systems
LIMITED

27 October 2021

The General Manager
Pakistan Stock Exchange
Stock Exchange Building
Stock Exchange Road
Karachi

Subject: **FINANCIAL RESULTS FOR THE 3rd QUARTER ENDED 30 SEPT 2021**

Dear Sir,

We have to inform you that the Board of Directors of the Company in their meeting dated: 27 October 2021 through video-link have approved the financial statements for the nine months period ended 30 September 2021 and recommend the following:

**DIVIDEND**

Nil.

**BONUS SHARES**

Nil.

**FINANCIAL RESULTS**

Financial results of the Company are attached hereto as **Annexure – A** and **Annexure B**.

**PERFORMANCE OVERVIEW**

**The Company (Standalone):**

During period under review, standalone revenue grew by 52% over same period last year from Rs. 5,360.04 million to Rs. 8,129.54 million. Gross profit and operating profit increased by 45% and 51% respectively, delivering a leveraged operating performance for the company. Moreover, as a consequence of currency fluctuations, net profit for the period has been positively impacted by an exchange gain of Rs 204.99 million (Sep 2020:

Rs 145.97 million) increasing net profit by 48%, from 1,565.38 million to Rs. 2,310.42 million. Basic and diluted earnings per share both increased by 47% in line with profit for the period.

The increase in revenue has been contributed by all regions. Company is investing aggressively in talent with optimization of other costs and efficient working capital management helped achieve healthy operating margins.

**The Group (Consolidated):**

During the nine months period ended 30th September 2021, consolidated revenue grew by 49% from Rs. 7,068.62 million to Rs. 10,524.24 million. Gross profit and operating profit increased by 52% and 62% respectively. Net profit for the period increased by 56% from Rs. 1,616.26 million to Rs. 2,522.19 million with Rs. 211.32 million in exchange gain. Basic and diluted earnings per share both increased by 58% in line with profit for the period.

The Quarterly Report of the Company for the nine months period ended 30 September 2021 will be transmitted through PUCARS separately, within the specified time.

For and on behalf of Systems Limited

**Saad Hasan Aslam**
Company Secretary

**SYSTEMS LIMITED**
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)**
**AS AT 30 SEPTEMBER 2021**

| | Note | Un-audited 30 September 2021 Rupees | Audited 31 December 2020 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | 6 | **1,786,557,610** | 1,507,959,243 |
| Intangibles | | **39,381,824** | 21,345,888 |
| Long term investments | 7 | **272,073,147** | 272,073,147 |
| Long term deposits | | **31,627,487** | 36,127,162 |
| Right-of-use assets | | **196,743,784** | 204,396,352 |
| | | **2,326,383,852** | 2,041,901,792 |
| **Current assets** | | | |
| Contract assets | | **1,105,910,244** | 533,940,810 |
| Trade debts | 8 | **3,192,698,575** | 2,438,437,498 |
| Loans, advances and other receivable | | **882,785,286** | 205,366,771 |
| Trade deposits and short term prepayments | | **420,328,063** | 187,928,945 |
| Interest accrued | | **17,449,780** | 38,450,000 |
| Short term investments | 9 | **3,969,141,899** | 2,644,845,556 |
| Tax refunds due from the Government | | **190,418,454** | 166,007,954 |
| Cash and bank balances | 10 | **1,394,452,391** | 1,577,759,692 |
| | | **11,173,184,692** | 7,792,737,226 |
| **TOTAL ASSETS** | | **13,499,568,544** | 9,834,639,018 |
| **EQUITY AND LIABILITIES** | | | |
| **Share capital and reserves** | | | |
| Authorized share capital | | | |
| 200,000,000 (2020: 200,000,000) ordinary shares of Rs. 10 each | | **2,000,000,000** | 2,000,000,000 |
| Issued, subscribed and paid up share capital | 11 | **1,380,781,620** | 1,246,060,140 |
| Capital reserves | | | |
| Share premium | | **718,456,859** | 614,907,470 |
| Employee compensation reserve | | **127,387,264** | 84,747,028 |
| Revenue reserve - Un-appropriated profit | | **7,057,585,745** | 5,307,971,413 |
| | | **9,284,211,488** | 7,253,686,051 |
| **Non-current liabilities** | | | |
| Long term loan | | **250,000,000** | 98,013,227 |
| Long term advances | | **9,265,978** | 53,857,626 |
| Lease liabilities | | **178,990,151** | 189,409,537 |
| Deferred grant | | **-** | 8,338,896 |
| | | **438,256,129** | 349,619,286 |
| **Current liabilities** | | | |
| Trade and other payables | | **1,001,225,359** | 722,653,295 |
| Unclaimed dividend | | **12,191,230** | 7,617,635 |
| Short term borrowings | 12 | **2,250,000,000** | 1,250,000,000 |
| Contract liabilities | | **271,382,318** | 88,669,355 |
| Mark-up accrued on short term borrowings | | **11,455,026** | 9,804,346 |
| Current portion of lease liabilities | | **49,424,077** | 37,983,731 |
| Current portion of long term loan | | **101,813,026** | 100,754,617 |
| Current portion of deferred grant | | **3,246,526** | 3,095,996 |
| Current portion of long term advances | | **76,363,365** | 10,754,706 |
| | | **3,777,100,927** | 2,231,333,681 |
| **TOTAL EQUITY AND LIABILITIES** | | **13,499,568,544** | 9,834,639,018 |
| **CONTINGENCIES AND COMMITMENTS** | 14 | | |

