



Empowering Your Digital Enterprise

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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 Advisor

Hassan & Hassan Advocates
Ahmed & Pansota

Bankers

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

Shares Registrar

THK Associates (Private) Limited.
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, United Arab Emirates.
T: + 97 14 369 3525
F: +97 14 456 3761

WEB PRESENCE

www.systemsltd.com

Director's Review

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

FINANCIAL RESULTS

Unconsolidated:

During period ended 30 September 2019, standalone revenue grew by 46% from Rs. 2,603 million to Rs. 3,807 million. Gross profit and operating profit increased by 70% and 102% respectively. Profit for the period increased by 77% from 607 million to Rs. 1,075 million and we measured 96% growth in net profit if we take out the exchange gain from both 2019 and 2018. Basic and diluted earnings per share both increased by 63% in line with operating profit and profit for the period. The Company has achieved its objective of accelerated profit growth over revenue growth.

The Company is also creating employment for the educated and especially for women. Over 1000 resources have been added to the system in the current year.

Unconsolidated			
	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Change %
Revenue	3,806,817,840	2,602,556,814	46%
Gross Profit	1,290,664,298	760,232,035	70%
Operating profit	906,226,207	448,780,978	102%
Profit for the period	1,075,222,143	607,171,210	77%
Earnings per share (basic)	8.81	5.41	63%
Earnings per share (diluted)	8.76	5.39	63%

Consolidated:

During period ended 30 September 2019, consolidated revenue grew by 48% from Rs. 3,698 million to Rs. 5,472 million. Gross profit and operating profit increased by 71% and 82% respectively. Net profit for the period increased by 81% from 675 million to Rs. 1,223 million which translates into 99% without exchange gain in 2019 and 2018. Basic and diluted earnings per share increased by 66% and 65% respectively, in line with operating profit and profit for the period despite of 10% bonus issue earlier this year.

Consolidated			
	Nine months ended 30 September 2019	Nine months ended 30 September 2018	Change %
Revenue	5,472,374,148	3,698,191,552	48%
Gross Profit	1,714,755,958	1,004,201,557	71%
Operating profit	1,290,224,215	707,720,911	82%
Profit for the period	1,223,119,231	674,885,818	81%
Earnings per share (basic)	10.10	6.10	66%
Earnings per share (diluted)	10.04	6.08	65%

FUTURE OUTLOOK

The Company's budget for 2019 aimed to retain good top line growth but have a more accelerated growth in net profit for both the standalone and for the Group as well. Nine months down the lane, the company has stayed true to its goal and has delivered the results accordingly, even with currency gains excluded.

With over 83% of its revenues being in export, the currency devaluation has helped the company to become more competitive in the international markets. The Company has developed accelerated assets, products and solutions that will improve the sales pipeline and bring more sale closures for future in the Global market. The Company is following similar steps in the European Geography as well.

Though growth in the Middle East Market is stagnant, however the Company has realigned the strategy to obtain positive outcome by providing more services from off-shore. This has made the company more competitive in that market and more profitable with the same revenue levels.

Director's Review

The Subsidiary E-Processing Systems has started showing tremendous growth. The number of users has increased from 20k in Dec 2018 to 39k in 2019 showing very promising 95% growth. Number of transactions has also increased by 55% reaching at 8.5 million per month. The Company believes in the tremendous potential of E-Processing Systems and has further invested in the subsidiary by converting the working capital loan into equity with the approval of Board and the Shareholders. The Company believes that this should further support E-Processing Systems to bring in positive results by reducing the financial burden on the startup.

Following are few key parameters for the Group growth:

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

ACKNOWLEDGEMENT

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

On behalf of the Board



Asif Peer
Chief Executive Officer

28 October 2019
Lahore

ڈائریکٹرز رپورٹ۔ 30 ستمبر 2019

بورڈ آف ڈائریکٹرز کی جانب سے بخوشی 30 ستمبر 2019 کو ختم ہونے والے نو ماہی غیر مجموعی مالی اسٹیٹمنٹ اور مجموعی مالی اسٹیٹمنٹ پیش کر رہے ہیں۔

مالی نتائج

غیر مجموعی

سال 30 ستمبر 2019 کے عرصے کے دوران کمپنی کے منافع میں مبلغ ملین 2,603,603 روپے سے مبلغ 3,807,807 ملین روپے 45% زیادہ منافع ہوا۔ خام منافع اور آپریٹنگ منافع بالترتیب 72% اور 102% زیادہ منافع ہوا۔ موجودہ سال کا منافع مبلغ 607 ملین روپے سے مبلغ 1,075 ملین روپے سے 77% کا اضافہ ہوا اور اگر نیم سال 2018 اور 2019 کے تبادلہ کے منافع کو مد نظر رکھیں تو ہم خاص منافع میں 96% کی بڑھوتری دیکھتے ہیں۔ آپریٹنگ منافع اور موجودہ منافع کے لحاظ سے فی حصص کا بنیادی منافع بیسک اور ڈیویڈنڈوں میں 63% کا اضافہ ہوا۔ کمپنی نے آمدنی میں اضافے کے مقابلے میں تیز منافع میں اضافے کا اپنا مقصد حاصل کر لیا ہے۔

کمپنی پڑھے لکھے افراد بالخصوص خواتین کے لیے روزگار کے مواقع پیدا کر رہی ہے۔ موجودہ سال میں تقریباً 1000 سے زائد ذرائع سسٹم میں داخل کئے گئے ہیں۔

غیر مجموعی	30 ستمبر 2019ء	30 ستمبر 2018ء	سالانہ فیصد
آمدنی	3,806,817,840	2,602,556,814	46%
خام منافع	1,290,664,298	760,232,035	70%
آپریٹنگ منافع	906,226,207	448,780,978	102%
موجودہ پیریڈ کا منافع	1,075,222,143	607,171,210	77%
فی حصص منافع (Basic)	8.81	5.41	63%
فی حصص منافع (Diluted)	8.76	5.39	63%

مجموعی

سال 30 ستمبر 2019 کے عرصے میں کمپنی کے مجموعی منافع میں مبلغ 3,698,698 ملین روپے سے مبلغ 5,472,472 ملین روپے 48% زیادہ منافع ہوا۔ خام منافع اور آپریٹنگ منافع بالترتیب 71% اور 82% زیادہ منافع ہوا۔ موجودہ عرصہ کا خام منافع مبلغ 675 ملین روپے سے مبلغ 1,223 ملین روپے کا 81% اضافہ ہوا جس کا مطلب سال 2018 اور 2019 میں تبادلہ کے منافع کے بغیر 99% منافع ہے۔ موجودہ سال کے آغاز میں 10% بونس کے اجراء کے باوجود آپریٹنگ منافع کے لحاظ سے بیسک اور ڈیویڈنڈ فی حصص منافع دونوں میں بالترتیب 65% اور 66% کا اضافہ ہوا۔

مجموعی	30 ستمبر 2019ء	30 ستمبر 2018ء	سالانہ فیصد
آمدنی	5,472,374,148	3,698,191,552	48%
خام منافع	1,714,755,958	1,004,201,557	71%
آپریٹنگ منافع	1,290,224,215	707,720,911	82%
موجودہ پیریڈ کا منافع	1,223,119,231	674,885,818	81%
فی حصص منافع (Basic)	10.10	6.10	66%
فی حصص منافع (Diluted)	10.04	6.08	65%

مستقبل کا ڈھانچہ

سال 2019 کے کمپنی کے بجٹ کا مقصد کمپنی کی بڑھوتری کو بلند سطح پر برقرار رکھنا ہے اور اس کے ساتھ ساتھ خالص منافع، منافع اور گروپ کے منافع میں بھی بڑھوتری کو برقرار رکھنا ہے۔ نو ماہ کی سطح پر کمپنی نے اپنے مقصد میں توجہ مرکوز رکھی ہے اور اسی حساب سے بہترین نتائج بھی دینے ہیں جس میں سے کمپنی میں بڑھوتری کو خارج کیا گیا ہے۔

کل منافع کے 83% برآمدات پر مشتمل کی وجہ سے کمپنی نے حالیہ کرنسی کی قدر میں کمی کی وجہ سے کمپنی بہت زیادہ مسابقتی رہی ہے اور توقع کی جارہی ہے کہ مستقبل میں عالمی منڈیوں میں کمپنی اپنی مطلوبی قائم رکھے گی۔ کمپنی نے تیز ترین اثاثے، مصنوعات اور مل ایجاد کیے ہیں جو کہ کمپنی کی فروختگی کو بہتر بنانے میں معاون ہوگی اور مستقبل میں عالمی منڈیوں تک مزید رسائی میں مددگار ہوگی۔ کمپنی اسی خطوط پر اپریل جغرافیہ میں کام کر رہی ہے۔

