



systems

*First Quarter Report
March 2020*

ENABLING A
DIGITAL TOMORROW

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COMPANY INFORMATION

Board of Directors

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

Audit Committee

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

Human Resource & Compensation Committee

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

Chief Financial Officer

Ms. Roohi Khan

Company Secretary

Mr. Saad Hasan Aslam

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
Bank Alfalah Limited
Bank Islami Limited
Faysal 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 603, The Exchange Tower,
Business Bay, Dubai. UAE
T: + 97 14 369 3525
F: +97 14 456 3761

WEB PRESENCE

www.systemsltd.com

DIRECTOR'S REVIEW REPORT

On behalf of the Board of Directors we are pleased to present Standalone and Consolidated Financial Statements for three months ended 31st March 2020.

FINANCIAL RESULTS

Unconsolidated:

During three months ended, standalone revenue grew by 45% from Rs. 1,117.02 million to Rs. 1,624.09 million. Gross profit and operating profit increased by 35% and 78% respectively. Profit for the period increased by 77% from 286.56 million to Rs. 508.48 million, out of which Rs 167.55 million is from exchange gain which translates into about 20% growth in net profits if we normalize the currency impact. Basic and diluted earnings per share both increased by 62% in line with operating profit and profit for the period. The related party receivables are little higher in this quarter as the pandemic began in February and all our entities are planning cashflows on a holistic and global level in order to manage second quarter efficiently and effectively.

Particulars	Unconsolidated		
	March-20 (unaudited) Rs.	March-19 (unaudited) Rs.	Change %
Revenue	1,624,094,001	1,117,020,891	45%
Gross Profit	516,291,014	382,755,386	35%
Operating profit	526,875,507	295,546,697	78%
Profit for the period	508,481,849	286,562,488	77%
Earnings per share (basic)	4.12	2.55	62%
Earnings per share (diluted)	4.09	2.54	61%

Consolidated:

During period ended 31st March 2020, consolidated revenue grew by 39% from Rs. 1,601.24 million to Rs. 2,231.85 million. Gross profit and operating profit increased by 33% and 72% respectively. Net profit for the period increased by 71% from 307.79 million to Rs. 526.80 million with Rs 166.20 million in currency gains. Basic and diluted earnings per share increased by 55% and 54% respectively, in line with operating profit and profit for the period.

Particulars	Consolidated		
	March-20 (unaudited) Rs.	March-19 (unaudited) Rs.	Change %
Revenue	2,231,850,608	1,601,241,891	39%
Gross Profit	649,671,550	486,814,981	33%
Operating profit	548,126,134	319,121,370	72%
Profit for the period	526,808,276	307,797,407	71%
Earnings per share (basic)	4.31	2.78	55%
Earnings per share (diluted)	4.28	2.77	54%

FUTURE OUTLOOK

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

The Company has re-strategized to cater for the post pandemic situation based on the following.

- With more demand on remote operations, the Company is getting traction and a high demand has been generated for offshore and remote work for BPO Contact center, Support and Managed Services and also in Digital business. The Company considers it a positive sign and accordingly aligned its strategy to pitch Digital services to customers for example Digital E-commerce.

DIRECTOR'S REVIEW REPORT

- In line with increased focus on Business Continuity Planning (BCP) and Disaster Recovery Planning (DRP), The Company accordingly is offering the customers cloud services, cloud operations, cloud cost optimization and cloud lift and shift to enable customers to operate more effectively, thereby increasing future pipeline for the business.
- Since there is a heavy demand of Contact Centers, the Company has enabled their Omni Channel Contact Center Services where the Company provides multicenter approach and end to end contact center technology to customers..
- The Company has many customers in telco sector which is booming in today's digital space. The local telco companies are expected to bring good consistent predictable revenues for foreseeable future. On the other side, the Company has diversified in Banking, Insurance and Digital technologies like digital remote connectivity.
- Since the Company has been aggressively working in E-commerce space and with Digital end to end platform, the Company is confident that the Company will be providing Digital end to end services to their customers.
- The Company is highly leveraging Big Data, AI and Machine Learning through talented data scientists. The Company believes that Data will be the key for multiple industries and every industry will be looking for strategic data for their futuristic vision using prediction through AI and Machine Learning.
- As the Company is globally diversified from geographical location perspective and is not dependent on one market, the Company is expecting to retain customers from Europe, Middle East, Pakistan and North America despite the current crisis situation.
- As part of Company's strategy, the Company is globally aligned with principals who are growing aggressively in their space such as Microsoft, Sales Force, Magento and IBM. That will also help the Company to get more business through these Principals.
- In early 2020 EP Systems also received an in-principle approval from the State Bank of Pakistan to conduct business as an Electronic Money Institution (EMI) as well as signed an agreement with the International Finance Corporation for an equity investment. With the EMI, EP Systems has an opportunity to bring banking access to its retailers who have previously used the app for mobile top-ups. These services may include deposit accounts, accepting digital payments from customers, and using digital banking services to conduct their business. With increasing demand for digitization further catalyzed by the global pandemic, EP Systems is well positioned to capitalise on the digitalization of mass market shopkeepers, retailer and beyond in Pakistan.

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

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



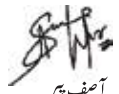
Asif Peer
Chief Executive Officer
28 April 2020

- ٹیلکو کیٹرز میں کہنتی کے بہت سے کسٹمرز ہیں جو آج کے ڈیجیٹل سہس میں عرون پر ہے۔ مقامی ٹیلکو کہنتیوں کو آگے دکھائی دینے والے مستقبل میں بہتر اور مسلسل آمدنیوں کی توقع ہے۔ دوسری طرف کہنتی کے بینکنگ، انشورنس اور ڈیجیٹل ریویٹ کٹنگز جی ڈیجیٹل ٹیکنالوجیز کی طرف قدم بڑھایا ہے۔
 - چونکہ کہنتی ای کامرس سہس میں جارحانہ طور پر کام کر رہی ہے اور ایک کونے سے دوسرے کونے تک ڈیجیٹل پلیٹ فارم کے ساتھ کہنتی کو یقین ہے کہ کہنتی اپنے کسٹمرز کو ایک کونے سے دوسرے کونے تک ڈیجیٹل سروس فراہم کرے گی۔
 - کہنتی کا صلاحیت ڈیٹا سائنس دانوں کے ذریعے بلگ ڈیٹا، آئی اور مشین لرننگ میں تیزی سے آگے بڑھ رہی ہے۔ کہنتی کو یقین ہے کہ ڈیٹا متعدد صنعتوں کیلئے کلید ثابت ہوگا اور ہر صنعت آئی اور مشین لرننگ کے ذریعے پیشین گوئی کا استعمال کرتے ہوئے اپنے مستقبل کے چیلن کیلئے منصوبہ بند ڈیٹا کی تلاش میں رہے گی۔
 - چونکہ کہنتی جغرافیائی محل وقوع کے نقطہ نظر سے عالمی سطح پر پھیلی ہوئی ہے اور کسی ایک ماریٹ پر انحصار نہیں کر رہی ہے، الہذا کہنتی موجودہ بحران کی صورتحال کے باوجود یورپ، مشرق وسطیٰ، پاکستان اور شمالی امریکہ کے کسٹمرز کو برقرار رکھنے کی توقع رکھتی ہے۔
 - کہنتی کی حکمت عملی کے ایک جزو کے طور پر، کہنتی عالمی سطح پر ان سربراہوں کے ساتھ ہم آہنگ ہے جو اپنی جگہ پر جارحانہ انداز میں آگے بڑھ رہے ہیں جیسے کہ مائیکروسوفٹ، سباز فونز، میجنو اور آئی بی ایم۔ اس سے کہنتی کو ان سربراہوں کے ذریعے مزید کاروبار حاصل کرنے میں مدد ملے گی۔
 - 2020 کی شروعات میں ای پی سسٹمز کو ایکٹروٹک سٹی انٹیٹیوٹ (ای ایم آئی) کے طور پر کاروبار کرنے کیلئے نیٹ پیٹک آف پاکستان سے اصولی منظوری بھی حاصل ہوئی اور ساتھ ہی ایکوٹی سرمایہ کاری کیلئے انٹرنیشنل فنانس کارپوریشن کے ساتھ معاہدے پر دستخط ہوئے۔ ای ایم آئی کے ساتھ ای پی سسٹمز کے پاس اپنے ریٹیلرز تک بینکنگ کی رسائی لانے کا موقع ہے جو قبل ازیں موبائل ٹاپ اپس کیلئے ایپ کا استعمال کرتے تھے۔ ان میں اپنے کاروبار کو چلانے کیلئے ڈیپازٹ اکاؤنٹس، کسٹمرز سے ڈیجیٹل ٹیکنس کی وصولی، اور ڈیجیٹل بینکنگ جیسی خدمات شامل ہو سکتی ہیں۔ ڈیجیٹل سزیشن کی بڑھتی ہوئی طلب کے ساتھ، جسے عالمی وبا کی وجہ سے مزید بڑھاوا ملا ہے، ای پی سسٹمز پاکستان میں دکانداروں، خوردہ فروشوں اور ان سے بھی آگے تک ڈیجیٹل سزیشن کی بڑی ماریٹ سے فائدہ اٹھانے کیلئے پوری طرح تیار ہے۔
- کہنتی کی انتظامیہ کا ماننا ہے کہ ہر بحران کا ایک فاتح ہوتا ہے اور وہ اس موقع سے فائدہ اٹھانے کیلئے اچھی طرح تیار ہیں اور چیزوں کے معمول پر آنے کے بعد کہنتی کو مستحکم تر بننے کی توقع ہے۔ کہنتی کی انتظامیہ کو یقین ہے کہ وہ ایک فاتح کی حیثیت سے سامنے آئیں گے۔

