



systems

*Third Quarter Report
September 2020*

ENABLING A
DIGITAL TOMORROW

CONTENTS

Company Profile

02 - 08

Company Information	02
Director's Report	03
Director's Report Urdu	08

Standalone Condensed Interim Financial Statements

09 - 24

Condensed Interim Statement of Financial Position	10
Condensed Interim Profit or Loss	11
Condensed Interim Statement of Comprehensive Income	12
Condensed Interim Statement of Changes in Equity	13
Condensed Interim Cash Flow Statement	14
Notes to the Condensed Interim Financial Information	15

Consolidated Condensed Interim Financial Statements

25-39

Consolidated Condensed Interim Statement of Financial Position	26
Consolidated Condensed Interim Profit or Loss	27
Consolidated Condensed Interim Statement of Comprehensive Income	28
Consolidated Condensed Interim Statement of Changes in Equity	29
Consolidated Condensed Interim Cash Flow Statement	30
Notes to the Consolidated Condensed Interim Financial Information	31

COMPANY INFORMATION

Board of Directors

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

Audit Committee

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

Human Resource & Compensation Committee

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

Chief Financial Officer

Ms. Roohi Khan

Company Secretary

Mr. Saad Hasan Aslam

External Auditors

Ernst & Young Ford Rhodes
Chartered Accountants
Lahore

Internal Auditors

Uzair Hammad Faisal & Co.

Legal Advisors

Hassan & Hassan Advocates
Ahmed & Pansota Advocates & Legal Consultants

Tax Advisors

Zulfiqar Ahmad & Co.
Chartered Accountants

Bankers

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

Shares Registrar

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

Registered Office

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

Karachi Office

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

Islamabad Office

Plot No. 21, 1st Floor Fazeelat
Arcade, Sector G-11 Markaz,
Islamabad, Pakistan

Dubai Office

TechVista Systems FZ LLC
Office 603, The Exchange Tower,
Business Bay, Dubai. UAE
T: + 97 14 369 3525
F: +97 14 456 3761

WEB PRESENCE

www.systemsltd.com

DIRECTOR'S REPORT

On behalf of the Board of Directors we are pleased to present Standalone and Consolidated Financial Statements for nine months ended 30 September 2020.

FINANCIAL RESULTS

Unconsolidated:

During the period ended 30 September 2020, standalone revenues of the company grew by 41% over the corresponding period last year, from Rs. 3,806.8 million to Rs. 5,360.0 million. Gross profit and operating profit increased by 52% and 63% respectively. Profit for the period increased by 46% from 1,075.2 million to Rs. 1,565.3 million, which translates into 69% growth in net profit without accounting for exchange gain on both years. Basic and diluted earnings per share increased by 43% and 42% respectively as a consequence of higher operating profit and profit for the period.

The increase in profits for the period is primarily driven by topline growth, led by the North American and Europe Segment which can be seen in the segment performance. This growth has been achieved without significant addition to headcount by optimization and efficient utilization of existing resource. Currency devaluation impact for the nine months is at Rs. 145.9 million which is Rs. 87.8 million below same period last year, whereas an exchange loss of Rs. 23.1 million has been recorded in Q3 2020.

Key Financial Highlights - Standalone			
Particulars	Sep-20 (unaudited)	Sep-19 (unaudited)	Change
	Rs.	Rs.	%
Revenue	5,360,040,459	3,806,817,840	41%
Gross Profit	1,959,357,402	1,290,664,298	52%
Operating profit	1,350,055,838	826,238,253	63%
Profit after tax	1,565,389,891	1,075,222,143	46%
Earnings per share (basic)	12.61	8.81	43%
Earnings per share (diluted)	12.42	8.76	42%

Other Income - Standalone				
Particulars	Nine months ended 30 September		Three months ended 30 September	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Other Income	134,294,131	74,239,389	51,241,257	32,952,205
Exchange Gain / (Loss)	145,975,614	233,730,523	(23,150,445)	(32,952,663)
	280,269,745	307,969,912	28,090,812	(458)

Consolidated:

During period ended 30 September 2020, consolidated revenue grew by 29% from Rs. 5,472.3 million to Rs. 7,068.6 million. Gross profit and operating profit increased by 38% and 44% respectively. Exchange gain for the period amounted to Rs. 142.5 million as compared to Rs. 233.7 million during the same period last year on a consolidated basis whereas an exchange loss of Rs 20.7 million has been recorded in Q3 2020. Net profit for the period increased by 32% from 1,223.1 million to Rs. 1,616.2 million which translates into 49% growth with exchange gain adjustment in both years. Basic and diluted earnings per share increased by 30% and 29% respectively over the same period last year.

Growth in revenue is contributed by both the Company and its subsidiaries and rigorous controls on costs helped it flow through to the bottom line.

Key Financial Highlights - Consolidated			
Particulars	Sep-20 (unaudited)	Sep-19 (unaudited)	Change
	Rs.	Rs.	%
Revenue	7,068,619,417	5,472,374,148	29%
Gross Profit	2,367,548,438	1,714,755,958	38%
Operating profit	1,430,607,681	996,411,919	44%
Profit after tax	1,616,261,440	1,223,119,231	32%
Earnings per share (basic)	13.14	10.10	30%
Earnings per share (diluted)	12.94	10.04	29%

Other Income - Consolidated				
Particulars	Nine months ended 30 September		Three months ended 30 September	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Other Income	118,983,783	60,081,774	46,505,525	32,566,752
Exchange Gain / (Loss)	142,543,641	233,730,523	(20,711,189)	(32,764,108)
	261,527,424	293,812,297	25,794,336	(197,356)

Performance by Segment (Standalone):

The segment analysis shows a good growth across all four segments, with the North American and European Regions leading the trend. Export sales of the Company comprise over 80% of total sales, with the Company's target being to further increase the exports component in coming years. Diversification into new regions and new markets will support this objective.

Standalone

* Rs in million

	North America Un-audited Nine Months Ended 30 September		Europe Un-audited Nine Months Ended 30 September		Middle East Un-audited Nine Months Ended 30 September		Pakistan Un-audited Nine Months Ended 30 September		Total Un-audited Nine Months Ended 30 September	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Sales	3,032	2,090	694	362	504	399	1,130	955	5,360	3,807
Cost of sales	1,663	1,179	405	225	408	349	924	764	3,401	2,516
Gross profit	1,369	911	288	137	96	50	206	192	1,959	1,291
Distribution expenses	11	7	2	1	6	3	71	61	90	73
Administrative expenses	293	212	72	37	44	33	40	30	450	312
	304	220	74	38	50	36	111	90	540	384
Profit / (loss) before taxation and										
Unallocated income and expenses	1,065	692	214	99	46	14	95	101	1,420	906
Unallocated income and expenses:										
Other operating expenses									(70)	(80)
Other income (excluding exchange gain)									134	74
Exchange gain									146	234
Finance cost									(32)	(25)
									178	203
Profit before taxation									1,598	1,109
Taxation									33	34
Profit for the period									1,565	1,075

Key Financial Ratios:

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

Ratio Description	Key Financial Performance Ratios			
	Standalone		Consolidated	
	Nine months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
Gross Profit Margin (%)	37%	34%	33%	31%
Operating Margin (%)	25%	22%	20%	18%
Net Profit Margin (%)	29%	28%	23%	22%
Assets turnover (%)	70%	68%	83%	90%
Return on Equity (%)	23%	22%	21%	24%
Current ratio	3.57	3.65	3.61	3.30
Quick Ratio	3.14	2.91	2.92	2.53
Debtor Turnover (Months)	6.1	8.0	4.5	5.7
Interest Cover (Times)	47	42	40	40

FUTURE OUTLOOK

The Company is in the planning phase for the next three years and sees robust opportunities for its services as the world emerges from the COVID-19 pandemic. Having a healthy balance sheet, the Company is pursuing multiple options for growth, including inorganic growth through acquisition of strategic target companies both in our export markets and domestically which can create a multiplier effect in our suite of product and service offerings. The Company is also planning to invest in startups through its subsidiary Systems Ventures, to support its growth plans through access to products and solutions to service customer needs.

For its organic growth, the Company is continuing to work on following strategies:

- The Company is aggressively running the sales campaigns focused on three technologies which are in high demand; Digital; Data and Cloud. The Company is getting positive traction from global and local markets with a healthy pipeline of future opportunities.
- Work from home and remote work has enabled the Company to get more outsourcing business globally. The Company is investing heavily in Research and Development and creating innovative solutions to cater for the needs of retailers, telecommunication sector (Telcos) and other customers. As sectors such as Telcos, Banking and Retail face the financial stress brought on by the pandemic, they are increasingly being forced to look for ways to optimize costs and enhance efficiencies in order to survive. Hence the Company is working to provide cost effective solutions by leveraging Pakistan's current strength as one of the most cost-effective destinations for IT services.
- Having made a successful entry into the European market, the Company plans to strengthen and grow in this geography.
- The Company continues to invest in strengthening its Human Resource and is recruiting experienced talent in line with its future plans. The Company is also working to bring more diversity in the workforce by recruiting qualified stay-at-home women who can now work from home and make their contribution to the economy and society.

The Company is aware that sharp and extended resurgence of the pandemic in Pakistan and its export markets, and other local or global political issues like the US election, US-China relationship etc., and effect of currency appreciation can impact the business acceleration plans. The management is closely monitoring these to take appropriate preemptive actions as required.

ACKNOWLEDGEMENT

The Company would like to thank its valued customers, bankers and other stakeholders for their cooperation and support, the Board for their guidance and encouragement and of course our core strength, our employees.