اگرچہ ٹیڈل ایسٹ کی منڈی میں کمپنی کی بڑھوتری ہو، مگر شکار ہے تاہم کمپنی نے حکمت عملی اپنائی ہے کہ کمپنی آف شور کے ذریعے مزید خدمات فراہم کرے گی جس سے کمپنی کی آمدنی میں مثبت پیش رفت ہوگی۔ یہ حکمت عملی کمپنی کو منڈی میں مزید مسابقتی بنانے کی اور اسی منافع کی سطح پر مزید منافع بخش بنائے گی۔

ذیلی کمپنی ای۔ پروسیڈنگ سسٹمز نے زبردست آغاز دکھایا ہے۔ کمپنی کے پوزرز میں سال دسمبر 2018 میں 20k اور سال 2019 میں 39k کا اضافہ ہوا جو کہ 95% اضافہ کو ظاہر کرتا ہے۔ مبلغ 8.5 ملین روپے کی ہر مہینے ٹرانزیکشن کی تعداد میں 55% اضافہ ہوا۔ کمپنی ای۔ پروسیڈنگ سسٹمز کی صلاحیت میں زبردست اضافہ پر یقین رکھتی ہے اور کمپنی نے بورڈ آف ڈائریکٹرز اور حصہ داران کی منظوری کے بعد اپنی ذیلی کمپنی میں ورکنگ کپٹیل قرضہ کو ایکویٹی میں تبدیل کر کے مزید سرمایہ کاری کی ہے۔ کمپنی کو اس بات کا یقین ہے ان اقدامات کی وجہ سے ای۔ پروسیڈنگ سسٹمز کو آغاز میں ہی مالی قرضہ میں کمی اور بہترین نتائج کی بدولت مزید سہارا ملے گا۔

گروپ میں بڑھوتری کے اقدامات مندرجہ ذیل ہیں:

- ☆ کمپنی نے اس سال سنٹ میل حاصل کیا ہے اور اس سال کے آپریٹنگ نتائج بھٹ سے بھی زیادہ ہیں۔ کمپنی آخری چوتھائی میں مزید بڑھوتری کی توقع کر رہی ہے۔
- ☆ کمپنی نے سال 2020 کے منصوبوں میں توجہ مرکوز رکھی ہے اور 3 سے 5 سال کے حکمت عملی کے روڈ میپ پر کام کر رہی ہے۔ انتظامیہ اور سٹریٹجی فریڈنگٹی، مواقع اور مصنوعات کو زیادہ لمبے عرصے تک فعال بنانے بالخصوص سال 2020 کے ہدف کو فعال بنانے میں ساتھ ساتھ ہیں۔ کمپنی کا مستقبل بھی بہت مثبت ہے۔
- ☆ کمپنی کو یقین ہے کہ کرنی کے فائدے کے معاملے میں پاکستان حکمت عملی کے ساتھ اپنی پوزیشن مطلوبہ کر رہا ہے۔ ہمسایہ ملک، جن کے ساتھ کمپنی مقابلہ کر رہی ہے، کی بدولت یہاں ذرائع 30% سستے ہیں۔ کمپنی چاہتی ہے کہ یہ فائدے کے ساتھ ساتھ مستقبل میں دیگر فوائد بھی حاصل کرے۔
- ☆ کمپنی پاکستان میں معاشی استحکام دیکھ رہی ہے۔ بیرونی اعتماد میں اضافہ ہوا ہے اور بیرونی فوڈ پاکستان آنے کے خواہش مند ہیں۔ پاکستان اور امریکہ کے تعلقات میں بہتری کی توقع کی بدولت سفری خدمات میں نسبتاً تیزی آئی ہے اور ویزے کے اجراء کا طریقہ بھی آسان ہونے کی توقع ہے۔
- ☆ حکمت عملی کے ایک جزء کے طور پر کمپنی تیز ترین اثاثے اور انٹیلیجنل اثاثے بنانے کی منصوبہ بندی کر رہی ہے۔ کمپنی مستقبل کی تشخیص کو بڑھانے کے لیے ملکی اور غیر ملکی آغاز کو دیکھ رہی ہے کہ وہ آیا کہ پیہوں کی صورت میں یا کسی اور طریقے سے خدمات کی صورت میں سرمایہ کاری کرے۔ کمپنی کو اعتماد ہے کہ ہم اگلے مرحلے میں ان شروعات کو تجربہ بات کے ساتھ آغاز کر دیں گے۔
- ☆ جیسا کہ ٹیکنالوجی میں مسلسل توجہ ہو رہی ہے، کمپنی بھی اسی کے ساتھ ساتھ اپنی مہارت بڑھا رہی ہے اور ٹیکنالوجی کی ترقی میں ساتھ کھڑی ہے اور منڈی بالخصوص بنیادی اصولوں مثلاً مائیکروسافٹ، آئی بی ایم، گوگل میں زیادہ تیزی سے تبدیلیاں آئی ہیں۔
- ☆ کمپنی مستقبل قریب میں زیادہ مقابلے کی توقع نہیں کر رہی کیونکہ کمپنی نے ذرائع کی بائیرنگ اور ٹریڈنگ میں بہت بڑی سرمایہ کاری کی ہے۔
- ☆ مزید، مستقبل کی بڑھوتری اور منصوبے پاکستان کی سیاسی استحکام کے ساتھ مربوط ہے۔

اعتراف

بورڈ اس موقع پر کمپنی کے سٹمز گاہکوں، بکاروں اور دیگر اسٹیک ہولڈرز کو ان کے تعاون اور حمایت کے لیے شکر ادا کرتا ہے۔ بورڈ تمام ملازمین کی سخت محنت اور انتھک کوششوں کو سراہتا ہے۔

بورڈ کی جانب سے:



آصف بھٹی

چیف ایگزیکٹو آفیسر

مورخہ 28-10-2019

لاہور

Systems Limited
Standalone Financial Statements

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

as at 30 September 2019

		Un-audited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
ASSETS			
Non-current assets			
Property and equipment	6	1,454,850,333	1,070,601,940
Intangibles	7	43,294,132	62,628,120
Long term investments	8	271,973,167	51,077,980
Long term deposits		-	18,036,753
Total non-current assets		1,770,117,632	1,202,344,793
Current assets			
Contract assets		477,583,491	365,337,819
Trade debts	9	2,073,715,748	1,916,900,586
Loans and advances - considered good	10	272,522,880	274,282,809
Trade deposits and short term prepayments	11	237,606,520	180,733,794
Interest accrued		22,621,195	1,457,808
Other receivables		5,058,067	195,338,066
Short term investments	12	780,000,000	295,000,000
Tax refunds due from the Government		188,476,430	167,013,463
Cash and bank balances	13	400,856,581	400,760,630
Total current assets		4,458,440,912	3,796,824,975
TOTAL ASSETS		6,228,558,544	4,999,169,768
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 200,000,000 (2018: 200,000,000) ordinary shares of Rs. 10 each		2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	14	1,235,202,990	1,122,135,480
Capital reserves		547,993,589	533,080,217
Unappropriated profit		3,099,148,419	2,423,653,841
Total shareholders' equity		4,882,344,998	4,078,869,538
Non-current liabilities			
Long term advances		25,387,359	18,565,295
Lease liabilities		100,759,496	-
		126,146,855	18,565,295
Current liabilities			
Trade and other payables	15	494,356,191	411,259,725
Unclaimed dividend		6,218,584	1,975,820
Short term borrowings	16	650,000,000	450,000,000
Contract liabilities		8,522,353	25,149,881
Mark-up accrued on short term borrowings		1,419,861	3,689,005
Current portion of lease liabilities		42,154,525	-
Current portion of long term advances		17,395,177	9,660,504
Total current liabilities		1,220,066,691	901,734,935
TOTAL EQUITY AND LIABILITIES		6,228,558,544	4,999,169,768
Contingencies and commitments	18		

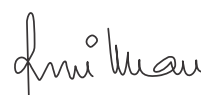
The annexed notes, from 1 to 26, form an integral part of these unconsolidated condensed interim financial statements.



