



# systems

First Quarter Report March 2021

Enabling a  
Digital Tomorrow



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## STANDALONE CONDENSED INTERIM FINANCIAL STATEMENTS


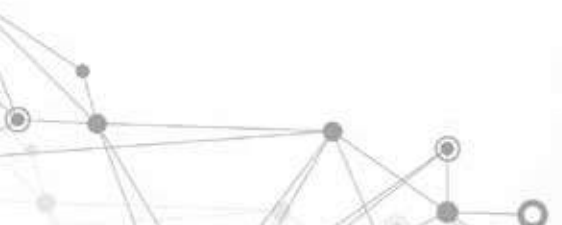
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## COMPANY INFORMATION

### Board of Directors

Mr. Aezaz Hussain Chairman	Non-executive
Mr. Asif Peer CEO and Managing Director	Executive
Mr. Arshad Masood Director	Non-executive
Mr. Shabbar Zaidi Director	Independent
Mr. Omar Saeed Director	Independent
Mr. Asif Jooma Director	Independent
Ms. Romana Abdullah Director	Independent

### Audit Committee

Mr. Shabbar Zaidi Chairman
Mr. Asif Jooma Member
Ms. Romana Abdullah Member

### Human Resource & Compensation Committee

Mr. Asif Jooma Chairman
Mr. Omar Saeed Member
Ms. Romana Abdullah Member
Mr. Arshad Masood Director

### 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

### Tax Advisors

Zulfiqar Ahmad & Co.  
Chartered Accountants

### Banks

Habib Metropolitan Bank Limited  
United Bank Limited  
Standard Chartered Bank (Pak Limited)  
MCB Bank Limited  
Faysal Bank Limited  
Bank Alfalah Limited  
Bank Islami Limited

### Share Registrar

THK Associates (Private) Limited  
Plot no 32-C, Jami  
Commercial, Street 2 DHA Phase  
VII, Karachi.  
T: +92 (21) 111 000 332  
F: +92 (21) 35310187

### Registered Address

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

## DIRECTOR'S REPORT

On behalf of the Board of Directors we are pleased to present Standalone and Consolidated Financial Statements for three months ended 31st March 2021.

### FINANCIAL RESULTS

#### Unconsolidated:

During this Quarter, standalone revenue grew by 42% from Rs. 1,624.09 million to Rs. 2,302.99 million. Gross profit and operating profit increased by 61% and 108% respectively. Despite exchange loss of Rs 152.08 million recorded in the quarter at the closing exchange rate of Rs 152.5/\$ as against exchange gain of Rs 167.5 million recorded during the same period last year, net profit for the period under review has grown 3% from 508.48 million to Rs. 525.20 million. Basic and diluted earnings per share both increased by 2% in line with operating profit and profit for the period. It is important to note that the company delivered 43% growth in US dollars terms.

Key Financial Highlights - Unconsolidated			
Particulars	March-21 (unaudited)	March-20 (unaudited)	Change
	Rs.	Rs.	%
Revenue	2,302,992,535	1,624,094,001	42%
Gross Profit	830,722,849	516,291,014	61%
Operating profit	658,139,577	316,673,623	108%
Profit for the period	525,203,843	508,481,849	3%
Earnings per share (basic)	4.21	4.12	2%
Earnings per share (diluted)	4.21	4.09	3%

Other Income - Unconsolidated		
Particulars	March-21 (unaudited)	March-20 (unaudited)
	Rs.	Rs.
Other Income	52,116,316	42,646,587
Exchange Gain / (Loss)	(152,058,850)	167,555,298
	(99,942,534)	210,201,885

#### Consolidated:

During quarter ended 31st March 2021, consolidated revenue grew by 37% from Rs. 2,231.85 million to Rs. 3,047.76 million. Gross profit and operating profit increased by 64% and 121% respectively. Net profit for the period increased by 14% from 526.80 million to Rs. 601.86 million with Rs 164.96 million exchange loss in this period while an exchange gain of Rs 165.9 million was recorded in the same period last year. Basic and diluted earnings per share increased by 15% and 16% respectively, in line with operating profit and profit for the period. The revenue growth in dollars for consolidated accounts is 38%.

Key Financial Highlights - Consolidated			
Particulars	March-21 (unaudited)	March-20 (unaudited)	Change
	Rs.	Rs.	%
Revenue	3,047,767,393	2,231,850,608	37%
Gross Profit	1,065,921,360	649,671,550	64%
Operating profit	763,102,744	345,468,847	121%
Profit for the period	601,869,238	526,808,276	14%
Earnings per share (basic)	4.95	4.31	15%
Earnings per share (diluted)	4.95	4.28	16%

Other Income - Consolidated		
Particulars	March-21 (unaudited)	March-20 (unaudited)
	Rs.	Rs.
Other Income	49,076,159	38,754,073
Exchange Gain / (Loss)	(164,960,192)	165,919,361
	(115,884,033)	204,673,434

## Performance by Segment (Standalone):

The segment analysis shows strong growth across all four segments, with the North American and European Regions leading. Export sales of the Company comprise about 82% of the total sales, with the Company's target being to further increase the exports component in coming years. Diversification into new regions and new markets will support this objective.

	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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Rupees										
Sales	1,368,757,808	957,517,576	2,616,122,224	1,827,146,288	2,63,833,387	1,66,653,562	4,08,789,116	317,208,235	2,302,992,535	1,624,094,001
Cost of sales	780,151,393	587,657,262	1,54,980,097	1,17,797,576	2,04,200,318	1,50,884,649	3,32,937,878	2,51,463,500	1,472,269,686	1,107,802,987
Gross profit	588,606,415	369,860,314	1,06,632,127	64,917,052	59,633,069	15,768,913	75,851,238	65,744,735	830,722,849	516,291,014
Distribution expenses	4,096,284	7,219,070	782,927	2,575,061	2,416,960	828,319	25,644,293	26,489,058	32,940,464	37,111,508
Administrative expenses	112,927,226	99,376,813	21,583,908	21,693,812	24,995,163	12,920,934	15,775,349	14,084,782	175,281,646	148,076,341
Profit / (loss) before taxation and	117,023,510	106,595,883	22,366,835	24,268,873	27,412,123	13,749,253	41,419,642	40,573,840	208,222,110	185,187,849
Unallocated income and expenses	47,158,290	263,264,431	84,265,292	40,648,179	32,220,946	2,019,660	3,443,159	25,170,895	622,500,739	331,103,165
<b>Unallocated income and expenses:</b>										
Other operating expenses									35,638,838	(14,429,542)
Other income (excluding exchange gain)									52,116,316	42,646,587
Exchange (loss) / gain									(52,058,850)	167,555,297
Finance cost									15,200,678	9,382,361
									(79,504,372)	186,389,381
Profit before taxation									542,996,367	517,492,546
Taxation									17,792,524	9,010,697
Profit for the period									525,203,843	508,481,849

Segment wise Revenue and Profit sharing and growth can be seen below:

	Revenue Growth					Profit Growth (Before unallocated items)				
	Q1 2021	Q1 2020	Q4 2020	Vs. Q4 2020	vs. Q1 2020	Q1 2021	Q1 2020	Q4 2020	Vs. Q4 2020	vs. Q1 2020
North America	59%	59%	62%	-4%	1%	76%	80%	75%	1%	-5%
Europe	11%	11%	6%	86%	1%	14%	12%	6%	143%	10%
Middle East	11%	10%	10%	12%	12%	5%	1%	5%	-1%	74%
Pakistan	18%	20%	22%	-18%	-9%	6%	8%	14%	-61%	-27%

## Key Financial Ratios:

There has been positive movement in the Company's key financial ratios. Key profitability ratios are showing a positive trend for both the standalone and consolidated financials. The high current and quick ratio is reflective of strong liquidity position of the Company, which can be directly linked with improved debtor management.

Ratio Description	Standalone		Consolidated	
	Three months ended 31 March		Three months ended 31 March	
	2021	2020	2021	2020
Gross Profit Margin (%)	36%	32%	35%	29%
Operating Margin (%)	29%	19%	25%	15%
EBITDA Margin (%)	31%	21%	27%	18%
Pre-tax Margin (%)	24%	32%	21%	24%
Net Profit Margin (%)	23%	31%	20%	24%
Assets turnover (%)	26%	45%	31%	56%
Return on Equity (%)	7%	9%	7%	9%
Current ratio	3.03	4.06	3.05	3.78
Quick Ratio	2.68	3.46	2.58	2.85
Debtor Turnover (Months)	16.0	24.6	12.5	18.4
Debt:Equity (Ratio)	25:75	15:85	25:75	15:85
Interest Cover (Times)	43	34	36	31

## FUTURE OUTLOOK

- The Company is continuing to see robust demand in the digital space globally which is aligned with the company's strategy in the areas including Digital and Business transformation (largely Digital Commerce, Enterprise Resource Planning (ERP), Customer Relationship Management (CRM)) along with strategic alignment on Cloud and Data. The Company is actively pursuing and heavily investing in these core competencies.
- Company has started a new business unit, the Digital Infrastructure Services (DIS), to cater the heavy demand in Infrastructure, Cloud and Security Services. In the first phase, the Company is targeting the domestic market and existing customers and will subsequently explore new avenues going forward.

