3,624,836,324

Financial liabilities as per balance sheet

31 December 2018	
Financial Liabilities at amortized cost	
Rupees	
Markup accrued on short term borrowing	3,689,005
Short term borrowing	450,000,000
Trade and other payables	76,615,326
	530,304,331

26. Impact of adoption of IFRS 15

Note 4.1 & 4.2 explains the changes in new accounting policies introduced on January 1, 2019 resulting from the adoption of new accounting standard IFRS 15 Revenue from Contracts with Customers.

The most significant impact to the company, upon adoption of IFRS 15, related to the identification of contracts with customers, identification of distinct performance obligations and allocation of transaction price to the distinct performance obligations.

In case of 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.

The Company identified all material and significant contracts in hand and not closed or completed by December 31, 2018 and applied IFRS 15 on those contracts to evaluate and analyze the impact IFRS 15 would have made on the revenue recognition from those contracts. The adjustments made to the items in the statement of financial position as of January 1, 2019 and attributable to IFRS 15 are as follows:

	Carrying amount in accordance with IAS 18 As on December 31, 2018	Adjustment	Carrying amount in accordance with IFRS 15 As on January 1, 2019
ASSETS			
CURRENT ASSETS			
Unbilled Revenue	365,337,819	(63,086,929)	302,250,890
Equity & Liabilities			
SHARE CAPITAL & RESERVES			
Revenue Reserve			
Unappropriated Profits	2,423,653,841	(63,086,929)	2,360,566,912

27. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on **26 April 2019** by the Board of Directors of the Company.

28. 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.

29. GENERAL

29.1 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 2019

	Note	Unaudited 31 March 2019 Rupees	Audited 31 December 2018 Rupees
ASSETS			
Non-current assets			
Property and equipment	6	1,074,139,639	1,084,194,685
Intangible	7	166,219,004	173,060,937
Long term deposits		32,855,161	22,970,553
Deferred taxation		-	-
		1,273,213,804	1,280,226,175
Current assets			
Unbilled revenue		534,374,259	571,727,867
Trade debts	8	1,980,276,141	1,691,798,483
Loans and advances	9	199,910,643	69,695,751
Trade deposits and short term prepayments	10	322,213,766	322,718,950
Interest accrued		3,503,065	1,457,808
Other receivables	11	200,074,339	207,780,930
Short term investments	12	470,000,000	295,000,000
Tax refunds due from the Government		178,684,278	165,250,487
Cash and bank balances	13	607,769,871	761,651,601
		4,496,806,362	4,087,081,877
TOTAL ASSETS		5,770,020,166	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	1,122,135,480	1,122,135,480
Capital and reserve		565,868,175	559,888,228
Unappropriated profit		2,733,889,375	2,488,343,457
		4,421,893,030	4,170,367,165
Non-controlling interest		(5,807,900)	(1,276,580)
		4,416,085,130	4,169,090,585
Non-current liabilities			
Long term advances	15	33,028,939	18,565,295
Provision for gratuity		17,637,853	6,636,508
		50,666,792	25,201,803
Current liabilities			
Trade and other payables	16	810,589,729	655,669,263
Unclaimed Dividend		1,975,820	1,975,820
Unearned revenue		24,367,969	41,597,158
Mark-up accrued on short term borrowings		2,776,148	3,689,005
Short term borrowings	17	460,423,914	460,423,914
Current portion of long term advances		3,134,665	9,660,504
		1,303,268,245	1,173,015,664
TOTAL EQUITY & LIABILITIES		5,770,020,166	5,367,308,052
CONTINGENCIES AND COMMITMENTS	19		

The annexed notes from 1 to 28 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 2019 (Unaudited)

	Note	Three Month Ended	
		31 March 2019 Rupees	31 March 2018 Rupees
Revenue - net		1,601,241,891	1,106,104,857
Cost of sales		1,114,426,910	777,311,026
Gross profit		486,814,981	328,793,831
Distribution expenses		45,066,369	29,900,318
Administrative expenses		147,312,745	108,893,074
Other operating expenses	20	9,866,951	24,430,875
		202,246,064	163,224,267
Other income		34,552,454	71,726,906
Operating profit		319,121,370	237,296,470
Finance cost		5,475,889	3,525,631
Profit before taxation		313,645,481	233,770,839
Taxation		5,848,074	4,245,552
Profit after taxation		307,797,407	229,525,287
Attributable to:			
Equity holders of the parent		312,328,727	232,629,746
Non-controlling interest		(4,531,320)	(3,104,459)
		307,797,407	229,525,287
Earnings per share:			
Basic earnings per share	21	2.78	2.08
Diluted earnings per share	21	2.77	2.07

