

systems



ANNUAL REPORT 2022

Innovating for a better 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. Shabbar Zaidi Director	Independent
Mr. Omar Saeed Director	Independent
Mr. Asif Jooma Director	Independent
Ms. Romana Abdullah Director	Independent

Human Resource & Compensation committee

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

Audit Committee

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



Chief Financial Officer

Ms. Roohi Khan

Head of Internal Audit

Mr. Salman Naveed

Internal Auditors

Uzair Hammad Faisal & Co.

Tax Advisors

A.F.Ferguson & Co
Chartered Accountants

External Auditors

A.F.Ferguson & Co
Chartered Accountants

Legal Advisors

Hassan & Hasan Advocates
Ahmad & Pansota

Company Secretary

Mr. Ali Ahmed Iftikhar

Share Registrar

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

Registered Address

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

Banks

Allied Bank Ltd
Bank Alfalah Ltd
Bank Islami Pakistan Ltd
Finja Pvt Ltd
Habib Bank Ltd
Habib Metropolitan Bank Ltd
United Bank Ltd
Standard Chartered Bank (Pak Ltd)
MCB Bank Ltd
Meezan Bank Ltd
Faysal Bank Ltd





BOARD OF DIRECTORS

Mr. Aezaz Hussain founded Systems Limited in 1977 as the first software house in Pakistan. His professional aptitude provided the overall direction for turnkey computer projects involving systems design, hardware selection and installation, and the planning and management of large-scale industrial projects. He was also involved in the acquisition of Visionet Systems, Inc. in New Jersey, USA, in 1997, and he led that organization as CEO till 2008.

Mr. Hussain has been responsible for the internal restructuring needed to respond to periodic shifts in the company strategy. He was a member of Pakistan's Information Technology Commission, which advised the President of Pakistan on IT-related matters and national policies, and several committees and advisory bodies set up by the government on Information Technology strategies and the development of public sector information systems. He was a founding President and is a member of the Pakistan Software Houses Association (P@SHA). He served as a member of the Economic Advisory Board, the Government of Pakistan, the Information Technology Commission of Pakistan, and the Council of Computer Society of Pakistan.



**MR. AEZAZ
HUSSAIN**

Chairman/Non
Executive Director



**MR. ASIF
PEER**

CEO & Managing Director

Mr. Asif Peer is currently serving as Chief Executive Officer (CEO), Managing Director (MD), and a Member of the Board of Directors of Systems Limited, the same company where he began his career as a software developer in 1996. He completed his graduation in Computer Sciences at the National University of Computer and Emerging Sciences (NUCES) in Karachi and positioned himself in the lead for a job at Systems Limited soon after graduation. He also completed his MBA in Marketing and Finance from the Institute of Business Administration (IBA) in Karachi only a year later.

Mr. Peer has been associated with Systems Group for 28+ years in various Senior Management positions, executing company growth strategy in line with the vision and mission. He was awarded the presidential award, Sitara-e-Imtiaz, for his meritorious contribution to the IT sector. Under his leadership, the company has won several accolades, including Forbes Asia's Best Under a Billion 2020, 2021 and 2022, 2021/2022 & 2022/2023 Inner Circle award for Microsoft Business Applications, Pakistan Top IT Export Award, Microsoft Country Partner of the Year, multiple PSEB IT Export Awards since 2016, membership of Microsoft Dynamics President's Club in 2014 and 2015, and many more.

Mr. Arshad Masood started his career with IBM Corporation in the US and held various professional and managerial positions, including Sales Manager. He was a consistent top performer, and his primary objective was to enhance customer relationships, protect their revenue base, and identify new revenue opportunities.

In 1994, Mr. Masood founded Visionet Systems, Inc., USA, which was acquired by Systems Limited in 1997. He envisioned and executed a strategy to create a general-purpose consulting and solutions company. As CEO, he is responsible for long-term strategic planning and providing guidance to operations across the enterprise. He helped Visionet Systems build a strategy and value proposition for products and services in the mortgage industry. He holds a BSc (Engineering) degree from Engineering University, Lahore, an MSc degree from the University of Guelph, Canada, and an MBA degree from Baruch College, New York.



**MR. ARSHAD
MASOOD**

Non Executive Director



**MS. ROMANA
ABDULLAH**

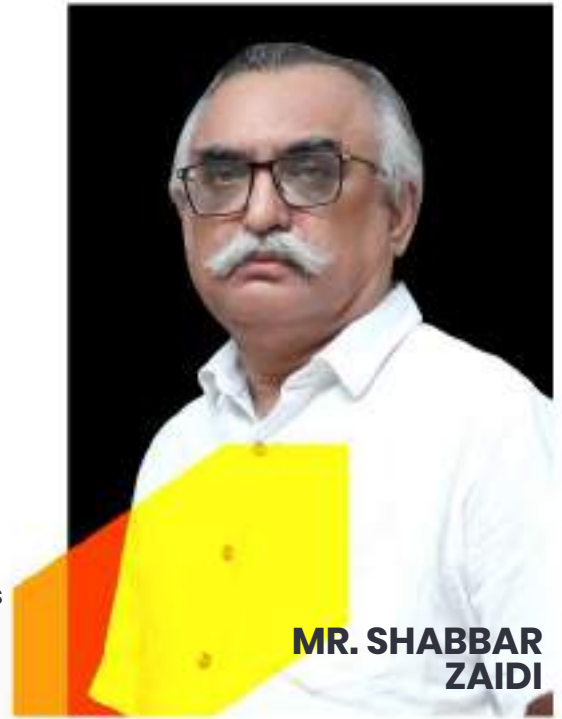
Independent Director

Ms. Romana Abdullah is CEO of Highpoint Ventures (Pvt) Ltd and leads Hopscotch, a kids' wear brand she co-founded in 2014. Before becoming an entrepreneur, she led the strategic planning and transformation functions at MCB Bank and Soneri Bank. Earlier, Romana spent significant time at The Boston Consulting Group (Management Consulting) and Merrill Lynch (Investment Banking) in New York, where she focused on strategic, financial, and operational assignments for Fortune 500 financial services and consumer clients.

She is also on the board of Karandaaz, a DFID and Gates Foundation-funded company that promotes access to capital for small businesses and digital financial inclusion for individuals in Pakistan. She also mentor young start-ups, incubators, and accelerators in her free time. Romana has a BSc in Financial Engineering from Princeton University and an MBA from Harvard Business School.

Mr. Shabbar Zaidi is a graduate with distinction from Hailey College of Commerce, Lahore, and a Chartered Accountant. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan (FCA). Mr. Zaidi has served as the Chairman of the Federal Board of Revenue, GOP, for 2019 – 2020. Previously, Mr. Zaidi also served as a Caretaker at the Ministry of Finance, Board of Revenue, Excise and Taxation, Government of Sindh. In addition, he has been Territory Senior Partner at AF Ferguson & Co. till 2019. He has also been the Founder and Director of the Pakistan Institute of Corporate Governance from 2003–2009.

Mr. Zaidi has been involved in extensive interactions with regulatory authorities on domestic and international levels. In addition, he has also been part of the representation to authorities regarding practical issues and suggested measures and recommendations for reforms. Further, Mr. Zaidi has also written several books, which include: (a) A journey for clarity – An analysis of some accounting concepts in taxation matters; (b) Pakistan: Not a failed State; (c) Panama Leaks: A Blessing in disguise – Offshore assets of Pakistani Citizens; and (d) Rich people Poor Country – The story of fiscal and foreign exchange policies in Pakistan.



**MR. SHABBAR
ZAIDI**

Independent Director



**MR. OMAR
SAEED**

Independent Director

Mr. Omar Saeed graduated with high honors from Brown University and did his Master's in Business Administration at Harvard Business School. He has recently been appointed Chief Executive Officer of Service Long March Tyres (Private) Limited, a Joint Venture between Service Industries Limited and Chaoyang Long March Tyre Co., Ltd. Additionally, he serves as the Chief Executive Officer of Servis Foundation and Chief Executive Officer of Service Industries Limited (SIL) from 2011 to 2018.

Under Mr. Saeed's stewardship, SIL won the prestigious Pakistan Stock Exchange Top 25 Companies Award in 2011, 2013, 2014, and 2015. Before that, Omar was responsible for building Servis into Pakistan's largest footwear retailer, with 500 stores and more than PKR 12 billion in annual revenues. He founded Ovex Technologies (Private) Limited in 2004, which went on to become one of Pakistan's leading call center companies before the business was sold in 2011. He has served on the Boards of various private and public companies in the past. He has also been an adjunct faculty member of LUMS, where he taught entrepreneurship.

Mr. Asif Jooma started his career in the corporate sector with ICI Pakistan in 1983 and has over 28 years of extensive experience in senior commercial and leadership roles. Following his early years with ICI Pakistan and Pakistan PTA Limited, Mr. Jooma was appointed Managing Director of Abbott Laboratories Pakistan Limited in 2007. After serving there for nearly six years, he was appointed Chief Executive of ICI Pakistan Limited in February 2013.

A Bachelor of Arts in Developmental Economics from Boston University, Mr. Jooma has previously served as President of the American Business Council (ABC), President of the Overseas Investors Chamber of Commerce & Industry (OICCI), and Chairman of the Pharma Bureau. He also serves as a Director on NIB Bank Limited, Systems Limited, and the Board of Investment, Government of Pakistan.



independent Director

OUR LEADERSHIP

Our organization is led by experienced professionals and industry veterans, whose business acumen and expertise are the driving force behind the continued excellence of Systems Limited. Their valuable insights and knowledge are shared with us every day.



Asif Peer
CEO & Managing Director



Roohi Khan
Chief Financial Officer



Toima Asghar
Chief Human Resource Officer



Asif Akram
Chief Operating Officer



Khurram Majeed
GM Systems, MEA



Ammara Masood
Head of BFS Vertical & CEO NDC



Faisal Tajammal
GM Systems APAC



Rao Hamid Khan
GM Systems Arabia



Imran Soofi
Global Head of Telco Vertical



Muhammad Mairaj
GM Domestic Sales



Zahid Janjua
Global Head of Growth Vertical



Mr. Asif Peer
CEO & Managing Director

Mr. Asif Peer is currently serving as Chief Executive Officer (CEO), Managing Director (MD), and a Member of the Board of Directors of Systems Limited. He has been associated with Systems Group for 28+ years in various Senior Management positions, executing company growth strategy in line with the vision and mission. He was awarded the presidential award, Sitara-e-Imtiaz, for his meritorious contribution to the IT sector.



Asif Akram
Chief Operating Officer

Mr. Asif Akram is an experienced global management consultant and an information technology professional having over 20 years of experience. As the COO of Systems Limited, he is responsible for the delivery of Systems services while driving operational excellence, improving efficiency, and building upon Systems Limited's strong foundation for achieving accelerated growth.



Roohi Khan
Chief Financial Officer

Ms. Roohi Khan is currently part of the Business Leadership team and is responsible for the overall financial health and performance of the group. Acting as a strategic business partner, she is supporting businesses in delivering sustained growth and maximizing shareholder value. Before joining Systems Limited, she worked with PwC, PepsiCo, and Levi Strauss & Co. Ms. Roohi is a Chartered Accountant from ICAEW and ICAP with about 20 years of professional experience.



Toima Asghar
Chief Human Resources Officer

Ms. Toima Asghar has been associated with the HR fraternity for approximately two decades and leads the human resource function in large organizations operating in the banking, wholesale, broadband, academia, and IT industries.

As an HR strategist, she leads the organization's Human Capital function to build a sustainable competitive advantage through its human resource by collaborating with the teams for the right selections and development of the existing talent while focusing on talent management and providing careers to the human resource of the organization.



Khurram Majeed
GM Systems, MEA

Mr. Khurram Majeed leads the IT Professional Services division for operations in the UAE. He is responsible for services strategy, delivery, competencies, revenue and earnings growth, liquidity management, and portfolio for enterprise, commercial, and public-sector customers.

He helps customers achieve innovative business technology outcomes through software platforms and integrated smart solutions.



Ammara Masood
Head of BFS Vertical & CEO NDC

Ms. Ammara Masood has a career spanning three decades in entrepreneurship and running successful companies. She brings rich global experience across continents in multiple markets in IT Strategy, Consulting, and Digital Transformations for the banking and financial sector. As the CEO of NdcTech, she is responsible for overseeing the company's strategic direction, expansion, and scale and delivering value-added IT services in banking.



Faisal Tajammal
GM, Systems APAC

Mr. Faisal Tajammal has over 20 years of experience in the IT industry. Over time he has fulfilled different roles in IT in the USA, APAC Middle East, and Pakistan. For the last ten years, he is working in leadership and customer-facing roles and is responsible for global team building, presales, solution delivery, and process management.



Rao Hamid Khan
GM Systems Arabia

Mr. Rao Hamid has served in the IT industry for over two decades with multinational organizations. After serving as Application Innovation Services and Telecommunications Industry Leader at companies like IBM and working for Teradata, he joined Systems Limited as a Chief Commercial Officer. He was then promoted as General Manager and led the Pakistan business for 4 years. In 2022, he was tasked with moving to and setting up Systems KSA operations. He currently holds P&L responsibilities for Saudi Arabia and Bahrain and is based out of Riyadh.



Imran Soofi
Global Head of Telco Vertical

Mr. Imran Soofi leads the telecom business at Systems Limited and helps our clients globally in solving their business challenges through technology solutions that have a high ROI, optimal TCO, and efficient TAT.

He is responsible for the strategy, revenue, and offerings to ensure long-term, profitable, and sustainable business development.



M. Mairaj
GM Domestic Sales

Mr. Muhammad Mairaj is responsible for business growth, delivery excellence, customer satisfaction, profit and loss, and portfolio management for Banking and Insurance, Retail, Utilities, Public-sector, and other commercial customers in Pakistan. He is further responsible for onboarding new partners to extend their reach and amplify business opportunities. Through his leadership and experience of over two decades, he has played a vital role in transforming the industry, especially in BFSI.



Zahid Janjua
Global Head of Growth Vertical (GV)

Mr. Zahid Janjua is global leader for Growth Vertical. This vertical includes 20+ sub-verticals like Public Sector, Oil & Gas, Logistics, Retail, Healthcare etc. In this role, he is responsible for delivery of GV projects across all markets where Systems Limited or its subsidiaries operate. He is also responsible for creating cross-sell strategies and innovation in these vertical.

CHAIRMAN'S MESSAGE

Sustaining Growth Through Difficult Times



Dear Shareholders,

Despite the worldwide economic uncertainty and the turbulence of the past year in Pakistan, I am proud to report that our company has not only met but exceeded its targets. We have achieved record growth in revenue and profit, demonstrating our unique ability to understand the needs of our markets and invest in solutions that create value for our clients.

In 2022, we made a strategic acquisition of NDCTech, a market leader in core banking solutions, which has created significant synergies for our solutions in the banking industry in this region and has strengthened our growth in this large sector. The success of this acquisition places us on a path of inorganic growth through further acquisitions in our markets.

We have continued to expand our global footprint with the launch of our APAC region this year, and we have seen positive results from our expansion into the Kingdom of Saudi Arabia, Bahrain, South Africa, and Egypt in the previous year with growth in enterprise clients in these markets.

Our continued success is due to our people. We offer our employees a strong learning environment and an accelerated career path, and our unwavering commitment to inclusion through stock options offers a clear path for their wealth creation. As a result, we are well-positioned to attract and nurture the best talent in the industry, allowing us to deliver quality service.

Your company has won several national and international recognitions for both skill and governance, and we are proud of these achievements.

I congratulate the management and all members of the Systems family for this excellent performance and wish them and their families a healthy and prosperous 2023.

We are fortunate to have some remarkably business leaders as board members, and I am grateful for the able guidance we have received from our board and thank them for their commitment and support of the company.

Finally, we thank all our customers worldwide for giving us the opportunity to service their IT needs and for continuing to do so.

Sincerely,

A handwritten signature in black ink, appearing to read 'Aezaz Hussain'.

Aezaz Hussain
Chairman

CEO'S MESSAGE

An exceptional year of transformation, achievements and exciting new opportunities



Dear Esteemed Shareholders, Investors, Partners, Clients and all Colleagues,

Financial year 2022 was an outstanding year for the Company, our clients, our employees, and our shareholders. We have had the fastest growth, close to 88% and an operating margin of 19% (excluding one-off revenue adjustment). We are gaining market share in the MEA region by entering strategic and long-term contracts and relationships which will be the enabler for the future growth of existing customers and will also open up new opportunities for us through direct relationships, partner networks and strong principal alignments such as Microsoft, Temenos, SAP, Informatica and many other strategic relationships. Our vertical capabilities in Banking Financial Services, Telco and Public Sector are comprehensive and of immense value for our clients.

We continue to build our digital, data, analytics, AI, and cloud expertise. Our automation capabilities are industry-leading and poised to support our clients as they look at ongoing efficiency and productivity improvements. We are continuing to build deeper relationships with our clients and growing the trust they have in us.

Our engagement with employees continues to strengthen. About a 1000 new employees joined the workforce this year. The Company also launched the IT Mustakbil training program in 2022, focusing on reskilling the talent by expanding its footprint. The program is dedicated to providing equal opportunity to everyone to gain skills in IT related technologies and explore opportunities in the corporate world.

The overall sector continues to see strong traction with digital transformation being a core strategic initiative for global enterprises and governments. As we look ahead, the future is digital and we remain more optimistic than ever. Large enterprises and governments everywhere are adopting digital and driving transformation to make them more connected with their customers, employees, and partners.

Our growing global client base has exposed us to major insights into most industry sectors and our knowledge of the issues in these industries and the ability to develop solutions has deepened. We are therefore well positioned to be the provider of choice with the set of capabilities that are most relevant to our clients, partners and principals. We will continue to strengthen our consultative and technology skills. As innovation is our core DNA, we will continue to build products, framework and accelerators in our verticals, which will provide us with a unique advantage in the market.

The strategic direction of the Company, the trust of our clients, the dedication and execution by our employees, the drive and cohesiveness of our leadership team, and guidance of our Board members have resulted in our total shareholder return over the past five years to be the leading one amongst our peers.

We are proud to be recognized by Forbes Asia as best under a billion three times in a row. We were also awarded the Most Outstanding Company in Pakistan by Asia Money in the Technology Hardware & Equipment Sector Category. The company bagged some other prestigious awards as well including but not limited to 2022/2023 InnerCircle for Microsoft Business Applications, Best IT Services Company – 21st ITCN Asia 2022, Etisalat UAE Appreciation Award at the e& Partner Recognition Award 2022, SAP EMEA South CSS Partner Awards: Best New Partner and Service Excellence, PSX top 25 Companies award and many others.