- The Company has also signed up a new partnership with SAP. The Company will continue to invest in building a core team for SAP business as there are a lot of opportunities in the domestic, Middle East and other markets as most of the existing customers of the company in these markets are using SAP so this will open up business opportunities to cross sell and upsell the SAP services to the customers and in addition will open up new ERP implementation deals.
- The company continues to see growth in all three international regions as well as the domestic market. With the acceptability of remote working, offshoring has become more acceptable, and the customers are now open to consider Pakistan as an outsourcing destination. This has increased overall demand in the IT industry and IT exports from Pakistan have grown by over 44% in last 9 months. In line with this, the Company is expecting continuous transition from onsite to offsite in the Middle East Region as a strategic move for the company, creating stickiness with the customer, providing scale coupled with accretive cashflows and margins.
- In the North American market, the company's investment in business solutions and products continues to add new logos. With the company's service offerings for defined industry verticals, the company sees lifetime value from the customers and the new customer acquisitions are expected to result in growth and expansion in this region.
- The Company continues to see more opportunity in the European market for skilled offshore resources.
- The company is currently exploring various options to invest through its subsidiary Systems Ventures.
- The Subsidiary EP Systems is striving to enable retailers, particularly small retailers, to effectively serve mass market, low-income consumers and satisfy their demand for a number of services. Armed with significant investments the company is launching a drive to grow its presence in the market and acquire more retailers. Positive results are expected from this investment by early next year.

#### **ACKNOWLEDGEMENT**

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

On behalf of the Board



Asif Peer  
Chief Executive Officer  
Date: 27 April 2021  
Lahore

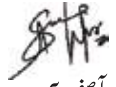
## مستقبل کا خاکہ

- کینی عالمی سطح پر ڈیجیٹل سہولتوں میں مسلسل زبردست طلب کا مشاہدہ کر رہی ہے جو کینی کی حکمت عملی کے مطابق ہے جس میں ڈیجیٹل اور برزنس ٹرانسفورمیشن (بڑے پیمانے پر ڈیجیٹل کامرس، انٹرنیشنل ریورس پلائنگ (ای آر پی)، سٹریٹجیٹک شپ مینجمنٹ (سی آر ایم)) کے علاوہ کاؤڈ اور ڈیٹا پراہم آہنگی کی حکمت عملی شامل ہے۔ کینی بڑے نفع اعلیٰ انداز میں ان بنیادی قابلیتوں کی پیروی اور ان پر بھاری سرمایہ کاری کر رہی ہے۔
- کینی نے انفراسٹرکچر، کلاؤڈ اور سکیورٹی سروسز میں بھاری طلب کو پورا کرنے کیلئے ایک نیا برزنس پلٹ، ڈیجیٹل انفراسٹرکچر سروسز (ڈی آئی ایس)، شروع کیا ہے۔ پبلک سہولتوں میں کینی کا ہدف مقامی مارکیٹ اور موجودہ صارفین ہیں اور بعد ازاں مستقبل میں نئے صارفین کیلئے نئی راہیں کھولے گی۔
- کینی نے SAP کے ساتھ نئی شراکت داری پر بھی دستخط کیے ہیں۔ کینی SAP کے کاروبار کیلئے بنیادی ٹیم تشکیل دینے کیلئے سرمایہ کاری جاری رکھے گی کیونکہ مقامی، مشرق وسطیٰ اور دیگر مارکیٹوں میں بہت سے مواقع موجود ہیں اور ان مارکیٹوں میں کینی کے زیادہ تر موجودہ صارفین SAP استعمال کر رہے ہیں لہذا SAP سروسز کیلئے موجودہ اور مستقبل فروخت کے کاروباری مواقع کھلیں گے اور اس کے علاوہ ERP کے نفاذ کے نئے کاروباری مواقع کھلیں گے۔
- کینی مقامی مارکیٹ کے ساتھ ساتھ تمام تینوں بین الاقوامی خطوں میں مسلسل ترقی دیکھ رہی ہے۔ دور دراز سے کام کرنے کی مقبولیت کے ساتھ، آف شورنگ بھی زیادہ قابل قبول ہو گئی ہے اور سٹریٹجیٹک پاکستان کو آؤٹ سورسنگ کی منزل تصور کرنے میں آزاں ہیں۔ اس سے آئی ٹی انڈسٹری میں مجموعی مانگ میں اضافہ ہوا ہے اور پچھلے 9 ماہ کے دوران پاکستان کی آئی ٹی برآمدات میں 44% سے زائد اضافہ ہوا ہے۔ اس کو دیکھتے ہوئے، کینی مشرق وسطیٰ کے خطے میں آئی ٹی سائنس میں مسلسل منتقلی کی توقع کر رہی ہے یہ کینی کیلئے ایک حکمت عملی کا اقدام ہے اور سٹریٹجیٹک پاکستان کے ساتھ وابستگی پیدا کرتا ہے، جس سے سکیٹنگ، فنڈ ہماؤ اور مبالغہ سٹے گا۔
- شمالی امریکہ کی مارکیٹ میں کاروباری حل اور مصنوعات میں کینی کی سرمایہ کاری نئے لوگوں کو شامل کرنے کیلئے جاری ہے۔ واضح انداز میں دیگر خطوں کیلئے کینی کی طرف سے خدمات کی پیشکشوں کے ساتھ کینی سٹریٹجیٹک سے لائف ٹائم ویٹیو دیکھ رہی ہے اور نئے صارفین کے حصول سے اس علاقے میں بڑھوتری اور توسیع کی توقع ہے۔
- کینی یورپی مارکیٹ میں بہتر مندرجہ ذیل سہولتوں کیلئے مسلسل نئے مواقع دیکھ رہی ہے۔
- کینی فی الحال اپنے ذیلی ادارے سسٹمز و پورٹلز کے ذریعے سرمایہ کاری کے نئے مختلف مواقع تلاش کر رہی ہے۔
- ذیلی ادارہ ای پی سٹریٹجیٹک خوردہ فروختوں، خصوصاً چھوٹے پرچون فروختوں کو بڑی مارکیٹ اور کم آمدنی والے صارفین کو موثر انداز میں خدمات فراہم کرنے اور مختلف خدمات کیلئے ان کی طلب کو پورا کرنے کے قابل بنانے کیلئے کوشاں ہے۔ نمایاں سرمایہ کاری سے لیس کینی مارکیٹ میں اپنی موجودگی بڑھانے اور مزید خوردہ فروختوں کے حصول کیلئے ایک ہم شروع کر رہی ہے۔ اس سرمایہ کاری سے اگلے سال کی ابتداء میں مثبت نتائج کی توقع کی جا رہی ہے۔

## اعتراف

بورڈ اس موقع پر کینی کے قابل قدر سٹریٹجیٹک، ہیکرز اور دیگر متعلقین کے تعاون اور معاونت کیلئے شکر گزار ہے۔ بورڈ کیلئے کینی کے تمام ملازمین کی محنت اور لگن بڑی قابل تعریف ہے۔

حسب الحکم بورڈ



آصف پیر

چیف ایگزیکٹو آفیسر

مورخہ: 27 اپریل 2021ء

## سیگمنٹ کی کارکردگی - آزادانہ

سیگمنٹ کا تجزیہ چاروں سیگمنٹس میں زبردست نمو کا مظاہر کرتا ہے، جس میں شمالی امریکہ اور یورپی علاقے سب سے آگے رہے۔ کمپنی کی برآمدی فروخت کل فروخت کا تقریباً 82% ہے، کمپنی کا ہدف ہے کہ آنے والے برسوں میں برآمدات کے جزو میں مزید اضافہ کیا جائے۔ نئے علاقوں اور نئی مارکیٹوں میں تنوع اس مقصد کے حصول میں معاون ہوگا۔

شمالی امریکہ		یورپ		مشرق وسطیٰ		پاکستان		گلوبل	
نیزاٹ شدہ		نیزاٹ شدہ		نیزاٹ شدہ		نیزاٹ شدہ		نیزاٹ شدہ	
31 مارچ کو ختم ہونے پر 2021		31 مارچ کو ختم ہونے پر 2020		31 مارچ کو ختم ہونے پر 2021		31 مارچ کو ختم ہونے پر 2020		31 مارچ کو ختم ہونے پر 2021	
1,624,094,001	2,302,992,535	317,208,235	408,789,116	166,653,562	263,833,387	182,714,628	261,612,224	957,517,576	1,368,757,808
1,107,802,987	1,472,269,686	251,463,500	332,937,878	150,884,649	204,200,318	117,797,576	154,980,097	587,657,262	780,151,393
516,291,014	830,722,849	65,744,735	75,851,238	15,768,913	59,633,069	64,917,052	106,632,127	369,860,314	588,606,415
37,111,508	32,940,464	26,489,058	25,644,293	828,319	2,416,960	2,575,061	782,927	7,219,070	4,096,284
148,076,341	175,281,646	14,084,782	15,775,349	12,920,934	24,995,163	21,693,812	21,583,908	99,376,813	112,927,226
185,187,849	208,222,110	40,573,840	41,419,642	13,749,253	27,412,123	24,268,873	22,366,835	106,595,883	117,023,510
331,103,165	622,500,739	25,170,895	34,431,596	2,019,660	32,220,946	40,648,179	84,265,292	263,264,431	471,582,905
(14,429,542)	35,638,838								
42,646,587	52,116,316								
167,555,297	(152,058,850)								
9,382,961	15,200,676								
186,389,381	(79,504,372)								
517,492,546	542,996,367								
9,010,697	17,792,524								
508,461,849	525,203,843								

سیگمنٹ کے حساب سے آمدنی اور منافع کی تقسیم اور ترقی کو ذیل میں دیکھا جاسکتا ہے۔

آمدنی میں اضافہ					منافع میں اضافہ (غیر مختص اشیاء سے پہلے)				
vs. Q1 2020	Vs. Q4 2020	Q4 2020	Q1 2020	Q1 2021	vs. Q1 2020	Vs. Q4 2020	Q4 2020	Q1 2020	Q1 2021
1%	-4%	62%	59%	59%	-5%	1%	75%	80%	76%
1%	86%	6%	11%	11%	10%	143%	6%	12%	14%
12%	12%	10%	10%	11%	749%	-1%	5%	1%	5%
-9%	-18%	22%	20%	18%	-27%	-61%	14%	8%	6%