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

**(CHAIRMAN)** **(CHIEF EXECUTIVE OFFICER)** **(CHIEF FINANCIAL OFFICER)**

**SYSTEMS LIMITED**

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**

**FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2021**

| | Note | Nine Months Ended | | Three Months Ended | |
|---|---|---|---|---|---|
| | | **30 September 2021** | 30 September 2020 | **30 September 2021** | 30 September 2020 |
| | | **Rupees** | Rupees | **Rupees** | Rupees |
| Revenue from contracts with customers - net | | **8,129,547,547** | 5,360,040,459 | **3,136,977,934** | 1,971,446,591 |
| Cost of revenue | | **(5,294,542,589)** | (3,400,683,057) | **(2,070,090,209)** | (1,170,322,607) |
| **Gross profit** | | **2,835,004,958** | 1,959,357,402 | **1,066,887,725** | 801,123,984 |
| Administrative expenses | | **(641,176,591)** | (450,033,968) | **(256,146,138)** | (186,146,325) |
| Distribution expenses | | **(129,643,480)** | (89,623,257) | **(52,484,554)** | (31,317,445) |
| Other operating expenses | | **(30,883,161)** | (69,644,339) | **(47,335,905)** | (52,762,814) |
| | | **(801,703,232)** | (609,301,564) | **(355,966,597)** | (270,226,584) |
| **Operating profit** | | **2,033,301,726** | 1,350,055,838 | **710,921,128** | 530,897,400 |
| Other income | **15** | **384,309,899** | 280,269,745 | **290,223,372** | 28,090,812 |
| Finance costs | | **(57,314,737)** | (32,163,555) | **(21,531,307)** | (11,287,578) |
| **Profit before taxation** | | **2,360,296,888** | 1,598,162,028 | **979,613,193** | 547,700,634 |
| Taxation | | **(49,875,947)** | (32,772,137) | **(18,792,514)** | (11,667,409) |
| **Profit for the period** | | **2,310,420,941** | 1,565,389,891 | **960,820,679** | 536,033,225 |
| | | | (Restated) | | (Restated) |
| **Earnings per share:** | | | | | |
| Basic earnings per share | **16** | **16.80** | 11.46 | **6.96** | 3.91 |
| Diluted earnings per share | **16** | **16.60** | 11.31 | **6.84** | 3.85 |