اعتراف

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

حسب العہم بورڈ



آصف حیر

چیف ایگزیکٹو آفیسر

28 اپریل 2020ء

ڈائریکٹرز کی جائزہ رپورٹ - 31 مارچ 2020ء

بورڈ آف ڈائریکٹرز کی جانب سے ہمیں 31 مارچ 2020ء کو ختم ہونے والی سہ ماہی کیلئے علیحدہ اور یکجا ایاتی گوشوارے پیش کرنے پر خوشی ہے۔

مالی نتائج

غیر منظم

ختم ہونے تک تین مہینوں کے دوران علیحدہ آمدنی 45% اضافہ کے ساتھ 1,117,202,891 ملین روپے سے بڑھ کر 1,624,094,001 ملین روپے ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع میں بائز تیب 35% اور 78% اضافہ ہوا۔ اس عرصہ کیلئے منافع 77% اضافہ کے ساتھ 286,566 ملین روپے سے بڑھ کر 508,488 ملین روپے ہو گیا، جس میں سے 167,555 ملین روپے زر مبادلہ سے حاصل ہوئے جس کے نتیجے میں خالص منافعوں شرح نمو 20% ہو گئی اگر ہم کرنی کے اثرات کو معمول پر لاتے ہیں۔ اس عرصہ کے دوران منافع اور آپریٹنگ منافع کے مطابق فی شیئر بنیادی اور رقیب آمدنی دونوں 62% اضافہ ہوا۔

تفصیلات	مارچ 2020	مارچ 2019	سال بے سال
آمدنی	1,624,094,001	1,117,020,891	45%
مجموعی منافع	516,291,014	382,755,386	35%
ٹیکس سے پہلے منافع	526,875,507	295,546,697	78%
ٹیکس کے بعد منافع	508,481,849	286,562,488	77%
کمائی فی شیئر (بنیادی)	4.12	2.55	62%
کمائی فی شیئر (رقیق)	4.09	2.54	61%

منظم

31 مارچ 2020 کو ختم ہونے والے تین مہینوں کے دوران منظم آمدنی 39% اضافہ کے ساتھ 1,601,241,891 ملین روپے سے بڑھ کر 2,231,850,608 ملین روپے ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع میں بائز تیب 33% اور 72% اضافہ ہوا۔ اس عرصہ کیلئے زر مبادلہ سے حاصل ہونے والے 166.20 ملین روپے کے ساتھ خالص منافع 71% کی شرح سے 307.79 ملین روپے سے بڑھ کر 526.80 ملین روپے ہو گیا۔ اس عرصہ کے دوران منافع اور آپریٹنگ منافع کے مطابق فی شیئر بنیادی اور رقیب آمدنی میں بائز تیب 55% اور 54% اضافہ ہوا۔

تفصیلات	مارچ 2020	مارچ 2019	سال بے سال
آمدنی	2,231,850,608	1,601,241,891	39%
مجموعی منافع	649,671,550	486,814,981	33%
ٹیکس سے پہلے منافع	548,126,134	319,121,370	72%
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کمائی فی شیئر (بنیادی)	4.31	2.78	55%
کمائی فی شیئر (رقیق)	4.28	2.77	54%

مستقبل کا خاکہ

کپنی نے 2020ء کیلئے چارج ہاؤس منصوبہ بندی کر رکھی ہے اور 2019ء کی کارکردگی اور 2019ء میں حاصل کردہ کاروباری تنوع کی بنیاد پر سخت اہداف مقرر کئے ہیں۔ تاہم مارچ 2020ء کے بعد سے عالمی حالات اور ترکیبات میں نمایاں تبدیلی آئی ہے۔ کپنی نے اس کے مطابق کاروباری منصوبے کو سمجھا لیا ہے اور حالیہ وبائی مرض کے ختم ہونے کے بعد کپنی اپنی خدمات کیلئے ایک بڑا موقع دیکھ رہی ہے۔

کپنی نے وبائی مرض کے بعد کی صورت حال سے نمٹنے کیلئے درج ذیل کی بنیاد پر پتی حکمت عملی مرتب کی ہے۔

- ریسٹو آپریشنز کی بڑھتی ہوئی ضرورت کے ساتھ کپنی کو آگے بڑھنے کی راہ ل رہی ہے اور پی بی او کو ٹکنک سنٹر، معاہدات اور منظم خدمات، اور ڈیجیٹل کاروبار کیلئے بھی دوردراز سے کام اور آف شور کیلئے طلب میں اضافہ ہوا ہے۔ کپنی اسے ایک مثبت علامت سمجھتی ہے اور اس کے مطابق سنٹرل ڈیجیٹل سروسز جیسے کہ ڈیجیٹل ای کامرس پر لائنے کیلئے اپنی حکمت عملی مرتب کر رہی ہے۔
- بزنس کوئی بنیادی پلاننگ (بی سی پی) اور ڈیٹا سٹرٹیکوری پلاننگ (ڈی آر پی) پر بڑھتی ہوئی توجہ کے مطابق، کپنی سنٹرل ڈیٹا موثر انداز میں کام کرنے کے قابل بنانے کیلئے اپنےس کھاؤ ڈیٹا سروسز، کھاؤ ڈیٹا پرنٹنگ اور کاسٹ آپٹیمائزیشن اور کھاؤ ڈیٹا ڈلفٹ اینڈ سٹیشن کی پیشکش کر رہی ہے تاکہ کاروباروں کیلئے نیو جی پائپ لائن میں اضافہ ہو سکے۔
- چونکہ ٹکنک سنٹر کی بہت زیادہ مانگ ہے، اس کیلئے ہم نے اپنی اسی چینل ٹکنک سنٹر سروسز کو قابل عمل بنادیا ہے جہاں کپنی سنٹر ڈیٹا سروسز کو قابل لیتھ کاروبار اور ایک کونے سے دوسرے کونے تک ٹکنک سنٹر سروسز کو فراہم کرتی ہے۔