کمپنی کے اہم مالیاتی تناسب میں مثبت پیشرفت ہوئی ہے۔ کلیدی منفعت کے تناسب آزادانہ اور منظم مالیات میں مثبت رجحان دکھا رہے ہیں۔ اعلیٰ موجودہ اور فوری تناسب کمپنی کی مضبوط ترقیاتی حالت کی عکاسی کر رہے ہیں جس کو براہ راست قرض داروں کے بہتر نظم و نسق کے ساتھ جوڑا جاسکتا ہے۔

منظم		آزادانہ		تناسب کی تفصیل	
31 مارچ کو ختم ہونے تین ماہ کیلئے		31 مارچ کو ختم ہونے تین ماہ کیلئے			
2020	2021	2020	2021		
29%	35%	32%	36%		مجموعی منافع کا مارجن (%)
15%	25%	19%	29%		آپریٹنگ مارجن (%)
18%	27%	21%	31%		EBITDA مارجن (%)
24%	21%	32%	24%		قبل از ٹیکس مارجن (%)
24%	20%	31%	23%		خالص منافع کا مارجن (%)
56%	31%	45%	26%		اثاثوں کا کاروبار (%)
9%	7%	9%	7%		ایکیویٹی پر ریٹرن (%)
3.78	3.05	4.06	3.03		موجودہ تناسب
2.85	2.58	3.46	2.68		فوری تناسب
18.4	12.5	24.6	16.0		قرض داروں کا کاروبار (مینیج)
15:85	25:75	15:85	25:75		قرض: ایکویٹی (تناسب)
31	36	34	43		انٹرسٹ کور (ٹائیز)



## ڈائریکٹر کی جائزہ رپورٹ - 31 مارچ 2021ء

بورڈ آف ڈائریکٹرز کے ایما پر ہمیں 31 مارچ 2021ء کو ختم ہونے والی تین ماہ کیلئے آزادانہ اور سیکھا مابائی گوشوار سے پیش کرنے پر خوشی ہے۔

### مالی نتائج

#### غیر منظم

اس سہ ماہی کے دوران آزادانہ آمدنی 42% اضافہ کے ساتھ 1,624.09 ملین روپے سے بڑھ کر 2,302.99 ملین روپے ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع میں بالترتیب 61% اور 108% اضافہ ہوا۔ باوجودیکہ اس سہ ماہی میں 152.5 روپے فی ڈالر کی اختتامی شرح تبادلہ کے ساتھ غیر ملکی زرمبادلہ کا خسارہ 152.08 ملین روپے ریکارڈ کیا گیا اور گزشتہ سال اسی سہ ماہی کے دوران زرمبادلہ کا منافع 167.5 ملین روپے ریکارڈ کیا گیا، اس عرصہ کا خالص منافع اب بھی 508.48 ملین روپے کے مقابلے میں 525.20 ملین روپے کے ساتھ 13% اضافہ ظاہر کر رہا ہے۔ اس عرصہ کے دوران منافع اور آپریٹنگ منافع کے مطابق فی شیئر بنیادی اور ترقی آمدنی دونوں میں 2% اضافہ ہوا۔ یہ نوٹ کرنا اہم ہے کہ کمپنی نے ڈالرز میں بھی 43% اضافہ ظاہر کیا۔

تفصیلات	مارچ 2021	مارچ 2020	سال بہ سال
آمدنی	2,302,992,535	1,624,094,001	42%
مجموعی منافع	830,722,849	516,291,014	61%
ٹیکس سے پہلے منافع	658,139,577	316,673,623	108%
ٹیکس کے بعد منافع	525,203,843	508,481,849	3%
کمائی فی شیئر (بنیادی)	4.21	4.12	2%
کمائی فی شیئر (ترقی)	4.21	4.09	3%

#### غیر منظم

تفصیلات	مارچ 2021	مارچ 2020
دیگر آمدنی	52,116,316	42,646,587
زرمبادلہ کا فائدہ (نقصان)	(152,058,850)	167,555,298
	(99,942,534)	210,201,885

#### منظم

31 مارچ 2021 کو ختم ہونے والی سہ ماہی کے دوران منظم آمدنی 37% اضافہ کے ساتھ 2,231.85 ملین روپے سے بڑھ کر 3,047.76 ملین روپے ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع میں بالترتیب 64% اور 121% اضافہ ہوا۔ اس سہ ماہی میں زرمبادلہ میں 164.96 ملین روپے خسارہ کے باوجود اس عرصہ کا خالص منافع 14% کی شرح سے 526.80 ملین روپے سے بڑھ کر 601.86 ملین روپے ہو گیا، جبکہ گزشتہ سال اسی سہ ماہی میں زرمبادلہ میں 165.9 ملین روپے منافع ریکارڈ کیا گیا۔ اس عرصہ کے دوران منافع اور آپریٹنگ منافع کے مطابق فی شیئر بنیادی اور ترقی آمدنی میں بالترتیب 15% اور 16% اضافہ ہوا۔ منظم کھاتوں کیلئے ڈالرز میں منافع میں اضافہ کی شرح 38% ہے۔

تفصیلات	مارچ 2021	مارچ 2020	سال بہ سال
آمدنی	3,047,767,393	2,231,850,608	37%
مجموعی منافع	1,065,921,360	649,671,550	64%
ٹیکس سے پہلے منافع	763,102,744	345,468,847	121%
ٹیکس کے بعد منافع	601,869,238	526,808,276	14%
کمائی فی شیئر (بنیادی)	4.95	4.31	15%
کمائی فی شیئر (ترقی)	4.95	4.28	16%

#### منظم

تفصیلات	مارچ 2021	مارچ 2020
دیگر آمدنی	49,076,159	38,754,073
زرمبادلہ کا فائدہ (نقصان)	(164,960,192)	165,919,361
	(115,884,033)	204,673,434

The background is a solid blue color with several faint, light-blue geometric and network-like patterns. On the right side, there is a complex network diagram consisting of interconnected nodes and lines, resembling a molecular structure or a data network. On the left side, there are several overlapping, semi-transparent geometric shapes, including triangles and a hexagon, some of which contain faint, illegible text or symbols. The overall aesthetic is clean, modern, and technical.

**SYSTEMS LIMITED**  
**Standalone**  
**Financial Statements**

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at 31 March 2021 (Unaudited)

		Un-audited 31 March 2021	Audited 31 December 2020
	Note	Rupees	Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	1,506,602,465	1,507,959,243
Intangibles		18,638,794	21,345,888
Long term investments	7	272,073,147	272,073,147
Long term deposits		37,470,377	36,127,162
Right-of-use assets		222,608,126	204,396,352
<b>Total non-current assets</b>		<b>2,057,392,909</b>	<b>2,041,901,792</b>
<b>Current assets</b>			
Contract assets		573,878,425	533,940,810
Trade debts	8	2,496,842,379	2,438,437,498
Loans and advances - considered good	9	487,721,684	205,366,771
Trade deposits and short term prepayments		263,263,956	187,928,945
Interest accrued		2,229,267	38,450,000
Short term investments	10	1,943,086,260	2,644,845,556
Tax refunds due from the Government		148,322,969	166,007,954
Cash and bank balances	11	2,509,718,887	1,577,759,692
<b>Total current assets</b>		<b>8,425,063,827</b>	<b>7,792,737,226</b>
<b>TOTAL ASSETS</b>		<b>10,482,456,736</b>	<b>9,834,639,018</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital 200,000,000 (2020: 200,000,000) ordinary shares of Rs. 10 each		2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	12	1,246,236,900	1,246,060,140
Capital reserves		726,707,933	699,654,498
Unappropriated profit		5,396,992,337	5,307,971,413
<b>Total shareholders' equity</b>		<b>7,369,937,170</b>	<b>7,253,686,051</b>
<b>Non-current liabilities</b>			
Long term loan	13	53,091,621	98,013,227
Long term advances		74,549,847	53,857,626
Lease liabilities		204,466,349	189,409,537
Deferred grant		1,796,300	8,338,896
		333,904,117	349,619,286
<b>Current liabilities</b>			
Trade and other payables	14	792,316,683	722,653,295
Unclaimed dividend		443,800,554	7,617,635
Short term borrowings		1,250,000,000	1,250,000,000
Contract liabilities		138,092,594	88,669,355
Mark-up accrued on short term borrowings		1,150,856	9,804,346
Current portion of lease liabilities		43,917,409	37,983,731
Current portion of long term loan		96,774,019	100,754,617
Current portion of deferred grant		7,074,001	3,095,996
Current portion of long term advances		5,489,333	10,754,706
<b>Total current liabilities</b>		<b>2,778,615,449</b>	<b>2,231,333,681</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,482,456,736</b>	<b>9,834,639,018</b>
<b>Contingencies and commitments</b>	16		

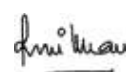
The annexed notes, from 1 to 24, form an integral part of these unconsolidated condensed interim financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

## CONDENSED INTERIM PROFIT OR LOSS

for the three months period ended 31 March 2021 (Unaudited)

	Note	Three Months Ended	
		31 March 2021	31 March 2020
		Rupees	Rupees
Revenue from contracts with customers - net		2,302,992,535	1,624,094,001
Cost of revenue		1,472,269,686	1,107,802,987
Gross profit		830,722,849	516,291,014
Distribution expenses		32,940,464	37,111,508
Administrative expenses		175,281,646	148,076,341
Other operating expenses		(35,638,838)	14,429,542
		172,583,272	199,617,391
Operating profit		658,139,577	316,673,623
Other income	17	(99,942,534)	210,201,884
Finance costs		15,200,676	9,382,961
Profit before taxation		542,996,367	517,492,546
Taxation		17,792,524	9,010,697
<b>Profit for the period</b>		<b>525,203,843</b>	<b>508,481,849</b>
Earnings per share:			
Basic earnings per share	18	4.21	4.12
Diluted earnings per share		4.21	4.09

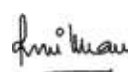
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the three months period ended 31 March 2021 (Unaudited)