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

Consolidated Condensed Interim Statement of Comprehensive Income for the three month ended 31 March 2019 (Unaudited)

	Three Month Ended	
	31 March 2019	31 March 2018
	Rupees	Rupees
Profit for the period	307,797,407	229,525,287
Other comprehensive income		
Exchange difference on translation of foreign operations	2,479,947	3,192,448
Total comprehensive income for the period	310,277,354	232,717,735
Attributable to:		
Equity holders of the parent	314,808,674	235,822,194
Non-controlling interest	(4,531,320)	(3,104,459)
	310,277,354	232,717,735

The annexed notes from 1 to 28 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 2019 (Unaudited)

	Note	Three Months Ended	
		31 March 2019 Rupees	31 March 2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from/(used in) operations	23	62,749,116	65,624,818
Finance costs paid		(6,388,746)	(5,754,341)
Gratuity paid		(400,468)	(472,663)
Taxes paid		(19,281,865)	(7,582,576)
		(26,071,079)	(13,809,580)
Net cash flows from/(used in) operating activities		36,678,038	51,815,238
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(26,618,886)	(60,338,962)
Development expenditure		(2,431,671)	(16,160,332)
Proceeds from the disposal of property and equipment		2,677,303	4,330,212
Increase in long term deposits		(9,884,608)	-
Purchase / (disposal) of short term investments - net		(175,000,000)	(30,000,000)
Profit received on short term investment		8,076,729	2,700,000
Profit received on bank deposits		2,203,614	921,104
Net cash flows used in/from investing activities		(200,977,519)	(98,547,978)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		-	-
Increase in short term borrowings		-	-
Dividend paid		-	-
Increase / (decrease) in long term advances		7,937,805	324,382
Net cash flows used in financing activities		7,937,805	324,382
Net (decrease) in cash and cash equivalents		(156,361,677)	(46,408,358)
Effect of exchange translation reserve		2,479,947	3,192,448
Cash and cash equivalents at beginning of the period		761,651,601	697,875,255
Cash and cash equivalents at closing of the period		607,769,871	654,659,345

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

Consolidated Condensed Interim Statement of Changes in Equity

for the three month ended 31 March 2019

	Issued, subscribed and paid up share capital	Capital reserve			Foreign currency translation reserve	Revenue reserve		Total equity attributable to shareholders of parent company	Non-controlling interest	Total
		Share capital premium	Employee compensation reserve	Unappropriated profit		-				
						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	
Total comprehensive income for the period					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 (Un-audited)	1,118,276,520	473,289,639	25,742,937	5,024,196	1,842,180,841		3,464,514,133	8826,433	3,473,340,566	
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)	
Total comprehensive income for the period					312,328,727		312,328,727	(4,531,320)	307,797,407	
Other comprehensive income for the year				2,479,947			2,479,947		2,479,947	
Share based payments			3,500,000				3,500,000		3,500,000	
Balance as at 31 March 2019 (Un-audited)	1,122,135,480	505,511,843	31,068,374	29,287,958	2,733,889,375		4,421,893,030	(5,807,900)	4,416,085,130	

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 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.

2. STATEMENT OF COMPLIANCE

2.1 This consolidated condensed interim financial information of the Group for the quarter ended 31 March 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.

3.2 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 revenue recognition policies detailed below:

4.1 Revenue Recognition

The Group follows IFRS 15 for the recognition of revenue for all its revenue streams. The Group determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with customer;
- Identification of performance obligations in the contract;
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of the revenue when, or as, we satisfy a performance obligation.

For each performance obligation, the Group determines if revenue will be recognized over time or at a point in time. For each performance obligation to be recognized over time, the Group applies a revenue recognition method that faithfully depicts the Group 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 recognizes revenue at a point in time.

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.

4.2 Impact of Adoption of IFRS 15 Revenue From Contract With Customers

The Group has implemented the new standard IFRS 15 Revenue from Contract with Customers as of January 1, 2019. The standard replaces IAS 18 Revenue and IAS 11 Construction Contracts and related interpretations.

The Group applied the modified retrospective method upon adoption of IFRS 15 on January 1, 2019. The 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 January 1, 2019 was a decrease in retained earnings of PKR 66 Million.