SYSTEMS LIMITED
Standalone Financial Statements

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at 31 March 2020

		Unaudited 31 March 2020	Audited 31 December 2019
	Note	Rupees	Rupees
ASSETS			
Non-current assets			
Property and equipment	6	1,464,578,506	1,416,645,016
Right-of-use assets	7	134,464,996	145,860,345
Intangibles	8	34,866,471	38,657,318
Long term investments	9	272,073,147	271,973,167
Advance against purchase of land		-	28,750,000
Long term deposits		-	51,939,797
		1,905,983,120	1,953,825,643
Current assets			
Contract Asset		373,729,247	374,709,876
Trade debts	10	2,957,040,840	1,799,468,312
Loans and advances	11	403,449,632	328,160,020
Trade deposits and short term prepayments	12	239,290,778	190,205,049
Interest accrued		15,460,584	2,491,952
Short term investments	13	627,000,000	780,000,000
Tax refunds due from the Government		184,477,273	192,799,516
Cash and bank balances	14	543,129,745	1,095,555,314
		5,343,578,099	4,763,390,039
TOTAL ASSETS		7,249,561,219	6,717,215,682
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 200,000,000 (2019: 200,000,000) ordinary shares of Rs. 10 each		2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	15	1,235,202,990	1,235,202,990
Capital reserves		649,720,538	591,119,759
Revenue Reserve: Un-appropriated profit		3,898,625,431	3,390,143,582
		5,783,548,959	5,216,466,331
Non-current liabilities			
Long term advances	16	34,477,745	26,868,774
Lease liabilities	17	116,894,372	129,188,921
		151,372,117	156,057,695
Current liabilities			
Trade and other payables	18	598,127,277	534,812,425
Unclaimed Dividend		8,345,525	8,345,525
Contract liabilities		8,522,352	104,154,979
Markup accrued on short term borrowing		3,296,940	4,873,969
Short term borrowings	20	650,000,000	650,000,000
Current portion of lease liabilities		30,774,521	29,284,595
Current portion of long term advances		15,573,528	13,220,163
		1,314,640,143	1,344,691,656
TOTAL EQUITY AND LIABILITIES		7,249,561,219	6,717,215,682
CONTINGENCIES AND COMMITMENTS			

22

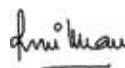
The annexed notes from 1 to 30 form an integral part of this condensed interim financial information.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

for the three months ended 31 March 2020 (Unaudited)

	Note	Three Months Ended	
		31 March 2020	31 March 2019
		Rupees	Rupees
Revenue - net		1,624,094,001	1,117,020,891
Cost of sales		1,107,802,987	734,265,505
Gross profit		516,291,014	382,755,386
Distribution expenses		37,111,508	23,453,410
Administrative expenses		148,076,341	99,517,011
Other operating expenses	23	14,429,542	3,946,635
		199,617,391	126,917,056
Other income		210,201,884	39,708,367
Operating profit		526,875,507	295,546,697
Finance cost		9,382,961	3,751,469
Profit before taxation		517,492,546	291,795,228
Taxation		9,010,697	5,232,740
Profit for the period		508,481,849	286,562,488
Earnings per share:			
Basic earnings per share	24	4.12	2.55
Diluted earnings per share	24	4.09	2.54

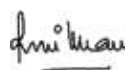
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
for the three months ended 31 March 2020 (Unaudited)

	Three Months Ended	
	31 March	31 March
	2020	2019
	Rupees	Rupees
Profit for the period	508,481,849	286,562,488
Other comprehensive income	-	-
Total comprehensive income for the period	508,481,849	286,562,488

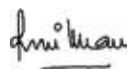
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the three months ended 31 March 2020 (Unaudited)

	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 2018 - (Audited)	1,122,135,480	505,511,843	27,568,374	2,423,653,841	4,078,869,538	
Restatement on initial application of IFRS-15	-	-	-	(63,086,929)	(63,086,929)	
Total comprehensive income for the period	-	-	-	286,562,488	286,562,488	
Share based payments	-	-	3,500,000	-	3,500,000	
Balance as at 31 March 2019 - (Un-audited)	1,122,135,480	505,511,843	31,068,374	2,647,129,400	4,305,845,097	
Balance as at 31 December 2019 - (Audited)	1,235,202,990	512,149,734	78,970,025	3,390,143,582	5,216,466,331	
Total comprehensive income for the period	-	-	-	508,481,849	508,481,849	
Share based payments	-	-	58,600,779	-	58,600,779	
Balance as at 31 March 2020 - (Un-audited)	1,235,202,990	512,149,734	137,570,804	3,898,625,431	5,783,548,959	

The annexed notes from 1 to 30 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 2020 (Unaudited)

	Note	Three Months Ended	
		31 March	31 March
		2020	2019
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from / (used in) operations	26	(627,406,006)	(38,648,122)
Finance costs paid		(10,959,990)	(4,664,326)
Taxes paid		(12,032,153)	(16,215,826)
		(22,992,143)	(20,880,152)
Net cash flows from / (used in) operating activities		(650,398,149)	(59,528,274)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(95,497,788)	(22,395,498)
Development expenditure		(2,768,207)	(622,042)
Proceeds from the disposal of property and equipment		1,492,121	2,677,303
Long Term Investments		(99,980)	-
(Purchase) / disposal of short term investments - net		153,000,000	(175,000,000)
Profit received on short term investment		23,759,439	8,076,729
Profit received on bank deposits		7,533,934	2,203,614
Net cash flows (used in) / from investing activities		87,419,519	(185,059,894)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in lease liabilities - net		590,726	-
Increase / (decrease) in long term advances		9,962,335	7,937,805
Net cash flows from financing activities		10,553,061	7,937,805
Net (decrease) in cash and cash equivalents		(552,425,569)	(236,650,363)
Cash and cash equivalents at beginning of the period		1,095,555,314	400,760,630
Cash and cash equivalents at closing of the period		543,129,745	164,110,267

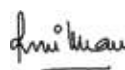
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2020 (Unaudited)

1. LEGAL STATUS AND NATURE OF BUSINESS

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.

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

This interim financial information of the Company for the quarter ended 31 March 2020 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.

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

These unconsolidated condensed interim financial information of the Company for the three months period ended 31 March 2020 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.

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 2019.

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 2019.

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.

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 2019.