08 CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

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

for the nine months period ended 30 September 2019

	Note	Nine Months Ended		Three Months Ended	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
		Rupees	Rupees	Rupees	Rupees
Revenue from contracts with customers - net		3,806,817,840	2,602,556,814	1,328,205,521	949,263,570
Cost of revenue		2,516,153,542	1,842,324,779	862,058,728	696,509,718
Gross profit		1,290,664,298	760,232,035	466,146,793	252,753,852
Distribution expenses		72,933,368	31,562,404	24,747,990	12,295,088
Administrative expenses		311,504,723	279,888,653	98,985,480	101,765,157
		384,438,091	311,451,057	123,733,470	114,060,245
Operating profit		906,226,207	448,780,978	342,413,323	138,693,607
Other income		307,969,912	216,934,876	(458)	51,277,314
		1,214,196,119	665,715,854	342,412,865	189,970,921
Other operating expenses	19	79,987,954	30,707,682	16,860,417	(8,580,751)
Finance costs		25,020,978	12,648,974	8,924,458	7,120,383
Profit before taxation		1,109,187,187	622,359,198	316,627,990	191,431,289
Taxation		33,965,044	15,187,988	20,608,996	6,672,570
Profit for the period		1,075,222,143	607,171,210	296,018,994	184,758,719
Earnings per share:					
Basic earnings per share	20	8.81	5.41	2.43	1.65
Diluted earnings per share		8.76	5.39	2.41	1.64

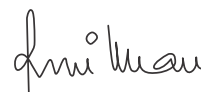
The annexed notes, from 1 to 26, form an integral part of these unconsolidated condensed interim financial statements.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

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

for the nine months period ended 30 September 2019

	Nine Months Ended		Three Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
	Rupees	Rupees	Rupees	Rupees
Profit for the period	1,075,222,143	607,171,210	296,018,994	184,758,719
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,075,222,143	607,171,210	296,018,994	184,758,719

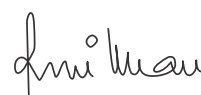
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10 CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

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

for the nine months period ended 30 September 2019

	Note	2019 Rupees	2018 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from / (used in) operations	22	1,070,159,211	(255,561,147)
Finance costs paid		(27,290,122)	(9,915,178)
Taxes paid		(43,497,539)	(3,973,803)
		(70,787,661)	(13,888,981)
Net cash flows generated from / (used in) operating activities		999,371,550	(269,450,128)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(505,755,652)	(194,424,683)
Development expenditure		(3,421,174)	(29,533,982)
Proceeds from the disposal of property and equipment		29,299,188	7,928,107
Purchase of short term investments - net of disposals		(485,000,000)	105,000,000
Decrease in long term deposits		18,036,753	-
Increase in Long term Investment		(220,895,187)	-
Profit received on short term investment		11,520,234	10,122,454
Profit received on bank deposits		12,161,952	3,233,715
Net cash flows used in investing activities		1,144,053,886	(97,674,389)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short term borrowings		200,000,000	250,000,000
Proceeds from exercise of share options		7,491,861	19,580,024
Dividend paid		(220,184,332)	(195,698,391)
Increase in lease liabilities - net		142,914,021	-
Increase in long term advances		14,556,737	7,204,926
Net cash flows generated from financing activities		144,778,287	81,086,559
Net increase / (decrease) in cash and cash equivalents		95,951	(286,037,958)
Cash and cash equivalents at beginning of the period		400,760,630	444,255,392
Cash and cash equivalents at closing of the period		400,856,581	158,217,434

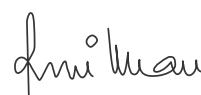
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CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

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

for the nine months period ended 30 September 2019

	Issued, subscribed and paid up share capital	Capital reserves		Revenue reserve		Total	
		Share capital premium	Employee compensation reserve	Unappropriated profit	Rupees		Rupees
Balance as at 01 January 2018 - (Audited)	1,118,276,520	473,289,639	9,742,937	1,609,869,061	3,211,178,157		
Transfer from compensation reserve to share premium reserve	-	18,335,845	(18,335,845)	-	-		
Shares issued against employee's share option scheme	3,858,960	13,886,359	-	-	17,745,319		
Share based payments	-	-	35,443,532	-	35,443,532		
Final dividend @ Rs.1.75 per share for the year ended 31st December 2017	-	-	-	(195,698,391)	(195,698,391)		
Total comprehensive income for the period	-	-	-	607,171,210	607,171,210		
Balance as at 30 September 2018 - (Unaudited)	1,122,135,480	505,511,843	26,850,624	2,021,341,880	3,675,839,827		
Balance as at 01 January 2019 - (Audited)	1,122,135,480	505,511,843	27,568,374	2,423,653,841	4,078,869,538		
Impact of adoption of IFRS-15	-	-	-	(63,086,929)	(63,086,929)		
Share issued against Employees' Share Option Scheme	853,970	-	-	-	853,970		
Exercise of Share Options	-	6,637,891	-	-	6,637,891		
10% Bonus shares issued	112,213,540	-	-	(112,213,540)	-		
Share based payments	-	-	8,275,481	-	8,275,481		
Final dividend @ Rs.2.00 per share for the year ended 31st December 2018	-	-	-	(224,427,096)	(224,427,096)		
Total comprehensive income for the period	-	-	-	1,075,222,143	1,075,222,143		
Balance as at 30 September 2019 - (Unaudited)	1,235,202,990	512,149,734	35,843,855	3,099,148,419	4,882,344,998		

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



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

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

for the nine months period ended 30 September 2019

1. THE COMPANY AND ITS OPERATIONS

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

2. STATEMENT OF COMPLIANCE

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

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

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

3. BASIS OF PREPARATION

3.1 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2018. The comparative Statement of Financial Position is extracted from the annual financial statements, as of 31 December 2018, whereas the Statement of Profit or Loss, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity are extracted from the un-audited condensed interim financial statements for the period ended 30 September 2019.

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

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

4. ACCOUNTING POLICIES

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

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

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

4.1.1 IFRS 15 - Revenue from contracts with customers

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

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

The Company applied the modified retrospective method upon adoption of IFRS 15 on 1 January 2019. This method requires the recognition of the cumulative effect of initially applying IFRS 15 to retained earnings and not to restate prior years. The cumulative effect recorded at 1 January 2019 was a decrease to retained earnings of Rs. 63.09 million.

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

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

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

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

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

Company identified all material and significant contracts in hand which were not closed or completed by 31 December 2018 and applied IFRS 15 on those contracts to evaluate and analyse the impact that IFRS 15 would have made on the revenue recognition from those contract. These contracts outline a fixed fee for the software license and maintenance services and provision of some other related services to the same customer. Total transaction price for these items was allocated to each of these performance obligations based on the relative standalone selling prices.

The adjustments made to items in the Statement of Financial Position as of 1 January 2019 and attributable to IFRS 15 are as follows:

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

4.1.2 IFRS 16 - Leases

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

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

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

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

The Company has adopted IFRS 16 using the modified retrospective restatement approach and has not restated comparatives for the prior reporting period, as permitted under the specific transitional provisions in the standard.

4.1.3 IFRS 9 - Financial Instruments

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

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

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

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

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

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

4.2.1 Revenue

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

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

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

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

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

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

4.2.2 Professional services

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

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

The Company has assessed that maintenance and support is a performance obligation that can be considered capable of being distinct and separately identifiable in a contract. These recurring services are substantially the same as the nature of the promise is for the Company to 'stand ready' to perform maintenance and support when required by the customer. Time-based measure of progress is used for such services since it best reflects the Company's efforts in satisfying the performance obligation. Time-based measure of progress is ascertained using the Percentage of Completion (PoC) method. To measure the PoC, input method is used by the management. PoC is measured by taking into account the cost incurred to date as a percentage of total budgeted cost.

4.2.3 Outsourcing services

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

Revenue from business process outsourcing services is recognized on completion of processing. Revenue from other outsourcing services is recognized as services are provided.