	Three Months Ended	
	31 March 2021	31 March 2020
	Rupees	Rupees
Profit for the period	525,203,843	508,481,849
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>525,203,843</b>	<b>508,481,849</b>

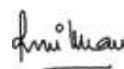
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the three months period ended 31 March 2021 (Unaudited)

	Issued, subscribed and paid up share capital	Capital reserves		Revenue reserve	Total
		Share capital premium	Employee compensation reserve		
			- Rupees -		
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
<b>Balance as at 31 March 2020 - (Unaudited)</b>	<b>1,235,202,990</b>	<b>512,149,734</b>	<b>137,570,804</b>	<b>3,898,625,431</b>	<b>5,783,548,959</b>
Balance as at 31 December 2020 - (Audited)	1,246,060,140	614,907,470	84,747,028	5,307,971,413	7,253,686,051
Exercise of Share Options	176,760	7,709,564	-	-	7,886,324
Share based payments	-	-	19,343,871	-	19,343,871
Final dividend @ Rs.3.5 per share for the year ended 31st December 2020	-	-	-	(436,182,919)	(436,182,919)
Total comprehensive income for the period	-	-	-	525,203,843	525,203,843
<b>Balance as at 31 March 2021 - (Unaudited)</b>	<b>1,246,236,900</b>	<b>622,617,034</b>	<b>104,090,899</b>	<b>5,396,992,337</b>	<b>7,369,937,170</b>

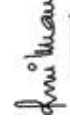
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

# CONDENSED INTERIM CASH FLOW STATEMENT

for the three months period ended 31 March 2021 (Unaudited)

	Note	Three months ended	
		31 March	31 March
		2021	2020
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash generated from / (used in) operations	20	249,639,362	(627,406,006)
Finance costs paid		(23,854,166)	(10,959,990)
Taxes paid		(107,539)	(12,032,153)
		(23,961,705)	(22,992,143)
<b>Net cash flows generated from / (used in) operating activities</b>		<b>225,677,657</b>	<b>(650,398,149)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(65,884,537)	(95,497,788)
Development expenditure		-	(2,768,207)
Proceeds from the disposal of property and equipment		17,505,740	1,492,121
(Purchase) / disposal of short term investments - net		701,759,296	153,000,000
Increase in long term deposits		(1,343,215)	-
Increase in long term investment		-	(99,980)
Profit received on short term investment		74,213,342	23,759,439
Profit received on bank deposits		5,406,529	7,533,934
<b>Net cash flows used in investing activities</b>		<b>731,657,155</b>	<b>87,419,519</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in long term loan		(51,466,795)	-
Proceeds from exercise of share options		7,886,324	-
Increase in lease liabilities - net		2,778,006	590,726
Increase / (decrease) in long term advances		15,426,848	9,962,335
<b>Net cash flows generated from financing activities</b>		<b>(25,375,617)</b>	<b>10,553,061</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>931,959,195</b>	<b>(552,425,569)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>1,577,759,692</b>	<b>1,095,555,314</b>
<b>Cash and cash equivalents at closing of the period</b>		<b>2,509,718,887</b>	<b>543,129,745</b>

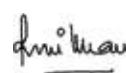
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the three months period ended 31 March 2021 (Unaudited)

## 1. THE COMPANY AND ITS OPERATIONS

- 1.1 The Company is a public limited company incorporated in Pakistan under the repealed Companies Ordinance 1984, (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange (formerly Karachi, Islamabad and Lahore Stock Exchanges). The Company is principally engaged in the business of software development, trading of software and business process outsourcing services. The head office of the Company is situated at E-1 Sehjpal Road, Near DHA Phase VIII (Ex-Air Avenue), Lahore.

## 2. STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

- 2.2 These unconsolidated condensed interim financial statements are un-audited and are being submitted to shareholders, as required by Section 237 of the Act and the Listed Companies (Code of Corporate Governance) Regulations 2019.

## 3. BASIS OF PREPARATION

- 3.1 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2020. The comparative Statement of Financial Position is extracted from the annual financial statements, as of 31 December 2020, whereas the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity are extracted from the un-audited condensed interim financial statements for the period ended 31 March 2020.

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

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

## 4. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended 31 December 2020.

## 5. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these unconsolidated condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements of the Company for the year ended 31 December 2020.



	Note	Un-audited 31 March 2021	Audited 31 December 2020	
----- (Rupees) -----				
<b>6. PROPERTY AND EQUIPMENT</b>				
Operating fixed assets	(6.1)	1,506,602,465	1,507,212,971	
Capital work in progress	(6.2)	-	746,272	
		<b>1,506,602,465</b>	<b>1,507,959,243</b>	
<b>6.1 OPERATING FIXED ASSETS - OWNED</b>				
Opening balance - net book value		1,507,212,971	1,392,619,772	
Additions during the period / year - cost	(6.1)	66,630,809	341,404,904	
		<b>1,573,843,780</b>	<b>1,734,024,676</b>	
Less:				
Disposals during the period / year	(6.12)	(8,788,562)	(13,992,901)	
Depreciation during the period / year		(58,452,753)	(240,804,624)	
<b>Book value at the end of the period / year</b>		<b>1,506,602,465</b>	<b>1,507,212,971</b>	
<b>6.1.1 Additions during the period/year-cost</b>				
Land - freehold		4,214,000	48,760,578	
Building		96,350	6,841,345	
Computer equipment and installations		34,587,043	107,336,746	
Other equipment and installations		689,800	16,360,054	
Machinery		497,542	44,113,920	
Furniture and fittings		2,292,100	18,802,046	
Vehicles		20,929,963	72,958,264	
Office equipment		321,300	1,660,795	
Leasehold Building Improvements		3,002,711	24,571,156	
		<b>66,630,809</b>	<b>341,404,904</b>	
<b>6.1.2 Disposals during the period / year</b>				
		<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Written Down Value</b>
		----- (Rupees) -----		
<b>31 March 2021:</b>				
Computer equipment and installations		288,099	79,852	208,247
Furniture and fittings		330,513	268,509	62,004
Vehicles		17,887,232	9,368,921	8,518,311
		<b>18,505,844</b>	<b>9,717,282</b>	<b>8,788,562</b>
		<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Written Down Value</b>
		----- (Rupees) -----		
<b>31 December 2020:</b>				
Computer and equipment		13,745,539	(12,996,155)	749,384
Other equipment and installations		44,300	(44,300)	-
Furniture and fittings		57,675	(18,845)	38,830
Vehicles		22,846,025	(9,641,338)	13,204,687
		<b>36,693,539</b>	<b>(22,700,638)</b>	<b>13,992,901</b>

	Note	Un-audited 31 March 2021	Audited 31 December 2020
----- (Rupees) -----			
<b>6.2 CAPITAL WORK IN PROGRESS</b>			
Balance at the beginning of the period / year		746,272	24,025,244
Additions during the period / year		-	13,251,015
Transfer to operating fixed assets during the period / year		(746,272)	(36,529,987)
<b>Balance at the end of the period / year</b>		<b>-</b>	<b>746,272</b>

	Note	Un-audited 31 March 2021	Audited 31 December 2020
----- (Rupees) -----			

**7. LONG TERM INVESTMENTS**

**Investment in Subsidiaries - at cost - unquoted:**

E - Processing Systems (Private) Limited 179,507 (2020: 179,507) fully paid ordinary shares of Rs. 10/- each	(7.1)	270,500,227	270,500,227
Tech Vista Systems FZ-LLC 50 (2020: 50) fully paid ordinary shares of AED 1000/- each	(7.2)	1,377,950	1,377,950
SUS-JV (Private) Limited 9,499 (2020: 9,499) fully paid ordinary shares of Rs. 10/- each	(7.3)	94,990	94,990
Systems Venture (Private) Limited 9,998 (2020: 9,998) fully paid ordinary shares of Rs.10/- each	(7.4)	99,980	99,980
		<b>272,073,147</b>	<b>272,073,147</b>

- 7.1 This represents 44.60% (2020: 44.60%) share in Company's subsidiary E-Processing Systems (Private) Limited, a company engaged in the business of purchase and sale of airtime and related services in Pakistan.
- 7.2 This represents 100% (2020: 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.
- 7.3 This represents 94.99% (2020: 94.99%) share in Company's subsidiary, SUS JV (Private) Limited, a company set up in Pakistan for the Balochistan Land Revenue Management Information System project. The project is related to digitization of land records and development of a web-based management information system.
- 7.4 This represents 99.98% (2020: 99.98%) share in Company's subsidiary, Systems Ventures (Private) Limited, a company set up in Pakistan to invest in new ventures, start-ups and incubate new ideas.

**8. TRADE DEBTS - unsecured**

Export	(8.1)	2,050,448,615	2,080,488,006
Local		642,528,661	589,763,256
		<b>2,692,977,276</b>	<b>2,670,251,262</b>
Less: Allowance for expected credit losses		(196,134,897)	(231,773,764)
		<b>2,496,842,379</b>	<b>2,438,477,498</b>

- 8.1 This includes receivables from related parties i.e. Visionet Systems Incorporation (USA), Tech Vista Systems FZ-LLC (Dubai), Techvista Pty Limited (Australia) and Techvista Information Technology (Qatar) amounting to Rs. 1,126.78 million (2020: Rs 1,100.98 million), Rs. 693.20 million (2020: Rs. 762.50 million), Rs. 1.45 million (2020: Rs. 1.39 million) and Rs. 167.2 million (2020: 116.80 million) respectively.