On behalf of the Board



Asif Peer
Chief Executive Officer
27 October 2020
Lahore

اہم مالیاتی کارکردگی تناسب

متنظم		غیر متنظم		تناسب کی تفصیل
30 ستمبر کو ختم ہونے والے 9 ماہ		30 ستمبر کو ختم ہونے والے 9 ماہ		
2019	2020	2019	2020	مجموعی منافع مارجن (%)
31%	33%	34%	37%	آپریٹنگ مارجن (%)
18%	20%	22%	25%	خالص منافع مارجن (%)
22%	23%	28%	29%	اعاثوں کا کاروبار (%)
90%	83%	68%	70%	ایکویٹی پروڈیوسٹی (%)
24%	21%	22%	23%	موجودہ تناسب
3.30	3.61	3.65	3.57	فوری تناسب
2.53	2.92	2.91	3.14	قرض داروں کا کاروبار (مہینے)
5.7	4.5	8.0	6.1	منافع کا احاطہ (اوقات)
40	40	42	47	

مستقبل کا خاکہ

کمپنی اگلے تین برسوں کیلئے منصوبہ بندی کے مرحلے میں ہے اور کوویڈ 19 کی عالمی وبا سے ابھرتی ہوئی دنیا میں اپنی خدمات کیلئے زبردست مواقع دیکھ رہی ہے۔ اپنی بہترین پبلنٹس شیٹ کے ساتھ کمپنی ترقی کے متعدد موقعوں کی تلاش میں ہے۔ جس میں ہارڈ ویئر، ایکسپورٹ مارکیٹس اور مقامی سطح پر حکمت عملی کی مدد کمپنیوں کے حصول کے ذریعے غیر نامیاتی نمو بھی شامل ہے جو ہماری مصنوعات اور خدمات کی پیش کشوں میں جڑوضرعی اثر پیدا کر سکتی ہے۔ کمپنی اپنے ذیلی ادارے سسٹمز و پنچر کے ذریعے سٹارٹ اپس میں بھی سرمایہ کاری کرنے کا ارادہ رکھتی ہے، تاکہ مصنوعات تک رسائی اور کسٹمر کی ضروریات کے حل کے ذریعے اپنے ترقی کے منصوبے کی معاونت کر سکے۔

نامیاتی ترقی کیلئے کمپنی مندرجہ ذیل حکمت عملیوں پر کام جاری رکھے ہوئے ہے۔

- کمپنی جارحانہ طور پر تین بیٹا نا اوجیز پر مرکوز فروخت کی ہمیں چلا رہی ہے جن کی ڈیما نڈ سب سے زیادہ ہے؛ ڈیجیٹل، ڈیٹا اور کلاؤڈ۔ کمپنی کو مستقبل کے بہترین مواقع کے ساتھ عالمی اور مقامی منڈیوں سے مثبت انداز میں آگے بڑھنے کی راہ مل رہی ہے۔
 - گھر سے کام اور دور دراز سے کام نے کمپنی کو عالمی سطح پر آؤٹ سورسنگ کا مزید کاروبار حاصل کرنے کے قابل بنایا ہے۔ کمپنی ریسرچ اینڈ ڈیولپمنٹ میں بھاری سرمایہ کاری کر رہی ہے اور ریشٹلرز، ٹیلی کمیونٹی کیٹیشن سیکٹر (ٹیلیکوز) اور دیگر کسٹمرز کی ضروریات کو پورا کرنے کیلئے منفرد حل پیش کر رہی ہے۔ چونکہ ٹیلیکوز، بیکننگ اور ریشٹل کے شعبے عالمی وبا کی وجہ سے مالی دباؤ کا سامنا کر رہے ہیں اس لئے وہ خود کو برقرار رکھنے کیلئے اخراجات کو بہتر بنانے اور اپنی اہلیت میں اضافے کے طریقے تلاش کر رہے ہیں۔ لہذا کمپنی آئی ٹی خدمات کیلئے سے سب سے زیادہ موزوں مقامات میں سے ایک ہونے کے ناطے پاکستان کی موجودہ طاقت کا فائدہ اٹھاتے ہوئے انہیں ارزاں حل فراہم کرنے کیلئے کام کر رہی ہے۔
 - یورپی مارکیٹ میں کامیابی سے داخل ہونے کے بعد کمپنی اس جغرافیائی خطے میں استحکام اور ترقی کے منصوبے بنا رہی ہے۔
 - کمپنی اپنے انسانی وسائل کو مستحکم کرنے میں سرمایہ کاری جاری رکھے ہوئے ہے اور اپنے مستقبل کے منصوبوں کیلئے تجربہ کار مہتمم افراد کو بھرتی کر رہی ہے۔ کمپنی افرادی قوت میں مزید تنوع لانے کیلئے بھی کام کر رہی ہے اور ایسی تعلیم یافتہ خواتین کو بھرتی کر رہی ہے جو کاب گھر میں رہتے ہوئے کام کر سکتی ہیں اور معیشت اور معاشرے میں اپنا کردار ادا کر سکتی ہیں۔
- کمپنی پاکستان اور اپنی برآمدی منڈیوں میں وبائی مرض کی تیزی اور دوبارہ پھیلاؤ، اور دیگر عالمی سیاسی امور جیسے کہ امریکی انتخابات، امریکہ اور چین کے تعلقات وغیرہ سے واقف ہے، اور یہ بھی جانتی ہے کہ کرسٹی کی قدر و قیمت کا اثر کاروبار میں تیزی لانے کے منصوبوں کو متاثر کر سکتا ہے۔ انتظامیہ ضرورت کے مطابق قبل از وقت موزوں کارروائی کرنے کیلئے ان امور کی باریک بینی سے نگرانی کر رہی ہے۔

اعتراف

کمپنی اس موقع پر تعاون اور معاونت کیلئے اپنے قابل قدر کسٹمرز، بینکرز اور دیگر متعلقین کی، اور رہنمائی اور حوصلہ افزائی کیلئے بورڈ کی، اور بلاشبہ ہماری سب سے بڑی طاقت، ہمارے تمام ملازمین کی شکرگزار ہے۔

حسب احکم بورڈ

آصف بیبر

چیف ایگزیکٹو آفیسر

مورخہ: 27 اکتوبر 2020ء

لاہور

مشغول		دیگر آمدنی	
30 ستمبر کو ختم ہوئے 9 ماہ		30 ستمبر کو ختم ہوئے 9 ماہ	
2019	2020	2019	2020
روپے	روپے	روپے	روپے
32,566,752	46,505,525	60,081,774	118,983,783
(32,764,108)	(20,711,189)	233,730,523	142,543,641
(197,356)	25,794,336	293,812,297	261,527,424

سیگمنٹ کی کارکردگی (علیحدہ):

سیگمنٹ کا جائزہ تمام چاروں سیگمنٹس میں بہترین برہم کاری کو ظاہر کرتا ہے، جس میں شمالی امریکہ اور یورپی علاقے رجحان میں سرفہرست ہیں۔ کمپنی کی برآمدی فروخت کل (ای پرو سیلنگ سسٹمز کے علاوہ) فروخت کے 80% سے بھی زیادہ ہے، کمپنی کا ہدف یہ ہے کہ آنے والے برسوں میں برآمدات میں مزید اضافہ کیا جائے۔ نئے علاقوں اور نئی مارکیٹوں میں تنوع سے اس مقصد کے حصول میں مدد ملے گی۔

نیٹ منظم

کلیں میں		شمالی امریکہ		یورپ		مشرق وسطیٰ		پاکستان		کل میزان	
غیر آڈٹ شدہ		غیر آڈٹ شدہ		غیر آڈٹ شدہ		غیر آڈٹ شدہ		غیر آڈٹ شدہ		غیر آڈٹ شدہ	
30 ستمبر کو ختم ہوئے 9 ماہ		30 ستمبر کو ختم ہوئے 9 ماہ		30 ستمبر کو ختم ہوئے 9 ماہ		30 ستمبر کو ختم ہوئے 9 ماہ		30 ستمبر کو ختم ہوئے 9 ماہ		30 ستمبر کو ختم ہوئے 9 ماہ	
2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020
3,807	5,360	955	1,130	399	504	362	694	2,090	3,032		
2,516	3,401	764	924	349	408	225	405	1,179	1,663		
1,291	1,959	192	206	50	96	137	288	911	1,369		
73	90	61	71	3	6	1	2	7	11		
312	450	30	40	33	44	37	72	212	293		
384	540	90	111	36	50	38	74	220	304		
906	1,420	101	95	14	46	99	214	692	1,065		
(80)	(70)										
74	134										
234	146										
(25)	(32)										
203	178										
1,109	1,598										
34	33										
1,075	1,565										

غیر مختص آمدنی اور اخراجات:

دیگر آپریٹنگ اخراجات

دیگر آمدنی (زرمبادلہ کے فائدہ کے علاوہ)

زرمبادلہ کا فائدہ

فنانس کی لاگت

کلین سے قبل منافع

لاگوئیس

اس عرصہ کیلئے منافع

اہم مالیاتی تناسب:

کمپنی کے اہم مالیاتی تناسب میں مثبت پیشرفت ہوئی ہے۔ منافع بخشی کے تمام تناسب علیحدہ اور منظم مالیات دونوں میں مثبت رجحان کو ظاہر کرتے ہیں۔ حالیہ بلند اور فوری تناسب کمپنی کی مضبوط رقیق حالت کی عکاس ہے، جس کا براہ راست تعلق قرض داروں کے بہتر نظم و نسق کے ساتھ جوڑا جاسکتا ہے۔

