



systems

*Half Year Report
June 2020*

ENABLING A
DIGITAL TOMORROW

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COMPANY INFORMATION

Board of Directors

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

Audit Committee

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

Human Resource & Compensation Committee

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

Chief Financial Officer

Ms. Roohi Khan

Company Secretary

Mr. Saad Hasan Aslam

External Auditors

Ernst & Young Ford Rhodes
Chartered Accountants
Lahore

Internal Auditors

Uzair Hammad Faisal & Co.

Legal Advisors

Hassan & Hassan Advocates
Ahmed & Pansota Advocates & Legal Consultants

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

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

Systems Limited Wins Top IT Exporter Honors at the PSEB IT Export Awards 2019

We are proud to announce that Systems Limited has won Platinum Awards in the 'Top IT Exporter 2019' and 'Top IT Consultancy Services Exporter' categories at the 2019 PSEB IT Export Awards. The award ceremony was held on 19th August 2020 at the Marriott Hotel, Islamabad.

The event was attended by Mr. Syed Amin Ul Haque, Federal Minister for Information Technology & Telecommunication as the chief guest, PSEB board members, and prominent figures from Pakistan's IT industry.



Top IT Exporter 2019

Top IT Consultancy
Services Exporter



**"We have the potential.
What we need to do is
unleash that potential."**

Mr. Asif Peer, CEO, Systems Limited

Receiving the awards, Mr. Asif Peer, CEO Systems Limited, expressed his gratitude and welcomed Mr. Syed Amin Ul Haque and the federal government's renewed commitment towards making collaborative efforts for the IT sector's growth. "This is really encouraging for all of us that the IT Minister and others are very participative and want to work productively. They all recognized that if there is something required today, it is investment in the IT sector because this is the only sector in Pakistan that is growing quicker than any other sector of the country. The per capita revenue that this industry can yield is incomparable to everything else in the services industry," said Mr. Asif Peer. The Systems Limited CEO also seconded Mr. Syed Amin Ul Haque by highlighting the potential of the IT industry and calling for collective focus on demand generation." Furthermore, Mr. Asif Peer praised the decision of the authorities to allow the IT industry to continue to operate during the COVID-19 pandemic, which paid a pivotal role in the sector's growth during these troubled times.

DIRECTOR'S REPORT

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

FINANCIAL RESULTS

Unconsolidated:

During half year ended 30 June 2020, standalone revenues of the company grew by 37% over the corresponding period last year, from Rs. 2,478.61 million to Rs. 3,388.59 million. Gross profit and operating profit increased by 40% and 48% respectively. Foreign currency impact ie exchange gain, for the half year 2020 is Rs. 169.7 million as compared to Rs. 267.4 million during the same period last year. Profit for the period increased by 32% from 779.20 million to Rs. 1029.35, which translates into 68% growth in net profit without accounting for exchange gain from both years. Basic and diluted earnings per share both increased by 32% in as a consequence of higher operating profit and profit for the period.

It is pertinent to mention that increase in profits for the period is primarily driven by topline growth, led by the North American Segment. This growth has been achieved without increasing the headcount by optimization and efficient utilization of existing resource. Moreover, rigorous controls over direct and indirect costs directly contributed to improvement in net profits.

Unconsolidated			
Particulars	June-20 (unaudited)	June-19 (unaudited)	Change
	Rs.	Rs.	%
Revenue	3,388,593,868	2,478,612,319	37%
Gross Profit	1,158,233,418	824,517,505	40%
Operating profit before other income/expense	836,039,963	563,812,884	48%
Profit after tax	1,029,356,666	779,203,149	32%
Earnings per share (basic)	8.32	6.31	32%
Earnings per share (diluted)	8.20	6.27	31%

Consolidated:

During half year ended 30 June 2020, consolidated revenue grew by 27% from Rs. 3,580.77 million to Rs. 4,559.37 million. Gross profit and operating profit increased by 30% and 33% respectively. Exchange gain for the half year 2020 amounted to Rs. 168.2 million as compared to Rs. 268.4 million during the same period last year on a consolidated basis. Net profit for the period increased by 22% from 878.18 million to Rs. 1,067.66 million which translates into 47% alongwith exchange gain adjustment in both years. Basic and diluted earnings per share both increased by 15% 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.

Consolidated			
Particulars	June-20 (unaudited)	June-19 (unaudited)	Change
	Rs.	Rs.	%
Revenue	4,559,370,645	3,580,778,430	27%
Gross Profit	1,428,370,576	1,102,861,859	30%
Operating profit before other income/expense	908,925,150	685,786,780	33%
Profit after tax	1,067,663,846	878,186,408	22%
Earnings per share (basic)	8.73	7.61	15%
Earnings per share (diluted)	8.61	7.57	14%

Future Outlook

Given the continuing global pandemic, business conditions and dynamics have changed significantly as the world endeavours to adjust to the new normal. The Company was quick to adapt to the changing world and as a consequence minimize the impact of the pandemic on the business by "re-imagining and re-thinking everything" and focusing on the CORE. The Company has adjusted the business plan accordingly and sees a bigger opportunity for it's services as we emerge from this pandemic- seeing opportunity in adversity.

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

- Re-positioning sales campaigns to adapt to a post-covid world where three technologies are in high demand; Digital; Data and Cloud. The Company is getting positive traction from global markets with a healthy pipeline of future opportunities. We expect to close new logos in the last two quarters of the year which will provide a good start for the coming year.
- The Company is witnessing a strong demand surge for its products and services as smaller players were unable to sustain the financial and economic pressures caused by the pandemic. This has opened new space for the Company especially in the Middle East region.
The Company is investing heavily in Research and Development and creating innovative solutions for the post-pandemic world 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. Leveraging Pakistan's current strength as one of the most cost-effective destinations for IT services, the Company's aggressive pricing strategy will have a positive volume play for the Company. The Company is forecasting to maintain the current growth momentum in the future.
- For Pakistan market, the Government has revived the Digital Pakistan vision with donor agencies providing funding for the digitization of Government departments and regulators in Pakistan. The Company is fully aligned with this strategy, as these projects will be managed by donor agencies and are not expected to have funding issues. The Company is looking to partner with the Government providing the necessary skills and scale on home ground to play its part in the digitization initiative.
- While looking for growth, the Company is reimagining the products and markets it is operating in. The Company has already started exploring new geographies and will be expanding into at least one new region next year.
- To ensure sustainable business operations, the Company is focused on efficient cash flow management and despite the pandemic has maintained a regular inflow and robust cash position.
- The Company continues to invest in strengthening its Human Resource and talent acquisition. The Organization is recruiting experienced talent with futuristic and leading vision. This pandemic has also enabled the Company 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.
- With all the actions listed above, the extension of the pandemic or other global political issues like US election, US-China relationship etc, can have an adverse impact on the business, which the management is sharply monitoring to take appropriate preemptive action as required.