	Note	Unaudited 31 March 2020	Audited 31 December 2019
----- (Rupees) -----			
Operating fixed assets	6.1	1,431,107,429	1,392,619,773
Capital work in progress	6.2	33,471,077	24,025,244
		1,464,578,506	1,416,645,017

6.1 OPERATING FIXED ASSETS - OWNED

Opening balance - net book value		1,392,619,773	925,570,335
Additions during the period / year - cost	6.1.1	86,051,955	645,037,265
		1,478,671,728	1,570,607,600
Less:			
Disposals during the period / year	6.1.2	354,635	30,909,075
Depreciation during the period / year		47,209,664	147,078,752
Book value at the end of the period / year		1,431,107,429	1,392,619,773

6.1.1 Additions during the period / year-cost

Land - freehold		51,050,000	292,247,289
Building		3,258,362	44,067,837
Computers and mobile sets		8,198,702	107,393,874
Computer equipment and installations		1,802,753	23,471,025
Other equipment and installations		55,000	37,594,061
Generator		-	2,408,220
Furniture and fittings		11,742,208	18,201,240
Vehicles		9,736,930	105,737,074
Office equipment		208,000	2,580,266
Leasehold Building - Improvements		-	11,336,379
		86,051,955	645,037,265

6.1.2 Disposals during the period / year

	Cost	Accumulated Depreciation	Written Down Value
----- (Rupees) -----			
31 March 2020			
Computers and mobile sets	956,600	794,463	162,137
Vehicles	1,330,000	1,137,502	192,498
	2,286,600	1,931,965	354,635
31 December 2019			
Computers and mobile sets	7,160,968	5,584,790	1,576,178
Computer equipment and installations	545,767	545,767	-
Other equipment and installations	331,170	240,183	90,987
Furniture and fittings	1,278,317	739,212	539,105
Vehicles	49,427,937	20,744,747	28,683,190
Office equipment	85,000	65,385	19,615
	58,829,159	27,920,084	30,909,075

	Unaudited 31 March 2020	Audited 31 December 2019
----- (Rupees) -----		
6.2 CAPITAL WORK IN PROGRESS		
Balance at the beginning of the period / year	24,025,244	22,471,605
Additions during the period / year	9,445,833	14,044,235
Transfer to operating fixed assets during the period / year	-	(12,490,596)
Balance at the end of the period / year	33,471,077	24,025,244

7. RIGHT-OF-USE ASSETS

Opening book value	145,860,345	-
Additions during the period / year - cost	-	182,325,431
Depreciation charge during the period / year	(11,395,349)	(36,465,086)
Book value at the end of the period / year	134,464,996	145,860,345

	Unaudited 31 March 2020	Audited 31 December 2019
----- (Rupees) -----		
8. INTANGIBLES		
Opening balance - net book value	38,657,318	62,628,120
Additions during the period / year - cost	2,768,207	5,940,743
	41,425,525	68,568,863
Less:		
Amortization during the period / year	6,559,054	29,911,545
Book value at the end of the period / year	34,866,471	38,657,318

9. LONG TERM INVESTMENTS

	2020	2019
Investment in related parties		
Investment in Subsidiaries - at cost - unquoted		
E-Processing Systems (Private) Limited 179,507 (2019: 179,507) fully paid ordinary shares of Rs. 10/- each	270,500,227	270,500,227
TechVista Systems FZ LLC 50 (2019: 50) fully paid ordinary shares of AED 1,000/- each	1,377,950	1,377,950
SUS-JV (Private) Limited 9,499 (2019: 9,499) fully paid ordinary shares of Rs. 10/- each	94,990	94,990
Systems Venture (Private) Limited 9,998 (2019: nil) fully paid ordinary shares of Rs. 10/- each	99,980	-
	272,073,147	271,973,167

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

9.2 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.

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

9.4 Systems Venture (Private) Limited, a private limited Company, registered under Companies Act 2017, is a 99.98% owned subsidiary of Systems Limited. The Company has been set up in Pakistan to invest in new ventures, start ups and incubate new ideas.

	Note	Unaudited 31 March 2020	Audited 31 December 2019
----- (Rupees) -----			
10. TRADE DEBTS			
Considered good - unsecured			
Export	10.1	2,433,112,204	1,461,328,976
Local		673,464,954	473,246,032
		3,106,577,158	1,934,575,008
Less: Allowance for ECLs		(149,536,318)	(135,106,696)
		2,957,040,840	1,799,468,312

10.1 This includes receivables from related parties i.e. Visionet Systems Incorporation and TechVista Systems FZ LLC amounting to Rs. 1,508.4 (2019: Rs. 582.2) million and Rs. 844.7 (2019: Rs. 800.8) million respectively.

	Note	Unaudited 31 March 2020	Audited 31 December 2019
----- (Rupees) -----			
11. LOANS AND ADVANCES - considered good			
Advances to staff:			
against salary		7,624,036	6,264,346
against expenses		20,455,361	28,273,442
		28,079,397	34,537,788
Advances to suppliers - against goods		109,750,834	96,724,366
		137,830,231	131,262,154
Loans to related parties		294,051,112	392,839,270
Elimination on account of Joint Operation	11.1	(28,431,711)	(195,941,404)
		265,619,401	196,897,866
		403,449,632	328,160,020

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

12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits		219,879,550	164,032,231
Prepayments		19,411,228	26,172,818
		239,290,778	190,205,049

13. SHORT TERM INVESTMENTS

	Note		
Held to maturity			
Habib Metropolitan Bank Limited		202,000,000	555,000,000
Habib Bank Limited		25,000,000	25,000,000
Faisal Bank Limited		400,000,000	200,000,000
	13.1	627,000,000	780,000,000

13.1 This represents Term Deposit Receipts (TDRs) carrying markup at rates ranging from 12.25% to 12.75% (2019: 12.25 to 12.65%) per annum.

14. CASH AND BANK BALANCES

Cash in hand		1,981,167	1,651,049
Cash at bank:			
Local currency:			
Current accounts		126,826,219	213,301,563
Deposit accounts	14.1	413,485,261	862,698,678
		540,311,480	1,076,000,241
Foreign currency - current accounts		837,098	17,904,024
		543,129,745	1,095,555,314

14.1 These carry interest rate of 9% to 11.50% (2019: 9% to 11.25%) per annum.

15. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			Unaudited	Audited
			----- (Rupees) -----	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	-----No of Shares-----		-----Rupees-----	
Ordinary shares of Rs. 10/- each fully paid in cash	23,447,380	23,447,380	234,473,800	234,473,800
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	100,072,919	100,072,919	1,000,729,190	1,000,729,190
	123,520,299	123,520,299	1,235,202,990	1,235,202,990

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

Balance as at 1st January	123,520,299	112,213,548	1,235,202,990	1,122,135,480
Bonus Shares Issued	-	11,221,354		112,213,540
Stock options exercised	-	85,397	-	853,970
	123,520,299	123,520,299	1,235,202,990	1,235,202,990

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.

17. LEASE LIABILITIES	Unaudited 31 March 2020	Audited 31 December 2019
	----- (Rupees) -----	
Present value of lease rentals	116,894,372	158,473,516
Less: Current portion shown under current liabilities	30,774,521	(29,284,595)
	147,668,893	129,188,921

18. TRADE AND OTHER PAYABLES	Unaudited 31 March 2020	Audited 31 December 2019
	----- (Rupees) -----	
Creditors	64,685,444	57,118,426
Accrued liabilities	490,179,183	440,558,136
Provident fund payable	25,253,938	21,722,279
Withholding income tax payable	18,008,712	15,413,584
	598,127,277	534,812,425

19. CONTRACT LIABILITIES	8,522,352	104,154,979
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20. SHORT TERM BORROWINGS	Note	2020 Rupees	2019 Rupees
MCB Bank Limited	20.1	450,000,000	450,000,000
Habib Metropolitan Bank Limited	20.2	200,000,000	200,000,000
		650,000,000	650,000,000

20.1 This represents export re-finance (ERF) availed against aggregate sanctioned limit of Rs. 650 (2019: Rs. 650) million. The rates of mark up are SBP rate plus 0.5% (2019: SBP rate plus 0.5%) per annum. These borrowings are secured against Rs. 97.5 million cash margin, 1st exclusive charge of Rs. 2,400 million over the fixed assets and current assets of the Company.

20.2 This represents export re-finance (ERF) availed against aggregate sanctioned limit of Rs. 200 (2019: Rs. 200) million. The rates of mark up are SBP rate plus 1%. These borrowings are secured against Rs. 350 million pari passu hypothecation charge over current assets and Rs. 107.475 million equitable mortgage over 57 marla of land at Sehjpal near DHA Phase VIII (ex-Air Avenue Eden City).