4.2.4 Sale of third party software

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

4.2.5 Licenses and license support services

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

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

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

4.3.1 Right-of-use assets

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

4.3.2 Lease liabilities

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

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

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

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

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

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

5. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2018, except for:

5.1 Impairment of financial assets

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

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

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

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

		Un-audited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
6. PROPERTY AND EQUIPMENT			
Operating fixed assets	(6.1)	1,301,129,787	925,570,335
Capital work in progress	(6.2)	20,237,914	145,031,605
Right-of-use assets	(6.3)	133,482,632	-
		1,454,850,333	1,070,601,940
6.1 OPERATING FIXED ASSETS - OWNED			
Opening balance - net book value		925,570,335	832,499,330
Additions during the period / year - cost	(6.1.1)	497,066,711	210,648,685
		1,422,637,046	1,043,148,015
Less:			
Disposals during the period / year	(6.1.2)	(19,525,434)	(8,378,645)
Depreciation during the period / year		(101,981,825)	(109,199,035)
Book value at the end of the period / year		1,301,129,787	925,570,335
6.1.1 Additions during the period/year-cost			
Land - freehold		292,247,289	-
Building		24,909,126	6,648,425
Computers		47,997,321	56,070,423
Computer equipment and installations		7,891,225	3,398,929
Other equipment and installations		6,627,171	3,937,965
Generator		2,408,220	9,114,300
Furniture and fittings		16,583,170	14,591,038
Vehicles		87,975,723	105,694,309
Office equipment		1,852,350	2,410,076
Leasehold Building Improvements		8,575,116	8,783,220
		497,066,711	210,648,685

6.1.2 Disposals during the period / year

	Cost	Accumulated Depreciation	Written Down Value
	Rupees	Rupees	Rupees
30 September 2019:			
Computers and mobile sets	6,501,582	5,194,014	1,307,568
Computer equipment and installations	545,767	545,767	-
Other equipment and installations	270,284	179,297	90,987
Furniture and fittings	1,216,387	706,632	509,755
Vehicles	29,684,672	12,087,083	17,597,589
Office equipment	85,000	65,465	19,535
	38,303,692	18,778,258	19,525,434
31 December 2018:			
Computers and mobile sets	43,724,121	42,571,734	1,152,387
Computer equipment and installations	13,868,662	13,868,662	-
Other equipment and installations	15,543,845	15,281,570	262,275
Generators	7,971,669	7,883,097	88,572
Furniture and fittings	4,977,539	4,464,795	512,744
Vehicles	16,617,623	10,684,520	5,933,103
Office equipment	5,906,819	5,477,255	429,564
	108,610,278	100,231,633	8,378,645
		Un-audited 30 September 2019	Audited 31 December 2018
		Rupees	Rupees
6.2 CAPITAL WORK IN PROGRESS			
Balance at the beginning of the period / year		145,031,605	52,274,081
Additions during the period / year		16,194,337	126,643,662
Transfer to operating fixed assets during the period / year		(140,988,028)	(33,886,138)
Balance at the end of the period / year		20,237,914	145,031,605
6.3 RIGHT-OF-USE ASSETS			
Opening book value		-	-
Additions during the period / year - cost		135,839,221	-
Depreciation charge during the period / year		(2,356,589)	-
Book value at the end of the period / year		133,482,632	-

		Un-audited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
7. INTANGIBLES			
Opening balance - net book value		62,628,120	60,306,397
Additions during the period / year - cost		3,421,174	29,093,016
		66,049,294	89,399,413
Less:			
Amortization during the period / year		(22,755,162)	(26,771,293)
Book value at the end of the period / year		43,294,132	62,628,120
8. LONG TERM INVESTMENTS			
Investment in Subsidiaries - at cost - unquoted:			
E - Processing Systems (Private) Limited 179,501 (2018: 140,004) fully paid ordinary shares of Rs. 10/- each	(8.1)	270,500,227	49,700,030
Tech Vista Systems FZ-LLC 50 (2018: 50) fully paid ordinary shares of AED 1000/- each	(8.2)	1,377,950	1,377,950
SUS-JV (Private) Limited 9,499 (2018: nil) fully paid ordinary shares of Rs. 10/- each	(8.3)	94,990	-
		271,973,167	51,077,980

- 8.1** This represents 59.13% (2018: 53%) share in Company's subsidiary E-Processing Systems (Private) Limited, a company engaged in the business of purchase and sale of airtime and related services in Pakistan.
- 8.2** This represents 100% (2018: 100%) share in Company's subsidiary, TechVista Systems FZ- LLC, a company set up in Dubai Technology and Media Free Zone Authority engaged in providing a host of services including enterprise application integration and software development and has been registered as a limited liability company on 03 April 2013.
- 8.3** This represents 94.99% (2018: nil) share in Company's subsidiary, SUS JV (Private) Limited, a company set up in Pakistan for the Balochistan Land Revenue Management Information System project. The project is related to digitization of land records and development of a web-based management information system.

		Un-audited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
9. TRADE DEBTS - unsecured			
Export	(9.1)	1,687,412,263	1,533,080,066
Local		473,093,531	421,888,357
		2,160,505,794	1,954,968,423
Less: Allowance for expected credit losses		(86,790,046)	(38,067,837)
		2,073,715,748	1,916,900,586

- 9.1** This includes receivables from related parties i.e. Visionet Systems Incorporation and Tech Vista Systems FZ-LLC amounting to Rs. 957.6 million (2018: Rs 502.2 million) and Rs. 683.2 million (2018: Rs 1,006.6 million) respectively.

		Un-audited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
10. LOANS AND ADVANCES - CONSIDERED GOOD			
Advances to employees - considered good against salary		7,822,606	3,848,442
against expenses		31,075,472	19,874,465
	(10.1)	38,898,078	23,722,907
Advances to suppliers - against goods		87,950,951	20,964,570
		126,849,029	44,687,477
Loans to related parties	(10.2&10.3)	145,673,851	229,595,332
		272,522,880	274,282,809

- 10.1** This includes advances to executives amounting to Rs. 25.13 (2018: Rs. 14.35) million.
- 10.2** This includes loan amounting to Rs. 127.9 (2018: Rs. 220.8) million provided to E-Processing Systems (Private) Limited for meeting working capital requirements. This amount is unsecured and is subject to interest at one-year KIBOR (2018: one-year KIBOR) on the outstanding loan balance at the end of each month.
- 10.3** This represents loan provided to UUS Joint Venture (Private) Limited for meeting working capital requirements. This amount is unsecured and is subject to interest at one-year KIBOR (2018: one-year KIBOR) on the outstanding loan balance at the end of each month.

		Un-audited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits	(11.1)	207,716,528	157,721,853
Prepayments		29,889,992	23,011,941
		237,606,520	180,733,794

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

		Un-audited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
12. SHORT TERM INVESTMENTS			
Term Deposit Receipts (TDRs)	(12.1)	780,000,000	295,000,000

- 12.1** This represents TDRs carrying markup at rates ranging from 9.25% to 12.85% (2018: 3.46% to 8.5%) per annum.

		Un-audited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
13. CASH AND BANK BALANCES			
Cash in hand		1,804,962	225,401
Cash at bank:			
Local currency:			
Current accounts		85,903,656	51,475,407
Saving accounts	(13.1)	298,000,170	347,087,233
		383,903,826	398,562,640
Foreign currency - current accounts		15,147,793	1,972,589
		400,856,581	400,760,630

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

14. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	No. of Shares	No. of Shares	Rupees	Rupees
Ordinary shares of Rs. 10/- each fully paid in cash	23,447,380	23,361,983	234,473,800	233,619,830
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	100,072,919	88,851,565	1,000,729,190	888,515,650
	123,520,299	112,213,548	1,235,202,990	1,122,135,480

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

Balance as at 1st January	112,213,548	111,827,652	1,122,135,480	1,118,276,520
Stock options exercised	85,397	385,896	853,970	3,858,960
Bonus shares issued	11,221,354	-	112,213,540	-
Balance as at 30 September	123,520,299	112,213,548	1,235,202,990	1,122,135,480

	Un-audited 30 September 2019	Audited 31 December 2018
	Rupees	Rupees
15. TRADE AND OTHER PAYABLES		
Creditors	30,362,608	64,384,423
Accrued liabilities	418,557,263	317,868,679
Withholding income tax payable	25,047,886	13,117,414
Provident fund payable	20,388,434	15,889,209
	494,356,191	411,259,725

16. SHORT TERM BORROWINGS

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

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

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

17. OPERATING SEGMENT INFORMATION

Geographical segments

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

North America
Middle East
Pakistan

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

Management monitors the operating results of its operating segments separately for the purpose of performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

	North America		Middle East		Pakistan		Total	
	Un-audited		Un-audited		Un-audited		Un-audited	
	Nine Months Ended 30 September		Nine Months Ended 30 September		Nine Months Ended 30 September		Nine Months Ended 30 September	
	2019	2018	2019	2018	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Sales	2,164,753,536	1,570,661,205	686,181,064	294,020,302	955,883,240	737,875,307	3,806,817,840	2,602,556,814
Cost of sales	(1,220,527,465)	(920,897,382)	(528,779,080)	(283,565,756)	(766,846,997)	(637,861,641)	(2,516,153,542)	(1,842,324,779)
Gross profit	944,226,071	649,763,823	157,401,984	10,454,546	189,036,243	100,013,666	1,290,664,298	760,232,035
Distribution expenses	(40,969,591)	(4,437,442)	-	(1,774,977)	(31,963,777)	(25,349,985)	(72,933,368)	(31,562,404)
Administrative expenses	(249,203,778)	(191,932,812)	(32,707,996)	(36,293,490)	(29,592,949)	(51,662,351)	(311,504,723)	(279,888,653)
	(290,173,369)	(196,370,254)	(32,707,996)	(38,068,467)	(61,556,726)	(77,012,336)	(384,438,091)	(311,451,057)
Profit / (loss) before taxation and								
Unallocated income and expenses	654,052,702	453,393,569	124,693,988	(27,613,921)	127,479,517	23,001,330	906,226,207	448,780,978
Unallocated income and expenses:								
Other operating expenses							(79,987,954)	(30,707,682)
Other income							307,969,912	216,934,876
Finance cost							(25,020,978)	(12,648,974)
							202,960,980	173,578,220
Profit before taxation							1,109,187,187	622,359,198
Taxation							33,965,044	15,187,988
Profit for the period							1,075,222,143	607,171,210

18. CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

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

18.2 Commitments:

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

Commitments include capital commitments for construction of building of the Company amounting to Rs. 34.77 million (2018: nil).