ڈائریکٹری کی جائزہ رپورٹ - 30 ستمبر 2020ء

بہن بورڈ آف ڈائریکٹرز کے ایما پر 30 ستمبر 2020ء کو ختم ہونے والے 9 ماہ کیلئے غیر منظم اور منظم مالیاتی گوشوارے پیش کرنے پر خوشی ہے۔

مالی نتائج

غیر منظم

30 ستمبر 2020ء کو ختم ہونے والے عرصہ کے دوران کمپنی کی علیحدہ آمدنی اسی عرصہ کے دوران پچھلے سال کے مقابلے میں 41% اضافہ کے ساتھ 3,806.8 ملین روپے سے بڑھ کر 5,360.0 ملین روپے ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع میں بالترتیب 52% اور 63% اضافہ ہوا۔ اس عرصہ کے دوران منافع 46% اضافہ کے ساتھ 1,075.2 ملین روپے سے بڑھ کر 1,565.3 ملین روپے ہو گیا، جس کی ترجمانی دونوں برسوں کے زرمبادلہ کا حساب کئے بغیر خالص منافع میں 69% شرح نمو کی صورت میں ہوتی ہے۔ اس عرصہ کے دوران بلند تر منافع اور آپریٹنگ منافع کے نتیجے میں فی شیئر بنیادی اور رقیق آمدنیوں میں بالترتیب 43% اور 42% اضافہ ہوا۔

اس مدت کے منافع میں اضافہ بنیادی طور پر ٹاپ لائن گردتھ سے ہوا ہے، جس کی قیادت شمالی امریکی سیکٹرز کرتا ہے اور جسے سیکٹرز کی کارکردگی میں دیکھا جاسکتا ہے۔ یہ ترقی ملازمین میں نمایاں اضافہ کیے بغیر موجودہ وسائل کی اصلاح اور موثر استعمال کے ذریعے حاصل کی گئی ہے۔ نو ماہ کے دوران کرنسی کی قدر کا اثر 145.9 ملین روپے ہے جو کہ گزشتہ سال اسی عرصہ کے مقابلے میں 87.8 ملین روپے کم ہے، جبکہ 2020ء کی تیسری سہ ماہی میں 23.1 ملین روپے کا پچھلے خسارہ ریکارڈ کیا گیا۔

غیر منظم	تفصیلات	ستمبر 2020	ستمبر 2019
	آمدنی	5,360,040,459	3,806,817,840
	مجموعی منافع	1,959,357,402	1,290,664,298
	ٹیکس سے پہلے منافع	1,350,055,838	826,238,253
	ٹیکس کے بعد منافع	1,565,389,891	1,075,222,143
	کمپنی فی شیئر (بنیادی)	12.61	8.81
	کمپنی فی شیئر (رقیق)	12.42	8.76

غیر منظم	تفصیلات	30 ستمبر کو ختم ہونے والے 9 ماہ		30 ستمبر کو ختم ہونے والے 9 ماہ	
دیگر آمدنی		2020	2019	2020	2019
	دیگر آمدنی	134,294,131	74,239,389	51,241,257	32,952,205
	زرمبادلہ کا فائدہ / (نقصان)	145,975,614	233,730,523	(23,150,445)	(32,952,663)
		280,269,745	307,969,912	28,090,812	(458)

منظم

30 ستمبر 2020ء کو ختم ہونے والے عرصہ کے دوران منظم آمدنی 29% اضافہ کے ساتھ 5,472.3 ملین روپے سے بڑھ کر 7,068.6 ملین روپے ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع میں بالترتیب 38% اور 44% اضافہ ہوا۔ اس عرصہ کیلئے زرمبادلہ کا فائدہ منظم بنیادوں پر پچھلے سال اسی عرصہ کیلئے 233.7 ملین روپے کے مقابلے میں 142.5 ملین روپے رہا جس کی وجہ سے 2020ء کی تیسری سہ ماہی میں 20.7 ملین روپے کا خسارہ ریکارڈ کیا گیا۔ اس عرصہ کیلئے خالص منافع 32% شرح سے 1,223.1 ملین روپے سے بڑھ کر 1,616.2 ملین روپے ہو گیا جو کہ دونوں سالوں میں زرمبادلہ کے فائدہ کی ایڈجسٹمنٹ کے ساتھ 49% بڑھوتری کی ترجمانی کرتا ہے۔ پچھلے سال کے اسی عرصہ کے دوران فی شیئر بنیادی اور رقیق آمدنی میں بالترتیب 30% اور 29% اضافہ ہوا۔

آمدنی میں اضافہ کمپنی اور اس کے ماتحت اداروں اور اخراجات پر سخت کنٹرول کی بدولت ہوا اور اسے چھٹی سطح تک لے جانے میں مدد ملی۔

منظم	تفصیلات	ستمبر 2020	ستمبر 2019
	آمدنی	7,068,619,417	5,472,374,148
	مجموعی منافع	2,367,548,438	1,714,755,958
	ٹیکس سے پہلے منافع	1,430,607,681	996,411,919
	ٹیکس کے بعد منافع	1,616,261,440	1,223,119,231
	کمپنی فی شیئر (بنیادی)	13.14	10.10
	کمپنی فی شیئر (رقیق)	12.94	10.04

SYSTEMS LIMITED
Standalone Financial Statements

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at 30 September 2020

		Un-audited 30 September 2020	Audited 31 December 2019
	Note	Rupees	Rupees
ASSETS			
Non-current assets			
Property and equipment	6	1,502,927,163	1,416,645,016
Intangibles		25,509,207	38,657,318
Long term investments	7	272,073,165	271,973,167
Long term deposits		36,648,568	51,939,797
Right-of-use assets		118,511,522	145,860,345
Advance against purchase of land		-	28,750,000
Total non-current assets		1,955,669,625	1,953,825,643
Current assets			
Contract assets		430,938,608	374,709,876
Trade debts	8	2,278,053,556	1,799,468,312
Loans and advances - considered good	9	333,130,131	328,160,020
Trade deposits and short term prepayments		212,490,282	190,205,049
Interest accrued		37,684,972	2,491,952
Short term investments	10	2,435,000,000	780,000,000
Tax refunds due from the Government		213,665,575	192,799,516
Cash and bank balances	11	1,127,979,493	1,095,555,314
Total current assets		7,068,942,617	4,763,390,039
TOTAL ASSETS		9,024,612,242	6,717,215,682
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 200,000,000 (2019: 200,000,000) ordinary shares of Rs. 10 each		2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	12	1,246,060,140	1,235,202,990
Capital reserves		838,840,699	591,119,759
Unappropriated profit		4,679,446,362	3,390,143,582
Total shareholders' equity		6,764,347,201	5,216,466,331
Non-current liabilities			
Long term loan	13	123,024,693	-
Long term advances		42,122,839	26,868,774
Lease liabilities		103,096,402	129,188,921
Deferred grant		13,799,812	-
		282,043,746	156,057,695
Current liabilities			
Trade and other payables	14	590,003,110	534,812,425
Unclaimed dividend		7,617,635	8,345,525
Short term borrowings		1,250,000,000	650,000,000
Contract liabilities		5,357,626	104,154,979
Mark-up accrued on short term borrowings		2,060,388	4,873,969
Current portion of lease liabilities		33,893,041	29,284,595
Current portion of long term loan		74,455,135	-
Current portion of long term advances		14,834,360	13,220,163
Total current liabilities		1,978,221,295	1,344,691,656
TOTAL EQUITY AND LIABILITIES		9,024,612,242	6,717,215,682
Contingencies and commitments	16		

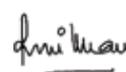
The annexed notes, from 1 to 24, form an integral part of these unconsolidated condensed interim financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONDENSED INTERIM PROFIT OR LOSS

for the nine months period ended 30 September 2020 (Unaudited)

Note	Nine Months Ended		Three Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	Rupees	Rupees	Rupees	Rupees
Revenue from contracts with customers - net	5,360,040,459	3,806,817,840	1,971,446,591	1,328,205,521
Cost of revenue	3,400,683,057	2,516,153,542	1,170,322,607	862,058,728
Gross profit	1,959,357,402	1,290,664,298	801,123,984	466,146,793
Distribution expenses	89,623,257	72,933,368	31,317,445	24,747,990
Administrative expenses	450,033,968	311,504,723	186,146,325	98,985,480
Other operating expenses	69,644,339	79,987,954	52,762,814	16,860,417
	609,301,564	464,426,045	270,226,584	140,593,887
Operating profit	1,350,055,838	826,238,253	530,897,400	325,552,906
Other income	280,269,745	307,969,912	28,090,812	(458)
Finance costs	32,163,555	25,020,978	11,287,578	8,924,458
Profit before taxation	1,598,162,028	1,109,187,187	547,700,634	316,627,990
Taxation	32,772,137	33,965,044	11,667,409	20,608,996
Profit for the period	1,565,389,891	1,075,222,143	536,033,225	296,018,994
Earnings per share:				
Basic	12.61	8.81	4.30	2.43
Diluted	12.42	8.76	4.23	2.41

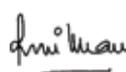
The annexed notes, from 1 to 24, form an integral part of these unconsolidated condensed interim financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

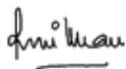
for the nine months period ended 30 September 2020 (Unaudited)