The Company has done first ever acquisition where we see a lot of synergies and cross selling and upselling opportunities. I would like to welcome the NDC team and thank them for all their support. Together we will take the BFS vertical to new heights.

Our culture of giving defines our social responsibility programs. The Company has made generous donations towards the improvement of health, education and climate change. The Company continues to support, aid, and help the facilitation of healthcare conveniences to society through collaborations with health institutes, donations, and sponsorships for the cause.

I would like to express my gratitude to our customers for their continued faith and trust in us. I am also grateful to all Systemers for their commitment and dedication to delight our customers. I am grateful to our Board of Directors, our shareholders and all other stakeholders for their wishes, guidance and support that helps us to continue to grow at an accelerated pace.

Let me close by wishing all of you good health and happiness.

Asif Peer
Chief Executive Officer

DIRECTOR'S REPORT



TO SHARE HOLDERS

The Directors of the Company take pleasure in presenting the Annual Report of your Company, together with the Unconsolidated and Consolidated financial statements for the year ended 31 December 2022.

Group Overview:

The Company is a public limited company incorporated in Pakistan under the Companies Act, 2017, and listed on the Pakistan Stock Exchange. The Company was incorporated in 1977 and is principally engaged in the business of software development, trading of software and business process outsourcing services.

The Group comprises of Systems Limited (Holding Company) and its subsidiaries which are as follows:

- TechVista Systems FZ LLC, UAE
- SUS (Private) Limited (incorporated for Baluchistan Land record project), Pakistan
- Systems Arabia for Information Technology, KSA
- Systems Ventures (Private) Ltd, Pakistan
- Techvista Information Technology W.L.L., Qatar
- SYS Egypt for Information Technology Services, Egypt
- Systems International IT Pte. Ltd., Singapore
- Systems Africa for Information Technologies (Pty.) Ltd., South Africa
- National Data Consultants (Pvt.) Limited, Pakistan
- Associated company - E-Processing Systems B.V. Netherlands

TechVista Systems FZ LLC (TVS), a limited liability Company incorporated in Dubai Technology and Media Free Zone Authority, is 100% owned subsidiary of Systems Limited. TVS is engaged in the business of developing software and providing ancillary services. TechVista Systems FZ LLC has 100% control in TechVista Manpower LLC, TechVista LLC and TechVista Systems Pty Limited. During the year TechVista Systems FZ LLC has fully acquired Treehouse Consultancy LLC, a high-end IT solutions provider, along with its subsidiaries and associated companies.

Systems Arabia for Information Technology, a limited liability Company incorporated in the Kingdom of Saudia Arabia, is 100% owned subsidiary of Systems Limited. Systems Arabia for Information Technology is engaged in the business of developing software and providing ancillary services.

Systems Venture (Private) Limited (SV), a private limited company registered under Companies Act 2017, is a 100% owned subsidiary of Systems Limited. Systems Venture is established in Pakistan to invest in new ventures, start ups and incubate new ideas. SV has invested in Retailistan (Private) Limited acquiring a 20% stake.

Techvista Information Technology W.L.L. is a limited liability company incorporated in the State of Qatar. Systems Limited owns 34% (December 31, 2022: 34%) share capital in TVSQ. Pursuant to the agreement entered with the remaining shareholders of Techvista Information Technology W.L.L. on February 27, 2022 the Holding Company has obtained all control and management of Techvista Information Technology W.L.L.

During the year, the Company added the following entities to the group:

Systems International IT Pte. Ltd. a wholly owned subsidiary has been incorporated in Singapore. Systems International IT Pte. Ltd has 100% control in Systems APAC for Information Technology PTE. LTD. and acquired 100% stake in National Data Consultants FZC (incorporated in UAE) and NDCtech APAC Pte. Ltd. (incorporated

in Singapore)

Systems Africa for Information Technologies (Pty.) Ltd., a limited liability company incorporated in the Republic of South Africa on July 28, 2022, for the purpose of sale of software services and trading software licenses in the region.

Systems Limited acquired 100% stake in National Data Consultants (Pvt.) Limited "NdcTech". NdcTech has been a leading core banking implementation service provider for the past 22 years and has a rich set of clients in Pakistan, Middle East, Africa and Asia Pacific region.

Associated companies of Group:

SalesFlo (Private) Limited (formerly Retailistan (Private) Limited) provides a leading Sales and Distribution Platform called SalesFlo that is trusted by a number of large FMCG manufacturers. It's a SaaS B2B platform that allows stores to place orders directly to manufacturers/wholesalers/authorized distributors on the platform. The platform covers Distribution Management System, Digital Merchandising and Instore Marketing tool, and Data science solutions (Data Analytics). Currently used by around 15,000 distributor agents through FMCGs. Retailistan has a wholly owned subsidiary called Jugnu, which is an online marketplace accessible through a mobile app to enable retailers to buy a variety of products. Jugnu buys from manufacturers and distributors, stores in their warehouses and deliver next day based on orders received from retailers. So it's a B2B E-commerce play. Systems Ventures holds 20% in Retailistan.

E-Processing Systems B.V. (EPS), a private limited Company registered in Netherlands, is a 44.60% owned associate of Systems Limited. EPS is currently engaged in the business of purchase and sale of teleco's airtime and related services. The product of the Company is called OneLoad. The Company is in the process of launching OneZap under E-Money license from State Bank of Pakistan (SBP).

The financial statements of the Company and the Group truly reflect the state of Company's affairs and fair review of their business.

ACTIVITIES:

The Company's revenue comes primarily from Digital/Data/Cloud Services, Managed Services, Consulting Services, IT outsourcing and Business Process Outsourcing/Contact Center. The Company generates over 80% of its revenue from export of Services to various geographies such as North America, Europe and Middle East, Africa and others and less than 20% from domestic market. The Company is well diversified into various business verticals such as Telco, Retail, CPG, Pharma, Banking and Public sector.

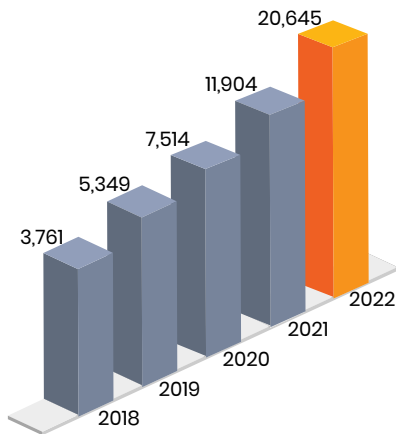
FINANCIAL PERFORMANCE OF THE COMPANY AND THE GROUP DURING 2022

Unconsolidated:

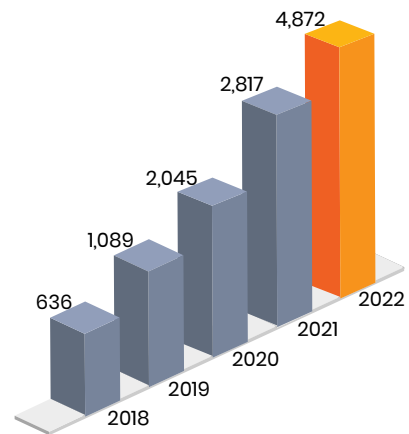
The Company's financial results for FY22 have maintained a strong trajectory. Operating revenues for the year in local currency were Rs. 20,644.7 million showing a growth of 73% over the previous year. Profit after tax for the year was Rs. 6,299.8 million showing a growth of 90%. Gross profit and operating profit increased by 69% and 73% respectively. Since FY18, the Company has delivered a Compounded Annual Growth Rate (CAGR) in revenues of 53%. The revenue growth has been mainly driven by IT services and profitability growth has been driven by demand and growth across all geographies and all verticals. Revenue in USD also showed a growth of 38% and profit growth of 51%.

Unconsolidated			
Particulars	FY 2022	FY 2021	Y/Y
Revenue	20,644,764,716	11,903,583,911	73%
Gross profit	6,755,105,438	3,991,141,283	69%
Operating Profit	4,871,976,394	2,816,512,795	73%
Profit before taxation	6,624,487,917	3,352,565,630	98%
Profit after taxation	6,299,836,945	3,320,691,476	90%
Earnings per share (basic)	22.44	12.06	86%
Earnings per share (diluted)	22.29	11.98	86%

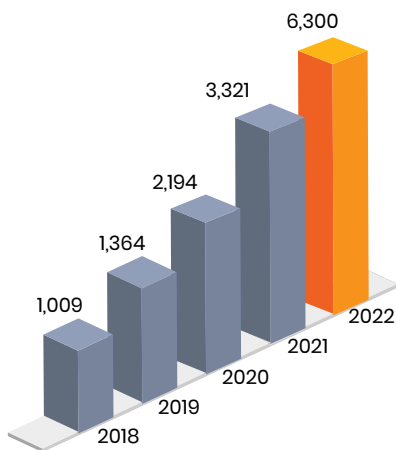
**UNCONSOLIDATED REVENUE
(PKR MILLION) CAGR 53%**



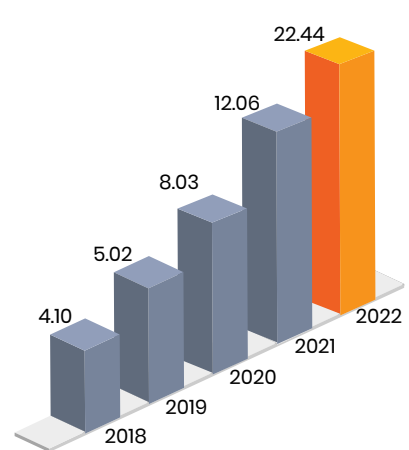
**UNCONSOLIDATED OPERATING PROFIT
(PKR MILLION) CAGR 66%**



**UNCONSOLIDATED NET PROFIT
(PKR MILLION) CAGR 58%**



**UNCONSOLIDATED BASIC EPS
(PKR) CAGR 53%**



Consolidated:

During year ended 31 December 2022, consolidated revenue grew by 108% from Rs. 15,304.0 million to Rs. 31,759.9 million. Gross profit and operating profit increased by 73% and 69% respectively. Net profit for the period increased by 51% from Rs. 4,379.7 million to Rs. 6,629.6 million. Basic and diluted earnings per share increased by 46% over the same period last yearly includes one time gain of Rs 816.2 million arising from the conversion of EP Systems BV from a subsidiary to an associate, growth in PAT excluding this gain is 88% from Rs. 3,563.4 million to 6,629.6 million. . Revenue growth in USD is 65% and operating profit is 34%.

Growth in revenue is contributed by both the Company and its subsidiaries. Majority of the work from our group companies has moved from onsite to offshore.

Consolidated

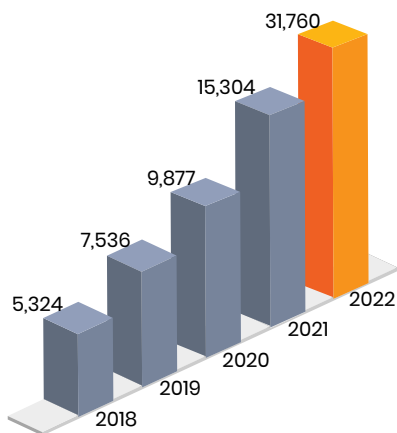
Particulars	FY 2022	FY 2021	Y/Y
Revenue*	31,759,927,263	15,304,037,567	108%
Gross profit	8,636,279,367	4,989,671,717	73%
Operating Profit	5,362,828,298	3,169,136,194	69%
Gain on disposal of subsidiary**	-	816,226,748	-100%
Share of loss from associate***	(323,899,362)	(83,384,503)	288%
Profit before taxation	6,981,169,335	4,433,603,915	57%
Profit after taxation	6,629,661,309	4,379,659,280	51%
Earnings per share (basic)	23.61	16.21	46%
Earnings per share (diluted)	23.45	16.10	46%

* Consolidated revenue includes one-off revenue from sale of licence of CLOS, a product developed by NDC and sold for an upfront payment of \$8 million and subsequent royalty of ~ \$7 million over five years, which has been recognized at present value. Cost of \$15 million has been adjusted against the revalued intangibles at the time of acquisition neutralizing the P&L.

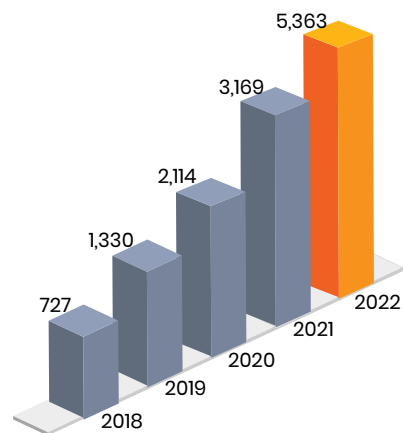
** This one-time gain has been recognized in the last year consolidated financial statements arising from conversion of E-Processing Systems B.V. from a subsidiary to associate on account of dilution of voting rights resulting from investment of Gates Foundation in irredeemable preference shares.

*** The share of loss is proportionate share from Retailistan and EP Systems B.V..

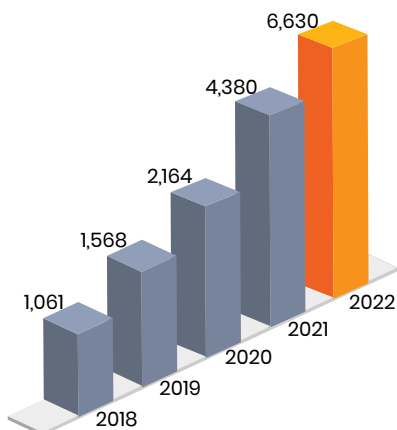
CONSOLIDATED REVENUE
(PKR MILLION) CAGR 56%



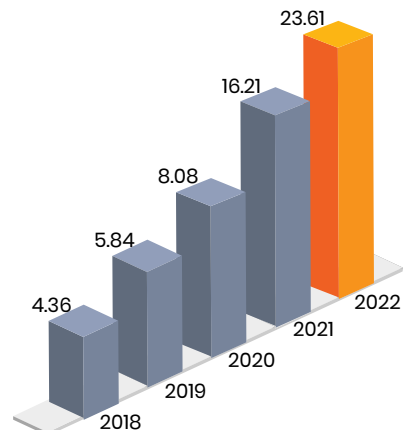
CONSOLIDATED OPERATING PROFIT
(PKR MILLION) CAGR 65%



CONSOLIDATED NET PROFIT
(PKR MILLION) CAGR 58%



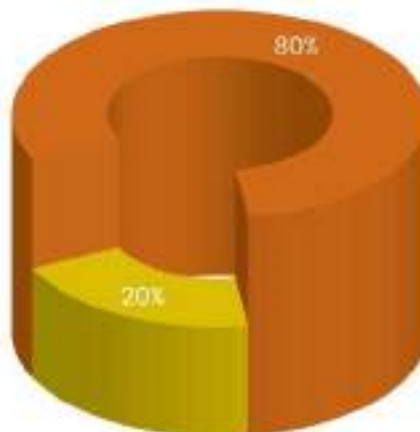
CONSOLIDATED EPS-BASIC
(PKR MILLION) CAGR 53%



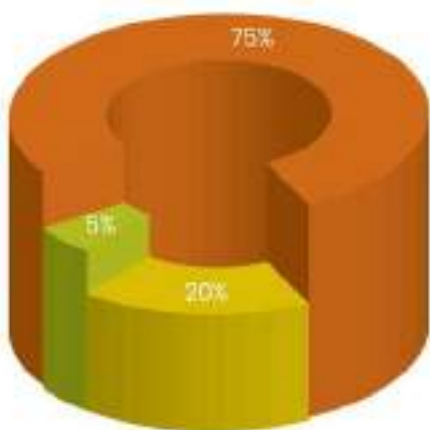
REVENUE BY GEOGRAPHY



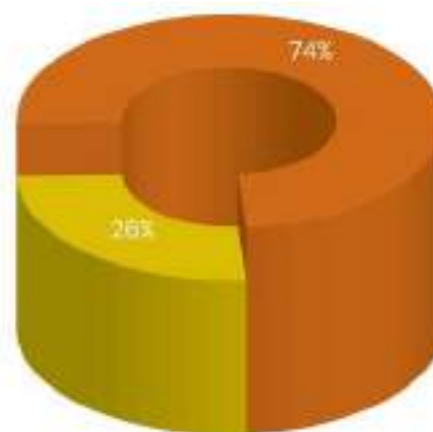
EXPORT CONTRIBUTION



REVENUE BY CURRENCY



COST BY CURRENCY



*One off trading transaction (CLOS) has been excluded from the above charts.

Performance by Segment (Consolidated)

The Company is showing a strong growth across all four segments, with Middle East region taking the lead, followed by Pakistan and North America. Export sales of the Company are approximately 81% of total sales, taking another 2% from the domestic sales, with the Company's target being to further increase the export component going forward. Diversification into new regions and new markets will support this objective as the company is actively looking to expand in the new markets.

During the year, the Company made significant progress in getting repeat business from existing customers and also increased its business through cross selling and upselling to new customers, and customers acquired through the two acquisitions.

	North America		Europe		Middle East, Africa and others		Pakistan		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees in Millions									
Revenue from all customers	9,342	6,423	4,366	1,047	12,264	5,000	10,587	4,359	36,559	16,829
Intra-group revenue	-	-	-	-	(118)	-	(4,682)	(1,525)	(4,800)	(1,525)
Revenue from contracts with customers	9,342	6,423	4,366	1,047	12,146	5,000	5,905	2,834	31,759	15,304
Cost of revenue	(5,940)	(3,897)	(3,813)	(659)	(8,306)	(3,480)	(5,065)	(2,279)	(23,124)	(10,315)
Gross profit	3,403	2,526	554	388	3,840	1,520	840	555	8,636	4,989
Distribution expenses	(8.80)	(23)	(1)	(4)	(474)	(7)	(256)	(352)	(740)	(386)
Administrative expenses	(966)	(703)	(175)	(90)	(1,053)	(501)	(291)	(133)	(2,485)	(1,427)
	(975)	(726)	(176)	(94)	(1,527)	(508)	(547)	(485)	(3,225)	(1,813)
Profit / (loss) before taxation and unallocated income and expenses	2,428	1,800	378	294	2,313	1,012	293	70	5,411	3,176
Unallocated income and expenses:										
Other operating expenses									(89)	-
Reversals of impairment losses / (impairment losses) on financial assets									40	(8)
Exchange gain									1,375	334
Other income									855	319
Fair value adjustment on dilution of control in subsidiary									-	816
Share of loss of associate									(324)	(83)
Finance cost									(288)	(121)
									1,569	1,256
Profit before taxation									6,980	4,432
Taxation									(352)	(54)
Profit for the year									6,629	4,379

NORTH AMERICA & EUROPE

The segment analysis shows a one-off sale of a licence of product developed by NDC under Europe segment. Since the transaction is P&L neutral, the normalized margins of Europe region are 39% GP and 26% OP. The North American and European region grew by 45% and 37% (normalized) respectively and the Company is expecting to see modest growth in this segment in future.