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

**(CHAIRMAN)** **(CHIEF EXECUTIVE OFFICER)** **(CHIEF FINANCIAL OFFICER)**

**SYSTEMS LIMITED**
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**
**AS AT 30 SEPTEMBER 2021 (UNAUDITED)**

| | Note | Unaudited 30 September 2021 Rupees | Audited 31 December 2020 Rupees |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | 6 | **1,839,969,594** | 1,518,666,515 |
| Intangible | | **269,124,565** | 204,249,277 |
| Long term deposits | | **52,199,439** | 40,133,162 |
| Long term investment | 7 | **451,876,505** | - |
| Right-of-use asset | | **196,743,784** | 204,396,352 |
| | | **2,809,913,888** | 1,967,445,306 |
| **Current assets** | | | |
| Contract assets | | **794,411,035** | 642,780,081 |
| Trade debts | 8 | **3,953,725,308** | 2,372,716,741 |
| Loans and advances | | **136,658,383** | 95,913,324 |
| Trade deposits and short term prepayments | | **1,105,641,059** | 438,473,348 |
| Interest accrued | | **4,385,607** | 38,450,000 |
| Other receivables | | **16,358,367** | 118,222,637 |
| Short term investments | 9 | **3,969,141,899** | 2,644,845,556 |
| Tax refunds due from the Government | | **199,464,703** | 171,975,691 |
| Cash and bank balances | 10 | **2,011,080,303** | 2,985,104,566 |
| | | **12,190,866,663** | 9,508,481,944 |
| **TOTAL ASSETS** | | **15,000,780,551** | 11,475,927,250 |
| **EQUITY AND LIABILITIES** | | | |
| **Share capital and reserves** | | | |
| Authorized share capital | | | |
| 200,000,000 (2020: 200,000,000) ordinary shares of Rs. 10 each | | **2,000,000,000** | 2,000,000,000 |
| Issued, subscribed and paid up share capital | 11 | **1,380,781,620** | 1,246,060,140 |
| Capital and reserves | | **1,179,196,175** | 956,611,816 |
| Unappropriated profits | | **7,662,023,120** | 5,626,952,295 |
| | | **10,222,000,915** | 7,829,624,251 |
| **Non-controlling interest** | | **72,710,553** | 146,389,075 |
| | | **10,294,711,468** | 7,976,013,326 |
| **Non-current liabilities** | | | |
| Long term advances | | **9,265,978** | 53,857,626 |
| Long term loan | | **250,000,000** | 98,013,227 |
| Lease Liability | | **178,990,151** | 189,409,537 |
| Deferred grant | | **-** | 8,338,896 |
| Provision for gratuity | | **79,177,107** | 47,599,384 |
| | | **517,433,236** | 397,218,670 |
| **Current liabilities** | | | |
| Trade and other payables | | **1,374,610,420** | 1,186,129,984 |
| Unclaimed Dividend | | **12,191,230** | 7,617,635 |
| Contract Liability | | **275,913,912** | 297,554,223 |
| Mark-up accrued on short term borrowings | | **6,073,292** | 9,804,362 |
| Short term borrowings | 12 | **2,289,000,000** | 1,449,000,000 |
| Current Portion of lease liability | | **49,424,077** | 37,983,731 |
| Current Portion of long term loan | | **101,813,026** | 100,754,617 |
| Current Portion of deferred grant | | **3,246,526** | 3,095,996 |
| Current portion of long term advances | | **76,363,365** | 10,754,706 |
| | | **4,188,635,848** | 3,102,695,254 |
| **TOTAL EQUITY & LIABILITIES** | | **15,000,780,551** | 11,475,927,250 |
| **CONTINGENCIES AND COMMITMENTS** | 14 | | |

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

**(CHAIRMAN)** **(CHIEF EXECUTIVE OFFICER)** **(CHIEF FINANCIAL OFFICER)**

**SYSTEMS LIMITED**
**CONSOLIDATED CONDENSED INTERIM PROFIT OR LOSS ACCOUNT**
**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)**

| | | Nine Months Ended | | Three Months Ended | |
|---|---|---|---|---|---|
| | | **30 September 2021** | 30 September 2020 | **30 September 2021** | 30 September 2020 |
| | **Note** | **Rupees** | Rupees | **Rupees** | Rupees |
| Revenue from contract with customers - net | | **10,524,242,502** | 7,068,619,417 | **3,976,171,712** | 2,509,248,772 |
| Cost of sales | | **6,928,344,524** | 4,701,070,979 | **2,624,762,694** | 1,570,070,910 |
| Gross profit | | **3,595,897,978** | 2,367,548,438 | **1,351,409,018** | 939,177,862 |
| Distribution expenses | | **388,193,152** | 207,267,839 | **176,902,909** | 101,672,996 |
| Administrative expenses | | **846,981,359** | 627,870,233 | **334,091,519** | 214,019,650 |
| Other operating expenses | | **44,470,513** | 101,802,684 | **56,601,252** | 72,824,914 |
| | | **1,279,645,023** | 936,940,757 | **567,595,680** | 388,517,561 |
| Operating profit | | **2,316,252,955** | 1,430,607,681 | **783,813,338** | 550,660,301 |
| Other income | 15 | **367,689,572** | 261,527,424 | **292,651,666** | 25,794,336 |
| Finance cost | | **76,335,750** | 39,267,609 | **27,745,462** | 14,988,157 |
| Share of loss of Associate | | **16,123,495** | - | **16,123,495** | - |
| Profit before taxation | | **2,591,483,283** | 1,652,867,496 | **1,032,596,048** | 561,466,480 |
| Taxation | | **69,284,371** | 36,606,056 | **25,099,912** | 12,868,885 |
| Profit after taxation | | **2,522,198,912** | 1,616,261,440 | **1,007,496,136** | 548,597,595 |
| Attributable to: | | | | | |
| Equity holders of the parent | | **2,595,877,434** | 1,631,331,971 | **1,039,150,809** | 551,723,283 |
| Non-controlling interest | | **(73,678,522)** | (15,070,530) | **(31,654,673)** | (3,125,687) |
| | | **2,522,198,912** | 1,616,261,440 | **1,007,496,136** | 548,597,595 |
| Earnings per share: | | | Restated | | Restated |
| Basic earnings per share | 16 | **18.87** | 11.95 | **7.53** | 4.03 |
| Diluted earnings per share | | **18.65** | 11.79 | **7.40** | 3.96 |

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

**(CHAIRMAN)** **(CHIEF EXECUTIVE OFFICER)** **(CHIEF FINANCIAL OFFICER)**