	Nine Months Ended		Three Months Ended	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees
Profit for the period	1,565,389,891	1,075,222,123	536,033,225	296,018,994
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,565,389,891	1,075,222,123	536,033,225	296,018,994

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


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)


(CHIEF FINANCIAL OFFICER)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
for the nine months period ended 30 September 2020 (Unaudited)

	Issued, subscribed and paid up share capital	Capital reserves		Revenue reserve	Total
		Share capital premium	Employee compensation reserve		
			Rupees		
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)
Exercise of share options	-	6,637,891	-	-	6,637,891
Shares issued against employee's share option scheme	853,970	-	-	-	853,970
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)
10% bonus shares issued	112,213,540	-	-	(112,213,540)	-
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
Balance as at 01 January 2020 - (Audited)	1,235,202,990	512,149,734	78,970,025	3,390,143,582	5,216,466,331
Exercise of Share Options	10,857,150	128,085,183	(65,831,861)	-	73,110,472
Forfeited share options	-	-	(3,017,856)	1,833,713	(1,184,143)
Share based payments	-	-	188,485,474	-	188,485,474
Final dividend @ Rs.2.25 per share for the year ended 31st December 2019	-	-	-	(277,920,824)	(277,920,824)
Total comprehensive income for the period	-	-	-	1,565,389,891	1,565,389,891
Balance as at 30 September 2020 - (Unaudited)	1,246,060,140	640,234,917	198,605,782	4,679,446,362	6,764,347,201

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


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)


(CHIEF FINANCIAL OFFICER)

CONDENSED INTERIM CASH FLOW STATEMENT

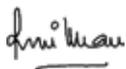
for the nine months period ended 30 September 2020 (Unaudited)

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from / (used in) operations	20	1,266,168,463	1,070,159,211
Finance costs paid		(34,977,136)	(27,290,122)
Taxes paid		(53,638,196)	(43,497,539)
		(88,615,332)	(70,787,661)
Net cash flows generated from / (used in) operating activities		1,177,553,131	999,371,550
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(217,612,356)	(505,755,652)
Development expenditure		(3,677,392)	(3,421,174)
Proceeds from the disposal of property and equipment		9,104,458	29,299,188
Purchase of short term investments - net of disposals		(1,655,000,000)	(485,000,000)
Decrease in long term deposits		15,291,229	18,036,753
Increase in Long term Investment		(99,998)	(220,895,187)
Profit received on short term investment		60,514,852	11,520,234
Profit received on bank deposits		19,059,986	12,161,952
Net cash flows used in investing activities		(1,772,419,221)	(1,144,053,886)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short term borrowings		600,000,000	200,000,000
Increase in long term loan		211,279,640	-
Proceeds from exercise of share options		71,926,329	7,491,861
Dividend paid		(278,648,712)	(220,184,332)
Increase in lease liabilities - net		5,864,750	142,914,021
Increase in long term advances		16,868,262	14,556,737
Net cash flows generated from financing activities		627,290,269	144,778,287
Net increase / (decrease) in cash and cash equivalents		32,424,179	95,951
Cash and cash equivalents at beginning of the period		1,095,555,314	400,760,630
Cash and cash equivalents at closing of the period		1,127,979,493	400,856,581

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


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)


(CHIEF FINANCIAL OFFICER)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the nine months period ended 30 September 2020 (Unaudited)

1. THE COMPANY AND ITS OPERATIONS

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

2. STATEMENT OF COMPLIANCE

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

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

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

3. BASIS OF PREPARATION

3.1 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2019. The comparative Statement of Financial Position is extracted from the annual financial statements, as of 31 December 2019, 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, SUS JV (Private) Limited and Systems Ventures (Private) Limited have been accounted for at cost less accumulated impairment losses, if any, rather than on the basis of reported results.

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

4. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended 31 December 2019, except as described in Note 4.1, below:

4.1 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions shall be complied with. When the grant relates to an expense item, it is recognized as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When a grant related to non monetary asset is received, the asset and the grant are recorded at nominal amounts and released to statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

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

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements of the Company for the year ended 31 December 2019.

	Note	Un-audited 30 September 2020	Audited 31 December 2019	
----- (Rupees) -----				
6. PROPERTY AND EQUIPMENT				
Operating fixed assets	(6.1)	1,502,122,557	1,392,619,772	
Capital work in progress	(6.2)	804,606	24,025,244	
		1,502,927,163	1,416,645,016	
6.1 OPERATING FIXED ASSETS - OWNED				
Opening balance - net book value		1,392,619,772	925,570,335	
Additions during the period / year - cost	(6.1.1)	269,582,994	645,037,265	
		1,662,202,766	1,570,607,600	
Less:				
Disposals during the period / year	(6.1.2)	(6,158,716)	(30,909,076)	
Depreciation during the period / year		(153,921,493)	(147,078,752)	
Book value at the end of the period / year		1,502,122,557	1,392,619,772	
6.1.1 Additions during the period/year-cost				
Land - freehold		47,850,000	292,247,289	
Building		6,262,104	44,067,837	
Computers		85,868,893	-	
Computer equipment and installations		10,736,747	130,864,899	
Other equipment and installations		4,139,060	37,594,061	
Machinery		42,635,275	2,408,220	
Furniture and fittings		18,094,706	18,201,240	
Vehicles		893,384	105,737,074	
Office equipment		52,303,727	2,580,266	
Leasehold Building Improvements		799,098	11,336,379	
		269,582,994	645,037,265	
6.1.2 Disposals during the period / year				
		Cost	Accumulated Depreciation	Written Down Value
----- (Rupees) -----				
30 September 2020:				
Computers and mobile sets		2,292,135	1,604,492	687,643
Furniture and fittings		27,675	18,845	8,830
Vehicles		13,566,845	8,104,602	5,462,243
		15,886,655	9,727,939	6,158,716

	Cost	Accumulated Depreciation	Written Down Value
	----- (Rupees) -----		
31 December 2019:			
Computer and equipment	7,706,736	(6,130,557)	1,576,179
Other equipment and installations	331,170	(240,183)	90,987
Furniture and fittings	1,278,317	(739,212)	539,105
Vehicles	49,427,937	(20,744,747)	28,683,190
Office equipment	85,000	(65,385)	19,615
	58,829,160	(27,920,084)	30,909,076

	Note	Un-audited 30 September 2020	Audited 31 December 2019
		----- (Rupees) -----	
6.2 CAPITAL WORK IN PROGRESS			
Balance at the beginning of the period / year		24,025,244	22,471,605
Additions during the period / year		12,635,963	14,044,235
Transfer to operating fixed assets during the period / year		(35,856,601)	(12,490,596)
Balance at the end of the period / year		804,606	24,025,244
7. LONG TERM INVESTMENTS			
Investment in Subsidiaries - at cost - unquoted:			
E - Processing Systems (Private) Limited 179,501 (2019: 140,004) fully paid ordinary shares of Rs. 10/- each	(7.1)	270,500,227	270,500,227
Tech Vista Systems FZ-LLC 50 (2019: 50) fully paid ordinary shares of AED 1000/- each	(7.2)	1,377,950	1,377,950
SUS-JV (Private) Limited 9,499 (2019: 9,499) fully paid ordinary shares of Rs. 10/- each	(7.3)	94,990	94,990
Systems Venture (Private) Limited 9,998 (2019: Nil) fully paid ordinary shares of Rs.10/- each	(7.4)	99,998	-
		272,073,165	271,973,167

- 7.1 This represents 44.60% (2019: 55.75%) share in Company's subsidiary E-Processing Systems (Private) Limited, a company engaged in the business of purchase and sale of airtime and related services in Pakistan.
- 7.2 This represents 100% (2019: 100%) share in Company's subsidiary, TechVista Systems FZ- LLC, a company set up in Dubai Technology and Media Free Zone Authority engaged in providing a host of services including enterprise application integration and software development and has been registered as a limited liability company on 03 April 2013.
- 7.3 This represents 94.99% (2019: 94.99%) share in Company's subsidiary, SUS JV (Private) Limited, a company set up in Pakistan for the Balochistan Land Revenue Management Information System project. The project is related to digitization of land records and development of a web-based management information system.
- 7.4 This represents 99.98% (2019: nil) share in Company's subsidiary, Systems Ventures (Private) Limited, a company set up in Pakistan to invest in new ventures, start-ups and incubate new ideas.

		Un-audited 30 September 2020	Audited 31 December 2019
8. TRADE DEBTS - unsecured	Note	----- (Rupees) -----	
Export	(8.1)	1,950,351,741	1,461,328,976
Local		522,846,759	473,246,032
		2,473,198,500	1,934,575,008
Less: Allowance for expected credit losses		(195,144,944)	(135,106,696)
		2,278,053,556	1,799,468,312

- 8.1 This includes receivables from related parties i.e. Visionet Systems Incorporation and Tech Vista Systems FZ-LLC amounting to Rs. 793.0 million (2019: Rs 582.2 million) and Rs. 891.4 million (2019: Rs 800.8 million) respectively.

		Un-audited 30 September 2020	Audited 31 December 2019
9. LOANS AND ADVANCES - CONSIDERED GOOD		----- (Rupees) -----	
Advances to employees - considered good against salary		9,905,889	6,264,346
against expenses		891,412	28,273,442
		10,797,301	34,537,788
Advances to suppliers - against goods		56,771,229	96,724,366
		67,568,530	131,262,154
Loans to related parties	(9.1)	318,496,766	392,839,270
Elimination on account of joint venture	(9.2)	(52,935,165)	(195,941,404)
		265,561,601	196,897,866
		333,130,131	328,160,020

- 9.1 This includes loan amounting to Rs. 245.9 (2019: Rs. 170.6) 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 (2019: one-year KIBOR) on the outstanding loan balance at the end of each month.