		Un-audited 31 March 2021	Audited 31 December 2020
		----- (Rupees) -----	
<b>9. LOANS AND ADVANCES - CONSIDERED GOOD</b>			
Advances to employees - considered good			
against salary		15,864,433	11,473,122
against expenses		4,781,120	3,061,469
		<b>20,645,553</b>	<b>14,534,591</b>
Advances to suppliers - against goods		116,316,263	49,224,901
		<b>136,961,816</b>	<b>63,759,492</b>
Loans to related parties	(9.1)	370,698,691	441,909,846
Elimination on account of joint venture	(9.2)	(20,141,906)	(300,431,067)
		<b>350,556,785</b>	<b>141,478,779</b>
Other receivable		203,083	128,500
		<b>487,721,684</b>	<b>205,366,771</b>

9.1 This includes loan amounting to Rs. 219.06 (2020: Rs. 118.15) million and Rs. 80.00 (2020: nil) million provided to E-Processing Systems (Private) Limited and Systems Venture (Private) Limited respectively for meeting working capital requirements. This amount is unsecured and is subject to interest at one-year KIBOR (2020: one-year KIBOR) on the outstanding loan balance at the end of each month.

9.2 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-month KIBOR (2020: one-year KIBOR) on the outstanding loan balance at the end of each month.

## 10. SHORT TERM INVESTMENTS

### Fair value through profit or loss

- Mutual fund units (10.1) **1,418,086,260** 559,845,556

### Amortized Cost

- Term deposits receipts (TDRs) (10.2) **525,000,000** 2,085,000,000

**1,943,086,260** **2,644,845,556**

10.1 The details of investments in mutual funds are as follows:

UBL Al-Ameen Asset Islamic Allocation Fund		102,542,609	51,952,710
Alfalah GHP Islamic Income Fund		52,067,372	51,291,201
HBL Asset Islamic Allocation Fund		52,218,064	51,444,992
Lakson Islamic Tactical Fund		53,610,272	52,449,350
Meezan Balanced Fund		102,094,666	100,590,950
Meezan Islamic Income Fund		51,085,973	50,337,808
MCB Al Hamra Islamic money market fund		200,546,530	-
NBP Islamic Daily dividend Fund		200,580,552	-
Meezan Islamic Fund (Mif)		150,000,000	-
Meezan Rozana Amdani Fund (Mraf)		150,000,000	-
NBP Islamic Sarmaya Izafa Fund		303,340,222	201,778,545
		<b>1,418,086,260</b>	<b>559,845,556</b>

10.2 The details of investments in TDRs are as follow:

Faysal Bank Limited	(10.2.1)	-	400,000,000
Habib Metropolitan Bank Limited		500,000,000	1,660,000,000
Habib Bank Limited		25,000,000	25,000,000
		<b>525,000,000</b>	<b>2,085,000,000</b>

10.2.1 This represents TDRs carrying markup at rates ranging from 6.40% to 7.10% (2020: 6% to 12.75%) per annum.

	Note	Un-audited 31 March 2021	Audited 31 December 2020
----- (Rupees) -----			
<b>11. CASH AND BANK BALANCES</b>			
Cash in hand		879,922	917,983
Cash at bank:			
Local currency:			
Current accounts		858,085,474	508,414,734
Saving accounts	(11.1)	680,480,181	395,180,848
		1,538,565,655	903,595,582
Foreign currency - current accounts		970,273,310	673,246,127
		<b>2,509,718,887</b>	<b>1,577,759,692</b>

11.1 These carry interest rate of 5% to 5.5% (2020: 3.10% to 11.50%) per annum.

## 12. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	-----No of Shares-----		-----Rupees-----	
Ordinary shares of Rs. 10/- each fully paid in cash	124,623,690	24,533,095	1,246,236,900	245,330,950
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	-	100,072,919	-	1,000,729,190
	<b>124,623,690</b>	<b>124,606,014</b>	<b>1,246,236,900</b>	<b>1,246,060,140</b>
<b>12.1 Reconciliation of issued, subscribed and paid-up share capital:</b>				
Balance as at 1st January	124,606,014	123,520,299	1,246,060,140	1,235,202,990
Stock options exercised	17,676	1,085,715	176,760	10,857,150
	<b>124,623,690</b>	<b>124,606,014</b>	<b>1,246,236,900</b>	<b>1,246,060,140</b>

		Un-audited 31 March 2021	Audited 31 December 2020
----- (Rupees) -----			
<b>13. LONG TERM LOAN</b>			
MCB Bank Limited	(13.1)	138,141,884	190,641,884
Add: Unwinding of interest		11,723,756	8,125,960
		149,865,640	198,767,844
Less: current portion		(96,774,019)	(100,754,617)
		<b>53,091,621</b>	<b>98,013,227</b>

13.1 This represents loan of Rs. 210 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 315 million. It carries mark-up at SBP rate plus 1% per annum and is secured against a pari passu charge of Rs. 1,326.7 million over the present and future current assets of the Company and 1st exclusive equitable mortgage and hypothecation charge of Rs. 1,066.7 million over the non current assets of the Company. The loan is repayable in equal quarterly installments commencing September 26, 2020 and ending December 26, 2022. The two tranches of loan were initially recognized at amortized cost using effective interest rate of 7.94% and 7.25% (3-month KIBOR) respectively. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant.

## 14. TRADE AND OTHER PAYABLES

Creditors	41,195,078	46,025,945
Accrued liabilities	677,168,955	614,762,540
Withholding income tax payable	33,444,307	27,454,129
Provident fund payable	40,508,343	32,276,041
Sales tax payable	-	2,134,640
	<b>792,316,683</b>	<b>722,653,295</b>

## 15. OPERATING SEGMENT INFORMATION

## Geographical segments

For management purposes, the company 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 operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

	North America		Europe		Middle East		Pakistan		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	<b>Rupees—</b>									
	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	
Sales	1,368,757,808	957,517,576	263,833,387	182,714,628	166,653,562	317,208,235	408,789,116	2,302,992,535	1,624,094,001	
Cost of sales	780,151,393	587,657,262	204,200,318	117,797,576	150,884,649	251,463,500	332,937,878	1,472,269,686	1,107,802,987	
Gross profit	588,606,415	369,860,314	596,333,069	64,917,052	157,669,913	65,744,735	75,851,238	830,722,849	516,291,014	
Distribution expenses	4,096,284	7,219,070	2,416,960	2,575,061	828,319	26,489,058	25,644,293	32,940,464	37,111,508	
Administrative expenses	112,927,226	99,376,813	21,583,908	21,693,812	12,920,934	14,084,782	15,775,349	175,281,646	148,076,341	
Profit / (loss) before taxation and Unallocated income and expenses	117,023,510	106,595,883	22,366,835	24,268,873	13,749,253	40,573,840	41,419,642	208,222,110	185,187,849	
	471,582,905	263,264,431	84,265,292	40,648,179	32,220,946	2,019,660	34,431,596	622,500,739	331,103,165	
<b>Unallocated income and expenses:</b>										
Other operating expenses								35,638,838	(14,429,542)	
Other income (excluding exchange gain)								52,116,316	42,646,587	
Exchange (loss) / gain								(152,058,850)	167,555,297	
Finance cost								15,200,676	9,382,961	
Profit before taxation								(79,504,372)	186,389,381	
Taxation								542,996,367	517,492,546	
Profit for the period								17,792,524	9,010,697	
								525,203,843	508,481,849	

## 16. CONTINGENCIES AND COMMITMENTS

### 16.1 Contingencies

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

### 16.2 Commitments:

Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 219.32 million (2020: Rs. 201.90 million). This includes guarantees of Rs 2.72 million (2020: Rs. 2.72 million) given on behalf of Joint Operation.

## 17. OTHER OPERATING INCOME

### Income from financial assets:

	Three Months Ended	
	Un-audited 31 March 2021	Un-audited 31 March 2020
	----- (Rupees) -----	
Profit on deposit accounts	5,406,529	7,533,934
Gain on short term investments	34,014,172	30,082,653
Exchange (loss) / gain	(152,058,850)	167,555,298
Interest on loan to subsidiaries	3,978,437	3,892,514
	<b>(108,659,712)</b>	<b>209,064,399</b>

### Income from non-financial assets:

Gain on disposal of property and equipment	8,717,178	1,137,486
	<b>8,717,178</b>	<b>1,137,486</b>

	<b>(99,942,534)</b>	<b>210,201,885</b>
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## 18. EARNINGS PER SHARE

### Basic earnings per share:

	Three Months Ended	
	31 March 2021	31 March 2020
Profit for the period	525,203,843	508,481,849
Weighted-average number of ordinary shares outstanding during the period	124,619,966	123,520,299
Basic - in Rupees	4.21	4.12

### Diluted earnings per share:

Profit for the period	525,203,843	508,481,849
Weighted-average number of Ordinary shares (basic)	124,619,966	123,520,299
Effect of share options	14,826	886,928
	<b>124,634,792</b>	<b>124,407,227</b>
Diluted - in Rupees	4.21	4.09

## 19. TRANSACTIONS WITH RELATED PARTIES

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

Related party	Relationship	Nature of transactions	Un-audited	
			Three Months Ended	
			31 March	
			2021	2020
----- Rupees -----				
E-Processing Systems (Pvt.) Ltd.	Subsidiary	Loan	103,846,096	46,007,045
		Interest income	3,652,599	6,645,418
Tech Vista Systems FZ - LLC - UAE	Subsidiary	Sales	181,855,337	141,043,696
		Out of pocket expenses	30,280,767	51,797,366
Visionet Systems Incorporation - USA	Common directorship	Sales	1,582,223,113	1,078,381,394
		Out of pocket expenses	4,201,118	11,864,508
SUS (Pvt) Ltd	Subsidiary	Loan	8,028,204	15,415,283
		Interest Income	567,802	753,769
UUS-JV (Private) Ltd	Joint Operation	Loan	2,000,000	-
Systems Venture (Pvt) Ltd	Subsidiary	Loan	80,020,000	-
Techvista Pty Ltd - Australia	Associate	Sales	1,445,880	1,390,971
Tech Vista Information Technology Qatar	Associate	Sales	53,949,918	16,840,659
Staff retirement funds	Associate	Contributions	60,791,456	39,927,396
Profit before taxation			542,996,367	517,492,546
Adjustments for:				
Depreciation on property and equipment			58,452,753	47,209,664
Amortization of intangibles			2,707,804	6,559,054
Allowance for expected credit losses			(35,638,838)	14,429,542
Share based payment expense			19,343,871	58,600,779
Finance costs			15,200,676	9,382,961
Exchange loss / gain - net			152,058,850	(167,555,297)
Interest Accrued			(3,978,437)	(6,645,418)
Profit on bank deposits			(5,406,529)	(7,533,934)
Gain on short term investments			(34,014,172)	(30,082,653)
Gain on disposal of property and equipment			(8,717,178)	(1,137,486)
			160,008,800	(76,772,788)
<b>Profit before working capital changes</b>			<b>703,005,167</b>	<b>440,719,758</b>
<b>Effect on cash flow due to working capital changes</b>				
(Increase) / decrease in current assets:				
Contract Assets - net			9,485,624	(94,651,998)
Trade debts			(174,824,893)	(1,004,446,773)
Advances			(282,354,913)	5,400,185
Trade deposits and short term prepayments			(75,335,011)	(49,085,729)
			(523,029,193)	(1,142,784,315)
(Decrease) / increase in current liabilities:				
Trade and other payables			69,663,388	74,658,551
			(453,365,805)	(1,068,125,764)
<b>Net cash (used in) / generated from operations</b>			<b>249,639,362</b>	<b>(627,406,006)</b>

## 21. 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 2020.

### 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 2021.

- During the three months period ended 31 March 2021, 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 2020.