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
25 August 2020
Lahore

- کوویڈ کے بعد کی دنیا کے مطابق سیکڑ کیمپیز کی دوبارہ پوزیشننگ جہاں تین ٹیکنالوجیز کی سب سے زیادہ ڈیمانڈ ہے؛ ڈیجیٹل، ڈیٹا اور کلاؤڈ۔ کیمپی کو مستقبل کے بہترین مواقع کے ساتھ عالمی منڈیوں سے مثبت انداز میں آگے بڑھنے کی راہ مل رہی ہے۔ ہم سال کے آخری دو کوارٹرز میں نئے لوگوں کو بند کرنے کی توقع رکھتے ہیں جس سے آنے والے سال کیلئے ایک اچھا آغاز ملے گا۔
- کیمپنی اپنی مصنوعات اور خدمات کی مانگ میں زبردست اضافہ دیکھ رہی ہے کیونکہ چھوٹے کھلاڑی اس وبا کی مرض کی وجہ سے ہونے والے مالی اور معاشی دباؤ کو برداشت کرنے میں ناکام رہے۔ اس سے کیمپنی کیلئے خاص طور پر مشرق وسطیٰ کے خطے میں نئی راہیں کھلی ہیں۔
- کیمپنی ریسرچ اینڈ ڈیولپمنٹ میں بیماری سرماہ کاری کر رہی ہے اور وبا کی مرض کے بعد کی دنیا کیلئے جدید حل ڈھونڈ رہی ہے تاکہ ریٹیلرز، ٹیلی کمیونیکیشن سیکٹر (فیلکو) اور دیگر کسٹمرز کی ضروریات کو پورا کر سکے۔ چونکہ فیلکو، بینکنگ اور ریٹیل کے شعبے وباء 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 کیمپنی انہیں ارز اس حل فراہم کرنے کیلئے کام کر رہی ہے۔ آئی ٹی خدمات کیلئے سے سب سے زیادہ موزوں مقامات میں سے ایک ہونے کے ناطے پاکستان کی موجودہ طاقت کا فائدہ اٹھاتے ہوئے کیمپنی کی جارحانہ قیمتوں کی حکمت عملی کیلئے ایک مثبت کردار ادا کرے گی۔ کیمپنی حالیہ ترقی کی رفتار کو مستقبل میں بھی برقرار رکھنے کی پیش گوئی کر رہی ہے۔
- پاکستانی مارکیٹ کیلئے حکومت نے پاکستان میں سرکاری محکموں اور ریگولیٹری ڈیپارٹمنٹس کیلئے فنڈنگ کرنے والی ڈونر ایجنسیوں کے ساتھ ڈیجیٹل پاکستان ویزن کو بحال کیا ہے۔ کیمپنی اس حکمت عملی کے ساتھ پوری طرح ہم آہنگ ہے کیونکہ ان منصوبوں کا انتظام ڈونر ایجنسیاں کریں گے اور انہیں فنڈنگ کا مسئلہ پیش آنے کی توقع نہیں ہے۔ کیمپنی ضروری مہارتوں کی فراہمی اور ڈیجیٹل ویزن کی طرف پیش قدمی میں اپنا کردار ادا کرنے کیلئے حکومت کے ساتھ اشتراک کی خواہاں ہے۔
- ترقی کی تلاش میں کیمپنی ان مصنوعات اور مارکیٹوں پر دوبارہ غور کر رہی ہے جن میں وہ کام کر رہی ہے۔ کیمپنی نے پہلے ہی نئے جغرافیائی علاقوں کی تلاش شروع کر دی ہے اور اگلے سال کم از کم ایک نئے خطے تک پھیل جائے گی۔
- پائیدار کاروباری آپریشنز کو یقینی بنانے کیلئے کیمپنی موثر نقد بہاؤ کے انتظام پر توجہ مرکوز کئے ہوئے ہے اور وباء کے باوجود اس نے باقاعدہ انفلو اؤ منیو ڈیکش پوزیشن برقرار رکھی ہے۔
- کیمپنی اپنے انسانی وسائل اور ٹیلنٹ کے حصول کو مضحکم کرنے میں سرماہ کاری جاری رکھے ہوئے ہے۔ کیمپنی تجربہ کار ہنرمند اور جدید سوچ کے حامل افراد کو بھرتی کر رہی ہے۔ اس وباء نے کیمپنی کو افرادی قوت میں مزید تنوع لانے کا بھی موقع فراہم کیا ہے اور اس نے ایسی تعلیم یافتہ خواتین کو بھرتی کیا ہے جو گھر میں رہتے ہوئے کام کر کے معیشت اور معاشرے میں اپنا کردار ادا کر سکتی ہیں۔
- مذکورہ بالا تمام اعمال کے ساتھ وبا کی مرض میں پھیلاؤ اور دیگر عالمی سیاسی امور جیسے کہ امریکی انتخابات، امریکہ اور چین کے تعلقات وغیرہ کی وجہ سے کاروبار پر منفی اثر پڑ سکتا ہے، انتظامیہ ضرورت کے مطابق قفل از وقت موزوں کارروائی کرنے کیلئے ان امور کی باریک بینی سے نگرانی کر رہی ہے۔

اعتراف

بورڈ اس موقع پر کیمپنی کے قابل قدر کسٹمرز، بینکرز اور دیگر متعلقین کے تعاون اور معاونت کیلئے شکریہ ادا کرتا ہے۔ بورڈ کیلئے کیمپنی کے تمام ملازمین کی محنت اور لگن بڑی قابل تعریف ہے۔

حسب احکم پورڈ



آصف بیر

چیف ایگزیکٹو آفیسر

مورخہ: 25 اگست 2020

ڈائریکٹر کی جائزہ رپورٹ - 30 جون 2020ء

یورڈ آف ڈائریکٹرز کی طرف سے ہمیں 30 جون 2020ء کو قلم ہونے والے چھ ماہ کیلئے علیحدہ اور یکجا مالیاتی گوشوارے پیش کرنے پر خوشی ہے۔

مالی نتائج غیر منظم

30 جون 2020ء کو ختم ہونے نصف سال کے دوران کمپنی کی علیحدہ آمدنی اسی عرصہ کے دوران پچھلے سال کے مقابلے میں 37% اضافہ کے ساتھ 2,478.61 ملین روپے سے بڑھ کر 3,388.59 ملین روپے ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع میں بالترتیب 40% اور 48% اضافہ ہوا۔ غیر ملکی کرنسی کے اثرات یعنی 2020ء کے نصف سال کیلئے مبادلہ کا فائدہ پچھلے سال اسی عرصہ کے 169.7 ملین روپے کے مقابلے میں 267.4 ملین روپے ہے۔ اس عرصہ کیلئے منافع 32% اضافہ کے ساتھ 779.20 ملین روپے سے بڑھ کر 1029.35 ملین روپے ہو گیا، جو کہ دونوں سالوں سے مبادلہ کا فائدہ کی اکاؤنٹنگ کے بغیر خالص منافع میں 68% شرح نمو کو ظاہر کرتا ہے۔ اس عرصہ کے دوران منافع اور اعلیٰ آپریٹنگ منافع کے نتیجے میں فی شیئر بنیادی اور دقیق آمدنی دونوں میں 32% اضافہ ہوا۔

یہاں یہ ذکر کرنا موزوں ہو گا کہ اس مدت کے منافع میں اضافہ بنیادی طور پر ٹاپ لائن گروتھ سے ہوا ہے، جس کی قیادت شمالی امریکی سیکٹرز کرتا ہے۔ یہ ترقی ملا زمین میں اضافہ کیے بغیر موجودہ وسائل کی اصلاح اور موثر استعمال کے ذریعے حاصل کی گئی ہے۔ مزید یہ کہ اخراجات پر براہ راست اور بالواسطہ سخت کنٹرول نے خالص منافع کی بہتری میں اہم کردار ادا کیا۔

غیر منظم تفصیلات	جون 2020	جون 2019	سال پر سال
آمدنی	3,388,593,868	2,478,612,319	37%
مجموعی منافع	1,158,233,418	824,517,505	40%
ٹیکس سے پہلے منافع	836,039,963	563,812,884	48%
ٹیکس کے بعد منافع	1,029,356,666	779,203,149	32%
کمائی فی شیئر (بنیادی)	8.32	6.31	32%
کمائی فی شیئر (دقیق)	8.20	6.27	31%

منظم

30 جون 2020ء کو ختم ہونے نصف سال کے دوران منظم آمدنی 27% اضافہ کے ساتھ 3,580.77 ملین روپے سے بڑھ کر 4,559.37 ملین روپے ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع میں بالترتیب 30% اور 33% اضافہ ہوا۔ 2020ء کے نصف سال کیلئے مبادلہ کا فائدہ منظم بنیادوں پر پچھلے سال اسی عرصہ کیلئے 268.4 ملین روپے کے مقابلے میں 168.2 ملین روپے ہو گیا۔ اس عرصہ کیلئے خالص منافع 22% کی شرح سے 878.18 ملین روپے سے بڑھ کر 1,067.66 ملین روپے ہو گیا جو کہ دونوں سالوں میں مبادلہ کے فائدہ کی ایڈجسٹمنٹ کے ساتھ 47% کی ترجمانی کرتا ہے۔ پچھلے سال کے اسی عرصہ کے دوران فی شیئر بنیادی اور دقیق آمدنی میں 15% اضافہ ہوا۔

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

منظم تفصیلات	جون 2020	جون 2019	سال پر سال
آمدنی	4,559,370,645	3,580,778,430	27%
مجموعی منافع	1,428,370,576	1,102,861,859	30%
ٹیکس سے پہلے منافع	908,925,150	685,786,780	33%
ٹیکس کے بعد منافع	1,067,663,846	878,186,408	22%
کمائی فی شیئر (بنیادی)	8.73	7.61	15%
کمائی فی شیئر (دقیق)	8.61	7.57	14%

مستقبل کا خاکہ

عالمی وباء کے پیش نظر کاروباری حالات اور ڈائنکس میں نمایاں تبدیلی آئی ہے اور دنیا بھر میں معمول پر آئیڈ جسٹ کرنے کی کوشش کر رہی ہے۔ کمپنی نے جلد ہی اس بدلتی دنیا کے مطابق خود کو ڈھال لیا اور اس کے نتیجے میں ہر چیز پر ”دوبارہ غور و فکر اور دوبارہ سوچ“ کے ذریعے اور اس کی اصل پر توجہ مرکوز کرتے ہوئے کاروبار پر وبائی مرض کے اثرات کو کم سے کم کیا۔ کمپنی نے اس کے مطابق کاروباری منصوبے کو ایڈجسٹ کیا ہے اور اس وبائی حالت سے نکلنے کے بعد اپنی خدمات کیلئے ایک بڑا موقع دیکھ رہی ہے۔

کمپنی نے وبائی مرض کے بعد کی صورت حال سے نکلنے کے درج ذیل کی بنیاد پر نئی حکمت عملی تیار کی ہے۔

REVIEW REPORT TO THE MEMBERS

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Systems Limited as at 30 June 2020 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of unconsolidated condensed interim statement of profit or loss account and condensed interim statement of comprehensive income for the quarters ended 30 June 2020 and 2019 have not been reviewed as we are required to review only the cumulative figures for the six month period ended 30 June 2020.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditors' review report is Sajjad Hussain Gill.