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

10. SHORT TERM INVESTMENTS

Faysal Bank Limited		400,000,000	-
Habib Bank Limited		25,000,000	25,000,000
Habib Metropolitan Bank Limited		1,660,000,000	555,000,000
Meezan Bank Limited		100,000,000	200,000,000
	(10.1)	2,185,000,000	780,000,000
Alfalsh Investment Fund		50,000,000	-
NBP Funds Management Limited		100,000,000	-
UBL Funds Limited		50,000,000	-
HBL Asset Management Limited		50,000,000	-
	(10.2)	250,000,000	-
		2,435,000,000	780,000,000

- 10.1 This represents TDRs carrying markup at rates ranging from 6% to 12.75% (2019: 12.25% to 12.65%) per annum.

- 10.2 This represents investments in mutual funds carrying profit at rates ranging from 7% to 12% (2019: nil) per annum

	Note	Un-audited	Audited
		30 September 2020	31 December 2019
----- (Rupees) -----			
Cash in hand		1,150,992	1,651,049
Cash at bank:			
Local currency:			
Current accounts		553,086,972	213,301,563
Saving accounts	(11.1)	331,030,060	862,698,678
		884,117,032	1,076,000,241
Foreign currency - current accounts		242,711,469	17,904,024
		1,127,979,493	1,095,555,314

11.1 These carry interest rate of 5% to 5.3% (2019: 9% to 11.25%) per annum.

12. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	-----No of Shares-----		-----Rupees-----	
Ordinary shares of Rs. 10/- each fully paid in cash	124,606,014	23,447,380	1,246,060,140	234,473,800
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	-	100,072,919	-	1,000,729,190
	124,606,014	123,520,299	1,246,060,140	1,235,202,990

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

Balance as at 1st January	123,520,299	112,213,548	1,235,202,990	1,122,135,480
Stock options exercised	1,085,715	85,397	10,857,150	853,970
Bonus shares issued	-	11,221,354	-	112,213,540
Balance as at 30 September	124,606,014	123,520,299	1,246,060,140	1,235,202,990

	Note	Un-audited	Audited
		30 September 2020	31 December 2019
----- (Rupees) -----			
MCB Bank Limited	(13.1)	192,908,264	-
Add: Unwinding of interest		4,571,564	-
		197,479,828	-
less: Current portion		(74,455,135)	-
		123,024,693	-

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

14. TRADE AND OTHER PAYABLES

Creditors	61,390,428	57,118,426
Accrued liabilities	480,358,814	440,558,136
Withholding income tax payable	20,058,512	15,413,584
Provident fund payable	28,195,356	21,722,279
	590,003,110	534,812,425

15. OPERATING SEGMENT INFORMATION

Geographical segments

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

- North America
- Europe
- Middle East
- Pakistan

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

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

	North America		Europe		Middle East		Pakistan		Total	
	Un-audited		Un-audited		Un-audited		Un-audited		Un-audited	
	Nine Months Ended 30 September 2020	2019	Nine Months Ended 30 September 2020	2019	Nine Months Ended 30 September 2020	2019	Nine Months Ended 30 September 2020	2019	Nine Months Ended 30 September 2020	2019
Sales	3,032,291,926	2,090,375,015	693,766,165	362,125,881	503,938,090	398,801,855	1,130,044,278	955,415,089	5,360,040,459	3,806,817,840
Cost of sales	1,663,228,391	1,178,920,851	405,441,393	224,884,222	408,434,616	348,593,154	923,578,657	763,753,315	3,400,685,057	2,516,153,542
Gross profit	1,369,063,535	911,454,164	288,324,772	137,241,659	95,503,474	50,308,701	206,465,621	191,659,774	1,959,357,402	1,290,664,298
Distribution expenses	10,864,511	7,338,054	2,485,721	1,271,207	5,572,576	3,468,355	70,700,449	60,855,752	89,623,257	72,933,368
Administrative expenses	293,408,248	212,407,405	71,857,144	36,796,373	44,372,717	32,707,996	40,395,859	29,592,949	450,033,968	311,504,723
Profit / (loss) before taxation and unallocated income and expenses	304,272,759	219,745,459	74,342,865	38,067,580	49,945,293	36,176,351	111,096,308	90,448,701	539,657,225	384,438,091
	1,064,790,776	691,708,705	213,981,907	99,174,079	45,558,181	14,132,350	95,369,313	101,211,073	1,419,700,177	906,226,207
Unallocated income and expenses:										
Other operating expenses									(69,644,339)	(79,987,954)
Other income (excluding exchange gain)									134,294,131	74,239,389
Exchange gain									145,975,674	233,730,523
Finance cost									(32,163,555)	(25,020,978)
Profit before taxation									178,461,851	202,960,980
Taxation									1,598,162,028	1,109,187,187
Profit for the period									32,772,137	33,965,044
									1,565,389,891	1,075,222,143

16. CONTINGENCIES AND COMMITMENTS

Contingencies

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

Commitments:

Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 286.06 million (2019: Rs. 370.39 million). This includes guarantees of Rs 77.38 million (2019: Rs 77.38 million) given on behalf of Joint Operation.

Commitments include capital commitments for construction of building of the Company amounting to Rs. Nil (2019: Rs 1 million).

17. OTHER OPERATING INCOME

	Un-audited 30 September 2020	Un-audited 30 September 2019
	----- (Rupees) -----	
Income from financial assets:		
Profit on deposit accounts	19,059,986	12,161,952
Gain on short term investments	95,707,872	32,683,621
Exchange gain	145,975,614	233,730,523
Interest on loan to subsidiaries	15,487,924	19,184,716
	276,231,396	297,760,812
Income from non-financial assets:		
Gain on disposal of property and equipment	2,945,742	9,773,754
Others	1,092,607	435,346
	4,038,349	10,209,100
Total Other Income	280,269,745	307,969,912

18. EARNINGS PER SHARE

	Nine Months Ended		Three Months Ended	
	30 September 2020	30 September 2019	30 September 2020	30 September 2019
Basic earnings per share:				
Profit for the period	1,565,389,891	1,075,222,143	536,033,225	296,018,994
Weighted-average number of ordinary shares outstanding during the period	124,145,417	122,001,063	124,567,297	122,001,063
Basic - in Rupees	12.61	8.81	4.30	2.43
Diluted earnings per share:				
Profit for the period	1,565,389,891	1,075,222,143	536,033,225	296,018,994
Weighted-average number of Ordinary shares (basic)	124,145,417	122,001,063	124,567,297	122,001,063
Effect of share options	1,885,307	726,762	2,105,744	726,762
	126,030,724	122,727,825	126,673,041	122,727,825
Diluted - in Rupees	12.42	8.76	4.23	2.41

19. TRANSACTIONS WITH RELATED PARTIES

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

Related party	Relationship	Nature of transactions	Un-audited	
			Nine Months Ended	
			30 September	
			2020	2019
----- Rupees -----				
E Processing Systems (Pvt.) Ltd.	Subsidiary	Loan	62,548,004	127,897,605
		Interest income	11,341,026	18,694,073
Tech Vista Systems FZ - LLC	Subsidiary	Sales	399,690,302	562,736,628
		Out of pocket expenses	53,442,610	84,143,449
Visionet Systems Incorporation	Common directorship	Sales	2,965,011,927	2,094,093,019
		Out of pocket expenses	11,862,918	52,136,360
SUS (Private) Limited	Subsidiary	Loan	20,530,173	12,108,439
		Interest Income	2,056,280	751,934
UUS-JV (Private) Limited	Joint Operation	Loan	44,837,016	5,667,812
		Interest Income	10,540,792	14,523,281
IGI Insurance Limited	Associate	Sales	6,679,380	13,833,923
		Purchase of insurance policies	24,114,188	21,023,358
Dawood Family Takaful Limited	Associate	Purchase of insurance policies	3,394,326	2,325,079
Provident fund	Employee benefit plan	Contributions	131,347,272	87,448,494
Profit before taxation			1,598,162,028	1,109,187,187
Adjustments for:				
		Depreciation on property and equipment	153,921,493	101,981,825
		Amortization of intangibles	16,825,501	22,755,162
		Allowance for expected credit losses	60,226,949	54,963,322
		Bad debts - written off	9,417,390	23,992,819
		Advances - written off	-	1,031,813
		Share based payment expense	188,485,474	8,275,481
		Finance costs	32,163,555	25,020,978
		Exchange gain - net	(145,975,614)	(233,730,523)
		Profit on bank deposits	(19,059,986)	(12,161,952)
		Gain on short term investments	(95,707,872)	(32,683,621)
		Gain on disposal of property and equipment	(2,945,742)	(9,773,754)
			197,351,148	(50,328,450)
Profit before working capital changes			1,795,513,176	1,058,858,737
Effect on cash flow due to working capital changes				
(Increase) / decrease in current assets:				
		Contract Assets - net	(155,026,085)	(191,960,129)
		Trade debts	(402,253,969)	(2,040,780)
		Advances	(4,970,111)	728,116
		Trade deposits and short term prepayments	(22,285,233)	(56,872,726)
		Other receivables	-	190,279,999
			(584,535,398)	(59,865,520)
(Decrease) / increase in current liabilities:				
		Trade and other payables	55,190,685	71,165,994
			(529,344,713)	11,300,474
Net cash (used in) / generated from operations			1,266,168,463	1,070,159,211

21. FINANCIAL RISK MANAGEMENT

Financial risk factors

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

Fair values of financial assets and liabilities

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

Fair value hierarchy

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

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

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

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

- There were no financial assets and liabilities measured at fair value as at 30 September 2020.