	Un-audited 30 September 2019	Un-Audited 30 September 2018
	Rupees	Rupees
19. OTHER OPERATING EXPENSES		
Allowance for expected credit losses	54,963,322	22,827,998
Contract assets and bad debts written-off	23,992,819	7,879,684
Advances written-off	1,031,813	-
	79,987,954	30,707,682

20. EARNINGS PER SHARE

	Nine Months Ended		Three Months Ended	
	30 September 2019	30 September 2018	30 September 2019	30 September 2018
Basic earnings per share:				
Profit for the period	1,075,222,143	607,171,210	296,018,994	184,758,719
Weighted-average number of ordinary shares outstanding during the period	122,001,063	112,213,548	122,001,063	112,213,548
Basic - in Rupees	8.81	5.41	2.43	1.65
Diluted earnings per share:				
Profit for the period	1,075,222,143	607,171,210	296,018,994	184,758,719
Weighted-average number of Ordinary shares (basic)	122,001,063	112,213,548	122,001,063	112,213,548
Effect of share options	726,762	407,508	726,762	407,508
	122,727,825	112,621,056	122,727,825	112,621,056
Diluted - in Rupees	8.76	5.39	2.41	1.64

21. TRANSACTIONS WITH RELATED PARTIES

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

Related party	Relationship	Nature of transactions	Un-audited	
			Nine Months Ended	
			30 September	
			2019	2018
			Rupees	Rupees
E Processing Systems (Pvt.) Ltd.	Subsidiary	Loan	127,897,605	63,489,856
		Interest income	18,694,073	2,215,190
			146,591,678	65,705,046
Tech Vista Systems FZ - LLC	Subsidiary	Sales	562,736,628	261,966,350
		Out of pocket expenses	84,143,449	8,866,877
			646,880,077	270,833,227
Visionet Systems Incorporation	Common directorship	Sales	2,094,093,019	1,530,230,513
		Out of pocket expenses	52,136,360	70,881,522
			2,146,229,379	1,601,112,035
SUS (Private) Limited	Subsidiary	Loan	12,108,439	-
		Interest Income	751,934	-
			12,860,373	-
UUS-JV (Private) Limited	Joint Operation	Loan	5,667,812	-
		Interest Income	14,523,281	-
			20,191,093	-
Provident fund	Employee benefit plan	Contributions	87,448,494	68,709,991

	Un-audited	
	Nine Months Ended	
	30 September	
	2019	2018
	Rupees	Rupees
22. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,109,187,187	622,359,198
Adjustments for:		
Depreciation on property and equipment	101,981,825	79,722,601
Amortization of intangibles	22,755,162	20,319,070
Allowance for expected credit losses	54,963,322	22,827,998
Bad debts - written off	23,992,819	7,879,684
Advances - written off	1,031,813	-
Share based payment expense	8,275,481	35,443,532
Finance costs	25,020,978	12,648,974
Exchange gain - net	(233,730,523)	(178,763,095)
Interest Accrued	-	(1,675,392)
Profit on bank deposits	(12,161,952)	(3,233,715)
Gain on short term investments	(32,683,621)	(15,366,161)
Gain on disposal of property and equipment	(9,773,754)	(2,642,000)
	(50,328,450)	(22,838,504)
Profit before working capital changes	1,058,858,737	599,520,694
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Contract Assets - net	(191,960,129)	(69,769,119)
Trade debts	(2,040,780)	(659,434,841)
Advances	728,116	(143,837,019)
Trade deposits and short term prepayments	(56,872,726)	(71,310,292)
Other receivables	190,279,999	(54,995,718)
	(59,865,520)	(999,346,989)
Increase in current liabilities:		
Trade and other payables	71,165,994	144,265,148
	11,300,474	(855,081,841)
Net cash generated / (used in) from operations	1,070,159,211	(255,561,147)

23. FINANCIAL RISK MANAGEMENT

23.1 Financial risk factors

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

23.2 Fair values of financial assets and liabilities

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

Fair value hierarchy

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

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

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

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

- There were no financial assets and liabilities measured at fair value as at 30 September 2019.
- During the nine month period ended 30 September 2019, there were no transfers between Level 1 and Level 2 fair value measurements.
- There were no financial assets and liabilities measured at fair value as at 31 December 2018.

	30 September 2019			
	Cash and cash equivalents	Loans and receivables	Held to maturity	Total
	Rupees	Rupees	Rupees	Rupees
Financial instruments by categories:				
Financial assets as per balance sheet				
Long term deposits	-	-	-	-
Contract Assets	-	477,583,491	-	477,583,491
Loans and advances	-	272,522,880	-	272,522,880
Trade debts	-	2,073,715,748	-	2,073,715,748
Security deposits	-	207,716,528	-	207,716,528
Interest accrued	-	22,621,195	-	22,621,195
Other receivable	-	5,058,067	-	5,058,067
Short term investments	-	-	780,000,000	780,000,000
Cash and bank balances	400,856,581	-	-	400,856,581
	400,856,581	3,059,217,909	780,000,000	4,240,074,490

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

	30 September 2019	31 December 2018
	Financial Liabilities at amortized cost	Financial Liabilities at amortized cost
	Rupees	Rupees
Financial liabilities as per balance sheet		
Mark-up accrued on short term borrowings	1,419,861	3,689,005
Short term borrowings	650,000,000	450,000,000
Trade and other payables	30,362,608	76,615,326
	681,782,469	530,304,331

24. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on 28 October 2019 by the Board of Directors of the Company.

25. CORRESPONDING FIGURES

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

26. GENERAL

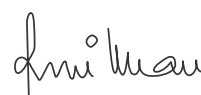
26.1 Figures have been rounded off to the nearest rupees, unless otherwise stated.



30 CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Systems Limited
Consolidated Financial Statements

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

as at 30 September 2019

		Unaudited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
ASSETS			
Non-current assets			
Property and equipment	6	1,469,894,518	1,084,194,685
Intangible	7	197,469,435	173,060,937
Long term deposits		16,103,840	22,970,553
		1,683,467,793	1,280,226,175
Current assets			
Contract assets		357,630,060	571,727,867
Trade debts	8	2,221,638,444	1,691,798,483
Loans and advances	9	164,400,333	69,695,751
Trade deposits and short term prepayments	10	661,622,388	322,718,950
Interest accrued		5,346,204	1,457,808
Other receivables	11	187,761,668	207,780,930
Short term investments	12	780,000,000	295,000,000
Tax refunds due from the Government		188,477,280	165,250,487
Cash and bank balances	13	607,494,201	761,651,601
		5,174,370,578	4,087,081,877
TOTAL ASSETS		6,857,838,371	5,367,308,052
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 200,000,000 (2017: 200,000,000) ordinary shares of Rs. 10 each		2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	14	1,235,202,990	1,122,135,480
Capital and reserves		601,222,174	559,888,228
Unappropriated profits		3,317,702,603	2,488,343,457
		5,154,127,767	4,170,367,165
Non-controlling interest		(10,944,951)	(1,276,580)
		5,143,182,817	4,169,090,585
Non-current liabilities			
Long term advances	15	25,387,359	18,565,295
Lease Liability		100,759,496	-
Provision for gratuity		21,881,670	6,636,508
		148,028,525	25,201,803
Current liabilities			
Trade and other payables	16	830,602,925	655,669,263
Unclaimed Dividend		6,218,584	1,975,820
Contract Liability		8,522,353	41,597,158
Mark-up accrued on short term borrowings		1,309,551	3,689,005
Short term borrowings	17	660,423,914	460,423,914
Current Portion of Lease Liability		42,154,525	-
Current portion of long term advances		17,395,177	9,660,504
		1,566,627,029	1,173,015,664
TOTAL EQUITY & LIABILITIES		6,857,838,371	5,367,308,052

CONTINGENCIES AND COMMITMENTS

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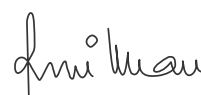
The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.