21. OPERATING SEGMENT INFORMATION

Geographical segments

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

North America
Europe
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.

	2020		2019		2020		2019		2020		2019	
	North America Unaudited Three Months Ended 31 March	Europe Unaudited Three Months Ended 31 March	Middle East Unaudited Three Months Ended 31 March	Pakistan Unaudited Three Months Ended 31 March	Total Unaudited Three Months Ended 31 March	2020	2019	2020	2019	2020	2019	
	Rupees-											
Revenue - net	957,517,576	608,901,593	182,714,628	133,948,669	166,653,562	107,081,509	267,089,120	1,117,020,891	1,117,020,891	1,117,020,891	1,117,020,891	
Cost of sales	587,657,262	340,673,662	117,797,576	84,407,779	150,884,649	103,103,870	206,080,194	734,265,505	734,265,505	734,265,505	734,265,505	
Gross profit	369,860,314	268,227,931	64,917,052	49,540,890	15,768,913	3,977,639	61,008,926	382,755,386	382,755,386	382,755,386	382,755,386	
Distribution expenses	17,506,422	11,960,550	3,340,596	1,214,168	-	-	16,264,490	37,111,508	23,453,410	37,111,508	23,453,410	
Administrative expenses	99,376,913	72,747,985	21,693,812	11,086,406	12,920,934	6,228,497	14,084,782	99,517,011	99,517,011	148,076,341	99,517,011	
Profit / (loss) before taxation and unallocated income and expenses	116,883,235	84,708,535	25,034,408	12,300,574	12,920,934	6,228,497	30,349,272	185,187,849	122,970,421	185,187,849	122,970,421	
Unallocated income and expenses:	252,977,079	183,519,396	39,882,644	37,240,316	2,847,979	(2,250,858)	35,395,463	331,103,165	259,784,965	331,103,165	259,784,965	
Other operating expenses								14,429,542	3,946,635	14,429,542	3,946,635	
Other income								210,201,884	39,708,367	210,201,884	39,708,367	
Finance cost								9,382,961	3,751,469	9,382,961	3,751,469	
Profit before taxation								511,492,546	291,795,228	511,492,546	291,795,228	
Taxation								9,010,637	5,232,740	9,010,637	5,232,740	
Profit after taxation								508,481,849	286,562,488	508,481,849	286,562,488	

22. CONTINGENCIES AND COMMITMENTS

Contingencies

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

Commitments:

Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 385.4 (2019: Rs. 370.39 million). This includes guarantees of Rs. 77.38 (2019: 77.38) million given on behalf of Joint Operation.

	Unaudited 31 March 2020	Unaudited 31 March 2019
----- (Rupees) -----		
Allowance for expected credit losses	14,429,542	3,946,635
	<u>14,429,542</u>	<u>3,946,635</u>

24. EARNINGS PER SHARE

	Three Month Ended	
	31 March	
	2020	2019
Basic earnings per share		
Profit for the period	508,481,849	286,562,488
Weighted-average number of ordinary shares outstanding during the period	123,520,299	112,213,548
Basic - in Rupees	4.12	2.55
Diluted earnings per share		
Profit for the period	508,481,849	286,562,488
Weighted-average number of ordinary shares (basic)	123,520,299	112,213,548
Effect of share options	886,928	453,241
	<u>124,407,227</u>	<u>112,666,789</u>
Diluted - in Rupees	4.09	2.54

25. 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	
			2020	2019
----- Rupees -----				
E-Processing Systems (Pvt.) Ltd.	Subsidiary	Loan	46,007,045	12,512,573
		Interest income	6,645,418	6,101,111
SUS-JV (Pvt.) Ltd.	Subsidiary	Loan	15,415,283	-
		Interest income	753,769	-

Related party	Relation	Nature of transactions	Un-audited Three Months Ended 31 March	
			2020	2019
			----- Rupees -----	
TechVista Systems FZ LLC - UAE	Subsidiary	Sales	141,043,696	152,174,994
		Out of pocket expenses	51,797,366	13,331,858
Visionet Systems Incorporation - USA	Common Directorship	Sales	1,078,381,394	645,247,360
		Out of pocket expenses	11,864,508	17,058,161
IGI Insurance Ltd.	Common Directorship	Sales	3,188,715	6,464,824
		Purchase of insurance policies	5,489,485	5,402,299
Dawood Family Takaful Ltd.	Common Directorship	Purchase of insurance policies	982,415	736,812
Staff retirement funds		Contribution	39,927,396	27,376,048

26. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	517,492,546	291,795,228
Adjustments for:		
Depreciation on property and equipment	47,209,664	30,998,165
Amortization of intangibles	6,559,054	8,141,833
Provision for doubtful debts	14,429,542	3,946,635
Share based payment expense	58,600,779	3,500,000
Finance costs	9,382,961	3,751,469
Interest accrued	(6,645,418)	(6,101,134)
Exchange gain on translation of export receivables	(167,555,297)	(20,393,529)
(Gain)/ loss on disposal of property and equipment	(1,137,486)	981,799
Gain on short term investments	(30,082,653)	(10,121,986)
Profit on bank deposits	(7,533,934)	(2,203,614)
	(76,772,788)	12,499,638
Profit before working capital changes	440,719,758	304,294,866
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Contract assets - net	(94,651,998)	(246,647,933)
Trade debts	(1,004,446,773)	(225,033,338)
Loan and advances	5,400,185	(141,713,605)
Other receivables	-	195,338,066
Trade deposits and short term prepayments	(49,085,729)	3,404,921
	(1,142,784,315)	(414,651,889)
(Decrease) / increase in current liabilities:		
Trade and other payables	74,658,551	71,708,901
	(1,068,125,764)	71,708,901
Net cash generated from / (used in) operations	(627,406,006)	(38,648,122)

27. FINANCIAL RISK MANAGEMENT

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 2019.

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 2020.

- 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 2019.

Financial instruments by categories	31 March 2020		
	Cash and cash equivalents	Loans and advances	Total
	----- (Rupees) -----		

Financial assets as per balance sheet

Long term deposits	-	-
Unbilled revenue	373,729,247	373,729,247
Trade debts	2,957,040,840	2,957,040,840
Loans and advances	403,449,632	403,449,632
Security deposits	219,879,550	219,879,550
Interest accrued	15,460,584	15,460,584
Other receivable	-	-
Short term investments	627,000,000	627,000,000
Cash and bank balances	543,129,745	543,129,745
	543,129,745	4,596,559,853
		5,139,689,598

Financial liabilities as per balance sheet	31 March 2020	
	Financial Liabilities at amortized cost Rupees	
Markup accrued on short term borrowing		3,296,940
Short term borrowing		650,000,000
Trade and other payables		598,127,277
Contract liabilities		8,522,352
Unclaimed dividend		8,345,525
		1,268,292,094

31 December 2019		
Cash and cash equivalents	Loans and advances	Total
----- (Rupees) -----		

Financial assets as per balance sheet

Long term deposits		51,939,797	51,939,797
Unbilled revenue		374,709,876	374,709,876
Trade debts		1,799,468,312	1,799,468,312
Loans and advances		328,160,020	328,160,020
Security deposits		164,032,231	164,032,231
Interest accrued		2,491,952	2,491,952
Other receivable		-	-
Short term investments		780,000,000	780,000,000
Cash and bank balances	1,095,555,314	-	1,095,555,314
	1,095,555,314	3,500,802,188	4,596,357,502

31 December 2019

**Financial Liabilities
at amortized cost
Rupees**

Financial liabilities as per balance sheet

Markup accrued on short term borrowing	4,873,969
Short term borrowing	650,000,000
Trade and other payables	534,812,425
Contract liabilities	104,154,979
Unclaimed dividend	8,345,525
	1,302,186,898

28. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 28 April 2020 by the Board of Directors of the Company.