- 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 2019.

30 September 2020			
Cash and cash equivalents	Loans and receivables	Held to maturity	Total

Financial instruments by categories:

Financial assets as per balance sheet

	----- (Rupees) -----			
Long term deposits	-	36,648,568	-	36,648,568
Contract Assets	-	430,938,608	-	430,938,608
Loans and advances	-	333,130,131	-	333,130,131
Trade debts	-	2,278,053,556	-	2,278,053,556
Security deposits	-	115,548,325	-	115,548,325
Interest accrued	-	37,684,972	-	37,684,972
Short term investments	-	-	2,435,000,000	2,435,000,000
Cash and bank balances	1,127,979,493	-	-	1,127,979,493
	1,127,979,493	3,232,004,160	2,435,000,000	6,794,983,653

	31 December 2019			Total
	Cash and cash equivalents	Financial Assets at amortized cost	Held to maturity	
Financial assets as per balance sheet	----- (Rupees) -----			
Long term deposits	-	51,939,797	-	51,939,797
Contract Assets	-	374,709,876	-	374,709,876
Loans and advances	-	328,160,020	-	328,160,020
Trade debts	-	1,799,468,312	-	1,799,468,312
Security deposits	-	164,032,231	-	164,032,231
Interest accrued	-	2,491,952	-	2,491,952
Short term investments	-	-	780,000,000	780,000,000
Cash and bank balances	1,095,555,314	-	-	1,095,555,314
	1,095,555,314	2,720,802,188	780,000,000	4,596,357,502

	30 September 2020	31 December 2019
	Financial Liabilities at amortized cost Rupees	Financial Liabilities at amortized cost Rupees
Financial liabilities as per balance sheet		
Mark-up accrued on short term borrowings	2,060,388	4,873,969
Long term loan	197,479,828	-
Short term borrowings	1,250,000,000	650,000,000
Contract liabilities	5,357,626	104,154,979
Unclaimed dividend	7,617,635	8,345,525
Trade and other payables	590,003,110	534,812,425
	2,052,518,587	1,302,186,898

22. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on 27 October 2020 by the Board of Directors of the Company.

23. CORRESPONDING FIGURES

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

24. GENERAL

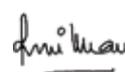
24.1 Figures have been rounded off to the nearest rupees, unless otherwise stated.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED
Consolidated Financial Statements

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at 30 September 2020 (Unaudited)

		Unaudited 30 September 2020	Audited 31 December 2019
	Note	Rupees	Rupees
ASSETS			
Non-current assets			
Property and equipment	6	1,515,765,759	1,432,463,695
Intangible		203,531,513	186,746,196
Long term deposits		44,220,246	54,945,797
Advance against purchase of land		-	28,750,000
Right-of-use asset		118,511,522	145,860,345
		1,882,029,040	1,848,766,033
Current assets			
Contract assets		573,104,577	517,883,251
Trade debts	7	2,099,168,588	1,749,074,142
Loans and advances	8	70,028,550	145,239,392
Trade deposits and short term prepayments		756,137,937	428,329,620
Interest accrued		35,628,692	2,491,952
Other receivables	9	155,873,064	180,821,432
Short term investments	10	2,435,000,000	780,000,000
Tax refunds due from the Government		260,776,676	209,458,326
Cash and bank balances	11	1,905,299,272	1,516,152,353
		8,291,017,355	5,529,450,468
TOTAL ASSETS		10,173,046,395	7,378,216,501
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 200,000,000 (2019: 200,000,000) ordinary shares of Rs. 10 each		2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	12	1,246,060,140	1,235,202,990
Capital and reserves		918,461,793	640,362,515
Unappropriated profits		5,029,269,408	3,674,024,548
		7,193,791,341	5,549,590,053
Non-controlling interest		374,276,475	(20,655,613)
		7,568,067,816	5,528,934,440
Non-current liabilities			
Long term advances		42,122,839	28,652,726
Long term loan	13	123,024,693	-
Lease Liability		103,096,402	129,188,921
Deferred grant		13,799,812	-
Provision for gratuity		27,059,597	8,871,314
		309,103,343	166,712,961
Current liabilities			
Trade and other payables	14	903,929,976	790,421,805
Unclaimed Dividend		7,617,635	8,345,525
Contract Liability		9,084,701	164,423,043
Mark-up accrued on short term borrowings		2,060,388	4,873,969
Short term borrowings		1,250,000,000	672,000,000
Current Portion of lease liability		33,893,041	29,284,595
Current Portion of long term loan		74,455,135	-
Current portion of long term advances		14,834,360	13,220,163
		2,295,875,236	1,682,569,100
TOTAL EQUITY & LIABILITIES		10,173,046,395	7,378,216,501
CONTINGENCIES AND COMMITMENTS	16		

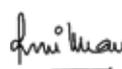
The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONSOLIDATED CONDENSED INTERIM PROFIT OR LOSS

for the nine months period ended 30 September 2020 (Unaudited)

	Note	Nine Months Ended		Three Months Ended	
		30 September 2020 Rupees	30 September 2019 Rupees	30 September 2020 Rupees	30 September 2019 Rupees
Revenue from contract with customers - net		7,068,619,417	5,472,374,148	2,509,248,772	1,891,595,718
Cost of sales		4,701,070,979	3,757,618,190	1,570,070,910	1,279,701,619
Gross profit		2,367,548,438	1,714,755,958	939,177,862	611,894,099
Distribution expenses		207,267,839	145,084,126	101,672,996	49,599,807
Administrative expenses		627,870,233	482,825,271	214,019,650	161,234,511
Other operating expenses		101,802,684	90,434,642	72,824,914	23,425,916
		936,940,757	718,344,039	388,517,561	234,260,234
Operating profit		1,430,607,681	996,411,919	550,660,301	377,633,865
Other income	17	261,527,424	293,812,297	25,794,336	(197,356)
Finance cost		39,267,609	30,864,069	14,988,157	11,072,398
Profit before taxation		1,652,867,496	1,259,360,147	561,466,480	366,364,111
Taxation		36,606,056	36,240,916	12,868,885	21,431,288
Profit after taxation		1,616,261,440	1,223,119,231	548,597,595	344,932,823
Attributable to:					
Equity holders of the parent		1,631,331,971	1,232,782,591	551,723,283	347,470,265
Non-controlling interest		(15,070,530)	(9,663,361)	(3,125,687)	(2,537,443)
		1,616,261,440	1,223,119,231	548,597,595	344,932,823
Earnings per share:					
Basic	18	13.14	10.10	4.43	2.83
Diluted		12.94	10.04	4.36	2.81

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


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)


(CHIEF FINANCIAL OFFICER)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

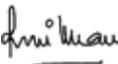
for the nine months period ended 30 September 2020 (Unaudited)

	Nine Months Ended	
	30 September 2020	30 September 2019
	Rupees	Rupees
Profit for the period	1,616,261,440	1,223,119,231
Other comprehensive income		
Exchange difference on translation of foreign operations	30,378,338	26,420,574
Total comprehensive income for the period	1,646,639,779	1,249,539,805
Attributable to:		
Equity holders of the parent	1,661,710,309	1,259,203,165
Non-controlling interest	(15,070,530)	(9,663,361)
	1,646,639,779	1,249,539,805

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


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)


(CHIEF FINANCIAL OFFICER)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the nine months period ended 30 September 2020 (Unaudited)

	Issued, subscribed and paid up share capital	Capital reserve			Revenue reserve		Total equity attributable to shareholders of parent company	Non-controlling interest	Total
		Share capital premium	Employee compensation reserve	Foreign currency translation reserve	Rupees				
					Unappropriated profit				
Balance as at 1st January 2019 (Audited)	1,122,135,480	505,511,843	27,568,374	26,808,071	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 of 10% for the year ended 31 December 2018	112,213,540	-	-	-	(112,213,540)	-	-	-	
Final Dividend @ Rs. 2.00 per share for the year ended 31 December 2018	-	-	-	-	(224,427,096)	(224,427,096)	(9,663,361)	(224,427,096)	
Total comprehensive income for the period	-	-	-	-	1,232,782,591	1,232,782,591	-	1,223,119,231	
Other comprehensive income for the year	853,970	-	-	26,420,574	-	26,420,574	-	26,420,574	
Exercise of share options	-	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	-	-	-	-	-	-	(5,070)	(5,070)	
Balance as at 30 September 2019 (Un-audited)	1,235,202,990	512,149,734	35,843,855	53,228,585	3,317,702,603	5,154,127,767	(10,944,951)	5,143,182,817	
Balance as at 1st January 2020 (Audited)	1,235,202,990	512,149,734	78,970,025	49,242,756	3,674,024,548	5,549,590,053	(20,655,613)	5,528,934,440	
Further issuance of share capital	-	-	-	-	-	-	410,002,618	410,002,618	
Final Dividend @ Rs. 2.25 per share for the year ended 31 December 2019	-	-	-	-	(277,920,824)	(277,920,824)	-	(277,920,824)	
Total comprehensive income for the period	-	-	-	-	1,631,331,971	1,631,331,971	(15,070,530)	1,616,261,440	
Other comprehensive income for the year	-	-	-	30,378,338	-	30,378,338	-	30,378,338	
Exercise of Share Options	10,857,150	128,085,183	(65,831,861)	-	-	73,110,472	-	73,110,472	
Forfeited share options	-	-	(3,017,856)	-	1,833,713	(1,184,143)	-	(1,184,143)	
Share based payments	-	-	188,485,474	-	-	188,485,474	-	188,485,474	
Balance as at 30 September 2020 (Un-audited)	1,246,060,140	640,234,917	198,605,782	79,621,094	5,029,269,408	7,193,791,341	374,276,475	7,568,067,816	