Chartered Accountants
August 27, 2020
Lahore

SYSTEMS LIMITED
Standalone Financial Statements

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

as at 30 JUNE 2020

		Un-audited 30 June 2020	Audited 31 December 2019
	Note	Rupees	Rupees
ASSETS			
Non-current assets			
Property and equipment	6	1,442,544,558	1,416,645,016
Right-of-use assets		127,627,803	145,860,345
Intangibles		30,655,730	38,657,318
Long term investments	7	272,073,167	271,973,167
Advance against purchase of land		55,978,420	28,750,000
Long term deposits		47,887,512	51,939,797
		1,976,767,190	1,953,825,643
Current assets			
Contract assets		517,501,786	374,709,876
Trade debts	8	2,071,038,182	1,799,468,312
Loans and advances	9	378,260,489	328,160,020
Trade deposits and short term prepayments		209,315,398	190,205,049
Interest accrued		15,791,548	2,491,952
Short term investments	10	1,907,000,000	780,000,000
Tax refunds due from the Government		212,556,675	192,799,516
Cash and bank balances	11	685,770,780	1,095,555,314
		5,997,234,858	4,763,390,039
TOTAL ASSETS		7,974,002,048	6,717,215,682
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 200,000,000 (31 December 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	1,245,154,680	1,235,202,990
Capital reserves		706,608,275	591,119,759
Revenue reserve: Un-appropriated profit		4,143,413,137	3,390,143,582
		6,095,176,092	5,216,466,331
Non-current liabilities			
Long term loan	13	144,727,968	-
Long term advances		43,757,006	26,868,774
Lease liabilities		112,058,267	129,188,921
Deferred grant		5,324,431	-
		305,867,672	156,057,695
Current liabilities			
Trade and other payables		604,107,535	534,812,425
Unclaimed dividend		13,343,599	8,345,525
Contract liabilities		99,347,379	104,154,979
Short term borrowings		750,000,000	650,000,000
Mark-up accrued on short term borrowings		5,210,376	4,873,969
Current portion of long term loan		49,313,455	-
Current portion of long term advances		8,424,049	13,220,163
Current portion of lease liabilities		32,310,201	29,284,595
Current portion of deferred grant		10,901,690	-
		1,572,958,284	1,344,691,656
TOTAL EQUITY AND LIABILITIES		7,974,002,048	6,717,215,682

CONTINGENCIES AND COMMITMENTS

15

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 AND LOSS ACCOUNT

for the six months ended 30 June 2020 (Unaudited)

	Note	Six Months Ended		Three Months Ended	
		30 June 2020	30 June 2019	30 June 2020	30 June 2019
		Rupees	Rupees	Rupees	Rupees
Revenue from contracts with customers - net	16	3,388,593,868	2,478,612,319	1,764,499,867	1,361,591,428
Cost of revenue		(2,230,360,450)	(1,654,094,814)	(1,122,557,463)	(919,829,309)
Gross profit		1,158,233,418	824,517,505	641,942,404	441,762,119
Distribution expenses		(58,305,812)	(48,185,378)	(21,194,304)	(24,731,968)
Administrative expenses		(263,887,643)	(212,519,243)	(115,811,302)	(113,002,232)
Other operating expenses		(16,881,525)	(63,127,537)	(2,451,983)	(59,180,902)
		(339,074,980)	(323,832,158)	(139,457,589)	(196,915,102)
Operating profit		819,158,438	500,685,347	502,484,815	244,847,017
Other income		252,178,933	307,970,370	41,977,049	268,262,003
Finance costs		(20,875,977)	(16,096,520)	(11,493,017)	(12,345,051)
Profit before taxation		1,050,461,394	792,559,197	532,968,847	500,763,969
Taxation		(21,104,728)	(13,356,048)	(12,094,031)	(8,123,308)
Profit for the period		1,029,356,666	779,203,149	520,874,816	492,640,661
Earnings per share					
Basic earnings per share	17	8.32	6.31	4.19	3.99
Diluted earnings per share		8.20	6.27	4.13	3.97

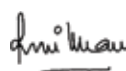
The annexed notes from 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2020 (Unaudited)

	Six Months Ended		Three Months Ended	
	30 June	30 June	30 June	30 June
	2020	2019	2020	2019
	Rupees	Rupees	Rupees	Rupees
Profit for the period	1,029,356,666	779,203,149	520,874,816	492,640,661
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	1,029,356,666	779,203,149	520,874,816	492,640,661

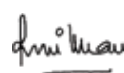
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2020 (Unaudited)

	Issued, subscribed and paid up share capital	Capital reserves		Revenue reserve		Total equity
		Share premium	Employee compensation reserve	Un-appropriated profit		
Rupees						
Balance as on 01 January 2019	1,122,135,480	505,511,843	27,568,374	2,423,653,841	4,078,869,538	
Profit for the period	-	-	-	779,203,149	779,203,149	
Other comprehensive income	-	-	-	-	-	
Impact of adoption of IFRS-15	-	-	-	(63,086,929)	(63,086,929)	
Transactions with owners						
Share based payments	-	-	3,961,645	-	3,961,645	
10% Bonus shares issued	112,213,540	-	-	(112,213,540)	-	
Final dividend for the year ended 31 December 2018 at the rate of Rs. 2.00 per share	-	-	-	(224,427,096)	(224,427,096)	
Balance as on 30 June 2019	1,234,349,020	505,511,843	3,961,645	(336,640,636)	(220,465,451)	
Balance as on 01 January 2020	1,235,202,990	512,149,734	78,970,025	3,390,143,582	5,216,466,331	
Profit for the period	-	-	-	1,029,356,666	1,029,356,666	
Other comprehensive income	-	-	-	-	-	
Transactions with owners						
Exercise of share options	9,951,690	111,340,142	(52,485,311)	-	68,806,521	
Share based payments	-	-	59,651,541	-	59,651,541	
Forfeited share options	-	-	(3,017,856)	1,833,713	(1,184,143)	
Final dividend for the year ended 31 December 2019 at the rate of Rs. 2.25 per share	-	-	-	(277,920,824)	(277,920,824)	
Balance as at 30 June 2020	1,245,154,680	623,489,876	83,118,399	4,143,413,137	6,095,176,092	

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 six months ended 30 June 2020 (Unaudited)

		Six Months Ended	
		30 June	30 June
Note		2020	2019
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	702,371,975	840,660,828
Finance costs paid		(11,224,574)	(17,206,758)
Taxes paid		(19,757,159)	(16,858,030)
		(30,981,733)	(34,064,788)
Cash flows from operating activities		671,390,242	806,596,040
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(128,040,192)	(338,425,416)
Development expenditure		(3,695,011)	(2,418,176)
Proceeds from the disposal of property and equipment		5,075,199	16,849,768
Short term investments - net		(1,127,000,000)	(235,000,000)
Decrease in long term deposits		4,052,285	201,840
Increase in long term investment		(100,000)	(220,895,187)
Increase in advance against purchase of land		(27,228,420)	(1,409,400)
Profit received on short term investments		76,497,194	12,980,012
Cash flows used in investing activities		(1,200,438,945)	(768,116,559)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		68,806,526	-
Increase in short term borrowings		100,000,000	200,000,000
Increase in long term loan		210,000,000	-
Dividend paid		(271,089,037)	(209,117,680)
Payment of principal portion of lease liabilities		(23,152,500)	(29,438,733)
Increase in long term advances		12,092,118	15,154,954
Cash flows from / (used in) financing activities		96,657,107	(23,401,459)
Net (decrease) / increase in cash and cash equivalents		(432,391,596)	15,078,022
Net foreign exchange difference		22,607,062	67,903,515
Cash and cash equivalents at beginning of the period		1,095,555,314	400,760,630
Cash and cash equivalents at period end		685,770,780	483,742,167

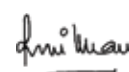
The annexed notes from 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

for the six months ended 30 June 2020 (Unaudited)

1. THE COMPANY AND ITS OPERATIONS

1.1 Systems Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 2017 ("the Act") 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 registered office of the Company is situated at E-1, Sehjpāl Road, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt.

1.2 The World Health Organization declared COVID-19 a global pandemic on March 11, 2020. Accordingly, on March 20, 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. However, the Company, being in the technology services sector, did not encounter severe disruption in its operations.

The Company adopted work-from-home policy to ensure safety of employees and continued to carry out its operations; taking all necessary steps to ensure smooth and adequate continuation of its business despite slowed down economic activity.

The Company's management is fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation.

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 Act; and
- Provisions of and directives issued under the Act.

Where provisions and directives issued under the Act differ from the IAS, the provisions 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 audited 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 June 2019.