29. 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.

30. GENERAL

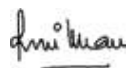
30.1 Figures have been rounded off to the nearest rupees, unless otherwise stated.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED
Consolidated Financial Statements

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at 31 March 2020 (Unaudited)

		Unaudited 31 March 2020	Audited 31 December 2019
	Note	Rupees	Rupees
ASSETS			
Non-current assets			
Property and equipment	6	1,481,136,224	1,432,463,695
Right-of-use asset	7	134,464,996	145,860,345
Intangible	8	181,883,878	186,746,196
Long term deposits		16,960,794	54,945,797
Advance against purchase of land		-	28,750,000
		1,814,445,892	1,848,766,033
Current assets			
Contract assets		563,489,461	517,883,251
Trade debts	9	2,850,132,519	1,749,074,142
Loans and advances	10	141,027,668	145,239,392
Trade deposits and short term prepayments	11	745,219,516	428,329,620
Interest accrued		15,460,584	2,491,952
Other receivables	12	195,570,972	180,821,432
Short term investments	13	627,000,000	780,000,000
Tax refunds due from the Government		198,028,525	209,458,326
Cash and bank balances	14	807,555,691	1,516,152,353
		6,143,484,936	5,529,450,468
TOTAL ASSETS		7,957,930,827	7,378,216,501
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	1,235,202,990	1,235,202,990
Capital and reserves		730,183,557	640,362,515
Unappropriated profits		4,206,635,365	3,674,024,548
		6,172,021,912	5,549,590,053
Non-controlling interest		(26,458,154)	(20,655,613)
		6,145,563,758	5,528,934,440
Non-current liabilities			
Long term advances	16	34,477,745	28,652,726
Lease Liability		116,894,372	129,188,921
Provision for gratuity		35,022,004	8,871,314
		186,394,121	166,712,961
Current liabilities			
Trade and other payables	17	883,254,531	790,421,805
Unclaimed Dividend		8,345,525	8,345,525
Contract Liability		14,335,170	164,423,043
Mark-up accrued on short term borrowings		1,689,673	4,873,969
Short term borrowings	19	672,000,000	672,000,000
Current Portion of Lease Liability		30,774,521	29,284,595
Current portion of long term advances		15,573,528	13,220,163
		1,625,972,949	1,682,569,100
TOTAL EQUITY & LIABILITIES		7,957,930,827	7,378,216,501
CONTINGENCIES AND COMMITMENTS			
	21		

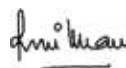
The annexed notes from 1 to 29 form an integral part of this condensed interim financial information.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

for the three months ended 31 March 2020 (Unaudited)

	Note	Three Months Ended	
		31 March 2020 Rupees	31 March 2019 Rupees
Revenue from contract with customers - net		2,231,850,608	1,601,241,891
Cost of sales		1,582,179,058	1,114,426,910
Gross profit		649,671,550	486,814,981
Distribution expenses		80,473,818	45,066,369
Administrative expenses		218,590,645	147,312,745
Other operating expenses	22	5,138,241	9,866,951
		304,202,703	202,246,064
Other income		202,657,287	34,552,454
Operating profit		548,126,134	319,121,370
Finance cost		11,197,153	5,475,889
Profit before taxation		536,928,981	313,645,481
Taxation		10,120,705	5,848,074
Profit after taxation		526,808,276	307,797,407
Attributable to:			
Equity holders of the parent		532,610,817	312,328,727
Non-controlling interest		(5,802,541)	(4,531,320)
		526,808,276	307,797,407
Earnings per share:			
Basic earnings per share	23	4.31	2.78
Diluted earnings per share		4.28	2.77

The annexed notes from 1 to 29 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 months ended 31 March 2020 (Unaudited)

	Three Months Ended	
	31 March 2020 Rupees	31 March 2019 Rupees
Profit for the period	526,808,276	307,797,407
Other comprehensive income		
Exchange difference on translation of foreign operations	31,220,263	2,479,947
Total comprehensive income for the period	558,028,539	310,277,354
Attributable to:		
Equity holders of the parent	563,831,080	314,808,674
Non-controlling interest	(5,802,541)	(4,531,320)
	558,028,539	310,277,354

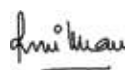
The annexed notes from 1 to 29 form an integral part of this condensed interim financial information.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the three months ended 31 March 2020 (Unaudited)

	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 2018 (Audited)	1,122,135,480	505,511,843	27,566,374	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	
Balance as at 31 December 2019 (Audited)	1,235,202,990	512,149,734	78,970,025	49,242,756	3,674,024,548	5,549,590,053	(20,655,613)	5,528,934,440	
Total comprehensive income for the period	-	-	-	-	532,610,817	532,610,817	(5,802,541)	526,808,276	
Other comprehensive income for the year	-	-	-	31,220,263	-	31,220,263	-	31,220,263	
Share based payments	-	-	58,600,779	-	-	58,600,779	-	58,600,779	
Balance as at 31 March 2020 (Un-audited)	1,235,202,990	512,149,734	137,570,804	80,463,019	4,206,635,365	6,172,021,912	(26,458,154)	6,145,563,758	

The annexed notes from 1 to 29 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 2020 (Unaudited)

	Note	Three Months Ended	
		31 March	31 March
		2020	2019
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from/(used in) operations	25	(831,775,397)	62,749,116
Finance costs paid		(14,381,449)	(6,388,746)
Gratuity paid		(5,372,115)	(400,468)
Taxes paid		(12,749,958)	(19,281,865)
		(32,503,522)	(26,071,079)
Net cash flows from/(used in) operating activities		(864,278,919)	36,678,038
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(98,663,989)	(26,618,886)
Development expenditure		(2,768,207)	(2,431,671)
Proceeds from the disposal of property and equipment		1,492,121	2,677,303
Decrease in long term deposits		37,985,003	(9,884,608)
Short term investments - net		153,000,000	(175,000,000)
Profit received on short term investment		17,114,021	8,076,729
Profit received on bank deposits		7,533,934	2,203,614
Net cash flows used in/from investing activities		115,692,883	(200,977,519)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Lease Liability		590,726	-
Increase in long term advances		8,178,384	7,937,805
Net cash flows used in financing activities		8,769,110	7,937,805
Net (decrease) in cash and cash equivalents		(739,816,925)	(156,361,677)
Effect of exchange translation reserve		31,220,263	2,479,947
Cash and cash equivalents at beginning of the period		1,516,152,353	761,651,601
Cash and cash equivalents at closing of the period		807,555,691	607,769,871

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

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

for the three months ended 31 March 2020 (Unaudited)

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 55.45% owned subsidiary of Systems Limited. The Company is principally engaged in the business of purchase and sale of airtime and related services.

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

Systems Venture (Private) Limited, a private limited Company, registered under Companies Act 2017, is a 99.98% owned subsidiary of Systems Limited. The Company has been set up in Pakistan to invest in new ventures, start ups and incubate new ideas.

2. STATEMENT OF COMPLIANCE

- 2.1 This consolidated condensed interim financial information of the Group for the period ended 31 March 2020 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 2019.

3.1 Consolidated financial statements

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

3.2 Basis of measurement

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

4. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended 31 December 2019 except for the change in policies due to the adoption of new standards.