	31 March 2021			
	Financial Assets at fair value through P&L	Financial Assets at amortized cost	Held to maturity	Total
	----- (Rupees) -----			
Financial instruments by categories:				
Financial assets as per balance sheet				
Long term deposits	-	37,470,377	-	37,470,377
Contract Assets	-	573,878,425	-	573,878,425
Loans and advances	-	487,721,684	-	487,721,684
Trade debts	-	2,496,842,379	-	2,496,842,379
Security deposits	-	114,726,516	-	114,726,516
Interest accrued	-	2,229,267	-	2,229,267
Short term investments	1,418,086,260	525,000,000	-	1,943,086,260
Cash and bank balances	-	2,509,718,887	-	2,509,718,887
	<b>1,418,086,260</b>	<b>6,747,587,535</b>	<b>-</b>	<b>8,165,673,795</b>



	31 December 2020			
	Financial Assets at fair value through P&L	Financial Assets at amortized cost	Held to maturity	Total
<b>Financial assets as per balance sheet</b>	----- (Rupees) -----			
Long term deposits	-	36,127,162	-	36,127,162
Contract Assets	-	533,940,810	-	533,940,810
Loans and advances	-	205,366,771	-	205,366,771
Trade debts	-	2,438,438,498	-	2,438,438,498
Security deposits	-	132,575,274	-	132,575,274
Interest accrued	-	38,450,000	-	38,450,000
Short term investments	559,845,556	2,085,000,000	-	2,644,845,556
Cash and bank balances	-	1,577,759,692	-	1,577,759,692
	<b>559,845,556</b>	<b>7,047,658,207</b>	<b>-</b>	<b>7,607,503,763</b>

	31 March 2021	31 December 2020
	Financial Liabilities at amortized cost Rupees	Financial Liabilities at amortized cost Rupees
<b>Financial liabilities as per balance sheet</b>		
Mark-up accrued on short term borrowings	1,150,856	9,804,346
Long term loan	149,865,640	198,767,844
Short term borrowings	1,250,000,000	1,250,000,000
Unclaimed dividend	443,800,554	7,617,635
Trade and other payables	792,316,683	722,653,295
Lease liabilities	248,383,758	227,393,268
	<b>2,637,133,733</b>	<b>2,416,236,388</b>

## 22. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on 27 April 2021 by the Board of Directors of the Company.

## 23. 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 except for distribution expenses between operating segments of the company based on the revised allocation basis in these unconsolidated condensed interim financial statements.

## 24. GENERAL

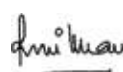
24.1 Figures have been rounded off to the nearest rupees, unless otherwise stated.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

The background is a solid blue color with several faint, light-colored geometric and network-like patterns. On the right side, there is a complex network diagram consisting of interconnected nodes and lines, resembling a molecular structure or a data network. On the left side, there are several overlapping, semi-transparent geometric shapes, including triangles and a hexagon, some of which contain faint, illegible text or symbols. The overall aesthetic is clean, modern, and technical.

**SYSTEMS LIMITED**  
**Consolidated**  
**Financial Statements**

# CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at 31 March 2021 (Unaudited)

		Unaudited 31 March 2021 Rupees	Audited 31 December 2020 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	1,520,177,395	1,518,666,515
Intangible		218,801,422	204,249,277
Long term deposits		45,680,568	40,133,162
Right-of-use asset		222,608,126	204,396,352
		<b>2,007,267,510</b>	<b>1,967,445,306</b>
<b>Current assets</b>			
Contract assets		479,786,916	642,780,081
Trade debts	7	2,700,663,913	2,372,716,741
Loans and advances	8	143,703,012	95,913,324
Trade deposits and short term prepayments		860,734,407	438,473,348
Interest accrued		841,515	38,450,000
Other receivables	9	192,015,806	118,222,637
Short term investments	10	1,943,086,260	2,644,845,556
Tax refunds due from the Government		157,646,155	171,975,691
Cash and bank balances	11	3,220,930,452	2,985,104,566
		<b>9,699,408,436</b>	<b>9,508,481,944</b>
<b>TOTAL ASSETS</b>		<b>11,706,675,946</b>	<b>11,475,927,250</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital 200,000,000 (2020: 200,000,000) ordinary shares of Rs. 10 each		<b>2,000,000,000</b>	<b>2,000,000,000</b>
Issued, subscribed and paid up share capital	12	1,246,236,900	1,246,060,140
Capital and reserves		960,736,810	956,611,816
Unappropriated profits		5,808,503,436	5,626,952,295
		<b>8,015,477,146</b>	<b>7,829,624,251</b>
<b>Non-controlling interest</b>		<b>130,524,253</b>	<b>146,389,075</b>
		<b>8,146,001,399</b>	<b>7,976,013,326</b>
<b>Non-current liabilities</b>			
Long term advances		74,549,847	53,857,626
Long term loan	13	53,091,621	98,013,227
Lease Liability		204,466,349	189,409,537
Deferred grant		1,796,300	8,338,896
Provision for gratuity		51,406,908	47,599,384
		<b>385,311,025</b>	<b>397,218,670</b>
<b>Current liabilities</b>			
Trade and other payables	14	1,099,660,935	1,186,129,984
Unclaimed Dividend		443,800,554	7,617,635
Contract Liability		147,159,581	297,554,223
Mark-up accrued on short term borrowings		2,261,615	9,804,362
Short term borrowings		1,329,226,074	1,449,000,000
Current Portion of lease liability		43,917,409	37,983,731
Current Portion of long term loan		96,774,019	100,754,617
Current Portion of deferred grant		7,074,001	3,095,996
Current portion of long term advances		5,489,333	10,754,706
		<b>3,175,363,521</b>	<b>3,102,695,254</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>11,706,675,946</b>	<b>11,475,927,250</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16		

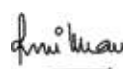
The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

## CONSOLIDATED CONDENSED INTERIM PROFIT OR LOSS

for the three months period ended 31 March 2021 (Unaudited)

	Note	Three Months Ended	
		31 March 2021 Rupees	31 March 2020 Rupees
Revenue from contract with customers - net		3,047,767,393	2,231,850,608
Cost of sales		1,981,846,033	1,582,179,058
Gross profit		1,065,921,360	649,671,550
Distribution expenses		76,667,444	80,473,818
Administrative expenses		242,260,943	218,590,645
Other operating expenses		(16,109,771)	5,138,241
		302,818,616	304,202,703
Operating profit		763,102,744	345,468,847
Other income	17	(115,884,033)	202,657,287
Finance cost		20,960,052	11,197,153
Profit before taxation		626,258,659	536,928,981
Taxation		24,389,421	10,120,705
<b>Profit after taxation</b>		<b>601,869,238</b>	<b>526,808,276</b>
Attributable to:			
Equity holders of the parent		617,734,060	532,610,817
Non-controlling interest		(15,864,822)	(5,802,541)
		<b>601,869,239</b>	<b>526,808,276</b>
Earnings per share:			
Basic earnings per share	18	4.96	4.31
Diluted earnings per share		4.96	4.28

The annexed notes from 1 to 24 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 period ended 31 March 2021 (Unaudited)

	Three Months Ended	
	31 March 2021	31 March 2020
	Rupees	Rupees
Profit for the period	601,869,238	526,808,276
Other comprehensive income		
Exchange difference on translation of foreign operations	(22,928,441)	31,220,263
<b>Total comprehensive income for the period</b>	<b>578,940,797</b>	<b>558,028,539</b>
<b>Attributable to:</b>		
Equity holders of the parent	594,805,619	563,831,080
Non-controlling interest	(15,864,822)	(5,802,541)
	<b>578,940,797</b>	<b>558,028,539</b>

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

  
(CHAIRMAN)