32 CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

Consolidated Condensed Interim Statement of Profit or Loss Account (Un-audited)

for the nine months period ended 30 September 2019

	Note	Nine Months Ended		Three Months Ended	
		30 September 2019	30 September 2018	30 September 2019	30 September 2018
		Rupees	Rupees	Rupees	Rupees
Revenue from contract with customers - net		5,472,374,148	3,698,191,552	1,891,595,718	1,367,083,364
Cost of sales		3,757,618,190	2,693,989,995	1,279,701,619	1,014,920,512
Gross profit		1,714,755,958	1,004,201,557	611,894,099	352,162,852
Distribution expenses		145,084,126	97,482,786	49,599,807	32,336,169
Administrative expenses		482,825,271	364,814,504	161,234,511	132,287,336
Other operating expenses	20	90,434,642	45,427,766	23,425,916	(734,934)
		718,344,039	507,725,056	234,260,234	163,888,571
Other income		293,812,297	211,244,410	(197,356)	48,772,796
Operating profit		1,290,224,215	707,720,911	377,436,508	237,047,077
Finance cost		30,864,069	16,355,956	11,072,398	8,268,832
Profit before taxation		1,259,360,147	691,364,955	366,364,111	228,778,245
Taxation		36,240,916	16,479,137	21,431,288	6,937,297
Profit after taxation		1,223,119,231	674,885,818	344,932,823	221,840,949
Attributable to:					
Equity holders of the parent		1,232,782,591	684,363,038	920,453,864	224,508,403
Non-controlling interest		(9,663,361)	(9,477,220)	(5,132,040)	(2,667,454)
		1,223,119,231	674,885,818	915,321,824	221,840,949
Earnings per share:					
Basic earnings per share	21	10.10	6.10	2.83	2.00
Diluted earnings per share		10.04	6.08	2.81	1.99

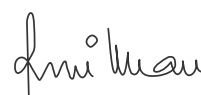
The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

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

for the nine months period ended 30 September 2019

	Nine Months Ended	
	30 September 2019	30 September 2018
	Rupees	Rupees
Profit for the period	1,223,119,231	444,415,642
Other comprehensive income		
Exchange difference on translation of foreign operations	26,420,574	260,755
Total comprehensive income for the period	1,249,539,805	444,676,397
Attributable to:		
Equity holders of the parent	1,259,203,165	451,895,248
Non-controlling interest	(9,663,361)	(7,218,851)
	1,249,539,805	444,676,397

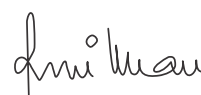
The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.



34 CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

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

for the nine months period ended 30 September 2019

	Note	Nine Months Ended	
		30 September 2019	30 September 2018
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from/(used in) operations	23	748,077,612	(223,216,530)
Finance costs paid		(33,243,523)	(13,622,160)
Gratuity paid		(18,588,584)	(1,894,125)
Taxes paid		(49,719,109)	(5,452,551)
		(101,551,215)	(20,968,836)
Net cash flows from/(used in) operating activities		653,099,385	(244,185,366)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(514,195,553)	(178,289,846)
Development expenditure		(50,181,716)	(51,597,487)
Proceeds from the disposal of property and equipment		29,670,721	7,928,107
Decrease in long term deposits		6,866,713	519,323
(Purchase) / disposal of short term investments - net		(485,000,000)	105,000,000
Profit received on short term investment		28,795,225	15,366,161
Profit received on bank deposits		12,161,952	3,233,715
Net cash flows used in/from investing activities		(971,882,659)	(97,840,027)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		7,491,861	19,580,024
Increase in short term borrowings		200,000,000	250,000,000
Dividend paid		(220,184,332)	(195,698,391)
Increase in Lease Liability		142,914,021	-
Increase in long term advances		14,556,737	7,204,926
Net cash flows used in financing activities		144,778,287	81,086,559
Net (decrease) in cash and cash equivalents		(180,577,975)	(260,938,834)
Effect of exchange translation reserve		26,420,574	11,317,555
Cash and cash equivalents at beginning of the period		761,651,601	697,875,255
Cash and cash equivalents at closing of the period		607,494,200	448,253,976

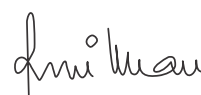
The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.



CHAIRMAN



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

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

for the nine months period ended 30 September 2019

	Issued, subscribed and paid up share capital		Capital reserve		Revenue reserve		Total equity attributable to shareholders of parent company		Non-controlling interest		Total	
	Rupees		Rupees		Rupees		Rupees		Rupees		Rupees	
	Share premium	Employe compensation reserve	Foreign currency translation reserve	Unappropriated profit	shareholders of parent company	Non-controlling interest	Total	Rupees	Rupees	Rupees	Rupees	
Balance as at 31st December 2017 (Audited)	473,289,639	9,742,937	1,831,748	1,609,551,095	3,212,691,939	11,930,892	3,224,622,831					
Transfer from compensation reserve to share premium reserve	18,335,845	(18,335,845)	-	-	-	-	-					
Shares issued against employee's share option scheme	13,886,359	-	-	-	17,745,319	-	17,745,319					
Share Based Payments	-	35,443,532	-	-	35,443,532	-	35,443,532					
Final Dividend @ Rs. 1.75 per share for the year ended 31 December 2017	-	-	-	(195,698,391)	(195,698,391)	-	(195,698,391)					
Total comprehensive income for the period	-	-	-	684,363,038	684,363,038	(9,477,220)	674,885,818					
Other comprehensive income for the year	-	-	11,317,555	-	11,317,555	-	11,317,555					
Balance as at 30 September 2018 (Un-audited)	1,122,135,480	26,850,624	13,149,303	2,098,215,742	3,765,862,992	2,453,672	3,768,316,664					
Balance as at 31 December 2018 (Audited)	1,122,135,480	27,568,374	26,808,011	2,488,343,457	4,170,367,165	(1,276,580)	4,169,090,585					
Restatement on initial application of IFRS-15	-	-	-	(66,782,809)	(66,782,809)	-	(66,782,809)					
Bonus issue @ 10% for the year ended 31 December 2018	112,213,540	-	-	(112,213,540)	-	-	-					
Final Dividend @ Rs. 2 per share for the year ended 31 December 2018	-	-	-	(224,427,096)	(224,427,096)	-	(224,427,096)					
Total comprehensive income for the period	-	-	-	1,232,782,591	1,232,782,591	(9,663,361)	1,223,119,231					
Other comprehensive income for the year	-	-	26,420,574	-	26,420,574	-	26,420,574					
Exercise of Share Options	853,970	6,637,891	-	-	7,491,861	-	7,491,861					
Share based payments	-	8,275,481	-	-	8,275,481	-	8,275,481					
SUS JV (Private) Limited	-	-	-	-	-	(5,010)	(5,010)					
Balance as at 30 September 2019 (Un-audited)	1,235,202,990	512,149,734	53,228,585	3,317,702,603	5,154,127,767	(10,944,951)	5,143,182,817					

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


CHAIRMAN


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER

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

for the nine months period ended 30 September 2019

1. THE GROUP AND ITS OPERATIONS

Holding company

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

Subsidiary Company

TechVista Systems FZ LLC, a limited liability Company incorporated in Dubai Technology and Media Free Zone Authority, is a 100% owned subsidiary of Systems Limited. The Company is engaged in the business of developing software and providing ancillary services.

TechVista Systems FZ LLC has 100% control of TechVista Systems LLC. The Company is a Limited Liability Company registered in the Emirate of Dubai under Federal Law No. 2 of 2015. The Company is licensed as a software house.

TechVista Manpower LLC (TechVista MP LLC), a Sole Establishment, duly licensed by Dubai Economic Department, under License No. 800123, is 100% controlled by TechVista Systems FZ-LLC.

E-Processing Systems (Private) Limited, a private limited Company registered under the repealed Companies Ordinance 1984, (now Companies Act 2017) incorporated on 06 February 2013, is a 59.13% 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.