For further information on the impact of adoption of IFRS 15 Revenue from Contracts with Customers see Note 25.

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.

	Note	Unaudited	Audited
		31 March 2019	31 December 2018
----- (Rupees) -----			
6. PROPERTY AND EQUIPMENT			
Operating fixed assets:			
Opening balance - net book value		1,084,194,685	844,353,949
Additions during the period / year - cost	(6.1)	26,618,886	363,359,170
		1,110,813,571	1,207,713,119
Less:			
Disposals during the period / year	(6.2)	3,659,102	8,378,645
Depreciation during the period / year		33,014,830	115,139,789
Book value at the end of the period / year		1,074,139,639	1,084,194,685
6.1 Additions during the period / year-cost			
Building		748,121	6,648,425
Computers and mobile sets		6,659,478	61,948,881
Computer equipment and installations		2,248,986	3,467,256
Other equipment and installations		340,680	3,937,965
Generator		-	9,114,300
Furniture and fittings		2,877,095	14,815,881
Vehicles		12,673,884	107,142,307
Office equipment		485,510	2,469,330
Leasehold Improvements		446,045	8,783,220
Capital work in progress		-	145,031,605
Exchange gain		139,087	-
		26,618,886	363,359,170

6.2 Disposals during the period / year

	Cost	Accumulated Depreciation	Written Down Value
31 March 2019			
Computers and mobile sets	2,245,633	1,788,801	456,832
Computer equipment and installations	89,500	89,500	-
Other equipment and installations	118,679	27,692	90,987
Vehicles	4,165,226	1,053,943	3,111,283
	6,619,038	2,959,936	3,659,102
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

INTERIM FINANCIAL REPORT

	Note	Unaudited 31 March 2019	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		11,229,496	63,562,578
		175,492,608	205,139,849
Less:			
Amortization during the period / year		9,273,604	32,078,912
Book value at the end of the period / year		166,219,004	173,060,937
8. TRADE DEBTS			
Considered good - unsecured			
Export	(8.1)	1,604,529,512	1,265,218,093
Local		375,746,629	426,580,390
		1,980,276,141	1,691,798,483
Considered doubtful - unsecured			
Export		19,414,690	13,654,569
Local		36,758,800	37,609,361
		56,173,490	51,263,930
		2,036,449,631	1,743,062,413
Less: Provision for doubtful debts		(56,173,490)	(51,263,930)
		1,980,276,141	1,691,798,483
8.1	This includes receivable from related parties i.e. Visionet Systems Incorporation amounting to Rs. 893.4 (2018: Rs. 502.2) million.		
9. LOANS AND ADVANCES - considered good			
Advances to staff:			
against salary		6,869,575	11,374,876
against expenses		49,712,385	19,874,465
		56,581,960	31,249,341
Advances to suppliers - against goods		134,169,911	29,651,275
		190,751,871	60,900,616
Loans to related parties		9,158,772	8,795,135
		199,910,643	69,695,751
10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		231,405,769	214,656,402
Prepayments		90,807,997	108,062,548
		322,213,766	322,718,950
11. OTHER RECEIVABLES			
Visionet Systems Incorporation - USA		-	-
TechVista Information Technology - Qatar		200,074,339	207,780,930
		200,074,339	207,780,930
12. SHORT TERM INVESTMENTS			
Held to maturity			
Habib Metropolitan Bank	(12.1)	470,000,000	295,000,000
12.1	This represents Term Deposit Receipts (TDRs) carrying markup at rates ranging from 3.93% to 9.25% (2018: 3.46% to 8.5%) per annum.		

	Note	Unaudited 31 March 2019	Audited 31 December 2018
		----- (Rupees) -----	
13. CASH AND BANK BALANCES			
Cash in hand		1,756,552	225,401
Cash at bank:			
Local currency:			
Current accounts		85,655,401	195,685,529
Deposit accounts	(13.1)	516,081,063	563,768,082
		601,736,464	759,453,611
Foreign currency - current accounts		4,276,856	1,972,589
		607,769,872	761,651,601

13.1 These carry interest rate of 5.39% to 8.00% (2018: 3.34% to 5.39%) per annum.

	Unaudited		Audited	
	----- (Rupees) -----			
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
	-----No of Shares-----		-----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	88,851,565	88,851,565	888,515,650	888,515,650
	112,213,548	112,213,548	1,122,135,480	1,122,135,480

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

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
	112,213,548	112,213,548	1,122,135,480	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.