3.2 These are the separate 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 has been accounted for at cost less accumulated impairment losses, if any.

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. The figures have been rounded off to the nearest rupees, unless otherwise stated.

4. SIGNIFICANT 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 audited 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. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 June 2020	Audited 31 December 2019
		----- (Rupees) -----	
6. PROPERTY AND EQUIPMENT			
Operating fixed assets	(6.1)	1,406,687,957	1,392,619,772
Capital work in progress	(6.2)	35,856,601	24,025,244
		1,442,544,558	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)	116,208,830	645,037,265
		1,508,828,602	1,570,607,600
Less:			
Disposals during the period / year - net book value	(6.1.2)	(3,872,608)	(30,909,076)
Depreciation during the period / year		(98,268,037)	(147,078,752)
Net book value at the end of the period / year		1,406,687,957	1,392,619,772
6.1.1 Additions during the period / year - cost			
Land - freehold		-	292,247,289
Building		5,828,932	44,067,837
Computers and equipment		78,360,003	130,864,899
Other equipment and installations		55,000	37,594,061
Generators		-	2,408,220
Furniture and fittings		12,191,398	18,201,240
Office equipment		488,800	2,580,266
Vehicles		19,284,697	105,737,074
Leasehold building improvements		-	11,336,379
		116,208,830	645,037,265

6.1.2 Disposals during the period / year - net book value

2 Disposals during the period / year - net book value

	Cost	Accumulated Depreciation	Written Down Value
	(Rupees)		
30 June 2020:			
Computers and equipment	1,818,635	(1,190,242)	628,393
Vehicles	9,329,615	(6,085,400)	3,244,215
	11,148,250	(7,275,642)	3,872,608
31 December 2019:			
Computers 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
		Un-audited	Audited
		30 June	31 December
		2020	2019
Capital work in progress		(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	11,831,357	14,044,235
Transfer to operating fixed assets during the period / year	-	(12,490,596)
Balance at the end of the period / year	35,856,601	24,025,244

7. LONG TERM INVESTMENTS

Investment In subsidiaries - at amortized cost - unquoted

E - Processing Systems (Private) Limited 179,507 (31 December 2019: 179,507) fully paid ordinary shares of Rs. 10/- each	(7.1)	270,500,227	270,500,227
Tech Vista Systems FZ-LLC 50 (31 December 2019: 50) fully paid ordinary shares of AED 1000/- each	(7.2)	1,377,950	1,377,950
SUS-JV (Private) Limited 9,499 (31 December 2019: 9,499) fully paid ordinary shares of Rs. 10/- each	(7.3)	94,990	94,990
Systems Venture (Private) Limited 9,998 (31 December 2019: Nil) fully paid ordinary shares of Rs. 10/- each	(7.4)	99,980	-
		272,073,167	271,973,167

- 7.1 This represents 44.60% (31 December 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% (31 December 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% (31 December 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% (31 December 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.

	Note	Un-audited 30 June 2020	Audited 31 December 2019
8. TRADE DEBTS - unsecured			
----- (Rupees) -----			
Export	(8.1)	1,774,380,109	1,461,328,976
Local		448,457,513	473,246,032
		2,222,837,622	1,934,575,008
Less: Allowance for expected credit losses		(151,799,440)	(135,106,696)
		2,071,038,182	1,799,468,312

- 8.1 These include receivables from related parties i.e. Visionet Systems Incorporation and Tech Vista Systems FZ-LLC amounting to Rs. 638.9 million (31 December 2019: Rs 582.2 million) and Rs. 979.2 million (31 December 2019: Rs 800.8 million) respectively.

	Note	Un-audited 30 June 2020	Audited 31 December 2019
9. LOANS AND ADVANCES - considered good			
----- (Rupees) -----			
Advances to staff against:			
salary		4,316,147	6,264,346
expenses		5,085,897	28,273,442
		9,402,044	34,537,788
Advances to suppliers - against goods		110,021,484	96,724,366
		119,423,528	131,262,154
Loans to related parties - unsecured		452,648,181	392,839,270
Elimination on account of joint operation	(9.1)	(193,811,220)	(195,941,404)
	(9.2)	258,836,961	196,897,866
		378,260,489	328,160,020

- 9.1 This represents loan provided to UUS Joint Venture (Private) Limited for meeting working capital requirements. It carries mark-up at one-year KIBOR on the outstanding loan balance at the end of each month.

	Note	Un-audited 30 June 2020	Audited 31 December 2019
9.2 This includes loans provided to the following related parties:			
----- (Rupees) -----			
E-Processing Systems (Private) Limited	(9.2.1)	244,377,581	170,626,354
SUS JV (Private) Limited	(9.2.2)	14,459,380	26,271,512
		258,836,961	196,897,866

- 9.2.1 This carries mark-up at one-month KIBOR on the outstanding loan balance at the end of each month.

- 9.2.2 This carries mark-up at one-year KIBOR on the outstanding loan balance at the end of each month.

	Note	Un-audited 30 June 2020	Audited 31 December 2019
10. SHORT TERM INVESTMENTS			
----- (Rupees) -----			
Faysal Bank Limited		400,000,000	-
Habib Bank Limited		25,000,000	25,000,000
Habib Metropolitan Bank Limited		1,482,000,000	555,000,000
Meezan Bank Limited		-	200,000,000
	(10.1)	1,907,000,000	780,000,000

- 10.1 This represents Term Deposit Receipts carrying mark-up ranging from 6% to 12.75% (31 December 2019: 12.25% to 12.65%) per annum.

	Note	Un-audited 30 June 2020	Audited 31 December 2019
		----- (Rupees) -----	
11. CASH AND BANK BALANCES			
Cash in hand		1,731,746	1,651,049
Balances with banks:			
Local currency:			
Current accounts		346,355,985	213,301,563
Saving accounts	(11.1)	293,431,203	862,698,678
		639,787,188	1,076,000,241
Foreign currency - current accounts		44,251,846	17,904,024
		685,770,780	1,095,555,314

11.1 These carry mark-up ranging from 7% to 10% (31 December 2019: 9% to 11.25%) per annum.

12. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	Un-audited 30 June 2020	Audited 31 December 2019	Un-audited 30 June 2020	Audited 31 December 2019
	-----No of Shares-----		-----Rupees-----	
Ordinary shares of Rs. 10/- each fully paid in cash	124,515,468	23,447,380	1,245,154,680	234,473,800
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	-	100,072,919	-	1,000,729,190
	124,515,468	123,520,299	1,245,154,680	1,235,202,990
	Un-audited 2020	Audited 2019	Un-audited 2020	Audited 2019
12.1 Reconciliation of issued, subscribed and paid-up share capital:	-----No of Shares-----		-----Rupees-----	
Balance as at 1st January	123,520,299	112,213,548	1,235,202,990	1,122,135,480
Stock options exercised	995,169	85,397	9,951,690	853,970
Bonus shares issued	-	11,221,354	-	112,213,540
Balance as at 30 June / 31 December	124,515,468	123,520,299	1,245,154,680	1,235,202,990

	Note	Un-audited 30 June 2020	Audited 31 December 2019
		----- (Rupees) -----	
13. LONG TERM LOAN			
MCB Bank Limited	(13.1)	192,908,264	-
Add: Unwinding of interest		1,133,159	-
		194,041,423	-
Less: Current portion		(49,313,455)	-
		144,727,968	-

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

14. OPERATING SEGMENT INFORMATION

Geographical segments

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

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 unconsolidated condensed interim financial statements.

	North America		Europe		Middle East		Pakistan		Total	
	Un-audited		Un-audited		Un-audited		Un-audited		Un-audited	
	Six Months Ended	2019	Six Months Ended	2019	Six Months Ended	2019	Six Months Ended	2019	Six Months Ended	2019
	2020	30 June	2020	30 June	2020	30 June	2020	30 June	2020	30 June
Rupees										
Revenue from contracts with customers - net	1,901,489,749	1,284,627,401	446,304,271	259,201,959	302,064,113	250,806,385	738,735,735	683,976,574	3,388,593,868	2,478,612,319
Cost of revenue	(1,111,716,776)	(716,324,316)	(262,573,237)	(152,172,325)	(243,321,075)	(228,631,214)	(612,749,362)	(556,966,959)	(2,230,360,450)	(1,654,094,814)
Gross profit	789,772,973	568,303,085	183,731,034	107,029,634	58,743,038	22,175,171	125,986,373	127,009,615	1,158,233,418	824,517,505
Distribution expenses	(7,006,601)	(4,117,610)	(16,444,540)	(966,457)	(3,501,136)	(3,174,279)	(46,153,535)	(39,927,032)	(58,305,812)	(48,185,378)
Administrative expenses	(170,762,335)	(138,030,161)	(40,080,132)	(32,397,467)	(28,007,633)	(14,700,691)	(25,037,543)	(27,990,924)	(263,887,643)	(212,519,243)
	(177,768,936)	(142,147,771)	(41,724,672)	(33,363,924)	(31,508,769)	(17,274,970)	(71,191,078)	(67,917,956)	(322,193,455)	(260,704,621)
	612,004,037	426,155,314	142,006,362	73,665,710	27,234,269	4,900,201	54,795,295	59,091,659	836,039,963	563,812,884
Unallocated income and expenses:										
Other operating expenses									(16,881,525)	(63,127,537)
Other income									252,178,933	307,970,370
Finance cost									(20,875,977)	(16,096,520)
Profit before taxation									1,050,461,394	792,559,197
Taxation									(21,104,728)	(13,356,048)
Profit for the period									1,029,356,666	779,203,149

See notes to the financial statements for further details on the operating segments and the unallocated income and expenses.