  
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## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the three months period ended 31 March 2021 (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	Gain on dilution of interest		Unappropriated profit				
<b>Rupees</b>										
Balance as at 31st 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	
<b>Balance as at 31 March 2020 (Un-audited)</b>	<b>1,235,202,990</b>	<b>512,149,734</b>	<b>137,570,804</b>	<b>-</b>	<b>80,463,019</b>	<b>4,206,635,365</b>	<b>6,172,021,912</b>	<b>(26,458,354)</b>	<b>6,145,563,758</b>	
Balance as at 31st December 2020 (Audited)	1,246,060,140	614,907,403	84,47,028	197,609,706	59,347,679	5,626,952,295	7,829,624,251	146,389,075	7,976,013,326	
Final Dividend @ Rs. 3.5 per share for the year ended 31 December 2020	-	-	-	-	-	(436,182,919)	(436,182,919)	-	(436,182,919)	
Total comprehensive income for the period	-	-	-	-	-	617,734,060	617,734,060	(15,864,822)	601,869,239	
Other comprehensive income for the year	-	-	-	-	(22,928,441)	-	(22,928,441)	-	(22,928,441)	
Exercise of Share Options	176,760	7,709,564	-	-	-	-	7,886,324	-	7,886,324	
Share based payments	-	-	19,343,871	-	-	-	19,343,871	-	19,343,871	
<b>Balance as at 31 March 2021 (Un-audited)</b>	<b>1,246,236,900</b>	<b>622,616,967</b>	<b>104,090,899</b>	<b>197,609,706</b>	<b>36,419,238</b>	<b>5,808,503,436</b>	<b>8,015,477,146</b>	<b>130,524,253</b>	<b>8,146,001,399</b>	

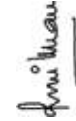
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

# CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

for the three months period ended 31 March 2021 (Unaudited)

	Note	Three Months Ended	
		31 March	31 March
		2021	2020
		Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash flows from/(used in) operations	20	(255,834,658)	(831,775,397)
Finance costs paid		(28,502,799)	(14,381,449)
Gratuity paid		(2,694,274)	(5,372,115)
Taxes paid		(10,059,885)	(12,749,958)
<b>Net cash flows from/(used in) operating activities</b>		<b>(41,256,958)</b>	<b>(32,503,522)</b>
		<b>(297,091,616)</b>	<b>(864,278,919)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(70,456,973)	(98,663,989)
Development expenditure		(19,295,068)	(2,768,207)
Proceeds from the disposal of property and equipment		17,505,740	1,492,121
(Increase) / Decrease in long term deposits		(5,547,406)	37,985,003
Disposal of short term investments - net		701,759,296	153,000,000
Profit received on short term investment		71,622,657	17,114,021
Profit received on bank deposits		5,406,529	7,533,934
<b>Net cash flows used in/from investing activities</b>		<b>700,994,776</b>	<b>115,692,883</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from exercise of share options		7,886,324	-
Decrease in short term borrowings		(119,773,926)	-
Decrease in long term loan		(51,466,795)	-
Increase in Lease Liability		2,778,717	590,726
Increase in long term advances		15,426,848	8,178,384
<b>Net cash flows used in financing activities</b>		<b>(145,148,832)</b>	<b>8,769,110</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>258,754,327</b>	<b>(739,816,925)</b>
<b>Effect of exchange translation reserve</b>		<b>(22,928,441)</b>	<b>31,220,263</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>2,985,104,566</b>	<b>1,516,152,353</b>
<b>Cash and cash equivalents at closing of the period</b>		<b>3,220,930,452</b>	<b>807,555,691</b>

The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.

  
(CHAIRMAN)

  
(CHIEF EXECUTIVE OFFICER)

  
(CHIEF FINANCIAL OFFICER)

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

for the three months period ended 31 March 2021 (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.

TechVista Systems Pty Limited is a fully owned subsidiary of Techvista Systems FZ LLC and was incorporated in December 2014 in Australia with a paid up share capital of AUD 1.

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 44.60% 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 Ventures (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 2021 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 2020.

### 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 2020.

## 5. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2020.



	Note	Unaudited 31 March 2021	Audited 31 December 2020
----- (Rupees) -----			
<b>6. PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	(6.1)	1,520,177,395	1,517,920,243
Capital work in progress	(6.2)	-	746,272
		<b>1,520,177,395</b>	<b>1,518,666,515</b>
<b>6.1 Operating fixed assets:</b>			
Opening balance - net book value		1,517,920,243	1,408,439,738
Additions during the period / year - cost	6.11	71,203,245	346,684,624
		<b>1,589,123,488</b>	<b>1,755,124,362</b>
Less:			
Disposals during the period / year	6.12	8,788,562	14,867,801
Depreciation during the period / year		60,157,531	222,336,318
Book value at the end of the period / year		<b>1,520,177,395</b>	<b>1,517,920,243</b>
<b>6.1.1 Additions during the period / year-cost</b>			
Land		96,350	48,760,578
Building		4,214,000	6,841,345
Computer equipment and installations		39,506,277	111,626,559
Other equipment and installations		689,800	16,360,054
Generator		497,542	44,113,920
Furniture and fittings		2,292,100	19,261,360
Vehicles		20,929,963	72,958,264
Office equipment		321,300	1,700,467
Leasehold Improvements		3,002,711	24,571,156
Exchange gain / (loss)		(346,798)	490,921
		<b>71,203,245</b>	<b>346,684,624</b>
<b>6.1.2 Disposals during the period / year</b>			
		<b>Cost</b>	<b>Accumulated Depreciation</b>
			<b>Written Down Value</b>
<b>31 March 2021</b>			
Computers and mobile sets		-	-
Furniture and fittings		330,513	268,509
Vehicles		17,887,232	9,368,921
		<b>18,505,844</b>	<b>8,518,311</b>
<b>31 December 2020</b>			
Computer equipment and installations		15,752,413	14,149,993
Other equipment and installations		44,300	44,300
Furniture and fittings		57,675	18,845
Vehicles		22,846,025	9,641,338
Office equipment		24,244	2,380
		<b>38,724,657</b>	<b>23,856,856</b>
			<b>14,867,801</b>
<b>6.2 CAPITAL WORK IN PROGRESS</b>			
		<b>Unaudited 31 March 2021</b>	<b>Audited 31 December 2020</b>
----- (Rupees) -----			
Balance at the beginning of the period / year		746,272	24,025,244
Additions during the period / year		-	13,251,015
Transfer to operating fixed assets during the period / year		(746,272)	(36,529,987)
Balance at the end of the period / year		-	746,272
<b>7. TRADE DEBTS</b>			
<b>Considered good - unsecured</b>			
Export	(7.1)	2,087,635,451	1,979,840,352
Local		914,848,643	677,703,491
		<b>3,002,484,094</b>	<b>2,657,543,843</b>
Less: Allowance for expected credit losses		301,820,181	284,827,102
		<b>2,700,663,913</b>	<b>2,372,716,741</b>

7.1 This includes receivables from related parties i.e. Visionet Systems Incorporation (USA), Visionet Deutschland GMBH and Techvista Information Technology (Qatar) amounting to Rs. 1,126.78 million (2020: Rs. 1,109.98 million), Rs. 6.80 million (Rs. 18.54 million) and Rs. 167.2 (2020: 116.80 million) respectively.

## 8. LOANS AND ADVANCES - considered good

Advances to staff:			
against salary		22,402,546	11,529,183
against expenses		4,781,120	3,061,469
		27,183,666	14,590,652
Advances to suppliers - against goods		116,316,263	81,322,672
		143,499,929	95,913,324
Loans to related parties	(8.1)	20,141,906	300,431,066
Elimination on account of joint venture		(20,141,906)	(300,431,066)
Other receivable		203,083	-
		143,703,012	95,913,324

- 8.1 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 (2020: one-year KIBOR) on the outstanding loan balance at the end of each month.

Unaudited 31 March 2021	Audited 31 December 2020
----- (Rupees) -----	

## 9. OTHER RECEIVABLES

TechVista Information Technology - Qatar	143,531,817	106,415,131
Others	48,483,989	8,735,935
	192,015,806	115,151,066

## 10. SHORT TERM INVESTMENTS

<b>Fair value through profit and loss</b>	(10.1)		
- Mutual fund units		1,418,086,260	559,845,556
<b>Amortized cost</b>	(10.2)		
- Term deposit receipts (TDRs)		525,000,000	2,085,000,000
		1,943,086,260	2,644,845,556

- 10.1 The details of investment in mutual funds are as follows:

UBL Al- Ameen Asset Islamic Allocation Fund	102,542,609	51,952,710
Alfalsh GHP Islamic Income Fund	52,067,372	51,291,201
HBL Asset Islamic Allocation Fund	52,218,064	51,444,992
Lakson Islamic Tactical Fund	53,610,272	52,449,350
Meezan Balanced Fund	102,094,666	100,590,950
Meezan Islamic Income Fund	51,085,973	50,337,808
NBP Islamic Sarmaya Izafa Fund	303,340,222	201,778,545
MCB Al Hamra Islamic money market fund	200,546,530	-
NBP Islamic Daily dividend Fund	200,580,552	-
Meezan Islamic Fund (Mif)	150,000,000	-
Meezan Rozana Amdani Fund (Mraf)	150,000,000	-
	1,418,086,260	559,845,556

- 10.2 The details of investments in TDRs are as follows:

Faysal Bank Limited	-	400,000,000
Habib Metropolitan Bank	500,000,000	1,660,000,000
Habib Bank Limited	25,000,000	25,000,000
	10.2.1	525,000,000
		2,085,000,000

- 10.2.1 These carry markup at rates ranging from 6.40% to 7.10% (2020: 6% to 12.75%) per annum.

## 11. CASH AND BANK BALANCES

<b>Cash in hand</b>		879,922	917,983
<b>Cash at bank:</b>			
Local currency:			
Current accounts		1,248,761,273	1,211,562,880
Deposit accounts	(11.1)	727,701,458	766,496,179
		1,976,462,731	1,978,059,059
Foreign currency - current accounts		1,243,587,799	1,006,127,524
		3,220,930,452	2,985,104,566

- 11.1 These carry interest rate of 5% to 5.5% (2020: 3.10% to 11.50%) per annum.