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

4.13 IFRS 15 - Revenue from contracts with customers

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

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

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

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

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

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

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

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

4.12 IFRS 16 - Leases

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

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

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

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

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

4.13 IFRS 9 - Financial Instruments

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

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

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

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

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

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

4.2.1 Revenue

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

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

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

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

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

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

Professional Services

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

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

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

Outsourcing Services

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

Sale of third party software

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

Licenses & license support services

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

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

Sale of airtime and related services

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

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

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

4.3.1 Right-of-use assets

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

4.3.2 Lease liabilities

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

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

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

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

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

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

5. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2019.

5.1 Impairment of financial assets

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

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

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

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

	Note	Unaudited 31 March 2020	Audited 31 December 2019
----- (Rupees) -----			
6. PROPERTY AND EQUIPMENT			
Operating fixed assets	6.1	1,447,665,147	1,408,438,412
Capital work in progress	6.2	33,471,077	24,025,244
		1,481,136,224	1,432,463,656
6.1 Operating fixed assets:			
Opening balance - net book value		1,408,438,412	939,501,588
Additions during the period / year - cost	6.11	89,218,195	656,303,203
		1,497,656,607	1,595,804,791
Less:			
Disposals during the period / year	6.12	354,635	31,261,167
Depreciation during the period / year		49,636,825	156,105,212
Book value at the end of the period / year		1,447,665,147	1,408,438,412

6.1.1 Additions during the period / year-cost

Land	51,050,000	292,247,289
Building	3,258,362	44,067,837
Computers and mobile sets	9,801,713	113,395,959
Computer equipment and installations	1,802,753	23,409,393
Other equipment and installations	55,000	37,594,061
Generator	-	2,408,220
Furniture and fittings	12,252,673	22,665,053
Vehicles	9,736,930	106,263,022
Office equipment	248,743	2,915,990
Leasehold Improvements	0	11,336,379
Exchange gain	1,012,021	-
	89,218,195	656,303,203

6.1.2 Disposals during the period / year

	Cost	Accumulated Depreciation	Written Down Value
31 March 2020			
Computers and mobile sets	956,600	794,463	162,137
Vehicles	1,330,000	1,137,502	192,498
	2,286,600	1,931,965	354,635
31 December 2019			
Computers and mobile sets	7,160,968	5,584,790	1,576,178
Computer equipment and installations	545,767	545,767	-
Other equipment and installations	331,170	240,183	90,987
Furniture and fittings	2,586,755	1,695,558	891,197
Vehicles	49,427,937	20,744,747	28,683,190
Office equipment	155,115	135,500	19,615
	60,207,712	28,946,545	31,261,167

6.2 CAPITAL WORK IN PROGRESS

Balance at the beginning of the period / year	24,025,244	22,471,605
Additions during the period / year	9,445,833	14,044,235
Transfer to operating fixed assets during the period / year	-	(12,490,596)
Balance at the end of the period / year	33,471,077	24,025,244

7. RIGHT-OF-USE ASSETS

Opening book value	145,860,345	-
Additions during the period / year - cost	-	182,325,431
Depreciation charge during the period / year	(11,395,349)	(36,465,086)
Book value at the end of the period / year	134,464,996	145,860,345

8. INTANGIBLES ASSETS

Opening balance - net book value	186,746,196	173,060,937
Additions during the period / year - cost	2,768,207	50,218,616
	189,514,403	223,279,553
Less:		
Amortization during the period / year	7,630,525	36,533,357
Book value at the end of the period / year	181,883,878	186,746,196

		Unaudited 31 March 2020	Audited 31 December 2019
		----- (Rupees) -----	
9. TRADE DEBTS	Note		
Considered good - unsecured			
Export	9.1	2,080,955,397	1,378,233,113
Local		876,659,986	539,050,836
		2,957,615,382	1,917,283,949
Less: Allowance for expected credit losses		(107,482,863)	(168,209,807)
		2,850,132,519	1,749,074,142

9.1 This includes receivable from related parties i.e. Visionet Systems Incorporation amounting to Rs. 957.6 (2019: Rs. 703.3) million.

10. LOANS AND ADVANCES - considered good

Advances to staff:			
against salary		10,821,473	6,768,889
against expenses		20,455,361	28,273,442
		31,276,834	35,042,331
Advances to suppliers - against goods		109,750,834	110,197,061
		141,027,668	145,239,392
Loans to related parties		28,431,711	195,941,404
Elimination on account of joint venture	10.1	(28,431,711)	(195,941,404)
		141,027,668	145,239,392

10.1 This represents loan provided to UUS Joint Venture (Private) Limited for meeting working capital requirements. This amount is unsecured and is subject to interest at one-year KIBOR (2019: one-year KIBOR) on the outstanding loan balance at the end of each month.

11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits		616,442,260	229,384,993
Prepayments		128,777,255	198,944,627
		745,219,516	428,329,620

12. OTHER RECEIVABLES

Visionet Systems Incorporation - USA		9,128,560	-
TechVista Information Technology - Qatar		186,442,413	180,821,432
		195,570,972	180,821,432

13. SHORT TERM INVESTMENTS

Habib Metropolitan Bank		202,000,000	555,000,000
Habib Bank limited		25,000,000	25,000,000
Meezan Bank limited		400,000,000	200,000,000
	13.1	627,000,000	780,000,000

13.1 This represents Term Deposit Receipts (TDRs) carrying markup at rates ranging from 12.25% to 12.75% (2019: 12.25 to 12.65%) per annum.

14. CASH AND BANK BALANCES

Cash in hand		2,114,487	1,651,049
Cash at bank:			
Local currency:			
Current accounts		387,726,209	388,309,463
Deposit accounts	(14.1)	416,877,897	1,108,287,817
		804,604,106	1,496,597,280
Foreign currency - current accounts		837,098	17,904,024
		807,555,691	1,516,152,353

14.1 These carry interest rate of 9% to 11.50% (2019: 9% to 11.25%) per annum.

			Unaudited	Audited
			(Rupees)	
15. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	-----No of Shares-----		-----Rupees-----	
Ordinary shares of Rs. 10/-fully paid in cash	23,447,380	23,447,380	234,473,800	234,473,800
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	100,072,919	100,072,919	1,000,729,190	1,000,729,190
	123,520,299	123,520,299	1,235,202,990	1,235,202,990

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

Balance as at 1st January	123,520,299	112,213,548	1,235,202,990	1,122,135,480
Stock options exercised	-	85,397	-	853,970
Bonus issue 10%	-	11,221,354	-	112,213,540
	123,520,299	123,520,299	1,235,202,990	1,235,202,990

16. 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.

	Unaudited	Audited
	31 March 2020	31 December 2019
	(Rupees)	

17. TRADE AND OTHER PAYABLES

Creditors	96,371,073	67,928,193
Retention money	40,960,885	-
Accrued liabilities	691,299,932	681,282,705
Provident fund payable	25,253,938	15,889,209
Withholding income tax payable	29,129,248	14,646,167
Other payable	239,456	617,200
	883,254,531	780,363,474

18. CONTRACT LIABILITIES

14,335,170 164,423,043

19. SHORT TERM BORROWINGS

MCB Bank Limited	19.1	450,000,000	450,000,000
Running finance facility - National Bank of Pakistan	19.2	22,000,000	22,000,000
Habib Metropolitan Bank Limited	19.3	200,000,000	200,000,000
		672,000,000	672,000,000

19.1 This represents export re-finance (ERF) availed against aggregate sanctioned limit of Rs. 650 (2019: Rs. 650) million. The rates of mark up are SBP rate plus 0.5% (2019: SBP rate plus 0.5%) per annum. These borrowings are secured against 97.5 million cash margin, 1st exclusive charge of Rs. 2,400 million over the fixed assets and current assets of the Company.