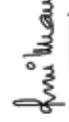
The annexed notes from 1 to 24 form an integral part of this condensed interim financial information.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

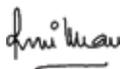
for the nine months period ended 30 September 2020 (Unaudited)

	Note	Nine Months Ended	
		30 September 2020 Rupees	30 September 2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from/(used in) operations	20	1,307,679,007	754,650,600
Finance costs paid		(42,081,190)	(33,243,523)
Gratuity paid		(2,954,478)	(18,588,584)
Taxes paid		(87,924,406)	(49,719,109)
		(132,960,074)	(101,551,215)
Net cash flows from/(used in) operating activities		1,174,718,933	653,099,385
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(221,297,023)	(514,195,553)
Development expenditure		(36,135,594)	(56,754,704)
Proceeds from the disposal of property and equipment		9,104,458	29,670,721
Decrease in long term deposits		10,725,551	6,866,713
(Purchase) / disposal of short term investments - net		(1,655,000,000)	(485,000,000)
Profit received on short term investment		62,571,133	28,795,225
Profit received on bank deposits		19,059,986	12,161,952
Net cash flows used in/from investing activities		(1,810,971,489)	(978,455,646)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		71,926,329	7,491,861
Further issuance of share capital - EP		410,002,618	-
Increase in short term borrowings		578,000,000	200,000,000
Increase in long term loan		211,279,640	-
Dividend paid		(278,648,714)	(220,184,332)
Decrease in Lease Liability		(12,623,046)	142,914,021
Increase in long term advances		15,084,310	14,556,737
Net cash flows used in financing activities		995,021,137	144,778,287
Net (decrease) in cash and cash equivalents		358,768,581	(180,577,975)
Effect of exchange translation reserve		30,378,338	26,420,574
Cash and cash equivalents at beginning of the period		1,516,152,353	761,651,601
Cash and cash equivalents at closing of the period		1,905,299,272	607,494,200

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


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)


(CHIEF FINANCIAL OFFICER)

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

for the nine months period ended 30 September 2020 (Unaudited)

1. THE GROUP AND ITS OPERATIONS

Holding company

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

Subsidiary Company

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

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

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

E-Processing Systems (Private) Limited, a private limited Company registered under the repealed Companies Ordinance 1984, (now Companies Act 2017) incorporated on 06 February 2013, is a 44.60% owned subsidiary of Systems Limited. The Company is principally engaged in the business of purchase and sale of airtime and related services.

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

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

2. STATEMENT OF COMPLIANCE

2.1 This consolidated condensed interim financial information of the Group for the period ended 30 September 2020 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

2.2 This interim financial information is un-audited and is being submitted to shareholders, as required by section 237 of the Companies Act, 2017.

3. BASIS OF PREPARATION

This consolidated condensed interim financial information is not audited and has been prepared in condensed form and does not include all the information as is required to be provided in full set of annual financial statements. This condensed interim consolidated financial information should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2019.

3.1 Consolidated financial statements

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

3.2 Basis of measurement

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

4. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended 31 December 2019 except as described in Note 4.1, below:

4.1 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions shall be complied with. When the grant relates to an expense item, it is recognized as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When a grant related to non monetary asset is received, the asset and the grant are recorded at nominal amounts and released to statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

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

	Note	Unaudited 30 September 2020	Audited 31 December 2019	
----- (Rupees) -----				
6. PROPERTY AND EQUIPMENT				
Operating fixed assets	(6.1)	1,514,961,153	1,408,438,451	
Capital work in progress	(6.2)	804,606	24,025,244	
		1,515,765,759	1,432,463,695	
6.1 Operating fixed assets:				
Opening balance - net book value		1,408,438,451	939,501,627	
Additions during the period / year - cost	6.1.1	273,267,661	656,303,203	
		1,681,706,112	1,595,804,830	
Less:				
Disposals during the period / year	6.1.2	6,158,716	31,261,167	
Depreciation during the period / year		160,586,243	156,105,212	
Book value at the end of the period / year		1,514,961,153	1,408,438,451	
6.1.1 Additions during the period / year-cost				
Land		47,850,000	292,247,289	
Building		6,262,104	44,067,837	
Computers and mobile sets		85,962,249	113,395,959	
Computer equipment and installations		12,894,917	23,409,393	
Other equipment and installations		4,148,303	37,594,061	
Generator		42,635,275	2,408,220	
Furniture and fittings		18,564,544	22,665,053	
Vehicles		893,384	106,263,022	
Office equipment		52,303,727	2,915,990	
Leasehold Improvements		799,098	11,336,379	
Exchange gain		954,061	-	
		273,267,661	656,303,203	
6.1.2 Disposals during the period / year				
		Cost	Accumulated Depreciation	Written Down Value
30 September 2020				
Computers and mobile sets		2,292,135	1,604,492	687,643
Furniture and fittings		27,675	18,845	8,830
Vehicles		13,566,845	8,104,602	5,462,243
		15,886,655	9,727,939	6,158,716
31 December 2019				
Computers and mobile sets		7,160,968	5,584,790	1,576,178
Computer equipment and installations		545,767	545,767	-
Other equipment and installations		331,170	240,183	90,987
Furniture and fittings		2,586,755	1,695,558	891,197
Vehicles		49,427,937	20,744,747	28,683,190
Office equipment		155,115	135,500	19,615
		60,207,712	28,946,545	31,261,167
		Unaudited 30 September 2020	Audited 31 December 2019	
----- (Rupees) -----				
6.2 CAPITAL WORK IN PROGRESS				
Balance at the beginning of the period / year		24,025,244	22,471,605	
Additions during the period / year		12,635,963	14,044,235	
Transfer to operating fixed assets during the period / year		(35,856,601)	(12,490,596)	
Balance at the end of the period / year		804,606	24,025,244	

		Unaudited 30 September 2020	Audited 31 December 2019
	Note	----- (Rupees) -----	
7. TRADE DEBTS			
Considered good - unsecured			
Export	(7.1)	1,634,334,463	1,378,233,113
Local		713,073,700	539,050,836
		2,347,408,163	1,917,283,949
Less: Allowance for expected credit losses		248,239,575	168,209,807
		2,099,168,588	1,749,074,142

7.1 This includes receivable from related parties i.e. Visionet Systems Incorporation amounting to Rs. 793.3 million (2019: Rs. 703.3) million.

8. LOANS AND ADVANCES - considered good

Advances to staff:			
against salary		12,365,909	6,768,889
against expenses		891,412	28,273,442
		13,257,321	35,042,331
Advances to suppliers - against goods		56,771,229	110,197,061
		70,028,550	145,239,392
Loans to related parties	(8.1)	52,935,165	195,941,404
Elimination on account of joint venture		(52,935,165)	(195,941,404)
		70,028,550	145,239,392

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

		Unaudited 30 September 2020	Audited 31 December 2019
		----- (Rupees) -----	
9. OTHER RECEIVABLES			
TechVista Information Technology - Qatar		155,873,064	180,821,432

10. SHORT TERM INVESTMENTS

Faysal Bank Limited		400,000,000	-
Habib Metropolitan Bank		25,000,000	555,000,000
Habib Bank Limited		1,660,000,000	25,000,000
Meezan Bank Limited		100,000,000	200,000,000
Term Deposit Receipts (TDRs)	(10.1)	2,185,000,000	780,000,000
Alfalah Investment Fund		50,000,000	-
NBP Funds Management Limited		100,000,000	-
UBL Funds Limited		50,000,000	-
HBL Asset Management Limited		50,000,000	-
	(10.2)	250,000,000	-
		2,435,000,000	780,000,000

10.1 This represents TDRs carrying markup at rates ranging from 6 % to 12.75 % (2019: 12.25% to 12.65%) per annum.

10.2 This represents investments in mutual funds carrying profit at rates ranging from 7% to 12% (2019: nil) per annum.

11. CASH AND BANK BALANCES

Cash in hand		1,150,992	1,651,049
Cash at bank:			
Local currency:			
Current accounts		930,780,750	388,309,463
Deposit accounts	(11.1)	340,651,886	1,108,287,817
		1,271,432,636	1,496,597,280
Foreign currency - current accounts		632,715,644	17,904,024
		1,905,299,272	1,516,152,353

11.1 These carry interest rate of 5% to 5.3% (2019: 9% to 11.25%) per annum.

12. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Unaudited Audited
----- (Rupees) -----

	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	-----No of Shares-----		-----Rupees-----	
Ordinary shares of Rs. 10/- fully paid in cash	124,606,014	23,447,380	1,246,060,140	234,473,800
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	-	100,072,919	-	1,000,729,190
	124,606,014	123,520,299	1,246,060,140	1,235,202,990

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

Balance as at 1st January	123,520,299	112,213,548	1,235,202,990	1,122,135,480
Stock options exercised	1,085,715	85,397	10,857,150	853,970
Bonus issue 10%	-	11,221,354	-	112,213,540
	124,606,014	123,520,299	1,246,060,140	1,235,202,990