MIDDLE EAST, AFRICA AND OTHERS

In the Middle Eastern region, TVS in UAE is leading the growth trajectory contributing about 69% to the total revenue. KSA and Qatar are also entering into the game with KSA having the potential to become a sizeable business in near future. APAC and Africa being very small at the moment, have also been clubbed under ME segment.

PAKISTAN

The Company has been re-strategizing its domestic business and has repositioned the customer base to private sector large scale enterprises from public sector and SMEs. The Company is focused on securing long-term recurring managed service contracts with Teleco and Financial institutions.

DIVIDEND & APPROPRIATIONS

For the year 2022, the Directors recommended a payment of final cash dividend @ 5 per share (2021: Rs. 5 per share) and bonus issue: Nil (2021:100%).

The following appropriation on account of dividend was made during the year:

	Un-appropriated profit (PKR)
Balance as at 31 December 2021	8,067,856,280
Total comprehensive income for the year	6,299,836,945
Less: Final dividend for the year ended 31 December 2021 at the rate of PKR Rs 5 per share	(695,913,000)
Less: Bonus share issue	(1,391,826,000)
Add: Forfeited share options	3,474,922
Balance as at 31 December 2022	12,283,429,147

EARNINGS PER SHARE

Basic and diluted earnings per share for the year ended 31 December 2022 for the Company are Rs. 22.44 and Rs. 22.29 (31 December 2021: Rs. 12.06 and Rs. 11.98) per share. Similarly, the basic and diluted earnings per share for the Group are Rs 23.61 and Rs. 23.45 (31 December 2021: Rs.16.21 and Rs. 16.10) per share.

ACQUISITION UPDATE

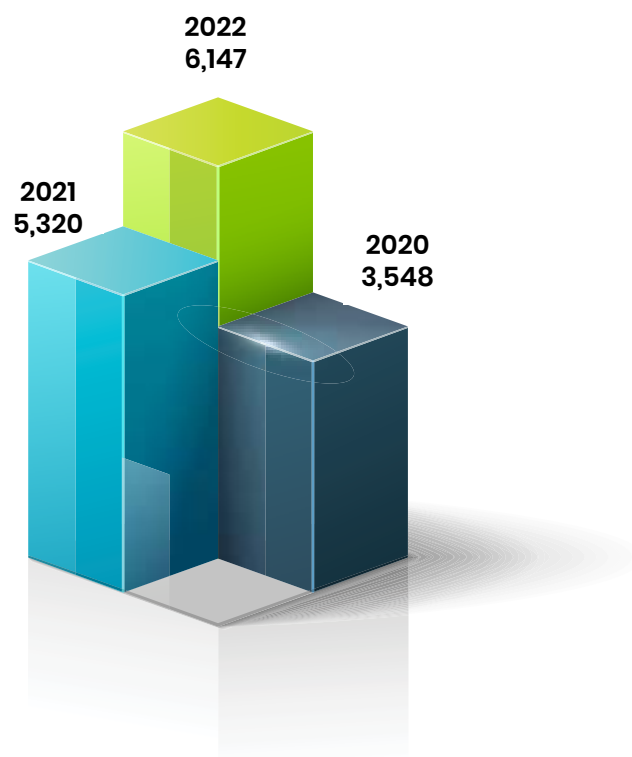
During last six months post acquisition of NDCTech, the Group has been actively working in capitalizing on the synergies and amalgamating the two businesses. The Group has also entered into two deals in the quarter which the Group believes will yield greater results in the future. The Group has acquired rights to develop and sell licences for the Country Model Bank (CMB) from Temenos which is a global banking software with localization capability. The Group has acquired the first right of refusal for the core banking upgrades in the 7 countries in GCC along with Pakistan which opens up new CMB license deals for the Group in the territories acquired with a possibility to promote additional services to the existing and new customers. The deal costs the Group to pay \$15m over 5 years and the company has already started amortizing the product in 2022.

The Group has also creatively packaged and sold a product developed by NDC called the CLOS (Consumer Loan Origination System). The product was priced at \$8m with ~ \$7m in guaranteed Royalties over 5 years and has been recognized as one time revenue in the P&L whereby the revalued cost reduced the intangibles value neutralizing the P&L impact.

PEOPLE'S UPDATE

During the year, the Company has made a net addition of ~ 827 resources to the group workforce. This includes employees from diverse backgrounds and varied skillset and includes resources hired across geographies. The Company has built teams in the regions which includes senior executives to run those geographies and pre-sales resources along with technical resources to manage front end customers. The Company is investing and hiring resources proactively and striving towards a future-ready pool of resources by training, re-skilling, and upskilling of the existing resource pool. The Company has also successfully integrated all NDC and TH teams under Systems umbrella.

During the year, the Company initiated skill developing programs like IT Mustaqbil (ITM) and TechLift to create the pipeline for its growing need for human resource. First batch of ITM has graduated and the Company is working on launching ITM in Karachi and Islamabad as well in 2023 to further expand the supply pipeline



INFRASTRUCTURE

The Company has developed sufficient infrastructure in Pakistan to accommodate future growth in the resource base including rear tower in Lahore office, new state of art office in Karachi along with separate facilities to house BPO resources in both Lahore and Karachi. The Company also invested in developing work spaces in UAE and KSA to accommodate the resource requirement to support business growth. The Company has sufficient capacity now and is not looking for a major upgrade or addition in 2023.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company aims to be an active corporate citizen in the societies where it operates. The Company believes that the future lies in the youth of today. We also believe that the technology shapes the future of nation, hence our efforts are focussed more on the technology related initiatives. Besides investing in the development of young people, the company helps underprivileged children and youth to advance in their life and avoid exclusion. Our initiatives mainly focus on the following

- Education,
- Health &
- Climate Change.

The Company has spent about Rs 77.4m in this regard in the financial year. The company launched the IT Mustakbil training program, focusing on reskilling the talent by expanding its footprint. The program is dedicated to providing equal opportunity to everyone to gain skills in IT related technologies and ultimately use them to explore the land of opportunities in the corporate world.

Health and medical services available to the community are another top corporate social responsibilities focus. The Company continues to support, aid, and help the facilitation of healthcare conveniences to the society through collaborations with health institutes, donations, and sponsorships for the cause.

ENVIRONMENT, SOCIAL, GOVERNANCE (ESG)

In line with Systems ESG Vision 2030, the Company has identified five (5) pillars to cater its ESG footprint and to map its activities with the UN sustainability principles. Periodic self assessment is undertaken and progress with the objectives aligned with each pillar are reported.

A summary of key activities undertaken during the year against each sustainability pillar are as follows:

Be kind to the Environment

- Water Conservation through awareness programs
- Tracking of energy consumption

Be kind to the Employees

- Hiring more specially abled employees
- Increased employee engagements through town halls and management meetings
- More focus on women empowerment
- Significant increase in trainings & certifications
- Numerous safety drills and sessions on work space ergonomics

Giving back to the Society

- Allocation of CSR budget and planned CSR initiatives
- Initiated Digital Inclusion through IT Mustakbil Program
- Laptop Donations

Governance

- Independent Board and its committees promoting GRC
- Responsible tax practices
- Code of conduct/Business ethics
- Cyber security and data privacy

Sustainable Financial Growth

- 5 year revenue CAGR over 53%
- Consistent dividend payouts and capitalization gains
- Global expansion to reduce concentration risk

For further details on specific facts, a sustainability dashboard is included in the ESG section on page 83 of annual report.

FUTURE OUTLOOK AND PROSPECTS FOR GROWTH

2023 Plans

- In 2023, the Company is planning to consolidate its offerings under 3 core verticals;
 - With the acquisition of NDC, the Company's existing Banking and Finance Sector (BFS) vertical is strengthened by merging all core and non-core banking services under one roof. This vertical is led by a seasoned professional team who is responsible for overall growth of the vertical by expanding its offerings and services through innovation and global expansion. The Company believes that there is a huge opportunity to cross sell and upsell end to end business consultancy and technology services to conventional, Islamic and digital banks.
 - The Company is further strengthening its Telco vertical around digital BSS (Business Solution Services) side. The Company has focused over past few years on the digital BSS and has developed few solutions and frameworks for the Telco, which serve as a door opener to access new telco clients. The Company is working on expanding the footprint in Telco in larger GCC region as well as APAC.
 - The Company has combined all other services under a third vertical calling it a growth vertical where the Company is serving various public sector entities across regions along with pharma, healthcare, retail with special focus on technology offerings.
- To be agile and relevant, the Company is constantly upgrading its technology skill set including Generative AI, AR/VR, IOT, RPA, Metaverse and blockchain.
- The Company plans to stay focused on the existing markets this year to capitalize on the higher growth trajectory in MEA region. The Company is seeing strong demand and new opportunities and a healthy pipeline available that can be capitalized for future growth. Hence, the Company is not planning to tap into new markets in 2023. Following are few key updates on the markets:
 - The Company's UAE and Middle East Cluster (MEC) business has strategic and long term contracts and relationships which will be the enabler for the future growth of existing customers and will also open up new opportunities through direct relationships, partner networks and strong principal alignments such as Microsoft, Temenos, SAP, Informatica and many other strategic relationships.
 - KSA entity that was incorporated earlier last year, is fully operational now and the Company has secured sizeable contracts in KSA and Bahrain region. The healthy pipeline will help with the momentum in KSA as a lot of investment is happening in the region especially in Riyadh area. The Company is targeting customer acquisition in both public and private sectors.
 - The Company has also infiltrated APAC in 2022 by acquiring a few large customers in the region. APAC market has received the company well and considering the market size and potential, the Company sees good opportunity and expecting the growth momentum to continue. The Company is aggressively pursuing new deals for further expansion in the APAC region.
 - The Company has ventured into the African region and opened its office in South Africa. The Company is getting a lot of traction in East and West Africa as well and has signed deals in West Africa in addition to South Africa. The Company has team on ground and exploring the region further for future growth.
 - During the year, a development center was incorporated in Egypt in order to gain language advantage and to serve the regional Arabic speaking customers. However the Company is getting traction in the Egyptian market as well and has been able to secure deals especially in the banking and Telco sector and sees further opportunity to grow.

- The Company is seeing modest growth in North America and Europe region. The Company is aggressively working to grow existing customers and acquire new business through direct relationships, strong principal alignments such as Microsoft, Salesforce and many other strategic relationships.
- As a strategy, the Company is limiting its mortgage BPO business which has been adversely impacted by the higher interest rates across the globe. Mortgage BPO is expected to be less than 2% of the overall portfolio.
- The Company plans to continue pursuing inorganic growth opportunities, not just in Pakistan but globally as well. The Company is evaluating businesses that are aligned with the strategy, structure and culture of the Company.

PRINCIPAL RISK AND UNERTAINTIES FACING THE COMPANY

RISK FACTORS

Following are some of the risk factors that may impact our business and financial results:

- Political risk – The current local and global political environment can impact businesses if the situation gets adverse.
- Risk of Travel advisory – Investors and buyers will not be able to travel to the country in case of any travel advisory. Though offshoring has increased in the past couple of years, however business travel is still required to onsite centers and travel restrictions will impact business since resources will not be able to visit foreign clients.
- Pricing Pressures – In case of demand compression, over supply of capacity could result in a price war, potentially effecting profit margins. Under inflationary pressures, customers may seek for discounts or renegotiations on current contracts.
- Country Risk – Political instability, high inflation and interest rates can impact business.
- Global recession – caused by Stagflation resulting in slow down of economic activities globally.

CHANGES DURING FINANCIAL YEAR CONCERNING THE NATURE OF THE BUSINESS OF THE COMPANY OR OF ITS SUBSIDIARIES AND JOINT OPERATION

There has been no change in the nature of business of the company or its subsidiaries. The Company has incorporated following subsidiaries during the year:

Incorporation of New Subsidiaries

- Techvista Information Technology W.L.L. a limited liability company incorporated in the State of Qatar. Systems Limited owns 34% share capital in the company, Pursuant to the agreement entered with the remaining shareholders of the company on February 27, 2022 Systems limited has obtained all control and management of the company.
- SYS Egypt for Information Technology Services, a limited liability company incorporated in the Arab Republic of Egypt on May 29, 2022, for the purpose of sale of software services and trading software licenses in the Middle East and North Africa region
- Systems Africa for Information Technologies (Pty.) Ltd., a limited liability company incorporated in the Republic of South Africa on July 28, 2022, for the purpose of sale of software services and trading software licenses in the region.
- Systems International IT Pte. Ltd. is a limited liability company incorporated in the Republic of Singapore on May 11, 2022 for the purpose of sale of software services and trading software licenses in the Asia Pacific region.
- Systems APAC for Information Technology Pte. Ltd was incorporated in the Republic of Singapore on March 24, 2022 for the purpose of Development of Software & Applications. Systems APAC for Information Technology PTE Ltd is a sub-subsidiary of Systems International IT Pte. Ltd.

New Acquisitions

- TechVista Systems FZ LLC a wholly owned systems limited company, has fully acquired Treehouse Consultancy LLC, a high-end IT solutions provider, along with its subsidiaries and associated companies.
- National Data Consultant (Private) Limited ('NdcTech'), acquired by the Company on July 05, 2022 through the share purchase agreement. NdcTech is a company setup in Pakistan engaged in core and digital banking implementation services, having rich clients in Pakistan, Middle East, Africa and Asia Pacific region.
- Systems International IT Pte. Ltd has acquired 100% stake in National Data Consultants FZC (incorporated in UAE) and NDC Tech APAC Pte. Ltd. (incorporated in Singapore).

MAIN TRENDS AND FACTORS LIKELY TO AFFECT THE FUTURE DEVELOPMENT, PERFORMANCE AND POSITION OF THE COMPANY BUSINESS

Technology is rapidly changing and demands are on the higher side for disruptive technologies. In order to grow at a faster pace, the Company has to scale up and nurture talent. Scaling into relevant technologies will have a significant impact on future performance and position of the Company's business.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The management of Systems Limited as a Group is responsible for the establishment and maintenance of the Company's and the Group's system of internal control in order to identify and manage risks faced by the Group. The system provides reasonable, though not absolute, assurance that:

- assets are safeguarded against unauthorized use or disposition;
- proper and reliable accounting records are available for use within the business;
- adequate control mechanisms have been established within the operational businesses and
- Internal financial controls deployed within the Company have been satisfactory throughout the year.

CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAMEWORK

As required by the Code of Corporate Governance, the directors are pleased to confirm that:

- The financial statements prepared by the management of the Company and the Group, present its state of affairs fairly, the result of its operations, cash flows and changes in equity
- Proper books of accounts of the Company and each of its subsidiaries have been maintained
- Appropriately accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and there have been no departures therefrom
- The system of internal control is sound in design and has been effectively implemented and monitored
- There are no significant doubts about the Company's ability along with the subsidiaries to continue as a going concern

There has been no material departure from the best practices of corporate governance as detailed in listing regulations

COMPOSITION OF THE BOARD

In line with the requirements of the CCG, the Company encourages representation of Independent and Non-Executive Directors, as well as gender diversity, on its Board. The current composition of the Board is as follows:

Total Number of Directors

- a) Male: 6
- b) Female: 1

Compostion

- i. Independent Directors: 4
Mr. Syed Muhammad Shabbar Zaidi
Mr. Asif Jooma
Ms. Romana Abdullah
Mr. Omer Saeed
- ii. Non-Executive Directors: 2
Mr. Aezaz Hussain – Chairman
Mr. Arshad Masood
- iii. Executive Directors: 1
Mr. Asif Peer – CEO

Audit Committee

Mr. Syed Mohammad Shabbar Zaidi – Chairman
Mr. Asif Jooma – Member
Ms. Romana Abdullah – Member

HR & Compensation Committee

Mr. Asif Jooma – Chairman
Mr. Omer Saeed
Ms. Romana Abdullah
Mr. Arshad Masood

During the period under review, seven(7) Board meetings, five (05) Audit Committee meetings and two (02) Human Resource and Compensation Committee (HRCC) meetings were held. Attendance by each Director of the respective Board/Sub – Committees meetings was as follows:

Board of Directors			
Name of Director	Board Meetings	Audit Committee	HRCC
Mr. Aezaz Hussain	7	-	-
Mr. Arshad Masood	7	-	2
Mr. Asif Peer	7	-	-
Mr. Asif Jooma	7	5	2
Mr. Syed Muhammad Shabbar Zaidi	7	5	-
Mr. Omer Saeed	4	-	2
Ms. Romana Abdullah	6	4	2

POLICY ON NON EXECUTIVE AND INDEPENDENT DIRECTORS' REMUNERATION

All non-executive and independent directors of the Company are entitled to remuneration for attending Board and Committee meetings along with reimbursement of expenses incurred in connection with these meetings.

The remuneration levels are commensurate with the level of responsibility and expertise, to attract and retain experienced and wellqualified directors encouraging value creation for Systems Limited; while ensuring that the compensation packages are not at a level that could be perceived to compromise the independence of non-executive directors. No director is involved in the determination of their own remuneration package.

A director may be paid such extra remuneration as the Board may determine, for serving on any Committee or devoting special attention to the business of the Company or performance of services which, in the opinion of the Board, are outside the scope of statutory duties of a director.

BOARD EVALUATION

As required under the Listed Companies (Code of Corporate Governance Regulations), 2019, the Board conducts a self-evaluation of its performance on an annual basis. The Board of Directors believes that continuous assessment is critical in determining how effectively the Board has performed against the objectives and goals that they have set for themselves. Based on the results of the evaluation, areas of improvement are identified and corrective action plans are prepared and acted on.

DIRECTORS' TRAINING

A majority of the Board members have either acquired Director's training or have the prescribed qualification and experience required for exemption from training programmes for Directors, under Regulation 19 of the CCG. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

KEY OPERATING AND FINANCIAL DATA

Key operating and financial data for the last six years is annexed with the on page 74 of the annual report.

INVESTMENTS OF PROVIDENT FUND

The value of provident fund operated by the Company, based on the un-audited accounts of the fund as on 31 December 2022 amounts to Rs 1,670 million (31 December 2021: PKR 949.1 million)

PATTERN OF SHAREHOLDING

The Pattern of Shareholding as at 31 December 2022 of Systems Limited along with its subsidiaries is on page 88 of the annual report.