19.2 This represents running finance facility availed from National bank of Pakistan against aggregate sanctioned limit of Rs. 40 million. The rate of mark up is 3 month KIBOR rate plus 2.5% per annum. This borrowing is secured against exclusive first charge of Rs. 134 million over current assets (including receivables) and fixed assets of the company.

19.3 This represents export re-finance (ERF) availed against aggregate sanctioned limit of Rs. 200 (2019: Rs. 200) million. The rates of mark up are SBP rate plus 1%. These borrowings are secured against Rs. 350 million pari passu hypothecation charge over current assets and Rs. 107.48 million equitable mortgage over 57 marla of land at Sehjpal near DHA Phase VIII (ex-Air Avenue Eden City).

20. OPERATING SEGMENT INFORMATION

Geographical segments

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

North America
Europe
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.

	2020		2019		2020		2019		2020		2019	
	North America		Europe		Middle East		Pakistan		Total			
	Un-audited Three months ended 31 March	Un-audited Three months ended 31 March	Un-audited Three months ended 31 March	Un-audited Three months ended 31 March	Un-audited Three months ended 31 March	Un-audited Three months ended 31 March	Un-audited Three months ended 31 March	Un-audited Three months ended 31 March	Un-audited Three months ended 31 March	Un-audited Three months ended 31 March	Un-audited Three months ended 31 March	Un-audited Three months ended 31 March
	Rupees											
Revenue - net	957,517,576	182,714,628	158,504,745	685,609,496	505,213,028	406,008,908	328,622,524	2,231,850,608	1,601,241,891			
Cost of sales	587,657,282	117,797,576	90,092,779	548,406,000	434,415,419	328,319,220	249,245,050	1,582,179,058	1,114,426,910			
Gross profit	369,860,314	268,227,931	68,411,966	137,203,496	70,797,610	77,690,689	79,377,474	649,671,550	486,814,981			
Distribution expenses	17,506,422	11,960,550	3,340,596	20,611,057	6,035,146	39,015,743	25,852,505	80,473,818	45,066,369			
Administrative expenses	99,375,813	72,747,985	21,693,812	70,881,244	48,564,919	26,638,776	15,177,601	218,590,645	147,312,745			
Profit / (loss) before taxation and unallocated income and expenses	116,883,235	84,708,535	25,034,408	91,492,301	54,604,064	65,654,519	41,030,106	299,064,462	192,379,114			
Unallocated income and expenses	252,977,079	183,519,396	39,882,644	45,711,195	16,193,545	12,036,170	38,347,368	350,607,088	294,435,867			
Unallocated income and expenses:												
Other operating expenses												
Other income												
Finance cost												
Profit before taxation												
Taxation												
Profit after taxation												

Other operating expenses	5,138,241	9,866,951
Other income	202,657,287	34,552,454
Finance cost	11,197,153	5,475,889
Profit before taxation	536,928,981	313,645,485
Taxation	10,120,705	5,848,074
Profit after taxation	526,808,275	307,797,407

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

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

21.2 Commitments:

Guarantees issued by the financial institutions on behalf of the Group amount to Rs. 385.4 (2019: Rs. 370.39 million). This includes guarantees of Rs. 77.38 (2019: 77.38) million given on behalf of Joint Operation.

22. OTHER OPERATING EXPENSES

Allowance for expected credit losses

	Un-audited 31 March 2020	Un-audited 31 March 2019
----- (Rupees) -----		
	5,138,241	9,866,951

23. EARNINGS PER SHARE

Basic earnings per share

Profit for the period attributable to equity holder of parent

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

Weighted-average number of ordinary shares (basic)

Effect of share options

Diluted - in Rupees

	Three months ended 31 March	
	2020 Un-audited	2019 Un-audited
	532,610,817	312,328,727
	123,520,299	112,213,548
	4.31	2.78
	532,610,817	312,328,727
	123,520,299	112,213,548
	886,928	453,241
	124,407,227	112,666,789
	4.28	2.77

24. 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	
			2020	2019
----- Rupees -----				
Visionet Systems Incorporation - USA	Common Directorship	Sales	141,043,696	645,247,360
		Reimbursement of expenses	51,797,366	17,058,161
TechVista Information Technology, Qatar	Associate	Reimbursement of expenses	5,541,935	3,283,034
IGI Insurance Ltd.	Common Directorship	Sales	3,188,715	6,464,824
		Purchase of insurance policies	5,489,485	5,402,299
Dawood Family Takaful Ltd.	Common Directorship	Purchase of insurance policies	982,415	736,812
Staff retirement funds		Contribution	39,927,396	27,376,048

25. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	536,928,981	313,645,481
Adjustments of reconcile profit before tax to meet cash flows:		
Depreciation on property and equipment	49,636,825	33,014,830
Amortization of intangible assets	7,630,525	9,273,604
Provision for expected credit losses	5,138,241	9,866,951
Share based payment expense	58,600,779	3,500,000
Finance cost	11,197,153	5,475,889
Gratuity expense	31,522,805	11,401,813
Exchange gain on translation of export receivables	(165,919,361)	(21,338,647)
Gain on disposal of property and equipment	(1,137,486)	981,799
Gain on short term investments	(30,082,653)	(10,121,986)
Profit on bank deposits	(7,533,934)	(2,203,614)
	(40,947,107)	39,850,638
Profit before working capital changes	495,981,874	353,496,119
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Contract Asset - Net	(195,694,083)	(47,318,185)
Trade debts	(940,277,257)	(276,346,167)
Loans and advances	32,961,724	(130,214,892)
Other receivables	(14,749,540)	7,706,591
Trade deposits and short term prepayments	(316,889,896)	505,184
	(1,434,649,051)	(445,667,469)
(Decrease) / increase in current liabilities:		
Trade and other payables	106,891,780	154,920,466
	(1,327,757,271)	154,920,466
Net cash flows from operations	(831,775,397)	62,749,118

26. FINANCIAL RISK MANAGEMENT

26.1 Financial risk factors

There is no change in the Group's objectives, policies, procedures for measuring and managing the financial risks including capital management risk, since the preceding annual financial year ended 31 December 2019.

26.2 Fair values of financial assets and liabilities

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

Fair value hierarchy

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

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

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

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

- There were no financial assets and liabilities measured at fair value as at 31 March 2020.

- During the three months period ended 31 March 2020, 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 2019.

26.3 Financial instruments by categories

31 March 2020		
Cash and cash equivalent	Loans and advances	Total
(Rupees)		
Financial assets as per balance sheet		
Long term deposits	16,960,794	16,960,794
Unbilled revenue	563,489,461	563,489,461
Trade debts	2,850,132,519	2,850,132,519
Loans and advances	141,027,668	141,027,668
Security deposits	616,442,260	616,442,260
Interest accrued	15,460,584	15,460,584
Other receivable	195,570,972	195,570,972
Short term investments	627,000,000	627,000,000
Cash and bank balances	807,555,691	807,555,691
	807,555,691	5,026,084,259
		5,833,639,950

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
Contract assets	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 2020 31 March 2019

Financial Liabilities at amortized cost

Rupees Rupees

Financial liabilities as per balance sheet

Markup accrued on short term borrowing	1,689,673	2,776,148
Short term borrowing	672,000,000	460,423,914
Trade and other payables	883,254,531	89,034,411
	1,556,944,205	552,234,473

27. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issuance on 28 April 2020 by the Board of Directors of the Group.

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

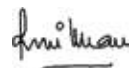
29.1 Figures have been rounded off to the nearest rupee unless otherwise stated.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)










(CHIEF FINANCIAL OFFICER)










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