2. STATEMENT OF COMPLIANCE

- 2.1** This consolidated condensed interim financial information of the Group for the period ended 30 September 2019 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.2** This interim financial information is un-audited and is being submitted to shareholders, as required by section 237 of the Companies Act, 2017.

3. BASIS OF PREPARATION

This consolidated condensed interim financial information is not audited and has been prepared in condensed form and does not include all the information as is required to be provided in full set of annual financial statements. This condensed interim consolidated financial information should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2018.

3.1 Consolidated financial statements

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

3.2 Basis of measurement

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

4. ACCOUNTING POLICIES

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

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

4.1.1 IFRS 15 - Revenue from contracts with customers

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

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

The Group applied the modified retrospective method upon adoption of IFRS 15 on 1 January 2019. This method requires the recognition of the cumulative effect of initially applying IFRS 15 to retained earnings and not to restate prior years. The cumulative effect recorded at 1 January 2019 was a decrease to retained earnings of Rs. 66 million.

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

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

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

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

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

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

The Group identified all material and significant contracts in hand and not closed or completed by 31 December 2018 and applied IFRS 15 on those contracts to evaluate and analyse the impact IFRS 15 would have made on the revenue recognition from those contract. These contracts outline a fixed fee for the software license and maintenance services and provision of some other related services to the same customer. Total transaction price for these items was allocated to each of these performance obligations based on the relative standalone selling prices.

The adjustments made to items in the statement of financial position as of 1 January 2019 and attributable to IFRS 15 are as follows:

	Carrying amount in accordance with IAS-18 as at 31-Dec-18	Adjustment	Carrying amount in accordance with IFRS-15 as at 1-Jan-19
ASSETS			
CURRENT ASSETS			
Contract Assets	571,727,867	(66,782,809)	504,945,058
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Unappropriated Profits	2,488,343,457	(66,782,809)	2,421,560,648

4.1.2 IFRS 16 - Leases

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

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

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

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

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

4.1.3 IFRS 9 - Financial Instruments

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

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

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

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

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

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

4.2.1 Revenue

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

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

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

Outsourcing Services

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

Sale of third party software

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

Licenses & license support services

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

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

Sale of airtime and related services

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

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

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

4.3.1 Right-of-use assets

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

4.3.2 Lease liabilities

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

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

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

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

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

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

5. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2018.

5.1 Impairment of financial assets

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

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

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

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

		Unaudited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
6. PROPERTY AND EQUIPMENT			
Operating fixed assets	(6.1)	1,316,173,972	939,163,080
Capital work in progress	(6.2)	20,237,914	145,031,605
Right of Use Assets	(6.3)	133,482,632	-
		1,469,894,518	1,084,194,685
6.1 Operating fixed assets:			
Opening balance - net book value		939,163,080	844,353,949
Additions during the period / year - cost	6.1.1	505,506,612	218,327,565
		1,444,669,692	1,062,681,514
Less:			
Disposals during the period / year	6.1.2	19,896,967	8,378,645
Depreciation during the period / year		108,598,753	115,139,789
Book value at the end of the period / year		1,316,173,972	939,163,080
6.1.1 Additions during the period / year-cost			
Land		292,247,289	-
Building		24,909,126	6,648,425
Computers and mobile sets		50,150,884	61,948,881
Computer equipment and installations		8,595,127	3,467,256
Other equipment and installations		6,627,171	3,937,965
Generator		2,408,220	9,114,300
Furniture and fittings		20,660,850	14,815,881
Vehicles		87,975,723	107,142,307
Office equipment		2,102,956	2,469,330
Leasehold Improvements		8,575,116	8,783,220
Capital work in progress		-	-
Exchange gain		1,254,150	-
		505,506,612	218,327,565

	Cost	Accumulated Depreciation	Written Down Value
	Rupees	Rupees	Rupees
6.1.2 Disposals during the period / year			
30 September 2019			
Computers and mobile sets	7,859,053	6,185,221	1,673,832
Computer equipment and installations	624,756	619,487	5,269
Other equipment and installations	270,284	179,297	90,987
Furniture and fittings	1,216,387	706,632	509,755
Vehicles	29,684,672	12,087,083	17,597,589
Office equipment	85,000	65,465	19,535
	39,740,151	19,843,185	19,896,967
31 December 2018			
Computers and mobile sets	43,724,121	42,571,734	1,152,387
Computer equipment and installations	13,868,662	13,868,662	-
Other equipment and installations	15,543,845	15,281,570	262,275
Generators	7,971,669	7,883,097	88,572
Furniture and fittings	4,977,539	4,464,795	512,744
Vehicles	16,617,623	10,684,520	5,933,103
Office equipment	5,906,819	5,477,255	429,564
	108,610,278	100,231,633	8,378,645
		Unaudited 30 September 2019	Audited 31 December 2018
		Rupees	Rupees
6.2 CAPITAL WORK IN PROGRESS			
Balance at the beginning of the period / year		145,031,605	52,274,081
Additions during the period / year		16,194,337	126,643,662
Transfer to operating fixed assets during the period / year		(140,988,028)	(33,886,138)
Balance at the end of the period / year		20,237,914	145,031,605

		Unaudited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
6.3 RIGHT-OF-USE ASSETS			
Opening book value			-
Additions during the period / year - cost		135,839,221	-
Depreciation charge during the period / year		(2,356,589)	-
Book value at the end of the period / year		133,482,632	-
7. INTANGIBLES ASSETS			
Opening balance - net book value		173,060,937	141,577,271
Additions during the period / year - cost		50,181,716	63,562,578
		223,242,653	205,139,849
Less:			
Amortization during the period / year		25,773,218	32,078,912
Book value at the end of the period / year		197,469,435	173,060,937
8. TRADE DEBTS			
Considered good - unsecured			
Export	(8.1)	1,704,363,641	1,265,218,093
Local		541,928,162	426,580,390
		2,246,291,803	1,691,798,483
Considered doubtful - unsecured			
Export		14,330,439	13,654,569
Local		74,700,085	37,609,361
		89,030,524	51,263,930
		2,335,322,327	1,743,062,413
Less: Allowance for expected credit losses		(113,683,883)	(51,263,930)
		2,221,638,444	1,691,798,483

8.1 This includes receivable from related parties i.e. Visionet Systems Incorporation amounting to Rs. 957.6 (2018: Rs. 502.2) million.

		Unaudited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
9. LOANS AND ADVANCES - considered good			
Advances to staff:			
against salary		8,516,298	11,374,876
against expenses		50,156,839	19,874,465
		58,673,136	31,249,341
Advances to suppliers - against goods		87,950,951	29,651,275
		146,624,087	60,900,616
Loans to related parties	(9.1)	17,776,246	8,795,135
		164,400,333	69,695,751

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

		Unaudited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits		558,363,681	214,656,402
Prepayments		103,258,707	108,062,548
		661,622,388	322,718,950
11. OTHER RECEIVABLES			
Visionet Systems Incorporation - USA		5,058,067	-
TechVista Information Technology - Qatar		182,703,601	207,780,930
		187,761,668	207,780,930
12. SHORT TERM INVESTMENTS			
Term Deposit Receipts (TDRs)	(12.1)	780,000,000	295,000,000

- 12.1** This represents TDRs carrying markup at rates ranging from 9.25% to 12.85% (2018: 3.46% to 8.5%) per annum.