TRADING BY DIRECTORS, EXECUTIVES AND THEIR SPOUSES AND MINOR CHILDREN

The Company's Directors, executives and their spouses and minor children did not trade in the Company's shares during the year ended 31 December 2022 other than those disclosed on Pakistan Stock Exchange.

REVIEW OF RELATED PARTIES TRANSACTIONS

In compliance with the Code of Corporate Governance and applicable laws and regulations, details of all related party transactions are placed before the Audit Committee and upon recommendation of the Audit Committee, the same are placed before the Board for review and approval. All the directors are required to disclose their interest where such transactions are of interest to them.

QUARTERLY AND ANNUAL FINANCIAL STATEMENTS

The financial statements were duly endorsed by CEO and CFO before approval of the Board. Quarterly financial statements of the Company, along with consolidated financial statements of the Group, were approved, published and circulated to shareholders within one month of the closing date, while Half yearly financial statements of the Company and consolidated audited financial statements of the Group were reviewed by the external auditors, approved by the Board, published and circulated to shareholders within two months of the closing date.

AUDITORS

A.F. Ferguson & Co. has completed its tenure for the year 2022 and retire at the conclusion of the 46th Annual General Meeting. Being eligible, they have offered themselves for re-appointment for the financial year ending December 31st, 2023.

Upon recommendation of the Audit Committee, the Board recommends appointing M/s A.F. Ferguson & Co. as the statutory auditors of the Company for the year ending December 31, 2023, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements of the Company includes the following subsidiaries and associates:

- TechVista Systems FZ LLC.
- TechVista Systems LLC
- TechVista Manpower LLC
- Systems Australia (formerly TechVista Systems Pty Ltd)
- Treehouse Consultancy LLC
- Systems APAC for Information Technology Pte. Ltd
- SUS (Private) Limited (incorporated for Baluchistan Land record project)
- Systems Arabia for Information Technology
- Systems Ventures (Private) Ltd
- Techvista Information Technology W.L.L.
- SYS Egypt for Information Technology Services
- Systems International IT Pte. Ltd.
- Systems Africa for Information Technologies (Pty.) Ltd.
- National Data Consultants (Pvt.) Limited
- NDC Tech APAC Pte. Ltd
- National Data Consultancy FZE
- Associated company - E-Processing Systems B.V.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company and the Group have occurred between the end of the financial year and the date of this report except as disclosed in this report, if any.

ACKNOWLEDGEMENT

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

On behalf of the Board



Asif Peer
Chief Executive Officer



Aezaz Hussain
Chairman

Date: 18-April-2023
Lahore

مجموعی مالیاتی گوشوارے

کمپنی کے مجموعی مالیاتی گوشواروں میں اس کے درج ذیل ماتحت ادارے اور ایسوسی ایٹس شامل ہیں:-

- | | |
|--|--|
| ☆ ٹیک و سٹا انفارمیشن ٹیکنالوجی ڈبلیو۔ ایل۔ ایل | ☆ ٹیک و سٹا سسٹمز ایف زیڈ ایل ایل سی |
| ☆ ایس وائے ایس مصر برائے انفارمیشن ٹیکنالوجی سروسز | ☆ ٹیک و سٹا سسٹمز ایل ایل سی |
| ☆ سسٹمز انٹرنیشنل آئی ٹی پرائیویٹ لمیٹڈ | ☆ ٹیک و سٹا مین پاور ایل ایل سی |
| ☆ سسٹمز افریقا برائے انفارمیشن ٹیکنالوجیز (پرائیویٹ) لمیٹڈ | ☆ سسٹمز آسٹریلیا سابقہ (ٹیک و سٹا سسٹمز پی ٹی وائے) |
| ☆ این ڈی سی ٹیک اے پی اے سی پی ٹی ای لمیٹڈ | ☆ ٹری ہاؤس کنسلٹنسی ایل ایل سی |
| ☆ نیشنل ڈیٹا کنسلٹنسی (پرائیویٹ) لمیٹڈ | ☆ سسٹمز اے پی اے سی فار انفارمیشن ٹیکنالوجی پی ٹی ای لمیٹڈ |
| ☆ نیشنل ڈیٹا کنسلٹنسی ایف زیڈ ای | ☆ ایس یو ایس (پرائیویٹ) لمیٹڈ (بلوچستان لینڈ ریکارڈ پراجیکٹ کیلئے شامل کردہ) |
| ☆ ایسوسی ایٹڈ کمپنی۔ ای۔ پراسینگ سسٹمز بی۔ وی | ☆ سسٹمز عربیہ برائے انفارمیشن ٹیکنالوجی |
| | ☆ سسٹمز وینچرز (پرائیویٹ) لمیٹڈ |

ضمنی واقعات

مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے مابین کمپنی اور گروپ کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلی یا وعدے نہیں ہوئے ہیں، ماسوائے اس رپورٹ میں کئے گئے انکشاف کے، اگر کوئی ہے۔

اعتراف

بورڈ اس موقع پر کمپنی اور اس کے ماتحت اداروں کے قابل قدر کسٹمرز، بینکرز اور دیگر متعلقین کے تعاون اور معاونت کیلئے شکر گزار ہے۔ بورڈ انتظامیہ اور گروپ کے تمام ملازمین کی محنت اور لگن کی بڑی قدر کرتا ہے۔

حسب الحکم بورڈ



آصف پیر

چیف ایگزیکٹو آفیسر



اعزاز حسین

چیرمین

تاریخ: 18 اپریل 2023

لاہور

کلیدی آپریٹنگ اور مالی اعداد و شمار

پچھلے سات سالوں کا کلیدی آپریٹنگ اور مالی اعداد و شمار سالانہ رپورٹ کے ساتھ منسلک ہے۔

پراویڈنٹ فنڈ کی سرمایہ کاری

کمپنی کے ذریعے چلائے جانے والے پراویڈنٹ فنڈ کی مالیت، فنڈ کے غیر آڈٹ شدہ کھاتوں کی بنیاد پر 31 دسمبر 2022ء کو 1,668.2 ملین (31 دسمبر 2021ء: پاکستانی روپوں میں 949.1 ملین)

شیئر ہولڈنگ کا نمونہ

سسٹمز لمیٹڈ اور اس کے ذیلی اداروں کے شیئر ہولڈنگ کا نمونہ برطابق 31 دسمبر 2022ء سالانہ رپورٹ کے سیکشن۔۔۔ کے ساتھ منسلک ہے۔

ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں کے ذریعے ٹریڈنگ

کمپنی کے ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں نے 31 دسمبر 2021ء کو ختم ہوئے سال کے دوران کمپنی کے شیئرز میں کوئی ٹریڈنگ نہیں کی ماسوائے اس کے جسے پاکستان سٹاک ایکسچینج میں ظاہر کیا گیا ہے۔

متعلقہ فریقین کے لین دین کا جائزہ

کوڈ آف کارپوریٹ گورننس اور قابل اطلاق قواعد و ضوابط کے تعیل میں، تمام متعلقہ فریقوں کے لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے رکھی جاتی ہیں اور آڈٹ کمیٹی کی سفارش پر انہیں جائزہ اور منظوری کیلئے بورڈ کے سامنے پیش کیا جاتا ہے۔ تمام ڈائریکٹرز کو اپنی دلچسپی ظاہر کرنے کی ضرورت ہے جہاں اس طرح کے لین دین ان کے مفاد میں ہیں۔

سہ ماہی اور سالانہ مالیاتی گوشوارے

بورڈ کی منظوری سے قبل سی ای او، اور سی ایف او نے مالیاتی گوشواروں کی توثیق کی۔ کمپنی کے سہ ماہی مالیاتی گوشواروں کے ساتھ ساتھ گروپ کے مجموعی مالیاتی گوشوارے، منظور کئے گئے، شائع کئے گئے اور اختتامی تاریخ کے ایک ماہ کے اندر شیئر ہولڈرز کو بھیج دیئے گئے، جبکہ ایکسٹرنل آڈیٹرز نے کمپنی کے نصف سالانہ مالیاتی گوشواروں اور گروپ کے مجموعی مالیاتی گوشواروں کا جائزہ لیا، انہیں بورڈ کے ذریعے منظور کیا گیا اور اختتامی تاریخ کے دو ماہ کے اندر شیئر ہولڈرز کو بھیج دیا گیا۔

آڈیٹرز

اے۔ ایف۔ فرگوسن اینڈ کمپنی نے سال 2022ء کیلئے اپنی معیاد مکمل کر لی ہے اور 46 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہوئے ہیں۔ اہل ہونے کے ناطے انہوں نے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

آڈٹ کمیٹی کی سفارش پر بورڈ 31 دسمبر 2023ء کو ختم ہونے والے سال کیلئے میسرز فرگوسن اینڈ کمپنی کو شیئر ہولڈرز کے آئندہ منعقد ہونے والے سالانہ اجلاس عام سے مشروط کمپنی کے قانونی آڈیٹرز کے طور پر مقرر کرنے کی سفارش کرتا ہے۔

نام ڈائریکٹر	بورڈ اجلاس	آڈٹ کمیٹی	ایچ آرسی
محترم جناب اعجاز حسین	7	-	-
محترم جناب ارشد مسعود	7	-	2
محترم جناب آصف پیر	7	-	-
محترم جناب آصف جوما	7	5	2
محترم جناب سید محمد شہیر زیدی	7	5	-
محترم جناب عمر سعید	4	-	2
محترمہ روانہ عبداللہ	6	4	2

نان ایگزیکٹو اور خود مختار ڈائریکٹران کی معاوضہ پالیسی

کمپنی کے تمام نان ایگزیکٹو اور خود مختار ڈائریکٹران اجلاس کے سلسلے میں ہونے والے اخراجات کی وصولی کے ساتھ ساتھ بورڈ اور کمیٹی کے اجلاسوں میں شرکت کیلئے معاوضہ کے حقدار ہیں۔

معاوضہ کی سطحیں ذمہ داری اور مہارت کی سطح کے مطابق ہیں، تاکہ سسٹمز لمیٹڈ کیلئے قدر پیدا کرنے کی حوصلہ افزائی کرنے والے تجربہ کار اور اہل ڈائریکٹرز کو راغب کیا اور برقرار رکھا جاسکے؛ اس بات کو یقینی بناتے ہوئے کہ معاوضے کے پیکیج اس سطح پر نہ ہوں جسے نان ایگزیکٹو ڈائریکٹرز کی خود مختاری پر سمجھوتہ تصور کیا جاسکتا ہو۔ کوئی بھی ڈائریکٹر اپنے ذاتی معاوضہ پیکیج کے تعین میں ملوث نہیں ہے۔

کسی ڈائریکٹر کو کسی کمیٹی میں خدمات انجام دینے یا کمپنی کے کاروبار پر خصوصی توجہ دینے یا خدمات کی کارکردگی، جو کہ بورڈ کی رائے میں ڈائریکٹر کے قانونی فرائض کے دائرے سے باہر ہو، کیلئے اتنا اضافی معاوضہ ادا کیا جاسکتا ہے جتنا کہ بورڈ اس کیلئے تعین کرتا ہے۔

بورڈ کا جائزہ

جیسا کہ سسٹمز لمیٹڈ (کوڈ آف کارپوریٹ گورننس ریگولیشنز) 2019ء کے مطابق، بورڈ سالانہ بنیادوں پر اپنی کارکردگی کا خود جائزہ لیتا ہے۔ بورڈ آف ڈائریکٹرز کا خیال ہے کہ مسلسل تشخیص اس بات کا تعین کرنے کیلئے اہم ہے کہ بورڈ نے اپنے لئے مقرر کردہ مقاصد اور اہداف کے حصول کیلئے کس قدر موثر کارکردگی کا مظاہرہ کیا ہے۔ تشخیص کے نتائج کی بنیاد پر، بہتری کے شعبوں کی نشاندہی کی جاتی ہے اور اصلاحی ایکشن پلان تیار کئے جاتے ہیں اور ان پر عمل کیا جاتا ہے۔

ڈائریکٹرز کی تربیت

سی سی جی کی ریگولیشن 19 کے مطابق بورڈ ممبران کی اکثریت کو یا تو ڈائریکٹرز کی تربیت درکار ہوتی ہے یا پھر ڈائریکٹرز کیلئے تربیتی پروگراموں کی انتہائی کیلئے مجوزہ کو ایفیکشن اور تجربہ کا حامل ہونا ضروری ہے۔ تمام ڈائریکٹرز کارپوریٹ باڈیز کے ڈائریکٹرز کے طور پر اپنے فرائض اور ذمہ داریوں سے پوری طرف واقف ہیں۔

کلیدی آپریٹنگ اور مالی اعداد و شمار

پچھلے سات سالوں کا کلیدی آپریٹنگ اور مالی اعداد و شمار سالانہ رپورٹ کے ساتھ منسلک ہے۔

- مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ سٹیڈرز پر، جیسا کہ پاکستان میں قابل اطلاق ہیں، عمل میں لایا گیا ہے اور ان سے کوئی انحراف نہیں کیا گیا۔

- اندرونی کنٹرولز کا نظام بناوٹ میں محفوظ ہے اور اس کو موثر انداز میں نافذ اور نگرانی کی جا رہی ہے
- کمپنی کے ساتھ ساتھ اس کے ماتحت اداروں کی کاروبار کو جاری رکھنے کی صلاحیت کے بارے میں کوئی نمایاں شکوک و شبہات نہیں ہیں۔
- کارپوریٹ گورننس کے بہترین طریقوں سے کوئی انحراف نہیں ہے جیسا کہ لسٹنگ ریگولیشنز میں تفصیل درج ہے۔

بورڈ کی تشکیل

سی سی جی کی احتیاجات کے مطابق کمپنی صنفی تنوع کے ساتھ اپنے بورڈ میں خود مختار اور نان ایگزیکٹو ڈائریکٹرز کی نمائندگی کی حوصلہ افزائی کرتی ہے۔
ڈائریکٹرز کی تعداد

(الف) مرد - 6

(ب) خواتین - 1

تشکیل

i خود مختار ڈائریکٹرز - 4 ii نان ایگزیکٹو ڈائریکٹرز - 2

محترم جناب اعجاز حسین

محترم جناب ارشد مسعود

iii ایگزیکٹو ڈائریکٹرز - 1

محترم جناب آف پیر سی ای او

محترم جناب سید محمد شبیر زیدی

محترم جناب آف جو ما

محترمہ رومانہ عبداللہ

محترم جناب عمر سعید

آڈٹ کمیٹی

محترم جناب آصف جو ما۔ چیئر مین

محترم جناب عمر سعید

محترم جناب رومانہ عبداللہ

محترم جناب ارشد مسعود

محترم جناب محمد شبیر زیدی۔ چیئر مین

محترم جناب آصف جو ما۔ ممبر

محترمہ رومانہ عبداللہ۔ ممبر

ایچ آر اور معاوضہ کمیٹی

زیر غور مدت کے دوران بورڈ کے 7، آڈٹ کمیٹی کے 5، ہیومن ریسورس اینڈ کمپنیشن کمیٹی (ایچ آر سی) کے 2 اجلاس منعقد ہوئے۔ معزز بورڈ/سب کمیٹی کے ہر ڈائریکٹر کی حاضری تفصیلات حسب ذیل ہیں:

☆ سسٹمز اے پی اے سی برائے انفارمیشن ٹیکنالوجی پرائیویٹ لمیٹڈ مورخہ 24 مارچ 2022ء کو سنگاپور میں قائم کی جانے والی کمپنی ہے جس کا مقصد سافٹ ویئر اور ایپلی کیشنز کی ڈویلپمنٹ تھی۔ سسٹمز اے پی اے سی برائے انفارمیشن ٹیکنالوجیز پرائیویٹ لمیٹڈ سسٹمز انٹرنیشنل آئی ٹی پرائیویٹ لمیٹڈ کی ماتحت کمپنی ہے۔

نئے اکتسابات

☆ ٹیک و سٹاسٹمز ایف زیڈ ایل ایل سی ایک مکمل ملکیتی سسٹمز لمیٹڈ کمپنی ہے جس نے ٹری ہاؤس کنسلٹنسی ایل ایل سی جو ایک اعلیٰ درجے کی آئی ٹی سلوشنز فراہم کنندہ ہے کو اس کی ذیلی کمپنیوں اور متعلقہ کمپنیوں کے ساتھ مکمل طور پر حاصل/ایکوائزر کر لیا ہے۔

☆ نیشنل ڈیٹا کنسلٹنٹ (پرائیویٹ) لمیٹڈ (این ڈی سی ٹیک) مورخہ 05 جولائی 2022ء کو شیئر پر چیز ایگریمنٹ کے تحت کمپنی کی جانب سے حاصل/ایکوائزر کردہ ہے۔ این ڈی سی ٹیک پاکستان میں قائم ایک کمپنی سیٹ اپ ہے جو پاکستان، مڈل ایسٹ، افریقا اور ایشیا کے علاقوں میں وسیع صارفین کے ساتھ بنیادی اور ڈیجیٹل بینکنگ عملداری خدمات سے وابستہ ہے۔

☆ سسٹمز انٹرنیشنل آئی ٹی پرائیویٹ لمیٹڈ نے نیشنل ڈیٹا کنسلٹنٹس ایف زیڈ سی (متحدہ عرب امارت میں قائم) میں 100 فیصد سٹیک حاصل کر رکھے ہیں۔

کمپنی کے کاروبار کی پوزیشن، کارکردگی اور مستقبل کی ترقی پر اثر انداز ہونے والے بنیادی رجحانات اور عوامل ٹیکنالوجی تیزی سے بدل رہی ہے اور خلل ڈالنے والی ٹیکنالوجیوں کی طلب بلندی کی طرف گامزن ہے۔ تیز رفتاری سے ترقی کرنے کیلئے کمپنی کو اپنا ٹیکنالوجی بڑھانا اور پروان چڑھانا ہوگا۔ متعلقہ ٹیکنالوجیوں میں پیشرفت سے کمپنی کے کاروبار کی پوزیشن اور مستقبل کی کارکردگی پر نمایاں اثر پڑے گا۔

اندرونی مالیاتی کنٹرول کی قابلیت

ایک گروپ کی حیثیت سے گروپ کو درپیش خطرات کی نشاندہی اور انتظام کیلئے سسٹمز لمیٹڈ کی انتظامیہ کمپنی اور گروپ کے اندرونی کنٹرول کے سسٹم کے قیام اور دیکھ بھال کیلئے ذمہ دار ہے۔ یہ سسٹم اگرچہ مطلق نہیں لیکن معقول یقین دہانی کراتا ہے کہ:

- غیر مجاز استعمال یا برتاؤ کے خلاف اثاثوں کی حفاظت کی جاتی ہے؛
- کاروبار کے اندر استعمال کیلئے درست اور قابل اعتماد اکاؤنٹنگ ریکارڈ دستیاب ہیں؛
- آپریشنل برنسز کے اندر مناسب کنٹرول میکانیزم قائم کیا گیا ہے اور
- کمپنی کے اندر لگائے گئے انٹرنل فنانشل کنٹرولز پورے سال کے دوران تسلی بخش رہے ہیں

کارپوریٹ گورننس اور مالی رپورٹنگ کا ڈھانچہ

جیسا کہ کوڈ آف کارپوریٹ گورننس کی ضرورت ہے ڈائریکٹرز کو اس بات کی تصدیق کرتے ہوئے خوشی ہے کہ

- کمپنی اور گروپ کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اس کی صورت حال، اس کی کارروائیوں کے نتائج، نقد بہاؤ اور ایکویٹی میں بدلاؤ کو منصفانہ طور پر پیش کرتے ہیں۔

- کمپنی اور اس کے ذیلی اداروں میں سے ہر ایک کے اکاؤنٹس کی مناسب بکس برقرار رکھی گئی ہیں
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئی ہیں اور اکاؤنٹ کے تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔

- ایک حکمت عملی کے طور پر، کمپنی اپنے رہن والے بی بی پی او کاروبار کو محدود کر رہی ہے جو پوری دنیا میں بلند شرح سود سے بری طرح متاثر ہوا ہے۔ مارکیٹ بی بی پی او کے مجموعی پورٹ فولیو کے 2 فیصد سے کم ہونے کی توقع ہے۔
- کمپنی نہ صرف پاکستان بلکہ عالمی سطح پر بھی غیر نامیاتی ترقی کے مواقع کو جاری رکھنے کا ارادہ رکھتی ہے۔ کمپنی ان کاروباروں کا جائزہ لے رہی ہے جو کمپنی کی حکمت عملی، ساخت اور ثقافت سے ہم آہنگ ہیں۔

کمپنی کو درپیش بنیادی خطرات اور غیر یقینی صورتحال

خطرے کے عوامل

خطرہ کے درج ذیل عوامل ہمارے کاروبار اور مالی نتائج کو متاثر کر سکتے ہیں:

- ☆ سیاسی خطرہ۔ اگر صورتحال زیادہ خراب ہو جاتی ہے تو موجودہ سیاسی ماحول کاروبار پر اثر انداز ہو سکتا ہے۔
- ☆ ٹریول ایڈوائزری کا خطرہ۔ کسی ٹریول ایڈوائزری کی صورت میں سرمایہ کار خریدار اس ملک کا سفر نہیں کر سکیں گے۔ چونکہ کمپنی خدمات کا کاروبار کرتی ہے اور بہت سا کام آف شور ہو رہا ہے، تاہم پھر بھی سفری پابندیوں سے کاروبار متاثر ہوگا کیونکہ لوگ غیر ملکی کلائنٹس سے ملاقات نہیں کر پائیں گے۔
- ☆ قیمتوں کا دباؤ۔ طلب میں غیر متوقع کمی کی صورت میں یا صلاحیت لوگوں کی فراوانی ہوگی لیکن طلب کم ہوگی۔ اس کے نتیجے میں قیمتوں کی جنگ شروع ہو جائیگی، اور اس سے منافع کے مارجن پر بُرا اثر پڑے گا۔
- ☆ ملکی خطرہ۔ سیاسی عدم استحکام، مہنگائی میں ہوشربا اضافہ اور شرح سود کاروبار پر اثر انداز ہو سکتے ہیں۔
- ☆ عالمی کساد بازاری۔ اسٹیک فلیشن کی وجہ سے عالمی سطح پر معاشی سرگرمیاں سست پڑ جاتی ہیں۔
- ☆ مالی سال کے دوران کمپنی یا اس کے ذیلی اداروں اور جوائنٹ آپریشن کے کاروبار کی نوعیت سے متعلق تبدیلیاں کمپنی یا اس کے ذیلی اداروں کے کاروبار کی نوعیت میں کوئی تبدیلی نہیں آئی ہے۔ کمپنی میں سال کے دوران درج ذیل نئے ماتحت اداروں کی شمولیت کی گئی:

نئے ماتحت اداروں کی شمولیت

- ☆ ٹیک و سٹا انفارمیشن ٹیکنالوجی ڈیلیو۔ ایل۔ ایل قطر میں قائم ایک لمیٹڈ لائبلٹی کمپنی ہے۔ سسٹمز لمیٹڈ اس کمپنی میں 34 فیصد حصص کا حامل ہے۔ مورخہ 27 فروری 2022ء کو کمپنی کے بقایا شیئرز ہولڈرز کے ساتھ ہونے والے معاہدہ کے مطابق سسٹمز لمیٹڈ کمپنی کے تمام کنٹرول اور مینجمنٹ حاصل کر چکا ہے۔
- ☆ ایس و اے ایس مصر برائے انفارمیشن ٹیکنالوجی سروسز عرب ری پبلک آف مصر میں 29 مئی 2022ء کو قائم کی گئی ایک لمیٹڈ لائبلٹی کمپنی ہے جس کا مقصد ڈل ایسٹ اور نارتھ افریقا ریجن میں سافٹ ویئر سروسز کی فروخت اور سافٹ ویئر لائسنس کی تجارت کرنا ہے۔
- ☆ سسٹمز افریقا برائے انفارمیشن ٹیکنالوجیز (پرائیویٹ) لمیٹڈ مورخہ 28 جولائی 2022ء کو ری پبلک آف ساؤتھ افریقا میں قائم کی جانے والی ایک لمیٹڈ لائبلٹی کمپنی ہے جس کا مقصد ریجن میں سافٹ ویئر سروسز کی فروخت اور سافٹ ویئر لائسنس کی تجارت ہے۔
- ☆ سسٹمز انٹرنیشنل آئی ٹی پرائیویٹ لمیٹڈ سنگا پور میں مورخہ 11 مئی 2022ء کو قائم کی جانے والی ایک لمیٹڈ لائبلٹی کمپنی ہے جس کا مقصد ایشیا میں سافٹ ویئر سروسز کی فروخت اور سافٹ ویئر لائسنس کی تجارت ہے۔

﴿ کمپنی ڈیجیٹل بی ایس ایس (بزنس سلوشن سروسز) کے حوالے سے اپنے ٹیلی کام ورٹیکل کو مزید مضبوط کر رہی ہے۔ کمپنی نے گزشتہ چند سالوں میں ڈیجیٹل بی ایس ایس پر توجہ مرکوز کی ہے اور ٹیلی کام کیلئے کچھ حل اور فریم ورک تیار کئے ہیں، جو نئے ٹیلی کام صارفین تک رسائی کیلئے راہیں کھولنے کا کام کر یں گے۔ کمپنی بڑے جی سی سی خطے کے ساتھ ساتھ اے پی اے سی میں ٹیلی کام میں قدم بڑھانے پر کام کر رہی ہے۔

﴿ کمپنی نے تمام دیگر سروسز کو تیسرے ورٹیکل جسے ترقی کا ورٹیکل کہا جاتا ہے اور جس کے تحت کمپنی پورے خطے بشمول فارما، ہیلتھ کیئر، ریٹیل مع ٹیکنالوجی کی فراہمی پر خصوصی توجہ کے ساتھ متعدد پبلک سیکٹر اداروں کو خدمات دے رہی ہے کے تحت آکٹھا کر دیا ہے۔

○ فعال اور متعلقہ رہنے کیلئے کمپنی اپنی تکنیکی مہارتوں بشمول جزیٹو اے ایل، اے آر/وی آر، آئی او ٹی، آر پی اے، میٹا ورس اور بلاک چین میں مسلسل اضافہ کر رہی ہے۔

○ کمپنی اس سال موجودہ مارکیٹوں پر توجہ مرکوز رکھنے کا ارادہ رکھتی ہے تاکہ ایم ای اے کی خطے میں اعلیٰ ترقی کی رفتار سے فائدہ اٹھایا جاسکے۔ کمپنی مستقبل میں ترقی کی رفتار کو بہتر بنانے کیلئے دستیاب مضبوط طلب پر مبنی اور نئے مواقع دیکھ رہی ہے۔ اس لئے، کمپنی 2023ء میں نئی مارکیٹوں میں جانے کا ارادہ نہیں رکھتی۔ مارکیٹوں کے بارے میں چند اہم اپ ڈیٹس درج ذیل ہیں:

﴿ کمپنی کے یو اے ای اور مشرق وسطیٰ کے کلسٹر (ایم ای سی) بزنس سٹریٹیجک اور طویل المدتی معاہدہ جات اور تعلقات کے حامل ہیں جو نہ صرف موجودہ صارفین کی مستقبل میں ترقی کے قابل ہوں گے بلکہ یہ براہ راست تعلقات، پارٹنر نیٹ ورکس اور مضبوط اصولی صف بندی جیسا کہ مائیکروسافٹ، ٹیمینوس، ایس اے پی، انفورمیٹیکا اور بہت سے دوسرے اسٹریٹیجک تعلقات کے ذریعے نئے مواقع بھی کھولیں گے۔

﴿ کمپنی کے ایس اے (ادارہ) جو گزشتہ سال کے شروع میں شامل کیا گیا تھا، اب مکمل طور پر کام کر رہا ہے اور کمپنی نے کے ایس اے اور بحرین کے علاقے میں بڑے معاہدے حاصل کئے ہیں۔ ایک صحت مند پائپ لائن کے ایس اے کی رفتار بڑھانے میں مدد کرے گی کیونکہ خطے میں خاص طور پر ریاض کے علاقے میں بہت زیادہ سرمایہ کاری ہو رہی ہے۔ کمپنی سرکاری اور نجی دونوں شعبوں میں صارفین کے حصول کو ہدف بنا رہی ہے۔

﴿ کمپنی خطے میں چند بڑے کسٹمرز کے ساتھ منسلک ہو کر سال 2022ء میں اے پی اے سی کے اندر داخل ہوئی۔ اے پی اے سی مارکیٹ سے کمپنی کو بہتر طور پر پذیرائی حاصل ہوئی اور مارکیٹ کے سائز اور صلاحیت کو دیکھتے ہوئے، کمپنی اچھا موقع دیکھتی ہے اور توقع کرتی ہے کہ ترقی کی رفتار برقرار رہے گی۔ کمپنی اے پی اے سی ریجن میں مزید توسیع کیلئے نئی ڈیلرز پر مکمل گرم جوشی سے عمل پیرا ہے۔

﴿ کمپنی نے افریقی خطے میں قدم رکھا ہے اور اپنا دفتر جنوبی افریقہ میں کھولا ہے۔ کمپنی کو مشرقی اور مغربی افریقہ میں بھی کافی پذیرائی مل رہی ہے اور اس نے جنوبی افریقہ کے علاوہ مغربی افریقہ میں بھی معاہدے کئے ہیں۔ کمپنی کے پاس ٹیم موجود ہے اور کمپنی مستقبل میں ترقی کیلئے اس خطے میں مزید امکانات کی تلاش کر رہی ہے۔

﴿ سال کے دوران، زبان سے فائدہ حاصل کرنے اور علاقائی عربی بولنے والے صارفین کی خدمت کیلئے مصر میں ایک ترقیاتی مرکز قائم کیا گیا۔ تاہم کمپنی مصری مارکیٹ میں بھی توجہ حاصل کر رہی ہے اور خاص طور پر بینکنگ اور ٹیلی کام سیکٹر میں کاروبار کے حصول میں کامیاب رہی ہے اور ترقی کے مزید مواقع دیکھ رہی ہے۔

○ کمپنی کو شمالی امریکا اور یورپ کے علاقوں میں موزوں ترقی کے امکانات ہیں۔ کمپنی براہ راست تعلقات، مضبوط اصولی صف بندی جیسے مائیکروسافٹ، سیلز فورس اور بہت سے دوسرے اسٹریٹیجک تعلقات کے ذریعے موجودہ صارفین میں اضافے اور نئے کاروبار کے حصول کیلئے جارحانہ طور پر کام کر رہی ہے۔

ملازمین کے ساتھ حسن سلوک

- ☆ مزید مہارت یافتہ ملازمین کی تعیناتی
- ☆ ٹاؤن ہالز اور مینجمنٹ اجلاسوں کے ذریعے ملازمین کی رابطہ کاری میں اضافہ
- ☆ خواتین کی خود مختاری پر خصوصی توجہ
- ☆ ٹریننگز اور سرٹیفیکیشنز میں واضح اضافہ
- ☆ کام کی جگہ پر تحفظ کو یقینی بنانا

سماج کو واپس دینا

- ☆ سی ایس آر بجٹ مختص کرنا اور منصوبہ بندی سی ایس آر اقدامات
- ☆ آئی ٹی مستقبل پروگرام کے ذریعے ڈیجیٹل شمولیت میں اضافہ
- ☆ لیپ ٹاپ عطیات

گورننس

- ☆ جی آر سی کو فروغ دینے والا آزاد بورڈ اور اس کی کمیٹیاں
- ☆ ذمہ دارانہ ٹیکس کے طریقے۔
- ☆ ضابطہ اخلاق/کاروباری اخلاقیات
- ☆ سائبر سیکیورٹی اور ڈیٹا کی رازداری

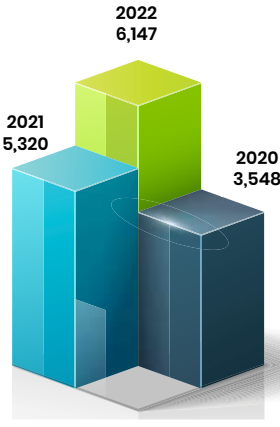
پائیدار معاشی ترقی

- ☆ 5 سال کی آمدنی سی اے جی آر 52 فیصد سے زائد
 - ☆ ڈیویڈنڈ کی مسلسل ادائیگی اور کپٹل انکریزیشن کے فوائد
 - ☆ ارتکاز کے خطرے کو کم کرنے کیلئے عالمی توسیع
- مخصوص اثرات پر مزید تفصیلات کیلئے سالانہ رپورٹ کے۔۔۔ سیکشن میں ایک پائیدار/مستقل ڈیش بورڈ شامل کیا گیا ہے۔

مستقبل کا خاکہ اور منافع کے امکانات

2023ء کے منصوبے

- ☆ سال 2023ء میں کمپنی اپنی پیشکشوں کو 3 بنیادی ورٹیکلز کے تحت مضبوط کرنے کا منصوبہ بنا رہی ہے
- ☆ این ڈی سی کے حصول کے ساتھ کمپنی کے موجودہ بینکنگ اور فنانس سیکٹر (بی ایف ایس) کو ایک ہی چھت تلے لاکر تمام بنیادی اور غیر بنیادی بینکنگ سروسز کو ضم کر کے مضبوط کیا گیا۔ اس ورٹیکل کی قیادت ایک تجربہ کار پیشہ ور ٹیم کرتی ہے جو جدت اور عالمی معیارات کے مطابق اپنی پیشکشوں اور خدمات کو بڑھا کر اس ورٹیکل کی مجموعی ترقی کی ذمہ دار ہے۔ کمپنی کا یقین ہے کہ اُس کے پاس روایتی، اسلامی اور ڈیجیٹل بینکوں کیلئے تجارتی مشاورتی اور ٹیکنالوجی کی خدمات کی فراہمی اور فروخت کا ایک وسیع موقع ہے۔



انفراسٹرکچر

کمپنی نے مستقبل میں ریسورس بشمول لاہور میں ریئر ٹاور آفس، کراچی میں نیٹ ورک آف دی آرٹ آفس مع لاہور اور کراچی میں ہاؤس بی پی اور ریسورسز کیلئے علیحدہ سہولیات پر مبنی متوقع ترقی کے امکانات کا احاطہ کرنے کیلئے موزوں اور مناسب انفراسٹرکچر تعمیر کیا ہے۔ کمپنی نے کاروباری ترقی میں معاونت اور وسائل کی ضروریات کو پورا کرنے کیلئے یو اے ای اور کے ایس اے میں ملازمتوں کی پیداوار پر بھی سرمایہ کاری کر رہی ہے۔ کمپنی اب موزوں گنجائش کی حامل ہے اور سال 2023ء میں کوئی بڑی آپ گریڈیشن یا ترمیم کا ارادہ نہیں رکھتی۔

کارپوریٹ سماجی ذمہ داری

کمپنی کا مقصد اپنے دائرہ عمل کے علاقوں میں ایک فعال کارپوریٹ شہری بننا ہے۔ کمپنی کا خیال ہے کہ مستقبل نوجوانوں کے ہاتھوں میں ہے۔ ہم یہ بھی مانتے ہیں کہ ٹیکنالوجی قوم کے مستقبل کی تشکیل کرتی ہے، اس لئے ہماری کوششیں ہے کہ ٹیکنالوجی سے متعلق اقدامات پر زیادہ توجہ مرکوز رکھی جائے۔ نوجوانوں کی ترقی میں سرمایہ کاری کے علاوہ، کمپنی پسماندہ بچوں اور نوجوانوں کو اپنی زندگی میں آگے بڑھنے اور بے کار ہونے سے بچنے میں مدد کرتی ہے۔ ہمارے اقدامات بنیادی طور پر درج ذیل پر مرکوز ہیں۔

☆ تعلیم ☆ صحت اور ☆ ماحولیاتی تبدیلی

کمپنی نے اس سلسلے میں مالی سال کے دوران تقریباً 77.4 ملین روپے خرچ کئے ہیں۔ کمپنی نے آئی ٹی مستقبل کے تربیتی پروگرام کا آغاز کیا، جس کے تحت ٹیلنٹ کی حامل افرادی قوت کی از سر نو جدید خطوط پر تربیت پر بھرپور توجہ دی جا رہی ہے۔ یہ پروگرام آئی ٹی سے متعلقہ ٹیکنالوجیوں میں مہارت حاصل کرنے اور بالآخر کارپوریٹ دنیا میں مواقع تلاش کرنے کیلئے ہر ایک کو یکساں مواقع فراہم کرنے کے حوالے سے وقف ہے۔ کمپنی اس مقصد کیلئے تعاون، عطیات اور کفالت کے ذریعے سماج کو صحت کی دیکھ بھال کی سہولیات فراہم کرنے میں معاونت اور مدد کرتی رہتی ہے۔

انوائزمنٹ، سوشل، گورننس (ای ایس جی)