INTERIM FINANCIAL REPORT

Unaudited 31 March 2019	Audited 31 December 2018
----- (Rupees) -----	

16. TRADE AND OTHER PAYABLES

Creditors	76,803,507	79,484,433
Advance from customers	12,230,904	12,230,903
Retention money	-	-
Accrued liabilities	664,949,589	532,801,351
Provident fund payable	-	15,889,209
Withholding income tax payable	12,321,416	14,646,167
Sales/Value Addition tax payable	16,077,264	-
Other payable	28,207,049	617,200
	810,589,729	655,669,263

17. SHORT TERM BORROWINGS

MCB Bank Limited	(17.1)	450,000,000	450,000,000
Convertible loan	(17.2)	10,423,914	10,423,914
		460,423,914	460,423,914

17.1 This represents export re-finance (ERF) availed from MCB Bank Limited against aggregate sanctioned limit of Rs. 650 (2018: Rs. 650) 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.

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	
	Three months ended		Three months ended		Three months ended		Three months ended	
	2019	2018	2019	2018	2019	2018	2019	2018
	-----Rupees-----							
Revenue - net	668,237,393	524,926,590	604,381,974	371,717,593	328,622,524	209,460,674	1,601,241,891	1,106,104,857
Cost of sales	380,993,510	299,430,886	484,188,350	304,993,207	249,245,050	172,886,933	1,114,426,910	777,311,026
Gross profit	287,243,883	225,495,704	120,193,624	66,724,386	79,377,474	36,573,741	486,814,981	328,793,831
Distribution expenses	13,174,718	817,546	6,039,146	13,139,526	25,852,505	15,943,245	45,066,369	29,900,317
Administrative expenses	79,613,603	61,960,732	52,521,541	28,312,629	15,177,601	18,619,713	147,312,745	108,893,074
Profit / (loss) before taxation and unallocated income and expenses	92,788,321	62,778,278	58,560,687	41,452,156	41,030,106	34,562,958	192,379,114	138,793,391
Unallocated income and expenses:	194,455,562	162,717,426	61,632,937	25,272,230	38,347,368	2,010,783	294,435,867	190,000,440
Other operating expenses							9,866,951	24,430,875
Other income							34,552,454	71,728,906
Finance cost							5,475,889	3,525,631
Profit before taxation							313,645,481	233,770,840
Taxation							5,848,074	4,245,552
Profit after taxation							307,797,407	229,525,287

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. 423.1 (2018: Rs. 358.02 million). This includes guarantees of Rs. 257.26 (2018: 257.26) million given on behalf of Joint Operation.

	Un-audited 31 March 2019	Un-audited 31 March 2018
	----- (Rupees) -----	
Provision for doubtful debts - net	9,866,951	12,561,872
Unbilled revenue and bad debts written-off	-	11,869,003
	9,866,951	24,430,875

20. OTHER OPERATING EXPENSES

	Three Month Ended 31 March	
	2019 Un-audited	2018 Un-audited
Provision for doubtful debts - net	9,866,951	12,561,872
Unbilled revenue and bad debts written-off	-	11,869,003
	9,866,951	24,430,875

21. EARNINGS PER SHARE

Basic earnings per share

Profit for the period attributable to equity holder of parent	312,328,727	232,629,746
Weighted average number of ordinary shares in issue during the period	112,213,548	111,827,652
Basic - in Rupees	2.78	2.08

Diluted earnings per share

Profit for the period attributable to equity holder of parent	312,328,727	232,629,746
Weighted-average number of ordinary shares (basic)	112,213,548	111,827,652
Effect of share options	453,241	293,854
	112,666,789	112,121,506

Diluted - in Rupees	2.77	2.07
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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 Three Months Ended 31 March	
			2019	2018
			----- Rupees -----	
Visionet Systems Incorporation - USA	Common Directorship	Sales	645,247,360	511,585,665
		Out of pocket expenses	17,058,161	-
UUS Joint Venture (Private) Limited	Joint Operations	Loan Interest income	7,358,328	463,750
TechVista Information Technology, Qatar	Associate	Sales	4,542,111	22,261,664
		Reimbursement of expenses	3,283,034	-
Staff retirement funds		Contribution	27,376,048	22,789,112

23. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	313,645,481	233,770,839
Adjustments of reconcile profit before tax to meet cash flows:		
Depreciation on property and equipment	33,014,830	26,154,849
Amortization of intangible assets	9,273,604	9,029,821
Provision for bad debts	9,866,951	12,561,872
Bad debts - written off	-	11,869,003
Share based payment expense	3,500,000	16,000,000
Finance cost	5,475,889	3,525,631
Gratuity expense	11,401,813	1,374,825
Interests accrued	-	(655,297)
Exchange (gain)/loss on translation of export receivables	(21,338,647)	(51,445,499)
(Gain)/loss on disposal of property and equipment	981,799	(2,131,562)
(Gain)/loss on short term investments	(10,121,986)	(2,700,000)
Profit on bank deposits	(2,203,614)	(921,104)
	39,850,638	22,662,539
Profit before working capital changes	353,496,119	256,433,378
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Unbilled revenue - net	(30,088,996)	(220,919,347)
Trade debts	(276,346,167)	102,269,368
Loans and advances	(130,214,892)	(66,000,904)
Other receivables	7,706,591	(27,850,636)
Trade deposits and short term prepayments	505,184	(68,148,634)
	(428,438,280)	(280,650,153)
(Decrease) / increase in current liabilities:		
Trade and other payables	154,920,466	92,235,617
Unearned revenue	(17,229,189)	(2,394,023)
	(290,747,003)	89,841,594
Net cash flows from operations	62,749,116	65,624,819

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 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 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 2019.
- During the three month period ended 31 March 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

	31 March 2019		
	Cash and cash equivalent	Loans and advances	Total
	----- (Rupees) -----		
Financial assets as per balance sheet			
Long term deposits		32,855,161	32,855,161
Unbilled revenue		534,374,259	534,374,259
Trade debts		1,980,276,141	1,980,276,141
Loans and advances		199,910,643	199,910,643
Security deposits		231,405,769	231,405,769
Interest accrued		3,503,065	3,503,065
Other receivable		200,074,339	200,074,339
Short term investments		470,000,000	470,000,000
Cash and bank balances	607,769,871	-	607,769,871
	607,769,871	3,652,399,378	4,260,169,249

	31 March 2019
	Financial Liabilities at amortized cost Rupees
Financial liabilities as per balance sheet	
Markup accrued on short term borrowing	2,776,148
Short term borrowing	460,423,914
Trade and other payables	89,034,411
	552,234,473

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31 March 2018		
Cash and cash equivalent	Loans and advances	Total

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

Financial assets as per balance sheet

Long term deposits	22,970,553	22,970,553
Unbilled revenue	571,727,867	571,727,867
Trade debts	1,691,798,483	1,691,798,483
Loans and advances	69,695,751	69,695,751
Security deposits	214,656,402	214,656,402
Interest accrued	1,457,808	1,457,808
Other receivable	207,780,930	207,780,930
Short term investments	295,000,000	295,000,000
Cash and bank balances	761,651,601	761,651,601
	761,651,601	3,075,087,794
		3,836,739,395

31 March 2018 Financial Liabilities at amortized cost Rupees

Financial liabilities as per balance sheet

Markup accrued on short term borrowing	3,689,005
Short term borrowing	460,423,914
Trade and other payables	91,715,336
	555,828,255

25. Impact of adoption of IFRS 15

Note 4.1 & 4.2 explains the changes in new accounting policies introduced on January 1, 2019 resulting from the adoption of new accounting standard IFRS 15 Revenue from Contracts with Customers.

The most significant impact to the company, upon adoption of IFRS 15, related to the identification of contracts with customers, identification of distinct performance obligations and allocation of transaction price to the distinct performance obligations.

In case of 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.

The Company identified all material and significant contracts in hand and not closed or completed by December 31, 2018 and applied IFRS 15 on those contracts to evaluate and analyze the impact IFRS 15 would have made on the revenue recognition from those contracts. The adjustments made to the items in the statement of financial position as of January 1, 2019 and attributable to IFRS 15 are as follows:

	Carrying amount in accordance with IAS 18 As on December 31, 2018	Adjustment	Carrying amount in accordance with IFRS 15 As on January 1, 2019
ASSETS			
CURRENT ASSETS			
Unbilled Revenue	571,727,867	(66,782,809)	504,945,058
Equity & Liabilities			
SHARE CAPITAL & RESERVES			
Revenue Reserve			
Unappropriated Profits	2,488,343,457	(66,782,809)	2,421,560,648

26. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on **26 April 2019** 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



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