14.1 Allocation of assets and liabilities

	North America		Europe		Middle East		Pakistan		Total	
	Un-audited 30 June 2020	Audited 31 December 2019	Un-audited 30 June 2020	Audited 31 December 2019	Un-audited 30 June 2020	Audited 31 December 2019	Un-audited 30 June 2020	Audited 31 December 2019	Un-audited 30 June 2020	Audited 31 December 2019
(Rupees)										
Segment operating assets										
Property and equipment	-	-	-	-	-	-	1,442,544,558	1,416,645,016	1,442,544,558	1,416,645,016
Intangibles	-	-	-	-	-	-	30,655,730	38,657,318	30,655,730	38,657,318
Right-of-use assets	-	-	-	-	-	-	127,627,803	145,860,345	127,627,803	145,860,345
Long term investments	-	-	-	-	-	-	272,073,167	271,973,167	272,073,167	271,973,167
Long term deposits	-	-	-	-	-	-	47,887,512	51,939,797	47,887,512	51,939,797
Advance against purchase of land	-	-	-	-	-	-	55,978,420	28,750,000	55,978,420	28,750,000
Contract assets	-	422,820	267,991,829	77,322,749	62,066,079	114,483,884	187,443,878	182,480,423	517,501,786	374,709,876
Trade debts	638,900,949	615,799,194	39,127,471	30,755,598	1,035,367,523	800,775,481	357,642,239	352,138,039	2,071,038,182	1,799,468,312
Loans and advances	-	-	-	-	-	-	378,260,489	328,160,020	378,260,489	328,160,020
Trade deposits and short term prepayments	-	-	-	-	-	-	209,315,398	190,205,049	209,315,398	190,205,049
Interest accrued	-	-	-	-	-	-	15,791,548	2,491,952	15,791,548	2,491,952
Short term investments	-	-	-	-	-	-	1,907,000,000	780,000,000	1,907,000,000	780,000,000
Tax refunds due from government	-	-	-	-	-	-	212,556,675	192,799,516	212,556,675	192,799,516
Cash and bank balances	-	-	-	-	-	-	685,770,780	1,095,555,314	685,770,780	1,095,555,314
Total operating assets	638,900,949	616,222,014	307,119,300	108,078,347	1,097,433,602	915,259,365	5,930,548,197	5,077,655,956	7,974,002,048	6,717,215,682
Segment operating liabilities										
Long-term loan	-	-	-	-	-	-	144,727,968	-	144,727,968	-
Deferred grant	-	-	-	-	-	-	5,324,431	-	5,324,431	-
Long term advances	-	-	-	-	-	-	43,757,006	26,868,774	43,757,006	26,868,774
Lease liabilities	-	-	-	-	-	-	112,058,267	129,188,921	112,058,267	129,188,921
Trade and other payables	-	-	-	-	-	-	617,451,134	543,157,950	617,451,134	543,157,950
Contract liabilities	-	-	-	-	-	-	99,347,379	104,154,979	99,347,379	104,154,979
Mark-up accrued on short term borrowings	-	-	-	-	-	-	5,210,376	4,873,969	5,210,376	4,873,969
Short term borrowings	-	-	-	-	-	-	750,000,000	650,000,000	750,000,000	650,000,000
Current portion of long-term loan	-	-	-	-	-	-	49,313,455	-	49,313,455	-
Current portion of deferred grant	-	-	-	-	-	-	10,901,690	-	10,901,690	-
Current portion of lease liabilities	-	-	-	-	-	-	32,310,201	29,284,595	32,310,201	29,284,595
Current portion of long term advances	-	-	-	-	-	-	8,424,049	13,220,163	8,424,049	13,220,163
Total operating liabilities	-	-	-	-	-	-	1,878,825,956	1,500,749,351	1,878,825,956	1,500,749,351

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

There is no significant change in the contingencies since the date of preceding annual audited financial

15.2 Commitments:

Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 370.39 million as at 30 June 2020 (31 December 2019: Rs. 370.39 million). This includes guarantees of Rs. 77.38 million as at 30 June 2020 (31 December 2019: Rs. 77.38 million) given on behalf of the Joint Operation.

There are no outstanding purchase commitments as at 30 June 2020 (31 December 2019: Rs. 1 million).

16. REVENUE FROM CONTRACTS WITH CUSTOMERS - net

16.1 Disaggregated Revenue Information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

16.1.1 Type of goods or services:

Type of goods or services	(Rupees)		
Outsourcing services	605,223,898	97,911,655	703,135,553
Software trading	23,929,715	261,850,876	285,780,591
Software implementation	2,020,704,520	448,522,106	2,469,226,626
Less: Sales tax	-	(69,548,902)	(69,548,902)
Total revenue from contracts with customers	2,649,858,133	738,735,735	3,388,593,868

Type of goods or services:

Type of goods or services		(Rupees)	
Outsourcing services	324,096,261	93,242,919	417,339,180
Software trading	-	328,136,276	328,136,276
Software implementation	1,470,539,484	325,072,233	1,795,611,717
Less: Sales tax	-	(62,474,854)	(62,474,854)
Total revenue from contracts with customers	1,794,635,745	683,976,574	2,478,612,319

Type of goods or services:

Type of goods or services	Export	Local	Total
Outsourcing services	324,977,281	56,253,020	381,230,301
Software trading	12,040,441	91,443,243	103,483,684
Software implementation	1,008,815,646	303,623,851	1,312,439,497
Less: Sales tax	-	(32,653,615)	(32,653,615)
Total revenue from contracts with customers	1,345,833,368	418,666,499	1,764,499,867

Type of goods or services:

Un-audited Three Months Ended 30 June 2019			
Export	Local	Total	
----- (Rupees) -----			
Outsourcing services	173,402,598	41,866,421	215,269,019
Software trading	-	246,168,659	246,168,659
Software implementation	771,301,499	159,290,437	930,591,936
Less: Sales tax	-	(30,438,186)	(30,438,186)
Total revenue from contracts with customers	944,704,097	416,887,331	1,361,591,428

16.1.2 Timing of revenue recognition

Timing of revenue recognition			
Goods and services transferred at a point in time	23,929,715	239,105,088	263,034,803
Goods and services transferred over time	2,625,928,418	499,630,647	3,125,559,065
Total revenue from contracts with customers	2,649,858,133	738,735,735	3,388,593,868

	Un-audited Six Months Ended 30 June 2019		
	Export	Local	Total
Timing of revenue recognition			
Goods and services transferred at a point in time	-	302,957,197	302,957,197
Goods and services transferred over time	1,794,635,745	381,019,377	2,175,655,122
Total revenue from contracts with customers	1,794,635,745	683,976,574	2,478,612,319

17. EARNINGS PER SHARE

	Un-audited Six Months Ended		Un-audited Three Months Ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Basic earnings per share:				
Profit for the period	1,029,356,666	779,203,149	520,874,816	492,640,661
Weighted-average number of ordinary shares outstanding during the period	123,687,915	123,434,902	124,320,073	123,434,902
Basic - in Rupees	8.32	6.31	4.19	3.99
Diluted earnings per share:				
Profit for the period	1,029,356,666	779,203,149	520,874,816	492,640,661
Weighted-average number of Ordinary shares (basic)	123,687,915	123,434,902	124,320,073	123,434,902
Effect of share options	1,767,145	826,361	1,733,584	715,165
	125,455,060	124,261,263	126,053,657	124,150,067
Diluted - in Rupees	8.20	6.27	4.13	3.97

18. TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of subsidiaries, associated companies, staff retirement fund, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under respective notes to the financial statements. 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	
			Six Months Ended	
			30 June	
			2020	2019
----- Rupees -----				
E Processing Systems (Pvt.) Ltd.	Subsidiary	Loan - net advanced / settled	61,030,621	173,467,697
		Interest income	12,081,710	14,387,819
Tech Vista Systems FZ - LLC	Subsidiary	Sales	292,978,284	375,351,853
		Out of pocket expenses	89,402,317	134,179,004
SUS-JV (Private) Limited.	Subsidiary	Loan - net advanced / settled	(13,868,412)	-
		Interest income	2,056,280	-
Visionet Systems Incorporation	Associate	Sales	1,859,613,253	1,304,090,453
		Out of pocket expenses	1,706,600	-
IGI Insurance Limited	Associate	Sales	5,543,258	12,908,416
		Purchase of insurance policies	31,609,093	21,592,048
Dawood Family Takaful Limited	Associate	Purchase of insurance policies	5,234,302	3,980,759
UUS-JV (Private) Limited	Joint Operation	Loan - net advanced / settled	44,837,016	18,331,585
		Interest Income	10,540,792	14,523,281
Systems Limited Employees Provident Fund Trust	Staff retirement fund	Contributions	51,987,331	55,423,565