سسٹمز ای ایس جی ویژن 2030ء کے مطابق کمپنی نے پانچ ستون واضح کئے ہیں تاکہ اس کے ای ایس جی فوٹ پرنٹس کو پورا کیا جاسکے اور اقوام متحدہ کے پائیداری کے اصولوں کے ساتھ اپنی سرگرمیوں کا نقشہ بنایا جاسکے۔ اس سلسلے میں وقتاً فوقتاً از خود جائزہ لیا جاتا ہے اور ہر ستون کے ساتھ منسلک مقاصد کی پیش رفت کی اطلاع دی جاتی ہے۔

کمپنی نے پائیداری کے ستونوں پر درج ذیل کلیدی اقدامات کئے ہیں:-

ماحول کا خیال

☆ آگاہی پروگراموں کے ذریعے پانی کی بچت

☆ توانائی کی کھپت کی قریب سے نگرانی

سال کے دوران منافع کی مد میں درج ذیل تخصیص کی گئی:-

غیر مختص شدہ منافع (پاکستانی روپوں میں)

8,067,856,280

31 دسمبر 2021ء کو بقایا

6,299,836,945

سال کیلئے کل مجموعی آمدن

(695,913,000)

کمی: 31 دسمبر 2021ء کو ختم ہوئے سال کیلئے حتمی نقد منافع بحساب 5 روپے فی شیئر

(1,391,826,000)

کمی: بونس شیئر ایبٹو

3,474,922

جمع: ضبط شدہ شیئرز کے اختیارات

12,283,429,147

31 دسمبر 2022ء کو بقایا

فی شیئر کمائی

کمپنی کے لیے 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے فی حصص کی بنیادی اور رقیق آمدنی روپے 22.44 اور 22.29 روپے (31 دسمبر 2021: 12.06 روپے اور 11.98 روپے) فی شیئر ہے۔ اسی طرح، گروپ کے لیے بنیادی اور رقیق آمدنی فی حصص 23.61 روپے اور 23.45 روپے ہے۔ (31 دسمبر 2021: 16.21 روپے اور 16.10 روپے)

حصول کی تازہ کاری

این ڈی سی ٹی ٹیک کی پوسٹ کے حصول کے بعد گزشتہ چھ ماہ کے دوران، کمپنی ہم آہنگی سے فائدہ اٹھانے اور دونوں کاروباروں کو اکٹھا کرنے کے لیے فعال طور پر کام کر رہی ہے۔ کمپنی نے اس سہ ماہی میں دو عدد ڈیلرز بھی کی ہیں جن کے بارے میں کمپنی کا خیال ہے کہ مستقبل میں اس سے بہتر نتائج برآمد ہوں گے۔ کمپنی نے لوکلائزیشن کی صلاحیت کے ساتھ ایک عالمی بینکنگ سافٹ ویئر ”ٹیمپوس“ سے کنٹری ماڈل بینک (سی ایم بی) کیلئے لائسنس تیار کرنے اور فروخت کرنے کے حقوق حاصل کئے ہیں۔ کمپنی نے پاکستان کے ساتھ ساتھ جی سی سی کے 7 ممالک میں کور بینکنگ اپ گریڈ کیلئے فرسٹ رائٹ آف ریویوز حاصل کر لیا ہے جس میں کمپنی کیلئے نئے سی ایم بی لائسنس کے حصول کے علاوہ علاقوں میں موجودہ اور نئے صارفین کیلئے اضافی خدمات کو فروغ دینے کے امکانات موجود ہیں۔ اس معاہدے پر کمپنی کو 5 سالوں میں 15 ملین امریکی ڈالر ادا کرنے پڑتے ہیں اور کمپنی نے 2022ء میں پہلے ہی قسط وار ادائیگی شروع کر دی ہے۔

کمپنی نے این ڈی سی کی طرف سے تیار کردہ پراڈکٹ سی ایل او ایس (کنز یومر لان اور ٹیکنیشن سسٹم) کو بھی پیک اور فروخت کر رہی ہے۔ کل 5 سالوں تک اس پراڈکٹ کی قیمت 8 ملین امریکی ڈالر تھی جس میں 7 ملین امریکی ڈالر گارنٹی شدہ رائلٹیز کے تھے۔ اس پراڈکٹ کو پی اینڈ ایل میں ایک بار کی آمدنی کے طور پر تسلیم کیا گیا ہے جس کی وجہ سے قابل قدر قیمت نے پی اینڈ ایل کے اثرات کو بے اثر کرتے ہوئے اس کی غیر محسوس قیمت کو کم کیا۔

لوگوں کی تازہ کاری

سال کے دوران کمپنی کی جانب سے 827 ملازمین کو بھرتی کیا گیا۔ اس میں متنوع پس منظر اور مختلف مہارتوں کے حامل ملازمین کے علاوہ ہر طرح کے جغرافیہ سے تعلق رکھنے والی افرادی قوت کو شامل کیا گیا ہے۔ کمپنی نے فرنٹ اینڈ کسٹمز کی منظم کیلئے ریجنز میں ٹیمیں ترتیب دی ہیں جن میں ان جغرافیوں اور پری۔ سیلز ریورسز کو بشمول ٹیکنیکل ریورسز چلانے کیلئے سینئر ایگزیکٹوز بھی شامل ہیں۔ کمپنی فعال طور پر سرمایہ کاری اور وسائل کی تعیناتی کرتے ہوئے مستقبل میں ہر طرح کے چیلنجز کا مقابلہ کرنے کی صلاحیتوں کی حامل ٹیم تشکیل دینے میں سرگرم عمل ہے اور اس مقصد کے حصول کیلئے کمپنی اپنے موجودہ وسائل کی بہترین تربیت، از سر نو تربیت اور مہارتوں میں اضافے پر بھی کابند ہے۔ کمپنی این ڈی سی اور ٹی ایچ ٹیوں کو نظام کی چھت تلے کامیابی سے اکٹھا کر چکا ہے۔

سال کے دوران کمپنی اپنی بڑھتی ہوئی افرادی قوت کی ضرورت کو پورا کرنے کیلئے سکل ڈویلپمنٹ پروگراموں جیسا کہ آئی ٹی مستقبل (آئی ٹی ایم) اور ٹیک لائف کے اقدامات بھی اٹھا رہی ہے۔ آئی ٹی ایم کا پہلا بیج گریجویٹ ہو چکا ہے اور کمپنی سپلائی پائپ لائن کی توسیع کیلئے 2023ء تک کراچی اور اسلام آباد میں آئی ٹی ایم کے آغاز کیلئے کام کر رہی ہے۔

کل میزان		پاکستان		مشرقی وسطی افریقہ اور دیگر		یورپ		شمالی امریکا	
2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
36,559	16,829	10,587	4,359	12,264	5,000	4,366	1,047	9,342	6,423
(4,800)	(1,525)	(4,682)	(1,525)	(118)	-	-	-	-	-
31,759	15,304	5,905	2,834	12,146	5,000	4,366	1,047	9,342	6,423
(23,124)	(10,315)	(5,065)	(2,279)	(8,306)	(3,480)	(3,813)	(659)	(5,940)	(3,897)
8,636	4,989	840	555	3,840	1,520	554	388	3,403	2,526
(740)	(386)	(256)	(352)	(474)	(7)	(1)	(4)	(8,80)	(23)
(2,485)	(1,427)	(291)	(133)	(1,053)	(501)	(175)	(90)	(966)	(703)
(3,225)	(1,813)	(547)	(485)	(1,527)	(508)	(176)	(94)	(975)	(726)
5,411	3,176	293	70	2,313	1,012	378	294	2,428	1,800

تمام کسٹمرز کی جانب سے ریونیو
انٹرا گرپ ریونیو
کسٹمر کے ساتھ معاہدوں سے آمدنی
آمدنی کی لاگت
مجموعی منافع
ڈسٹری بیوٹن کے اخراجات
انتظامی اخراجات

ٹیکس سے قبل نفع / (نقصان) اور غیر مختص آمدنی اور اخراجات
غیر مختص آمدنی اور اخراجات:
دیگر آپریٹنگ اخراجات
مالیاتی اثاثوں پر خرابی کے نقصانات کی تہیج / تہدیلی
زر سرمایہ کار کا فائدہ (نقصان)
دیگر آمدنی
ماتحت ادارہ میں کنٹرول کی کمزوری پر مصفاہ قدر کی ایڈجسٹمنٹ
ایسوسی ایٹ سے نقصان کا حصہ
فنانس کی لاگت
ٹیکس سے قبل منافع
ٹیکسیشن
سال کیلئے منافع

(89)	-
40	(8)
1,375	334
855	319
-	816
(324)	(83)
(288)	(121)
1,569	1,256
6,980	4,432
(352)	(54)
6,629	4,379

شمالی امریکا اور یورپ

سیگمنٹ انیلاسز یورپ سیگمنٹ کے تحت این ڈی سی کی جانب سے تیار کردہ پراڈکٹ کے لائسنس کی یکبار فروخت کو ظاہر کرتا ہے۔ چونکہ پی اینڈ ایل ٹرانزیکشن میں غیر جانبدار ہے، اس لئے یورپ کے خطے کا نارمل مارجن 39 فیصد جی پی اور 26 فیصد او پی ہے۔ شمالی امریکا اور یورپ خطے میں بالترتیب 45 فیصد اور 37 فیصد (عمومی) اضافہ ہوا اور کمپنی مستقبل کے اندر اس سیگمنٹ میں مناسب ترقی کی توقع کر رہی ہے۔

مشرقی وسطی افریقہ اور دیگر

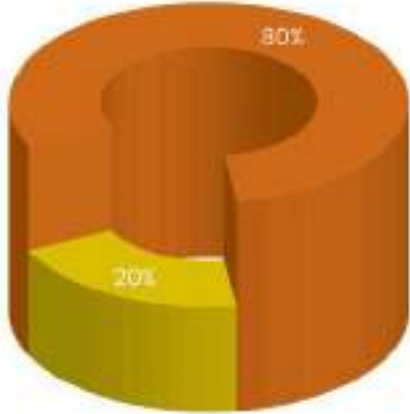
مشرقی وسطی کے خطے میں متحدہ عرب امارات کے اندر ٹی وی ایس ترقی کی رفتار کو آگے بڑھاتے ہوئے مجموعی آمدنی میں تقریباً 74 فیصد حصہ ڈال رہا ہے۔ کے ایس اے اور قطر بھی اس دہارے میں داخل ہو رہے ہیں کیونکہ کے ایس اے مستقبل قریب میں قابل قدر کاروبار کرنے کی گنجائش رکھتا ہے۔ اے پی اے سی اور افریقا کوئی الوقت بہت چھوٹے پیمانے پر ہونے کی وجہ سے ایم ای سیگمنٹ کیساتھ منسلک کیا گیا ہے۔

پاکستان

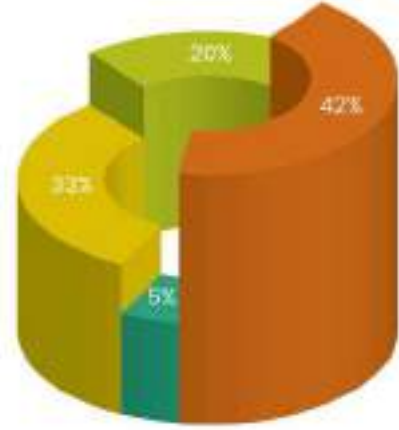
کمپنی اپنے اندرون ملک کاروبار کو دوبارہ ترتیب دے رہی ہے اور اس نے کسٹمر بیس کو پبلک سیکٹر اور ایس ایم ایز سے پرائیویٹ سیکٹر کے بڑے پیمانے پر انٹرا گرپ میں تبدیل کر دیا ہے۔ کمپنی ٹیلی کام اور مالیاتی اداروں کے ساتھ طویل مدتی انتظامی خدمات کے معاہدوں کے حصول پر توجہ مرکوز کئے ہوئے ہے۔

منافع اور تخصیص

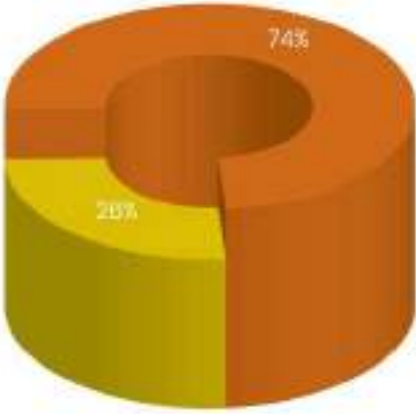
سال 2022ء کیلئے ڈائریکٹرز نے حتمی نقد منافع بحساب 5 روپے فی شیئر (5:2021 فی شیئر) اور صفر فیصد کے بونس جاری کرنے کی سفارش کی ہے (100 فیصد 2021ء)



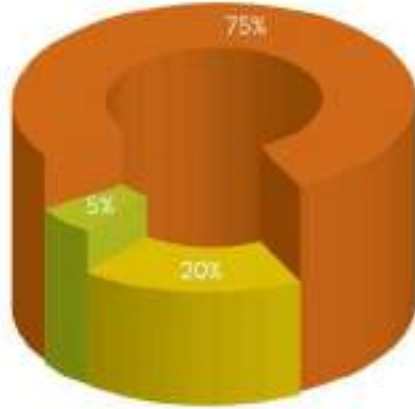
Domestic Export



Middle East, Africa & Others North America
Pakistan Europe



PKR USD



PKR USD
Euro

سیگمنٹ کی کارکردگی (یکجا)

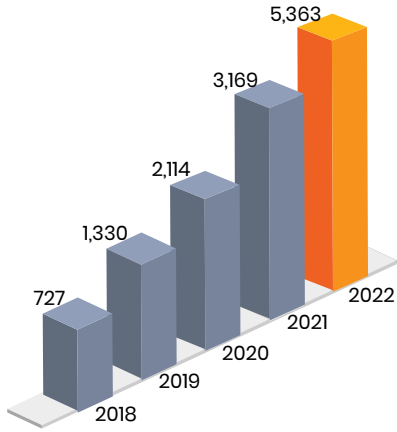
سیگمنٹ کا تجزیہ چاروں سیگمنٹس میں بہتر ترقی کو ظاہر کرتا ہے، جس میں مشرق وسطیٰ کا علاقہ سب سے آگے رہا، اس کے پیچھے پاکستان اور پھر شمالی امریکہ۔ کمپنی کی برآمدگی فروخت کل فروخت کا تقریباً 80 فیصد ہے، آنے والے برسوں میں برآمدات کے جزو کو مزید بڑھانا کمپنی کا ہدف ہے۔ نئے علاقوں اور نئی مارکیٹوں میں تنوع اس مقصد کے حصول میں معاون ہوگا کیونکہ کمپنی فعال انداز میں نئے علاقوں میں توسیع کیلئے کوشاں ہے۔

سال کے دوران کمپنی نے موجودہ صارفین سے دوبارہ کاروبار حاصل کرنے میں نمایاں پیش رفت کی اور نئے صارفین کو کراس سیلنگ اور آپ سیلنگ کے علاوہ دونوں حصوں کے ذریعے موصول ہونے والے صارفین کے ذریعے اپنے کاروبار میں اضافہ کیا۔

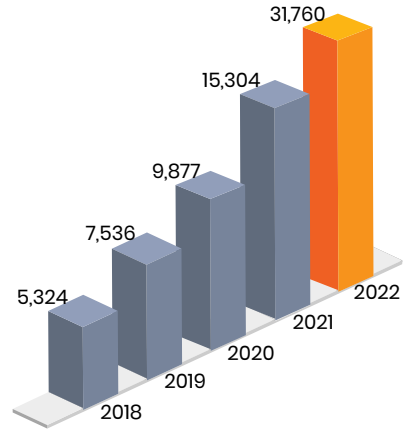
** اس یک وقتی فائدہ کو ای پراسیڈنگ سسٹمز بی۔وی۔کو ایک ذیلی کمپنی سے تبدیل کرنے سے پیدا ہونے والے متفقہ مالیاتی گوشواروں میں تسلیم کیا گیا ہے جو گیس فائونڈیشن کی ناقابل تلافی ترجیحی حصص میں سرمایہ کاری کے نتیجے میں ووٹنگ کے حقوق میں کمی کی وجہ سے ہے۔

*** نقصان کا حصہ ریٹیلستان سے آرہا ہے اور نقصان کا متناسب حصہ ای پی سسٹمز بی۔وی۔سے آرہا ہے۔

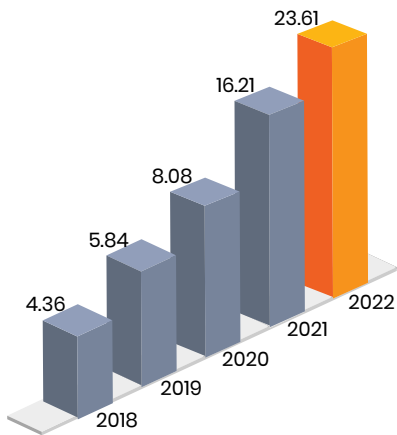
منظم۔آپریٹنگ منافع (پاکستانی روپوں میں ملین)
سی اے جی آر 65 فیصد



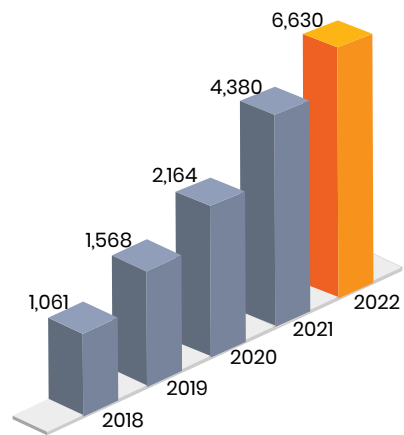
منظم۔ریونیو (پاکستانی روپوں میں ملین)
سی اے جی آر 56 فیصد



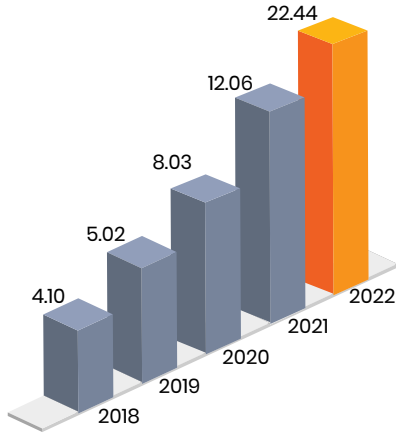
منظم۔ای پی ایس۔بنیادی (روپے)
سی اے جی آر 53 فیصد



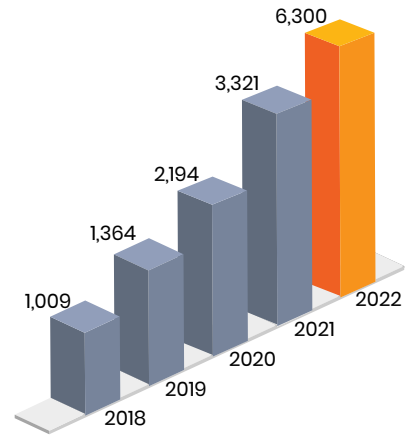
منظم خالص منافع (پاکستانی روپوں میں ملین)
سی اے جی آر 58 فیصد