13. Long term loan

MCB Bank Limited	192,908,264	-
Add: Unwinding of interest	4,571,564	-
	197,479,828	-
less: Current portion	(74,455,135)	-
	123,024,693	-

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

14. TRADE AND OTHER PAYABLES

	Unaudited 30 September 2020	Audited 31 December 2019
	----- (Rupees) -----	
Creditors	168,428,517	67,928,193
Accrued liabilities	679,870,507	681,282,705
Provident fund payable	28,195,356	21,722,279
Withholding income tax payable	26,537,223	18,669,110
Sales/Value Addition tax payable	898,373	-
Other payables	-	819,518
	903,929,976	790,421,805

15. OPERATING SEGMENT INFORMATION

Geographical segments

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

- North America
- Europe
- Middle East
- Pakistan

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

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

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

	North America		Europe		Middle East		Pakistan		Total	
	Un-audited		Un-audited		Un-audited		Un-audited		Un-audited	
	Nine months ended	2019	Nine months ended	2019	Nine months ended	2019	Nine months ended	2019	Nine months ended	2019
	2020		2020		2020		2020		2020	
	Rupees									
Revenue - net	3,032,291,926	2,090,375,015	693,766,165	362,125,881	1,930,608,367	1,779,953,715	1,411,952,959	1,239,920,136	7,068,619,417	5,472,374,148
Cost of sales	1,663,228,391	1,178,920,851	405,441,393	224,884,222	1,530,273,033	1,392,630,857	1,102,128,162	961,182,260	4,701,070,979	3,757,618,190
Gross profit	1,369,063,535	911,454,164	288,324,772	137,241,659	400,335,334	387,322,859	309,824,797	278,737,876	2,367,548,438	1,714,755,958
Distribution expenses	10,864,511	7,338,054	2,485,721	1,271,207	58,054,587	18,928,335	135,863,020	117,546,525	207,267,839	145,084,126
Administrative expenses	293,408,248	212,407,405	71,857,144	36,796,373	17,232,843	181,339,249	90,276,410	52,282,244	627,870,233	482,825,271
Profit / (loss) before taxation and unallocated income and expenses	304,272,759	219,745,459	743,42,865	38,067,580	230,383,019	200,267,584	226,139,430	169,828,769	835,138,073	627,909,397
	1,064,790,776	691,708,705	219,981,907	99,174,079	169,952,315	187,054,675	83,685,367	108,909,107	1,532,410,365	1,086,846,561
Other operating expenses									(101,802,684)	(90,434,642)
Other income (excluding exchange gain)									118,983,783	60,081,774
Exchange Gain									142,543,641	233,730,523
Finance cost									(99,267,609)	(30,864,069)
Profit before taxation									1,652,867,496	1,259,360,147
Taxation									36,606,056	36,240,916
Profit after taxation									1,616,261,440	1,223,119,231

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

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

16.2 Commitments:

Guarantees issued by the financial institutions on behalf of the Group amount to Rs. 349.36 million (2019: Rs. 420.39 million).

Commitments include capital commitments for construction of building of the Group amounting to Rs. Nil (2019: Rs. 1 million).

17. Other Income

Income from financial assets:

Profit on deposit accounts	19,237,562	15,005,224
Gain on short term investments	95,707,872	32,683,621
Exchange gain	142,543,641	233,730,523
	257,489,075	281,419,368

Income from non-financial assets:

Gain on disposal of property & equipment	2,945,742	9,773,754
Others	1,092,607	2,619,175
	4,038,349	12,392,929
	261,527,424	293,812,297

18. EARNINGS PER SHARE

	Nine Months Ended	
	2020	2019
	Un-audited	Un-audited
Basic earnings per share		
Profit for the period attributable to equity holder of parent	1,631,331,971	1,232,782,591
Weighted average number of ordinary shares in issue during the period	124,145,417	122,001,063
Basic - in Rupees	13.14	10.10
Diluted earnings per share		
Profit for the period attributable to equity holder of parent	1,631,331,971	1,232,782,591
Weighted-average number of ordinary shares (basic)	124,145,417	122,001,063
Effect of share options	1,885,307	726,762
	126,030,724	122,727,825
Diluted - in Rupees	12.94	10.04

19. TRANSACTIONS WITH RELATED PARTIES

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

Undertaking	Relation	Nature of transactions	Unaudited	
			2020	2019
			Nine Months Ended 30 September	
			Rupees	
Visionet Systems Incorporation - USA	Common Directorship	Sales Reimbursement of expenses	2,965,011,927	2,094,093,019
			11,862,918	52,136,360

Undertaking	Relation	Nature of transactions	Unaudited Nine Months Ended 30 September	
			2020	2019
			----- Rupees -----	
IGI Insurance Limited	Associate	Sales	6,679,380	13,833,923
		Purchase of insurance policies	24,114,188	21,023,358
Dawood Family Takaful Limited	Associate	Purchase of insurance policies	3,394,326	2,325,079
Staff retirement funds	Associate	Contribution	131,347,272	87,448,494
20. CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation			1,652,867,496	1,259,360,147
Adjustments of reconcile profit before tax to meet cash flows:				
Depreciation on property and equipment			160,586,243	108,598,753
Amortization of intangible assets			19,350,277	32,346,206
Allowance for expected credit loss			79,375,698	42,735,378
Bad debts - written off			22,426,986	47,699,264
Share based payment expense			188,485,474	8,275,481
Finance cost			39,267,609	30,864,069
Gratuity expense			21,142,762	34,481,855
Exchange gain on translation of export receivables			(142,543,641)	(236,149,167)
Gain on disposal of property and equipment			(2,945,742)	(9,773,754)
Gain on short term investments			(95,707,872)	(32,683,621)
Profit on bank deposits			(19,059,986)	(12,161,952)
			270,377,808	14,232,512
Profit before working capital changes			1,923,245,304	1,273,592,659
Effect on cash flow due to working capital changes				
(Increase) / decrease in current assets:				
Contract assets - Net			(210,748,449)	114,240,193
Trade debts			(290,676,912)	(384,125,437)
Loans and advances			75,210,842	(94,704,582)
Other receivables			24,948,368	20,019,262
Trade deposits and short term prepayments			(327,808,317)	(338,903,438)
			(729,074,468)	(683,474,002)
(Decrease) / increase in current liabilities:				
Trade and other payables			113,508,171	164,531,943
			(615,566,297)	(518,942,059)
Net cash flows from operations			1,307,679,007	754,650,600

21. FINANCIAL RISK MANAGEMENT

21.1 Financial risk factors

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

21.2 Fair values of financial assets and liabilities

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

Fair value hierarchy

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

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

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

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

- There were no financial assets and liabilities measured at fair value as at 30 September 2020.

- During the nine months period ended 30 September 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

- There were no financial assets and liabilities measured at fair value as at 31 December 2019.

21.3 Financial instruments by categories

	30 September 2020		
	Cash and cash equivalent	Loans and advances	Total
	(Rupees)		
Financial assets as per balance sheet			
Long term deposits	44,220,246		44,220,246
Contract assets	573,104,577		573,104,577
Trade debts	2,099,168,588		2,099,168,588
Loans and advances	70,028,550		70,028,550
Security deposits	522,399,228		522,399,228
Interest accrued	35,628,692		35,628,692
Other receivable	155,873,064		155,873,064
Short term investments		2,435,000,000	2,435,000,000
Cash and bank balances	1,905,299,272	-	1,905,299,272
	1,905,299,272	5,935,422,944	7,840,722,216

	31 December 2019		
	Cash and cash equivalent	Loans and advances	Total
	(Rupees)		
Financial assets as per balance sheet			
Long term deposits	54,945,797		54,945,797
Contract assets	607,616,686		607,616,686
Trade debts	1,667,900,939		1,667,900,939
Loans and advances	145,239,392		145,239,392
Security deposits	229,384,993		229,384,993
Interest accrued	2,491,952		2,491,952
Other receivables	180,821,432		180,821,432
Short term investments		780,000,000	780,000,000
Cash and bank balances	1,516,152,353		1,516,152,353
	1,516,152,353	3,668,401,191	5,184,553,544

	30 September 2019	31 December 2019
	Financial Liabilities at amortized cost	
	----- (Rupees) -----	
Financial liabilities as per balance sheet		
Long term loan	123,024,693	-
Current portion of long term long	74,455,135	-
Markup accrued on short term borrowing	2,060,388	4,873,969
Contract liabilities	9,084,701	164,423,043
Short term borrowing	1,250,000,000	672,000,000
Trade and other payables	168,428,517	67,928,193
	1,627,053,434	909,225,205

22. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issuance on 27 October 2020 by the Board of Directors of the Group.

23. CORRESPONDING FIGURES

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

24. GENERAL

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


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)


(CHIEF FINANCIAL OFFICER)



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

Head Office

Systems Campus
Software Technology Park
E-1, Sehjpal Near DHA Phase-VIII,
(Ex-Air Avenue), Lahore Cantt.
UAN: +92 42 111-797-836
T: +92 42 37319401

Karachi

E-5, Central Commercial Area,
Shaheed-e-Millat Road,
Karachi, Pakistan
T: +92 21 34549385-87
F: +92 21 34549389

Islamabad

Plot No. 21, 1st Floor Fazeelat
Arcade, Sector G-11 Markaz,
Islamabad, Pakistan

Dubai

TechVista Systems FZ LLC
Unit 105, Building 11,
Dubai International City,
Dubai Creative Cluster Authority,
Dubai, United Arab Emirates.
Tel: + 9714 369 3525
Fax: + 9714 456 3761



www.systemsltd.com