19. CASH FLOWS FROM OPERATING ACTIVITIES

	Six Months Ended	
	30 June 2020	30 June 2019
	Rupees	Rupees
Profit before taxation	1,050,461,394	792,559,197
Adjustments for:		
Depreciation on property and equipment	98,268,037	66,593,300
Depreciation on right-of-use asset	18,232,542	23,306,879
Amortization of intangibles	11,696,599	15,448,498
Allowance for expected credit losses	16,881,525	43,732,000
Bad debts - written off	-	18,363,724
Advances - written off	-	1,031,813
Share based payment expense	56,633,684	3,961,645
Finance costs	20,875,977	23,792,419
Exchange gain - net	(169,798,056)	(267,483,436)
Gain on short term investments	(51,014,416)	(13,434,464)
Interest on loan to subsidiaries	(14,932,315)	-
Gain on disposal of property and equipment	(1,202,591)	(6,976,370)
	(14,359,014)	(91,663,992)
Profit before working capital changes	1,036,102,380	700,895,205
Effect on cash flow due to working capital changes		
(Increase) / decrease in current assets:		
Contract Assets - net	(142,980,691)	(241,507,875)
Trade debts	(141,071,620)	126,478,849
Loans and advances	(74,608,557)	70,953,114
Trade deposits and short term prepayments	(18,452,319)	(7,453,753)
	(377,113,187)	(51,529,665)
(Decrease) / increase in current liabilities:		
Trade and other payables	48,190,382	185,545,600
Contract liabilities	(4,807,600)	5,749,688
	(333,730,405)	191,295,288
Cash generated from operations	702,371,975	840,660,828

20. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with those disclosed in the preceding annual audited financial statements for the year ended 31 December 2019.

20.1 Fair values of financial assets and liabilities

The carrying values of other financial assets and financial liabilities reflected in these unconsolidated condensed interim financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

20.2 Financial instruments by categories

	30 June 2020	31 December 2019
	Financial assets at amortized cost	Financial assets at amortized cost
Assets as per statement of financial position	Rupees	Rupees
Long term deposits	47,887,512	51,939,797
Contract assets	517,501,786	374,709,876
Trade debts	2,222,837,622	1,934,575,008
Loans and advances	378,260,489	328,160,020
Security deposits	167,050,983	164,032,231
Interest accrued	15,791,548	2,491,952
Other receivables	-	-
Short term investments	1,907,000,000	780,000,000
Cash and bank balances	685,770,780	1,095,555,314
	5,942,100,720	4,731,464,198

	30 June 2020	31 December 2019
	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Liabilities as per statement of financial position	----- Rupees -----	
Mark-up accrued on short term borrowings	5,210,376	4,873,969
Long-term loan	194,041,423	-
Short term borrowings	750,000,000	650,000,000
Contract liabilities	99,347,379	104,154,979
Unclaimed dividend	13,343,599	8,345,525
Trade and other payables	604,107,535	534,812,425
	1,666,050,312	1,302,186,898

21. 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.

As at 31 December 2019 and 30 June 2020, the Company did not have any financial instruments carried at fair value.

22. DATE OF AUTHORIZATION FOR ISSUE

The Board of Directors of the Company authorized these unconsolidated condensed interim financial statements for issuance on 25 August 2020.

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 The figures of unconsolidated condensed interim statement of profit or loss for the three months ended 30 June 2019 and 2020 were not subject to audit or limited scope review by the auditors as scope of review covered only the cumulative figures.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

SYSTEMS LIMITED
Consolidated Financial Statements

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

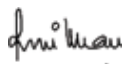
as at 30 June 2020 (Unaudited)

		Unaudited 30 June 2020	Audited 31 December 2019
	Note	Rupees	Rupees
ASSETS			
Non-current assets			
Property and equipment	6	1,457,338,754	1,432,463,695
Intangible	7	197,491,170	186,746,196
Long term deposits		55,518,614	54,945,797
Advance against purchase of land		55,978,420	28,750,000
Right-of-use asset		127,627,803	145,860,345
		1,893,954,761	1,848,766,033
Current assets			
Contract assets		668,711,676	517,883,251
Trade debts	8	1,900,288,207	1,749,074,142
Loans and advances	9	123,905,363	145,239,392
Trade deposits and short term prepayments	10	750,403,558	428,329,620
Interest accrued		15,791,548	2,491,952
Other receivables	11	176,556,387	180,821,432
Short term investments	12	1,907,000,000	780,000,000
Tax refunds due from the Government		251,691,507	209,458,326
Cash and bank balances	13	1,430,106,632	1,516,152,353
		7,224,454,879	5,529,450,468
TOTAL ASSETS		9,118,409,640	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	14	1,245,154,680	1,235,202,990
Capital and reserves		790,942,225	640,362,515
Unappropriated profits		4,477,546,125	3,674,024,548
		6,513,643,030	5,549,590,053
Non-controlling interest		377,402,185	(20,655,613)
		6,891,045,216	5,528,934,440
Non-current liabilities			
Long term advances		43,757,006	28,652,726
Long term loan	15	144,727,968	-
Lease Liability		112,058,267	129,188,921
Deferred grant		5,324,431	-
Provision for gratuity		39,924,927	8,871,314
		345,792,599	166,712,961
Current liabilities			
Trade and other payables	16	801,522,276	790,421,805
Unclaimed Dividend		13,343,599	8,345,525
Contract Liabilities		106,910,914	164,423,043
Mark-up accrued on short term borrowings		1,182,987	4,873,969
Short term borrowings	17	857,662,655	672,000,000
Current portion of lease liability		32,310,201	29,284,595
Current portion of long term loan		49,313,455	-
Current portion of long term advances		8,424,049	13,220,163
Current portion of deferred grant		10,901,690	-
		1,881,571,825	1,682,569,100
TOTAL EQUITY & LIABILITIES		9,118,409,640	7,378,216,501
CONTINGENCIES AND COMMITMENTS	19		

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 PROFIT AND LOSS ACCOUNT

for the six months ended 30 June 2020 (Unaudited)

	Note	Six Months Ended		Three Months Ended	
		30 June 2020 Rupees	30 June 2019 Rupees	30 June 2020 Rupees	30 June 2019 Rupees
Revenue from contract with customers - net		4,559,370,645	3,580,778,430	2,327,520,037	1,979,536,539
Cost of sales		3,131,000,069	2,477,916,571	1,548,821,011	1,363,489,661
Gross profit		1,428,370,576	1,102,861,859	778,699,026	616,046,878
Distribution expenses		105,594,843	95,484,319	25,121,025	50,417,950
Administrative expenses		413,850,583	321,590,760	195,259,938	174,278,015
Other operating expenses	20	28,977,770	67,008,726	23,839,529	57,141,775
		548,423,196	484,083,805	244,220,492	281,837,741
Other income		235,733,088	294,009,653	33,075,801	259,457,199
Operating profit		1,115,680,468	912,787,707	567,554,335	593,666,337
Finance cost		24,279,452	19,791,671	13,082,299	14,315,782
Profit before taxation		1,091,401,017	892,996,036	554,472,037	579,350,555
Taxation		23,737,171	14,809,628	13,616,466	8,961,554
Profit after taxation		1,067,663,846	878,186,408	540,855,571	570,389,002
Attributable to:					
Equity holders of the parent		1,079,608,688	885,312,326	546,997,871	572,983,599
Non-controlling interest		(11,944,843)	(7,125,918)	(6,142,302)	(2,594,598)
		1,067,663,846	878,186,408	540,855,570	570,389,001
Earnings per share:					
Basic earnings per share	21	8.73	7.61	4.37	4.91
Diluted earnings per share	22	8.61	7.57	4.31	4.87

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

for the six months ended 30 June 2020 (Unaudited)

	Six Months Ended	
	30 June	30 June
	2020	2019
	Rupees	Rupees
Profit for the period	1,067,663,846	878,186,408
Other comprehensive income		
Exchange difference on translation of foreign operations	35,091,194	33,328,428
Total comprehensive income for the period	1,102,755,040	911,514,836
Attributable to:		
Equity holders of the parent	1,114,699,883	918,640,754
Non-controlling interest	(11,944,843)	(7,125,918)
	1,102,755,040	911,514,836