	Note	Unaudited 30 September 2019 Rupees	Audited 31 December 2018 Rupees
13. CASH AND BANK BALANCES			
Cash in hand		1,804,962	225,401
Cash at bank:			
Local currency:			
Current accounts		284,464,757	195,685,529
Deposit accounts	(13.1)	306,076,689	563,768,082
		590,541,446	759,453,611
Foreign currency - current accounts		15,147,793	1,972,589
		607,494,201	761,651,601

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

14. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	30 September 2019 No of Shares	31 December 2018 No of Shares	30 September 2019 Rupees	30 September 2018 Rupees
Ordinary shares of Rs. 10/- fully paid in cash	23,447,380	23,361,983	234,473,800	233,619,830
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	100,072,919	88,851,565	1,000,729,190	888,515,650
	123,520,299	112,213,548	1,235,202,990	1,122,135,480

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

	30 September 2019 No of Shares	31 December 2018 No of Shares	30 September 2019 Rupees	30 September 2018 Rupees
Balance as at 1st January	112,213,548	111,827,652	1,122,135,480	1,118,276,520
Stock options exercised	85,397	385,896	853,970	3,858,960
Bonus issue 10%	11,221,354	-	112,213,540	-
	123,520,299	112,213,548	1,235,202,990	1,122,135,480

15. LONG TERM ADVANCES

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

		Unaudited 30 September 2019	Audited 31 December 2018
	Note	Rupees	Rupees
16. TRADE AND OTHER PAYABLES			
Creditors		67,606,492	79,484,433
Advance from customers		5,812,818	12,230,903
Retention money		45,219,983	-
Accrued liabilities		663,264,657	532,801,351
Provident fund payable		24,158,646	15,889,209
Withholding income tax payable		24,394,767	14,646,167
Other payable		145,562	617,200
		830,602,925	655,669,263
17. SHORT TERM BORROWINGS			
MCB Bank & HMB	(17.1)	650,000,000	450,000,000
Convertible loan	(17.2)	10,423,914	10,423,914
		660,423,914	460,423,914

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

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

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

18. OPERATING SEGMENT INFORMATION

Geographical segments

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

North America

Middle East

Pakistan

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

Management monitors the operating results of its operating segments separately for the purpose of performance assessment. Segment performance is evaluated based on profit or loss.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

	North America		Middle East		Pakistan		Total		
	Un-audited		Un-audited		Un-audited		Un-audited		
	Nine months ended		Nine months ended		Nine months ended		Nine months ended		
	2019	2018	2019	2018	2019	2018	2019	2018	
	Rupees	Rupees							
Revenue - net	2,164,753,536	1,570,661,205	2,067,232,325	1,260,540,212	1,240,388,288	866,990,135	5,472,374,148	3,698,191,552	
Cost of sales	1,220,527,465	920,897,382	1,572,816,783	1,038,938,228	964,273,942	734,154,385	3,757,618,190	2,693,989,995	
Gross profit	944,226,070	649,763,823	494,415,542	221,601,984	276,114,345	132,835,750	1,714,755,958	1,004,201,557	
Distribution expenses	40,969,591	4,437,442	15,459,980	36,446,348	88,654,555	56,598,991	145,084,126	97,482,786	
Administrative expenses	249,203,778	191,932,812	181,334,185	104,325,445	52,287,308	68,556,247	482,825,271	364,814,504	
	290,173,369	196,370,254	196,794,165	140,771,793	140,941,863	125,155,238	627,909,397	462,297,290	
Profit / (loss) before taxation and unallocated income and expenses	654,052,701	453,393,569	297,621,377	80,830,191	135,172,482	7,680,512	1,086,846,561	541,904,267	
Unallocated income and expenses:									
Other operating expenses							90,434,642	45,427,766	
Other income							293,812,297	211,244,410	
Finance cost							30,864,069	16,355,956	
Profit before taxation							1,259,360,147	691,364,959	
Taxation							36,240,916	16,479,137	
Profit after taxation							1,223,119,231	674,885,818	

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

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

19.2 Commitments:

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

Commitments include capital commitments for construction of building of the Group amounting to Rs. 34.77 million (2018: nil).

	Un-audited 30 September 2019	Un-audited 30 September 2018
	Rupees	Rupees
20. OTHER OPERATING EXPENSES		
Allowance for expected credit losses	42,735,378	22,827,998
Unbilled revenue and bad debts written-off	46,667,451	22,599,768
Advances Written Off	1,031,813	-
	90,434,642	45,427,766
	Nine Months Ended	
	30 September	
	2019	2018
	Un-audited	Un-audited
21. EARNINGS PER SHARE		
Basic earnings per share		
Profit for the period attributable to equity holder of parent	1,232,782,591	684,363,038
Weighted average number of ordinary shares in issue during the period	122,001,063	112,213,548
Basic - in Rupees	10.10	6.10
Diluted earnings per share		
Profit for the period attributable to equity holder of parent	1,232,782,591	684,363,038
Weighted-average number of ordinary shares (basic)	122,001,063	112,213,548
Effect of share options	726,762	407,508
	122,727,825	112,621,056
Diluted - in Rupees	10.04	6.08

22. TRANSACTIONS WITH RELATED PARTIES

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

Undertaking	Relation	Nature of transactions	Unaudited Nine Months Ended 30 September	
			2019 Rupees	2018 Rupees
Visionet Systems Incorporation - USA	Common Directorship	Sales	2,094,093,019	1,530,230,513
		Reimbursement of expenses	52,136,360	70,881,522
UUS Joint Venture (Private) Limited	Joint Operations	Loan	5,667,812	-
		Interest income	14,523,281	-
Staff retirement funds		Contribution	87,448,494	68,709,991

**Unaudited
Nine Months Ended
30 September**

	2019 Rupees	2018 Rupees
23. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,259,360,147	691,364,955
Adjustments of reconcile profit before tax to meet cash flows:		
Depreciation on property and equipment	108,598,753	83,654,595
Amortization of intangible assets	25,773,218	23,714,383
Provision for bad debts	42,735,378	22,827,998
Bad debts - written off	47,699,264	22,599,768
Share based payment expense	8,275,481	15,149,810
Finance cost	30,864,069	16,355,956
Gratuity expense	34,481,855	4,118,925
Interests accrued	-	(1,511,521)
Exchange gain on translation of export receivables	(236,149,167)	(178,763,095)
Gain on disposal of property and equipment	(9,773,754)	(2,642,000)
Gain on short term investments	(32,683,621)	(15,366,163)
Profit on bank deposits	(12,161,952)	(3,233,715)
	7,659,525	(13,095,059)
Profit before working capital changes	1,267,019,671	678,269,896
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Contract Asset - Net	147,314,998	(281,959,791)
Trade debts	(384,125,437)	(471,269,115)
Loans and advances	(94,704,582)	(50,856,424)
Other receivables	20,019,262	(127,971,812)
Trade deposits and short term prepayments	(338,903,438)	(132,193,397)
	(650,399,197)	(1,064,250,539)
(Decrease) / increase in current liabilities:		
Trade and other payables	164,531,943	221,835,655
Contract Liability	(33,074,805)	(59,071,544)
	(518,942,059)	162,764,111
Net cash flows generated / (used in) operations	748,077,612	(223,216,530)

24. FINANCIAL RISK MANAGEMENT

24.1 Financial risk factors

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

24.2 Fair values of financial assets and liabilities

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

Fair value hierarchy

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

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

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

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

- There were no financial assets and liabilities measured at fair value as at 30 September 2019.
- During the nine months period ended 30 September 2019, there were no transfers between Level 1 and Level 2 fair value measurements.
- There were no financial assets and liabilities measured at fair value as at 31 December 2018.

	30 September 2019		
	Cash and cash equivalent	Loans and advances	Total
	Rupees	Rupees	Rupees
24.3 Financial instruments by categories			
Financial assets as per balance sheet			
Long term deposits	-	16,103,840	16,103,840
Unbilled revenue	-	357,630,060	357,630,060
Trade debts	-	2,221,638,444	2,221,638,444
Loans and advances	-	164,400,333	164,400,333
Security deposits	-	558,363,681	558,363,681
Interest accrued	-	5,346,204	5,346,204
Other receivable	-	187,761,668	187,761,668
Short term investments	-	780,000,000	780,000,000
Cash and bank balances	607,494,201	-	607,494,201
	607,494,201	4,291,244,230	4,898,738,431
	30 September 2018		
	Cash and cash equivalent	Loans and advances	Total
	Rupees	Rupees	Rupees
Financial assets as per balance sheet			
Long term deposits	-	19,823,416	19,823,416
Contract assets	-	776,291,078	776,291,078
Trade debts	-	1,586,282,606	1,586,282,606
Loans and advances	-	114,617,226	114,617,226
Security deposits	-	176,194,986	176,194,986
Interest accrued	-	1,886,403	1,886,403
Other receivable	-	289,447,745	289,447,745
Short term investments	-	120,000,000	120,000,000
Cash and bank balances	448,253,975	-	448,253,975
	448,253,975	3,084,543,460	3,532,797,435

30 September 2019 30 September 2018

**Financial Liabilities
at amortized cost**

	Rupees	Rupees
Financial liabilities as per balance sheet		
Markup accrued on short term borrowing	1,309,551	5,529,042
Short term borrowing	660,423,914	460,423,914
Trade and other payables	73,419,310	653,043,585
	735,152,775	1,118,996,541

25. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issuance on 28 October 2019 by the Board of Directors of the Group.

26. CORRESPONDING FIGURES

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

27. GENERAL

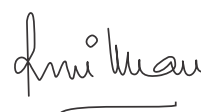
27.1 Figures have been rounded off to the nearest rupee unless otherwise stated.



CHAIRMAN



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