غیر منظم۔ ای پی ایس۔ بنیادی (روپے)
سی اے جی آر 53 فیصد



غیر منظم خالص منافع (پاکستانی روپوں میں ملین)
سی اے جی آر 58 فیصد



منظم

مورخہ 31 دسمبر 2022ء کو ختم ہونے والے سال کے دوران مجموعی آمدن 108 فیصد اضافے کے ساتھ مبلغ 15,304.0 ملین روپے سے بڑھ کر مبلغ 31,759.9 ملین روپے ہو گئی۔ مجموعی منافع اور آپریٹنگ منافع میں بالترتیب 73 فیصد اور 69 فیصد اضافہ ہوا۔ اس مدت کیلئے خالص منافع 51 فیصد کے اضافہ کے ساتھ 4,379.7 ملین روپے سے بڑھ کر مبلغ 6,629.6 ملین روپے ہو گیا۔

گزشتہ سال اسی عرصے کے مقابلے میں فی حصص کی بنیادی اور کم آمدنی میں 46 فیصد کا اضافہ ہوا اور یہ کہ اس میں ای پی ایس بی وی کے ذیلی ادارے سے ایک ایسوسی ایٹ میں تبدیلی سے ہونے والے 816.2 ملین روپے کا ایک وقتی فائدہ بھی شامل ہے، پی اے ٹی میں اس فائدہ کو چھوڑ کر 3,563.4 ملین سے 6,629.6 ملین اضافہ کیساتھ 88 فیصد اضافہ ہوا ہے۔ امریکی ڈالر میں آمدنی میں اضافہ 65 فیصد ہے اور آپریٹنگ منافع 34 فیصد ہے۔

آمدن میں اضافہ کمپنی اور اس کے ماتحت اداروں دونوں کے ذریعے ہوتا ہے۔ ہماری گروپ کمپنیوں کا زیادہ تر کام آن سائٹ سے آف شور میں چلا گیا ہے۔

منظم

سال بہ سال	مالی سال 2021ء	مالی سال 2022ء	تفصیلات
108%	15,304,037,567	31,759,927,263	ریونیو
73%	4,989,671,717	8,636,279,367	مجموعی منافع
69%	3,169,136,194	5,362,828,298	آپریٹنگ منافع
-100%	816,226,748	-	ماتحت ادارہ کے ڈسپوزل پر فائدہ
288%	(83,384,503)	(323,899,362)	ایسوسی ایٹ سے نقصان کا حصہ
57%	4,433,603,915	6,981,169,335	ٹیکس سے پہلے منافع
51%	4,379,659,280	6,629,661,309	ٹیکس کے بعد منافع
46%	16.21	23.61	فی شیئر آمدن (بنیادی)
46%	16.10	23.45	فی شیئر آمدن (ریٹن)

* منظم آمدن میں سی ایل او ایس کے لائسنس جو کہ این ڈی سی کی جانب سے تیار کردہ ایک ایسی پراڈکٹ ہے جسے 8 ملین امریکی ڈالر کی پیشگی ادائیگی پر فروخت کیا گیا اور جسے بعد ازاں پانچ سال کیلئے 7 ملین امریکی ڈالر کی رائلٹی پر موجودہ حیثیت کے مطابق تسلیم کیا گیا، کی فروخت سے ہونے والی ایک طرفہ آمدن شامل ہے۔ مبلغ 15 ملین امریکی ڈالر کی رقم کو پی ایٹ ایل کو ختم کرنے کے وقت پر revalued intangibles (غیر منقولہ کی حیثیت کے دوبارہ تعین) کے طور پر ایڈجسٹ کیا گیا ہے۔

خریدنے کے قابل بنایا جاسکے۔ جگنو مینوفیکچررز اور ڈسٹری بیوٹرز سے مال خریدتی ہے، اس اپنے گوداموں میں سٹور کرتی ہے اور ریٹیلرز کی طرف سے ملنے والے آرڈرز کی بنیاد پر اگلے دن ڈلیور کر دیتی ہے۔ یعنی ایک بی بی 2 ای کامرس پلے ہے۔

ای پرائسنگ سسٹم بی۔ وی۔ (ای پی ایس)، نیدر لینڈز میں رجسٹرڈ ایک پرائیویٹ لمیٹڈ کمپنی ہے، یہ سسٹمز لمیٹڈ کی 44.60 فیصد ملکیتی ایسوسی ایٹ ہے۔ ای پی ایس اس وقت ٹیلی کو کے ایئر ٹائم اور متعلقہ خدمات کی خرید و فروخت کے کاروبار سے منسلک ہے۔ کمپنی کی پراڈکٹ کا نام و ن لوڈ (OneLoad) ہے۔ کمپنی سٹیٹ بینک آف پاکستان (ایس بی پی) سے ای منی لائسنس کے تحت و ن زیپ (OneZip) لانچ کرنے کے عمل میں ہے۔ کمپنی اور گروپ کے مالیاتی گوشوارے کمپنی کے معاملات کی حقیقی عکاسی اور اس کے کاروبار کا منصفانہ جائزہ پیش کرتے ہیں۔

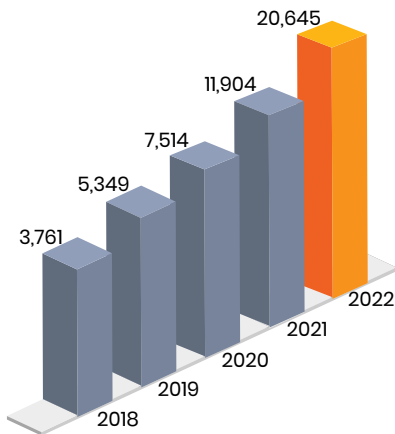
سرگرمیاں

کمپنی کو بنیادی طور پر ڈیجیٹل / ڈیٹا / کلاؤڈ سروسز، مینیجڈ سروسز، کنسلٹنگ سروسز، آئی آؤٹ سروسنگ اور بزنس پرائسز آؤٹ سورسنگ / کونٹیکٹ سنٹر سے آمدن ہوتی ہے۔ کمپنی کو 80 فیصد آمدنی مختلف جغرافیائی خطوں جیسے شمالی امریکا، یورپ اور مشرق وسطیٰ میں اپنی خدمات کی برآمد سے تقریباً 20 فیصد مقامی مارکیٹ سے حاصل ہوتی ہے۔ کمپنی مختلف کاروباری شعبوں جیسے ٹیکو، ریٹیل، سی پی جی، فارما، بینکاری اور پبلک سیکٹر میں پھیلی ہوئی ہے۔

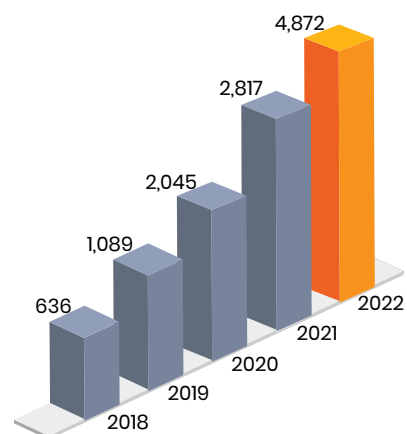
غیر منظم

تفصیلات	مالی سال 2022ء	مالی سال 2021ء	سال بہ سال
ریونیو	20,644,764,716	11,903,583,911	73%
مجموعی منافع	6,755,105,438	3,991,141,283	69%
آپریٹنگ منافع	4,871,976,394	2,816,512,795	73%
ٹیکس سے پہلے منافع	6,624,487,917	3,352,565,630	98%
ٹیکس کے بعد منافع	6,299,836,945	3,320,691,476	90%
فی شیئر آمدن (بنیادی)	22.44	12.06	86%
فی شیئر آمدن (رقیق)	22.29	11.98	86%

غیر منظم۔ آپریٹنگ منافع (پاکستانی روپوں میں ملین)



غیر منظم۔ ریونیو (پاکستانی روپوں میں ملین)
سی اے جی آر 53 فیصد



ٹیک و سٹاسٹمز ایف زیڈ، ایل ایل سی (ٹی وی ایس)، دبئی ٹیکنالوجی اینڈ میڈیا فری زون اتھارٹی میں ایک لمیٹڈ لائبلٹی کمپنی، سسٹمز لمیٹڈ کی 100 فیصد ملکیتی ماتحت کمپنی ہے۔ ٹی وی ایس سافٹ ویئر ڈویلپمنٹ اور ذیلی خدمات فراہم کرنے میں مصروف عمل ہے۔ ٹیک و سٹاسٹمز ایف زیڈ۔ ایل ایل سی، ٹیک و سٹامین پاور ایل ایل سی، ٹیک و سٹا ایل ایل سی اور ٹیک و سٹاسٹمز پرائیویٹ لمیٹڈ پر 100 فیصد کنٹرول رکھتا ہے۔ سال کے دوران ٹیک و سٹاسٹمز ایف زیڈ۔ ایل ایل سی نے ایک ہائی اینڈ آئی ٹی سلوشنز پرووائیڈرز ٹری ہاؤس کنسلٹنسی ایل ایل سی کو بشمول ذیلی اور منسلک کمپنیز ایکویز کیا ہے۔

سسٹمز عربیہ سعودی عرب میں قائم کی گئی ایک لمیٹڈ لائبلٹی کمپنی اور سسٹمز لمیٹڈ کی 100 فیصد ملکیتی ماتحت کمپنی ہے۔ سسٹمز عربیہ سعودی سافٹ ویئر تیار کرنے اور ذیلی خدمات فراہم کرنے کے کاروبار میں مصروف ہے۔

سسٹمز وینچر (پرائیویٹ) لمیٹڈ (ایس وی) کمپنیز ایکٹ 2017ء کے تحت رجسٹرڈ ایک پرائیویٹ لمیٹڈ، اور سسٹمز لمیٹڈ کی 100 فیصد ملکیتی کمپنی ہے۔ سسٹمز وینچرز پاکستان میں نئے منصوبوں میں سرمایہ کاری کرنے، سٹارٹ اپس اور نئے آئیڈیاز کو فروغ دینے کیلئے قائم کی گئی ہے۔ ایس وی نے ریٹیلستان (پرائیویٹ) لمیٹڈ میں سرمایہ کاری کر کے 20 فیصد حصص حاصل کئے۔

ٹیک و سٹا انفارمیشن ٹیکنالوجی ڈبلیو۔ ایل۔ ایل قطر میں قائم کی گئی ایک لمیٹڈ لائبلٹی کمپنی ہے۔ سسٹمز لمیٹڈ، ٹی وی ایس کیو میں 34 فیصد (31 دسمبر 2021ء : 34 فیصد) شیئر کیپٹل کی مالک ہے۔ ٹیک و سٹا انفارمیشن ٹیکنالوجی ڈبلیو۔ ایل کے بقایا شیئر ہولڈرز کیساتھ طے شدہ معاہدہ کے مطابق 27 فروری 2022ء سے ہولڈنگ کمپنی نے ٹیک و سٹا انفارمیشن ٹیکنالوجی ڈبلیو۔ ایل۔ ایل کا تمام کنٹرول اور انتظام حاصل کر لیا ہے۔

سال کے دوران کمپنی نے درج ذیل اداروں کو گروپ میں شامل کیا ہے :-

سسٹمز انٹرنیشنل آئی ٹی پرائیویٹ لمیٹڈ سنگا پور میں قائم ایک مکمل ملکیتی ذیلی ادارہ ہے۔ سسٹمز انٹرنیشنل آئی ٹی پرائیویٹ لمیٹڈ، سسٹمز اے پی اے سی برائے انفارمیشن ٹیکنالوجی پرائیویٹ لمیٹڈ میں 100 فیصد کنٹرول رکھتا ہے اور نیشنل ڈیٹا کنسلٹنٹس ایف زیڈی (متحدہ عرب امارات میں قائم) اور این ڈی سی ٹیک اے پی اے سی پرائیویٹ لمیٹڈ (سنگا پور میں قائم) سے 100 فیصد حصص حاصل کر چکا ہے۔

سسٹمز افریقا برائے انفارمیشن ٹیکنالوجی (پرائیویٹ) لمیٹڈ ری پبلک آف ساؤتھ افریقا میں 28 جولائی 2022ء کو قائم کی جانے والی ایک لمیٹڈ لائبلٹی کمپنی ہے جس کا مقصد ریجن میں سافٹ ویئر سروسز کی فروخت اور سافٹ ویئر لائسنس کی ٹریڈنگ ہے۔

سسٹمز لمیٹڈ نے نیشنل ڈیٹا کنسلٹنٹس (پرائیویٹ) لمیٹڈ ”این ڈی سی۔ ٹیک“ میں 100 فیصد حصص حاصل کئے ہیں۔ این ڈی سی ٹیک گزشتہ 22 سالوں سے کوربیننگ عمل درآمد سروسز فراہم کنندہ رہا ہے اور پاکستان، مشرق وسطیٰ، افریقہ اور ایشیا پیسیفک خطے میں اس کے صارفین کا ایک بھرپور مجموعہ ہے۔

گروپ کی ایسوسی ایٹڈ کمپنیاں

ریٹیلستان سیلز فلور کے نام سے ایک سرکردہ سیلز اینڈ ڈسٹری بیوٹن پلیٹ فارم فراہم کرتی ہے جسے کئی بڑے ایف ایم سی جی مینوفیکچررز کا اعتماد حاصل ہے۔ یہ ایک ایس اے اے ایس بی بی 2 بی پلیٹ فارم ہے جو سٹورز کو پلیٹ فارم پر مینوفیکچررز/ ہول سیلز/ بااختیار ڈسٹری بیوٹرز کو براہ راست آرڈر دینے کی سہولت فراہم کرتا ہے۔ یہ پلیٹ فارم ڈسٹری بیوٹن مینجمنٹ سسٹم، ڈیجیٹل مرچنڈائزنگ اینڈ انسٹور مارکیٹ ٹول، اور ڈیٹا سائنس سلوشنز (ڈیٹا اینالیٹکس) کا احاطہ کرتا ہے۔ فی الحال ایف ایم سی جی ایس کے ذریعے اسے تقریباً 15,000 ڈسٹری بیوٹرز ایجنٹس استعمال کر رہے ہیں۔ ریٹیلستان کے پاس جگنو کے نام سے ایک مکمل ملکیتی ماتحت کمپنی ہے، جو کہ ایک آن لائن مارکیٹ پلیس ہے اور ایک موبائل ایپ کے ذریعے اس تک پہنچا جاسکتا ہے تاکہ ریٹیلرز کو مختلف قسم کی مصنوعات

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز 2022ء

کمپنی کے ڈائریکٹرز کو مورخہ 31 دسمبر 2022ء کو ختم ہونے والے سال کے غیر منظم اور منظم مالیاتی گوشواروں کیساتھ آپ کی کمپنی کی سالانہ رپورٹ پیش کرنے پر خوشی ہے۔

گروپ کا جائزہ

کمپنی ایکٹ 2017ء کے تحت یہ کمپنی پاکستان کی ایک پبلک لمیٹڈ اور پاکستان سٹاک ایکسچینج کی لمیٹڈ کمپنی ہے۔ کمپنی 1977ء میں قائم کی گئی اور بنیادی طور پر سافٹ ویئر ڈویلپمنٹ، سافٹ ویئر کی ٹریڈنگ اور بزنس پراسیس آؤٹ سورسنگ سروسز کا کاروبار کرتی ہے۔

گروپ سسٹمز لمیٹڈ (ہولڈنگ کمپنی) اور اس کی ماتحت کمپنیوں میں درج ذیل شامل ہیں:-

☆ ٹیک و سٹاسٹمز ایف زیڈ۔ ایل ایل سی، یو اے ای

☆ ایس یو ایس (پرائیویٹ) لمیٹڈ (بلوچستان لینڈ ریکارڈ پراجیکٹ کیلئے بنائی گئی) پاکستان

☆ سسٹمز عریبیہ برائے انفارمیشن ٹیکنالوجی، کے ایس اے

☆ سسٹمز وینچرز (پرائیویٹ) لمیٹڈ، پاکستان

☆ ٹیک و سٹا انفارمیشن ٹیکنالوجی، ڈبلیو۔ ایل۔ ایل قطر

☆ ایس وائے ایس ایسجٹ برائے انفارمیشن ٹیکنالوجی سروسز، ایسجٹ

☆ سسٹمز انٹرنیشنل آئی ٹی، پرائیویٹ لمیٹڈ، سنگاپور

☆ سسٹمز افریقا برائے انفارمیشن ٹیکنالوجی (پرائیویٹ) لمیٹڈ، ساؤتھ افریقا

☆ نیشنل ڈیٹا کنسلٹنٹس (پرائیویٹ) لمیٹڈ، پاکستان

☆ ایسوسی ایٹڈ کمپنی۔ ای پراسیڈنگ سسٹم بی۔ وی نیدر لینڈ

ABOUT US

SYSTEMS LIMITED

A GLOBAL SYSTEMS INTEGRATOR,

has consistently been on the leading edge of innovation to create long-term value for clients, stakeholders, employees, and the communities it serves. In the fiscal year 2022, we exhibited remarkable financial results while also increasing our market share, forming strategic alliances and partnerships, expanding our global footprint to 8+ countries, and making profitable investments in our businesses and a talented workforce of 9000+ across the globe.

Last year, we entered into a definitive agreement to acquire 100% of National Data Consultant (Pvt.) Limited (NdcTech), a leading core and digital banking implementation service provider, along with its subsidiaries and associated companies in UAE and Singapore. As our recently acquired subsidiary is an award-winning partner of Temenos, empowering leading banks in Pakistan, MEA, KSA, and the APAC region, it will amplify our abilities to execute large digital transformations in banking and enable us to provide our customers with the best end-to-end future-ready banking solutions.

Furthermore, to broaden our expertise, we acquired TreeHouse Consultancy, a high-end IT solutions provider. This acquisition is beneficial to the growth of Systems MEA, our wholly-owned subsidiary, in empowering the Middle East business landscape through innovative business solutions.

We tailor our digital, data, and cloud offerings to help leading enterprises channel a personalized experience to accelerate, operate efficiently, and allow them to be responsive and proactive in real time.

Moving forward, we aim to continue to embrace the power of innovation, seize new prospects, provide comprehensive value, and ensure operational excellence to benefit everyone.