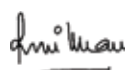
The annexed notes from 1 to 27 form an integral part of this condensed interim financial information.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY for the six months ended 30 June 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				
					Unappropriated profit			
								Rupees
Balance as at 31st December 2018 (Audited)	1,122,135,480	505,511,843	27,568,374	26,808,011	2,488,343,457	4,170,367,165	(127,658,0)	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	-	-	-	-	885,312,326	885,312,326	(7,125,918)	878,186,408
Other comprehensive income for the year	-	-	-	-	33,328,428	33,328,428	-	33,328,428
Share based payments	-	-	-	-	3,961,645	3,961,645	-	3,961,645
SUS JV (Private) Limited	-	-	3,961,645	-	-	-	(5,010)	(5,010)
Balance as at 30 June 2019 (Un-audited)	1,234,349,020	505,511,843	31,530,019	60,136,439	2,970,232,338	4,801,759,659	(8,407,508)	4,793,352,151
Balance as at 31 December 2019 (Audited)	1,235,202,990	512,149,734	78,970,025	49,242,756	3,674,024,548	5,549,590,053	(20,655,613)	5,528,934,440
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	-	-	-	-	1,079,608,688	1,079,608,688	(11,944,820)	1,067,663,869
Other comprehensive income for the year	-	-	-	-	35,091,194	35,091,194	-	35,091,194
Exercise of share options	9,951,690	111,340,142	(52,485,311)	-	68,806,521	68,806,521	-	68,806,521
Share based payments	-	-	59,651,541	-	59,651,541	59,651,541	-	59,651,541
Forfeited share options	-	-	(3,017,856)	-	183,373	(1,184,143)	-	(1,184,143)
Balance as at 30 June 2020 (Un-audited)	1,245,154,680	623,489,876	83,118,399	84,333,950	4,477,546,125	6,513,643,030	377,402,185	6,891,045,216

The annexed notes from 11 to 27 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 six months ended 30 June 2020 (Unaudited)

	Note	Six Months Ended	
		30 June	30 June
		2020	2019
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from/(used in) operations	23	556,005,043	578,647,315
Finance costs paid		(27,970,434)	(20,901,909)
Gratuity paid		(5,861,026)	(2,757,557)
Taxes paid		(22,883,275)	(20,443,226)
		(56,714,735)	(44,102,692)
Net cash flows from/(used in) operating activities		499,290,308	534,544,623
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(158,925,640)	(493,483,407)
Development expenditure		(24,968,638)	(25,241,087)
Proceeds from the disposal of property and equipment		5,075,199	16,849,768
Increase / decrease in long term deposits		(572,817)	(11,257,962)
Purchase / (disposal) of short term investments - net		(1,127,000,000)	(235,000,000)
Profit received on short term investment		52,647,135	13,765,080
Profit received on bank deposits		15,231,555	5,796,739
Net cash flows used in/from investing activities		(1,238,513,207)	(728,570,869)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		68,806,526	-
Further issuance of share capital - EP		410,002,641	-
Increase in short term borrowings		185,662,655	200,000,000
Dividend paid		(271,089,037)	(209,117,680)
Long term loan		210,267,544	-
Increase / (decrease) in Lease Liability		4,127,489	148,322,646
Increase / (decrease) in long term advances		10,308,166	15,154,954
Net cash flows used in financing activities		618,085,983	154,359,919
Net (decrease) in cash and cash equivalents		(121,136,915)	(39,666,327)
Effect of exchange translation reserve		35,091,194	33,328,428
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		1,430,106,632	755,313,703

The annexed notes from 1 to 27 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 six months ended 30 June 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 June 2020 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

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

3. BASIS OF PREPARATION

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

3.1 Consolidated financial statements

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

3.2 Basis of measurement

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

4. ACCOUNTING POLICIES

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

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

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

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

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

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

4.1.2 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.

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

Outsourcing Services

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

Sale of third party software

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

Licenses & license support services

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

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

Sale of airtime and related services

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

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

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

4.3.1 Right-of-use assets

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

4.3.2 Lease liabilities

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

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

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

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

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

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

5. ACCOUNTING ESTIMATES AND JUDGMENTS

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

5.1 Impairment of financial assets

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

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

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

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

	Note	Unaudited 30 June 2020	Audited 31 December 2019
		----- (Rupees) -----	-----
6. PROPERTY AND EQUIPMENT			
Operating fixed assets	(6.1)	1,421,482,153	1,408,438,451
Capital work in progress	(6.2)	35,856,601	24,025,244
		1,457,338,754	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	119,865,863	656,303,203
		1,528,304,314	1,595,804,830
Less:			
Disposals during the period / year	6.1.2	3,872,608	31,261,167
Depreciation during the period / year		102,949,554	156,105,212
Book value at the end of the period / year		1,421,482,153	1,408,438,451

6.1.1 Additions during the period / year-cost

Land	-	292,247,289
Building	5,828,932	44,067,837
Computers and mobile sets	686,960	113,395,959
Computer equipment and installations	80,202,220	23,409,393
Other equipment and installations	55,000	37,594,061
Generator	-	2,408,220
Furniture and fittings	12,191,398	22,665,053
Vehicles	19,284,697	106,263,022
Office equipment	488,800	2,915,990
Leasehold Improvements	-	11,336,379
Exchange gain	1,127,857	-
	119,865,863	656,303,203

6.1.2 Disposals during the period / year

	Cost	Accumulated Depreciation	Written Down Value
30 June 2020			
Computers and mobile sets	1,818,635	1,190,242	628,393
Vehicles	9,329,615	6,085,400	3,244,215
	11,148,250	7,275,642	3,872,608
31 December 2019			
Computers and mobile sets	7,160,968	5,584,790	1,576,178
Computer equipment and installations	545,767	545,767	-
Other equipment and installations	331,170	240,183	90,987
Furniture and fittings	2,586,755	1,695,558	891,197
Vehicles	49,427,937	20,744,747	28,683,190
Office equipment	155,115	135,500	19,615
	60,207,712	28,946,545	31,261,167

6.2 CAPITAL WORK IN PROGRESS

Balance at the beginning of the period / year	24,025,244	22,471,605
Additions during the period / year	11,831,357	14,044,235
Transfer to operating fixed assets during the period / year	-	(12,490,596)
Balance at the end of the period / year	35,856,601	24,025,244

6.3 RIGHT-OF-USE ASSETS

Opening book value	145,860,345	-
Additions during the period / year - cost	-	182,325,431
Depreciation charge during the period / year	(18,232,542)	(36,465,086)
Book value at the end of the period / year	127,627,803	145,860,345

7. INTANGIBLES ASSETS

Opening balance - net book value	186,746,194	173,060,937
Additions during the period / year - cost	24,968,640	50,218,616
	211,714,834	223,279,553
Less:		
Amortization during the period / year	14,223,664	36,533,357
Book value at the end of the period / year	197,491,170	186,746,196

		Unaudited 30 June 2020	Audited 31 December 2019
	Note	----- (Rupees) -----	
8. TRADE DEBTS			
Considered good - unsecured			
Export	(8.1)	1,441,248,255	1,378,233,113
Local		647,224,926	539,050,836
		2,088,473,182	1,917,283,949
Less: Allowance for expected credit losses		188,184,975	168,209,807
		1,900,288,207	1,749,074,142

8.1 This includes receivable from related parties i.e. Visionet Systems Incorporation amounting to Rs. 648.1 (2019: Rs. 602.2) million.

9. LOANS AND ADVANCES - considered good

Advances to staff:			
against salary		8,797,982	6,768,889
against expenses		5,085,897	28,273,442
		13,883,879	35,042,331
Advances to suppliers - against goods		110,021,484	110,197,061
		123,905,363	145,239,392
Loans to related parties		193,811,220	195,941,404
Elimination on account of joint venture		(193,811,220)	-195,941,404
		123,905,363	145,239,392

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. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits		639,644,901	229,384,993
Prepayments		110,758,657	198,944,627
		750,403,558	428,329,620

11. OTHER RECEIVABLES

Visionet Systems Incorporation - USA		-	-
TechVista Information Technology - Qatar		176,556,387	180,821,432
		176,556,387	180,821,432

12. SHORT TERM INVESTMENTS

Faysal Bank Limited		400,000,000	-
Habib Metropolitan Bank		1,482,000,000	555,000,000
Habib Bank limited		25,000,000	25,000,000
Meezan Bank limited		-	200,000,000
	(12.1)	1,907,000,000	780,000,000

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

13. CASH AND BANK BALANCES

Cash in hand		1,731,746	1,651,049
Cash at bank:			
Local currency:			
Current accounts		633,169,944	388,309,463
Deposit accounts	(13.1)	345,948,795	1,108,287,817
		979,118,739	1,496,597,280
Foreign currency - current accounts		449,256,147	17,904,024
		1,430,106,632	1,516,152,353

13.1 These carry interest rate of 7% to 10% (2019: 9% to 11.25%) per annum.

14. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

			Unaudited 30 June 2020	Audited 31 December 2019
			(Rupees)	
	No of Shares			
Ordinary shares of Rs. 10/- fully paid in cash	124,515,468	23,447,380	1,245,154,680	234,473,800
Ordinary shares of Rs. 10/- each fully paid up as bonus shares	-	100,072,919	-	1,000,729,190
	124,515,468	123,520,299	1,245,154,680	1,235,202,990

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

Balance as at 1st January	123,520,299	11,213,548	1,235,202,990	1,122,135,480
Stock options exercised	995,169	85,397	9,951,690	853,970
Bonus issue 10%	-	11,221,354	-	112,213,540
	124,515,468	22,520,299	1,245,154,680	1,235,202,990

15. LONG TERM LOAN

	Note	Un-audited 30 June 2020	Audited 31 December 2019
		(Rupees)	
MCB Bank Limited	(15.1)	194,041,423	-
Less: Current portion		(49,313,455)	-
		144,727,968	-

15.1 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) announced 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 Group and 1st exclusive equitable mortgage and hypothecation charge of Rs. 1,066.7 million over the non current assets of the Group. 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.

16. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2020	Audited 31 December 2019
	(Rupees)	
Creditors	71,957,116	67,928,193
Contract liabilities	-	-
Accrued liabilities	635,831,913	681,282,705
Provident fund payable	31,977,060	21,722,279
Withholding income tax payable	61,756,187	18,669,110
Other payable	-	819,518
	801,522,276	790,421,805

17. SHORT TERM BORROWINGS

MCB Bank Limited	618,662,655	450,000,000
Running finance facility - National Bank of Pakistan	39,000,000	22,000,000
Habib Metropolitan Bank limited	200,000,000	200,000,000
	857,662,655	672,000,000

18. 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		
	Six Months Ended			Six Months Ended			Six Months Ended			Six Months Ended			Six Months Ended		
	2020	2019		2020	2019		2020	2019		2020	2019		2020	2019	
	Rupees														
Revenue - net	1,901,489,749	1,284,627,401		446,304,271	259,201,959		1,276,216,576	1,170,578,315		935,360,050	866,370,755		4,559,370,645	3,580,778,430	
Cost of sales	1,121,716,776	716,324,316		262,573,237	152,172,324		1,019,619,891	923,301,069		727,090,164	686,118,861		3,131,000,068	2,477,916,571	
Gross profit	779,772,973	568,303,085		183,731,033	107,029,634		256,596,685	247,277,246		208,269,885	180,251,894		1,428,370,577	1,102,861,859	
Distribution expenses	7,006,601	4,117,610		16,445,400	966,457		4,679,819	14,463,764		92,263,884	75,936,488		105,594,844	95,484,320	
Administrative expenses	170,762,335	198,030,161		40,080,132	32,397,467		141,997,902	111,384,773		61,010,214	39,778,359		413,850,583	321,590,760	
Profit / (loss) before taxation and unallocated income and expenses	177,768,936	142,147,772		417,246,72	33,363,923		146,677,721	125,848,537		153,274,097	115,714,847		519,445,426	417,075,079	
	602,004,037	426,155,313		142,006,362	73,665,711		109,918,964	121,428,708		54,995,788	64,537,047		908,925,151	685,786,780	
Other operating expenses															
Other income													28,977,770	67,008,726	
Finance cost													235,733,088	294,009,653	
Profit before taxation													24,279,452	19,791,671	
Taxation													1,091,401,017	892,996,040	
Profit after taxation													23,737,171	14,809,628	
													1,067,663,846	878,186,408	

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. 370.39 (2019: Rs. 370.39) million. This includes guarantees of Rs. 77.38 (2019: 77.38) million given on behalf of Joint Operation.

There are no outstanding purchase commitments of the Group (2019: Rs. 22.29 million)

Un-audited 30 June 2020	Un-audited 30 June 2019
----- (Rupees) -----	

20. OTHER OPERATING EXPENSES

Allowance for expected credit losses	28,977,770	31,504,056
Unbilled revenue and bad debts written-off	-	34,472,857
Advances Written Off	-	1,031,813
	28,977,770	67,008,726

21. EARNINGS PER SHARE

Six Months Ended 30 June	
2020 Un-audited	2019 Un-audited

Basic earnings per share

Profit for the period attributable to equity holder of parent	1,079,608,688	885,312,326
Weighted average number of ordinary shares in issue during the period	123,687,916	116,265,704
Basic - in Rupees	8.73	7.61

Diluted earnings per share

Profit for the period attributable to equity holder of parent	1,079,608,688	885,312,326
Weighted-average number of ordinary shares (basic)	123,687,916	116,265,704
Effect of share options	1,767,145	754,443
	125,455,061	117,020,147
Diluted - in Rupees	8.61	7.57

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 Six Months Ended 30 June	
			2020	2019
			----- Rupees -----	
Visionet Systems Incorporation - USA	Common Directorship	Sales	1,859,613,253	1,304,090,453
		Reimbursement of expenses	1,706,600	-

Undertaking	Relation	Nature of transactions	Unaudited Six Months Ended 30 June	
			2020	2019
			----- Rupees -----	
UUS Joint Venture (Private) Limited	Joint Operations	Loan - net advanced / (settled)	44,837,016	18,331,585
		Interest income	14,523,281	14,523,281
TechVista Information Technology, Qatar	Associate	Sales	170,775,822	202,739,299
		Reimbursement of expenses	5,780,565	5,501,861
IGI Insurance Limited	Associate	Sales	5,543,258	12,908,416
		Purchase of Insurance	31,609,093	21,592,048
Dawood Family Takaful	Associate	Purchase of Insurance	5,234,302	3,980,759
System Limited Employees Provident Fund Trust	Staff Retirement Fund	Contribution	51,987,331	55,423,565
23. CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation			1,091,401,017	892,996,036
Adjustments of reconcile profit before tax to meet cash flows:				
Depreciation on property and equipment			102,949,554	71,093,434
Depreciation on right-of-use asset			-	-
Amortization of intangible assets			14,223,664	19,229,312
Allowance for expected credit losses			28,977,770	31,504,056
Bad debts - written off			-	35,504,670
Share based payment expense - net			56,633,685	3,961,645
Finance cost			24,279,452	19,791,671
Gratuity expense			36,914,639	20,693,556
Interests accrued			-	-
Exchange (gain)/loss on translation of export receivables			(168,308,636)	(268,541,392)
(Gain)/loss on disposal of property and equipment			(1,202,591)	(6,976,370)
(Gain)/loss on short term investments			(65,946,731)	(13,434,464)
Profit on bank deposits			(15,231,555)	(5,796,739)
Profit before working capital changes			1,104,690,267	800,025,414
Effect on cash flow due to working capital changes				
(Increase) / decrease in current assets:				
Contract Asset - Net			(151,017,206)	(163,549,781)
Trade debts			(11,694,418)	(41,092,272)
Loans and advances			21,334,029	(18,020,294)
Other receivables			4,265,045	(460,231)
Trade deposits and short term prepayments			(322,073,938)	(305,228,834)
			(459,186,489)	(528,351,411)
(Decrease) / increase in current liabilities:				
Trade and other payables			(31,986,606)	317,670,900
Contract Liability			(57,512,129)	(10,697,589)
			(548,685,224)	306,973,311
Net cash flows from operations			556,005,043	578,647,315

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 2019.

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 June 2019.

- During the six months period ended 30 June 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.

30 June 2020		
Cash and cash equivalent	Loans and advances	Total
(Rupees)		
Financial assets as per balance sheet		
Long term deposits	55,518,614	55,518,614
Unbilled revenue	668,711,676	668,711,676
Trade debts	2,088,473,182	2,088,473,182
Loans and advances	123,905,363	123,905,363
Security deposits	639,644,901	639,644,901
Interest accrued	15,791,548	15,791,548
Other receivable	176,556,387	176,556,387
Short term investments	1,907,000,000	1,907,000,000
Cash and bank balances	1,430,106,632	1,430,106,632
	1,430,106,632	5,675,601,672
		7,105,708,304

30 June 2019		
Cash and cash equivalent	Loans and advances	Total
(Rupees)		

Financial assets as per balance sheet

Long term deposits	34,228,515	34,228,515
Unbilled revenue	668,494,838	668,494,838
Trade debts	2,014,296,374	2,014,296,374
Loans and advances	87,716,045	87,716,045
Security deposits	155,666,720	155,666,720
Interest accrued	1,127,192	1,127,192
Other receivable	208,241,161	208,241,161
Short term investments	530,000,000	530,000,000
Cash and bank balances	755,313,703	755,313,703
	755,313,703	3,699,770,844
		4,455,084,547

	30 June 2020	30 June 2019
	Financial Liabilities at amortized cost	
	Rupees	Rupees
Financial liabilities as per balance sheet		
Long term loan	194,041,423	-
Markup accrued on short term borrowing	1,182,987	2,578,767
Short term borrowing	857,662,655	660,423,914
Trade and other payables	71,957,116	64,097,103
	930,802,758	727,099,784

25. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issuance on 25th August 2020 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

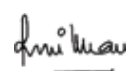
27.1 Figures have been rounded off to the nearest rupee unless otherwise stated.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)








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



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