**Unaudited**      Audited

**12. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**

	31 March 2021	31 December 2020	31 March 2021	31 December 2020
	-----No of Shares-----		-----Rupees-----	
Ordinary shares of Rs. 10/- fully paid in cash	124,623,690	24,533,095	1,246,236,900	245,330,950
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	-	100,072,919	-	1,000,729,190
<b>Ordinary shares of Rs. 10/-</b>	<b>124,623,690</b>	<b>124,606,014</b>	<b>1,246,236,900</b>	<b>1,246,060,140</b>

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

Balance as at 1st January	124,606,014	123,520,299	1,246,060,140	1,235,202,990
Stock options exercised	17,676	1,085,715	176,760	10,857,150
	<b>124,623,690</b>	<b>124,606,014</b>	<b>1,246,236,900</b>	<b>1,246,060,140</b>

**13. Long term loan**

MCB Bank Limited	138,141,884	190,641,884
Add: Unwinding of interest	11,723,756	8,125,960
	<b>149,865,640</b>	<b>198,767,844</b>
less: Current portion	<b>(96,774,019)</b>	<b>(100,754,617)</b>
	<b>53,091,621</b>	<b>98,013,227</b>

This represents loan of Rs. 210 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 315 million. It carries mark-up at SBP rate plus 1% per annum and is secured against a pari passu charge of Rs. 1,326.7 million over the present and future current assets of the Parent Company and 1st exclusive equitable mortgage and hypothecation charge of Rs. 1,066.7 million over the non current assets of the Parent Company. The loan is repayable in equal quarterly installments commencing September 26, 2020 and ending December 26, 2022. The two tranches of loan were initially recognized at amortized cost using effective interest rate of 7.94% and 7.25% (3-month KIBOR) respectively. The difference between cash received and present value of cash outflows upon initial recognition has been recognized as deferred grant.

	Unaudited 31 March 2021	Audited 31 December 2020
	----- (Rupees) -----	
Creditors	211,222,273	497,710,595
Bills discounted	65,806,999	2,063,910
Accrued liabilities	705,525,058	623,304,882
Provident fund payable	40,508,409	32,276,041
Withholding income tax payable	37,345,520	30,774,556
	<b>1,099,660,935</b>	<b>1,186,129,984</b>

## 15. 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.

	North America		Europe		Middle East		Pakistan		Total	
	Un-audited		Un-audited		Un-audited		Un-audited		Un-audited	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue - net	1,368,757,808	957,517,576	261,612,224	182,714,628	909,012,415	685,609,496	508,384,946	406,008,908	3,047,767,392	2,231,850,608
Cost of sales	780,151,393	587,657,262	154,980,097	117,797,576	653,050,741	548,406,000	393,663,802	328,318,220	1,981,846,033	1,582,179,058
Gross profit	588,606,415	369,860,314	106,632,127	64,917,052	255,961,673	137,203,496	114,721,145	77,690,688	1,065,921,360	649,671,550
Distribution expenses	4,096,284	7,219,070	782,927	2,575,061	24,484,988	21,439,376	47,303,245	49,240,306	76,667,444	80,473,818
Administrative expenses	112,927,226	99,376,813	21,583,908	21,693,812	74,351,179	70,881,244	33,398,629	26,638,776	242,260,943	218,590,645
Profit / (loss) before taxation and unallocated income and expenses	117,023,510	106,595,883	22,366,836	24,268,873	98,836,167	92,320,620	80,701,874	75,879,082	318,928,366	299,064,463
	471,582,905	263,264,431	84,265,291	40,648,179	157,125,507	44,882,876	34,019,270	1,811,606	746,982,973	350,607,087
Other operating expenses									16,109,771	(5,138,241)
Other income (excluding exchange gain)									49,076,159	36,737,926
Exchange (loss) / gain									(164,960,192)	165,919,361
Finance cost									20,960,052	11,197,153
Profit before taxation									626,258,659	536,928,980
Taxation									24,389,421	10,120,705
Profit after taxation									601,869,238	526,808,276

## 16. CONTINGENCIES AND COMMITMENTS

### 16.1 Contingencies

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

### 16.2 Commitments:

Guarantees issued by the financial institutions on behalf of the Group amount to Rs. 219.32 million (2020: Rs. 25190 million). This includes guarantees of Rs. 2.72 (2020: 2.72) million given on behalf of Joint Operation.

Un-audited 31 March 2021	Un-audited 31 March 2020
----- (Rupees) -----	

## 17. Other Income

### Income from financial assets:

Profit on deposit accounts	5,406,529	7,533,934
Gain on short term investments	34,014,172	30,082,653
Exchange (loss) / gain	(164,960,192)	165,919,361
	<u>(125,539,491)</u>	<u>203,535,948</u>

### Income from non-financial assets:

Gain on disposal of property & equipment	8,717,178	1,137,486
Others	938,280	-
	<u>9,655,458</u>	<u>1,137,486</u>
	<u>(115,884,033)</u>	<u>204,673,434</u>

## 18. EARNINGS PER SHARE

	Three Months Ended	
	31 March	
	2021 Un-audited	2020 Un-audited
<b>Basic earnings per share</b>		
Profit for the period attributable to equity holder of parent	617,734,060	532,610,817
Weighted average number of ordinary shares in issue during the period	124,619,966	123,520,299
Basic - in Rupees	4.96	4.31
<b>Diluted earnings per share</b>		
Profit for the period attributable to equity holder of parent	617,734,060	532,610,817
Weighted-average number of ordinary shares (basic)	124,619,966	123,520,299
Effect of share options	14,826	886,928
	<u>124,634,792</u>	<u>124,407,227</u>
Diluted - in Rupees	4.96	4.28

## 19. 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	
			2021	2020
			----- Rupees -----	
Visionet Systems Incorporation - USA	Common Directorship	Sales	1,589,087,632	1,080,412,431
		Reimbursement of expenses	4,201,118	11,864,508

Undertaking	Relation	Nature of transactions	Unaudited	
			Three Months Ended	
			2021	2020
			----- Rupees -----	
Techvista Information Technology, Qatar	Associate	Sales	53,949,918	22,382,594
Staff retirement funds	Associate	Contribution	60,791,456	39,927,396
<b>20. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation			626,258,659	536,928,981
Adjustments of reconcile profit before tax to meet cash flows:				
Depreciation on property and equipment			60,157,531	49,636,825
Amortization of intangible assets			4,742,923	7,630,525
Allowance for expected credit loss			(16,109,771)	5,138,241
Share based payment expense			19,343,871	58,600,779
Finance cost			20,960,052	11,197,153
Gratuity expense			6,501,799	31,522,805
Exchange loss / (gain) on translation of export receivables			164,960,192	(165,919,361)
Gain on disposal of property and equipment			(8,717,178)	(1,137,486)
Gain on short term investments			(34,014,172)	(30,082,653)
Profit on bank deposits			(5,406,529)	(7,533,934)
			<b>212,418,718</b>	<b>(40,947,106)</b>
<b>Profit before working capital changes</b>			<b>838,677,377</b>	<b>495,981,875</b>
<b>Effect on cash flow due to working capital changes</b>				
(Increase) / decrease in current assets:				
Contract assets - Net			12,598,523	(195,694,083)
Trade debts			(47,797,593)	(940,277,257)
Loans and advances			(47,789,688)	32,961,724
Other receivables			(73,793,169)	(14,749,540)
Trade deposits and short term prepayments			(422,261,059)	(316,889,896)
			<b>(1,008,042,986)</b>	<b>(1,434,649,052)</b>
(Decrease) / increase in current liabilities:				
Trade and other payables			(86,469,049)	106,891,780
			<b>(1,094,512,035)</b>	<b>(1,327,757,272)</b>
<b>Net cash flows from operations</b>			<b>(255,834,658)</b>	<b>(831,775,397)</b>

## 21. FINANCIAL RISK MANAGEMENT

### 21.1 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 2020.

### 21.2 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 2021.

- During the three months period ended 31 March 2021, 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 2020.

### 21.3 Financial instruments by categories

#### Financial assets as per balance sheet

31 March 2021		
Financial Assets at fair value through P&L	Financial Assets at amortized cost	Total
----- (Rupees) -----		
Long term deposits	45,680,568	45,680,568
Contract assets	479,786,916	479,786,916
Trade debts	2,700,663,913	2,700,663,913
Loans and advances	143,703,012	143,703,012
Security deposits	490,186,814	490,186,814
Interest accrued	841,515	841,515
Other receivable	143,531,817	143,531,817
Short term investments	1,418,086,260	1,943,086,260
Cash and bank balances	-	3,220,930,452
	<b>1,418,086,260</b>	<b>7,750,325,007</b>
		<b>9,168,411,267</b>

#### Financial assets as per balance sheet

31 December 2020		
Financial Assets at fair value through P&L	Financial Assets at amortized cost	Total
----- (Rupees) -----		
Long term deposits	40,133,162	40,133,162
Contract assets	642,780,081	642,780,081
Trade debts	2,372,716,741	2,372,716,741
Loans and advances	95,913,324	95,913,324
Security deposits	347,689,182	347,689,182
Interest accrued	38,450,000	38,450,000
Other receivables	118,222,637	118,222,637
Short term investments	559,845,556	2,644,845,556
Cash and bank balances	-	2,985,104,566
	<b>559,845,556</b>	<b>8,726,009,693</b>
		<b>9,285,855,249</b>

31 March 2021      31 December 2020

**Financial Liabilities  
at amortized cost  
----- (Rupees) -----**

Financial liabilities as per balance sheet	31 March 2021	31 December 2020
Long term loan	149,865,640	198,767,844
Lease liabilities	248,383,758	227,393,268
Markup accrued on short term borrowing	2,261,615	9,804,362
Short term borrowing	1,329,226,074	1,449,000,000
Trade and other payables	211,222,273	1,186,129,984
	<b>2,037,733,379</b>	<b>3,071,095,458</b>

**22. DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim financial information was authorized for issuance on 27 April 2021 by the Board of Directors of the Group.

**23. 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 except for distribution expenses between operating segments of the Group based on the revised allocation basis in these consolidated condensed interim financial statements.

**24. GENERAL**

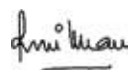
24.1 Figures have been rounded off to the nearest rupee unless otherwise stated.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)























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