GOING BEYOND:
**INNOVATING
TECHNOLOGY
FOR LASTING
IMPACT**



OUR DIFFERENTIATING FACTORS



Employer of Choice

We attract and have access to the best and most diversified top talent as we are:

- 6th largest country in terms of population
- 3rd most popular country for freelancing
- 3rd largest English-speaking country



Optimally Scaled & Skilled

We provide a personalized and laser-focus approach to our customers, regardless of their scale.

- 4+ decades of industry experience
- Every customer is our prime customer



Employee Ownership

Our values are shaped by our employees, and they help create a unique culture and a successful business approach, resulting in continued digital excellence.

- 50%+ equity is owned by employees



Customer Longevity

Most of our clients have been with us for decades, and this highly reflects our quality and timely delivery, and exceptional customer engagement.

- 93% recurring revenue from existing customers
- Our top five customers have been with us for over 5 years

BY STAYING TRUE TO OUR CORE VALUES, WE CAN SUCCESSFULLY DELIVER ON THE PROMISE OF DIGITAL TRANSFORMATION.

INTEGRITY

Embody dependability, honesty, and transparency

INNOVATION

Act courageously, experiment, and make bold decisions

DEDICATION

Commit to tirelessly delivering precision and perfection

VISION

Systems Limited is a leading global SI company, leveraging our business acumen, consistent service delivery excellence, customer-centric focus, and enduring alliances with strategic partners. We are committed to continuous innovation, empowering people, and delivering great value to our clients and stakeholders.

MISSION

Systems Limited is committed to delivering future-ready and technology-enabled services all across the globe to transform businesses and communities. We aim to utilize proven methodologies, streamline processes and innovative frameworks, and nurture a customer-centric workforce.

TRANSCENDING BOUNDARIES, GROWING OUR IMPACT



*Customers (Direct or Through Associates)

A JOURNEY OF GROUNDBREAKING MOMENTS

1977

Founded as the first software company of Pakistan

- Launched operations in the US. Worked with high profile clients from Fortune 500

2003

- Diversified in mortgage, apparel & soft goods industry. Grew customer base in the US.

1997

2015

- Listed on PSX
- Launched OneLoad
- Diversified in digital services for financial inclusion

- Won the Microsoft Partner of the Year
- Recorded Rs. 1bn in profitability

2019

2018

- IFC investment in EP Systems
- E-Money License secured by EP
- Launched Systems Ventures

EVENTS

- Public Limited (unlisted) from Private

2007

- Launched operations in the UAE

2005

- Added BPO

2013

- PSEB Top IT exporter award
- Forbes Asia's Best Under A Billion 2020
- Top 3 best performing companies on PSX

2021



- Strategic acquisition of NdcTech
- Strategic acquisition of Treehouse Consulting
- Expanded and launched business operations in KSA, Egypt, Australia, South Africa, and Singapore
- Forbes Best Under A Billion 2022
- 2022/2023 Inner Circle Microsoft Business Applications award
- SAP Top New Partner and Service Excellence Awards for EMEA
- Most Outstanding Company at Asiamoney 2022
- 3 wins at P@SHA ICT Awards 2022
- Best IT Services Company at 21st ITCN Asia 2022
- Among top 3 companies on PSX 25 companies list

2020

- Strategic investment in Retailistan
- Forbes Asia's Best Under A Billion 2021
- Won Microsoft InnerCircle award
- Expanded operations in KSA
- ICCI President IT Award
- Won P@SHA Top Exporter award
- Two wins in Asia Money 2021

2022

AWARDS & RECOGNITION

 Among top global technology partners two times in a row	 Only Pakistani IT company to win three times in a row	 Partner of the year 2018	 Top New Partner and Service Excellence Awards
 Most Outstanding Company two times in a row	 Top Exporter Award	 Top 3 on PSX 25 companies list 2021 two times in a row	 Cloud Partner of the Year
 Appreciation Award	 First IT company to win the LCCI President IT award	 Highly Commended - Top Tech Team 2022	 Best Sales Partner - MEA Sales and Partner Summit 2022
 Best Digital Channel/Platform Implementation Award 2022	 Temenos IT Services PEAK Matrix Assessment 2022		

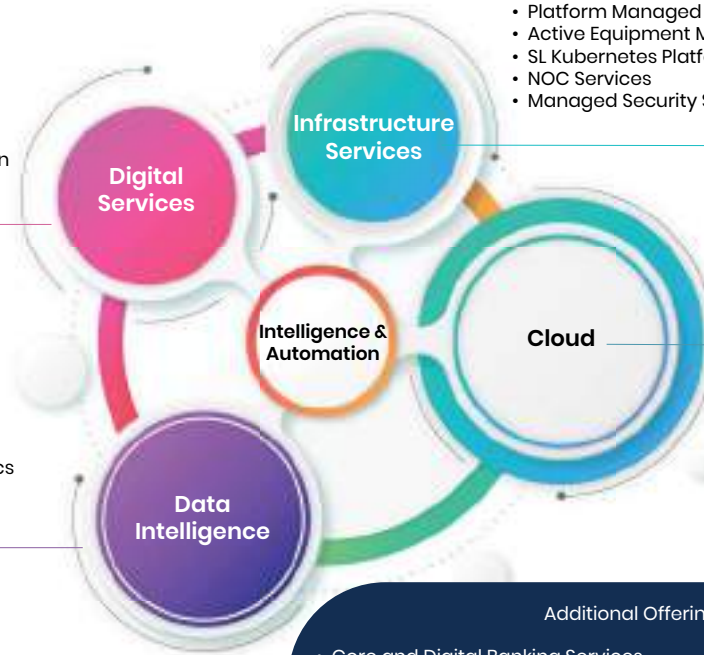


PARTNERSHIPS

OUR CORE FOCUS

- Digital Strategy & Experience
- Digital – Automation & Optimization
- Business Applications – ERP & CRM
- Application Services & Modernization
- Integration / Middleware



- Platform Managed Services on AnyCloud
- Active Equipment Management Services
- SL Kubernetes Platform Modernization
- NOC Services
- Managed Security Services

- Cloud Ops & Migration
- Cloud App Development & Integration
- Cloud Managed Services

- Data Management & Engineering
- BI/Visualization & Analytics
- AI/ML & Data Science

Additional Offerings

- Core and Digital Banking Services
- Information Security
- Infra Managed Services
- App Managed Services
- Quality Assurance
- Business Process Outsourcing
- Emerging Technologies



LET THERE BE A CHANGE

With a dedicated workforce and brilliant minds from across the globe, we fuse our technological capabilities with deep expertise across numerous industries to resolve the challenges they are facing.

EXTENDING OUR INFLUENCE THROUGH ACQUISITION AND EXPANSION



Acquired NdcTech

Synergizing IT services for the banking industry



Acquired TreeHouse Consulting

Strategic alliance for digital excellence

Established regional headquarters of **Systems Arabia in Riyadh**

We arrived on the shores of **Australia**

Expanded operations in **South Africa**
• Digitalizing a new region

Opened an office in **Faisalabad** and another office in **Islamabad**

TECHNOLOGY FORCES THAT ARE SHAPING TOMORROW

Transformation – A necessary mandate

By 2025, the global digital transformation market is expected to grow to \$1,009.8 billion.

Source: Research and markets

Data in every decision

By 2025, nearly all employees naturally and regularly leverage data to support their work.

Source: Mckinsey

The age of Metaverse

By 2026, 25% of consumers could be spending at least one hour in the metaverse each day.

Source: Deloitte

AI everywhere

By 2024, more than 50% of user touches will be augmented by AI-driven speech, written word, or computer-vision algorithms,

Source: Mckinsey

PAKISTAN'S TECH INDUSTRY: A BEACON OF OPPORTUNITY

10,000+

Companies

\$2.6 billion*

Export revenue

600,000

IT professionals

8000

International companies

26,000

IT graduates

3rd

In the freelancing industry

*SBP remittance – 2021-2022

MARKETING FOOTPRINT

Transforming the world through digital innovation and creating meaningful impact at every turn by organizing and participating in one of the largest tech events.

LEAP

Leap into new digital heights!

Enabling KSA's enterprises to capitalize on the opportunities unlocked by the advent of digital technologies and stay abreast with the consistently evolving global IT landscape.



GITEX Global

Witness the digital revolution with us!

Helping businesses across the globe to enter the next phases of growth by combining the power of technology, innovation, and people.

ASCEND 2022

Taking your cloud journey to new heights.

An insightful collaborative event with AWS and SAP where we explored the promising capabilities and how to build an intelligent enterprise with the cloud.



Transcend 2022

Co-hosted a tech event with IBM, to highlight the promising implications of digital transformation in today's world on the business landscape in Pakistan.

Temenos MEA Sales & Partner Summit

All partners of Temenos under one roof and offering unmatched future-led offerings to the banking sector.



Bank of Future forum

Enriching the banking community of Pakistan with insights into composable, digital, and cloud banking to help them become the banks of the future.



Temenos Community Forum

Helping the banking community leverage the Temenos ecosystem to engage customers, grow market share, scale their operations, and create endless opportunities for everyone.



Singapore Fintech Festival

Connecting and collaborating with the global FinTech community and paving the way forward.



Cedar IBS Intelligence Summit

Engaged in an insightful discourse around tapping into the rapid changes in the banking sector.



Innovations in Healthcare – A Way forward for Pakistan

Took a great initiative to bring together industry and academia to spearhead innovation in healthcare.



Special technology zones authority – One-window portal

Implemented one window portal to make the process seamless for national and international investors.



DATACON Pakistan 2022

The event featured panel discussions from top-of-the-line industry professionals on business intelligence and the role of data in future success.



Temenos Regional Forum

Insightful sessions by global thought-leaders on trends such as wealth management, digital banking, non-digital banking, and the rise of challenger banks.



Pakistan Innovation Day – Time is for Pakistan!

At GITEX GLOBAL 2022, Asif Peer, CEO & MD at Systems Limited, shed light on Pakistan's being Asia's next tech hub and most affordable country for IT outsourcing businesses.



ASIF PEER, CEO & MD, SYSTEMS LIMITED, HONORED WITH PRESIDENTIAL AWARD SITARA-E-IMTIAZ



For his meritorious contribution to the IT sector and his dedication and commitment to the economic well-being of Pakistan, the government of Pakistan honored Asif Peer. With national interest and the nation's prosperity at heart, he always went the extra mile to lead his people and take Pakistan's IT industry to new heights.



IT MUSTAKBIL TRAINING PROGRAM CAMPAIGN

We launched a 360-degree campaign on our initiative, IT Mustakbil (ITM) Training Program, in collaboration with the Ali Institute of Education, to raise IT awareness, encouraging women to excel, up-skilling and re-skilling, and increasing job opportunities, resultantly stimulating IT exports and revolutionizing Pakistan's IT landscape.



TUM HO TO

SHEHZAD ROY | SAJAL ALY

LEADERSHIP'S LENS: A NEW VISION FOR GROWTH

Tracing the legacy of Systems Limited

As Systems Limited completes 45 years of disruption, innovation, and impact, founders Syed Babar Ali and Aezaz Hussain sat together for the first-ever candid conversation and traced the journey of continuous reinvention, dedication, integrity, and employee ownership.

"We are a 45-year-old company but we have reinvented ourselves every five years. Today we are truly a global company, we ventured into North America 20 years ago and established a very sound base there, we are now in Europe, we are fairly big in the Middle East, we have an office in South Africa and Egypt we have established our presence in APAC region. The energy that the next generation has brought in the leadership of Systems truly made us a truly global company. The future of Systems is the new people we recruit."

Aezaz Hussain

Chairman, Systems Limited



DIGITAL GARAGE WITH ASIF AKRAM

We initiated a series of compelling conversations and thought-provoking discourse to understand what the digital shift means for us, our businesses, and the future. Asif Akram, COO of Systems Limited, engaged with Azhar Nawaz, CIO of Engro, and Mujahid Ali, Group Chief of Information Technology, and Sohail Aziz Awan, Chief of Digital Banking from Allied Bank Limited, and talked about the wave of tech-led change.



THE SYSTEMS DIALOGUE

Our industry leaders initiated a dialogue to understand what the future holds for us and how we can simplify technology for a purposeful future. From diving deep into Metaverse and Web 3.0 with Asif Bilgrami, VP of Professional Services, and Sohail Ahmed, VP of Customer Experience, to highlighting the impact of cloud on digital enterprise architecture with Ovais Khan, SVP Head of Delivery, and exploring a wide array of challenges business face with Kashif Manzoor, VP, we identified the best course of action to scale successfully.



PEOPLE & CULTURE

HUMAN CAPITAL'S STRATEGIC PILLARS

TALENT ACQUISITION

TALENT MANAGEMENT

EMPLOYEE EXPERIENCE

DATA ANALYTICS & AUTOMATION

ACADEMIA LINKAGES, MARKET RESEARCH & EMPLOYER BRANDING



TOIMA ASGHAR

Group CHRO, Systems Limited

The year 2022 proved to be a challenging yet an inspiring one for Systems Limited. Our people's synergy has risen against all odds and challenges with dedication and resilience. Indeed, Systems Limited's historical success is grounded in our collective commitment to our core values.

We have accomplished commendable cultural stability through our people centric policies and processes. To enhance the employee experience, we brought in excellence in our division by introducing functions like Business Partners; Academia Linkages and, Employer Branding Unit that have added value in the employee value proposition. We took numerous data-driven initiatives focusing on employee development and growth. This year we also took knowledge-based actions in our Corporate Social Responsibility initiatives that focuses on Education and uplifting the skill set of our youth thereby creating new waves of knowledge-sharing platforms and collaborations.

I thank the people of Systems Group, who live and breathe the System's team spirit; for their enormous and sincere contributions.

TALENT ACQUISITION

2,043

TALENT
ONBOARDED

16 Days

AVERAGE HIRING
TURNAROUND

This includes induction of 68 members in our leadership tier, 27 top talented fresh graduates and 147 employees in NDC Tech.

Additionally, through our HCD team in Pakistan, we have hired 49 employees for our international entities in Qatar, Egypt, KSA and South Africa. For the skillset, which is scarce locally, we have hired talent in other countries through varied hiring modes including remote, consulting, part time and through third party.

Systems offer a range of Management trainee and internship opportunities to graduates that has exposed them to real business challenges and allow their energy and fresh thinking to have a real impact.



TALENT MANAGEMENT & OD

HOUSE OF LEARNING – TECHNICAL TRAININGS

5,455

LEARNING HOURS

275

SESSIONS

160

TRAININGS

There was a plethora of online trainings organized this year, namely; Azure, CRM, Agile, PMP, Machine Learning, Microsoft Dynamics, and ITIL Frameworks, planned and executed by the TM & OD team in coordination with all competencies.

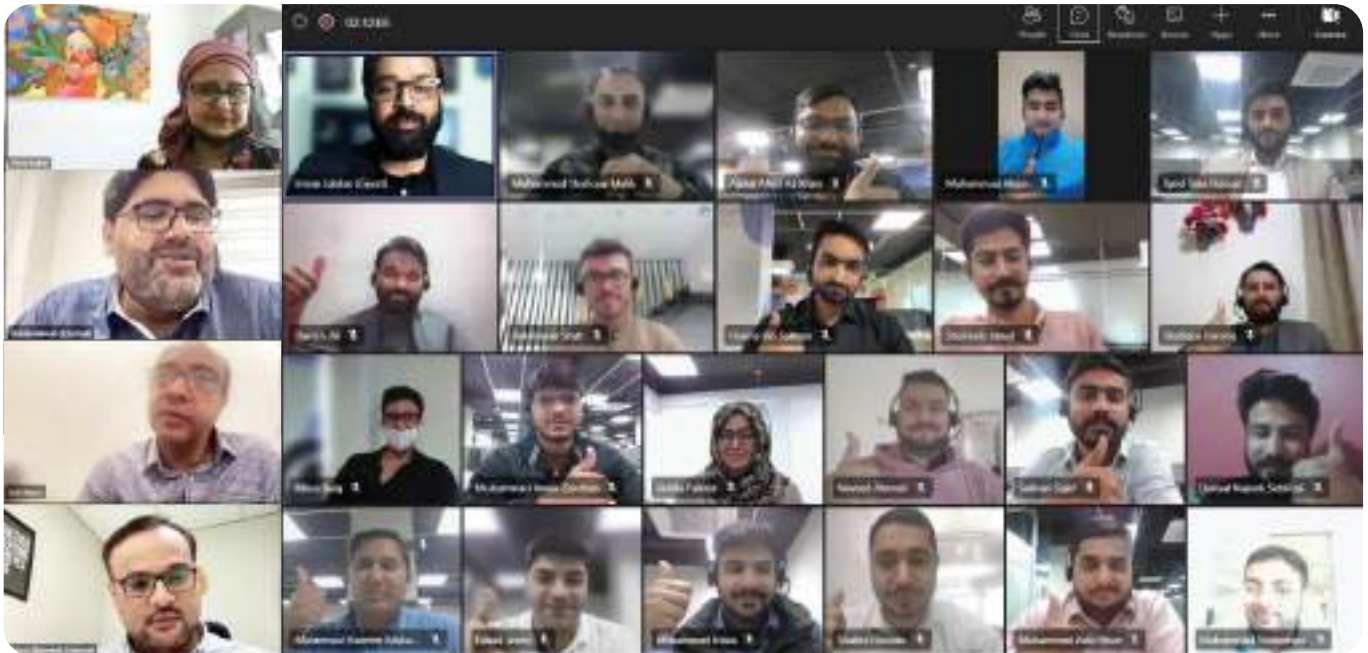
LEARNING RALLY – SOFT SKILLS INTERVENTIONS

Throughout the year, multiple platforms were made accessible for soft and leadership skills training. The goal was to assess and improve current resources' capabilities and confidence in achieving the targeted business outcomes with 5132 total number of hours.



CULTURAL INTERVENTION – LEADERSHIP & SOFT SKILLS TRAININGS

A total of 25 leadership and soft skills series were planned and executed by the TM & OD team.



LEADERSHIP INTERVENTION

Talent Management team designed and implemented major workshops this year; around Strategic Thinking, Leadership, Emerging Leaders & Expedition, and Team Work & Collaboration, Inner Management, Culture Sustainability to name a few.

LUMS – SYSVISTECH LEADERSHIP UNIVERSITY

Systems Group has partnered with REDC LUMS to establish the SysVisTech Leadership University. This customized intervention is designed for the fast-track executives that have the capacity to contribute strategically and lead the organization in future. The program includes 3 modules;

- * Leadership for Performance Excellence.
- * Team Communication & Collaboration for Results.
- * Decision Making & Negotiation.

105 employees have graduated in 4 Cohorts. Cohort 5 is in progress and will be completed in January 2023.

LANGUAGE & COMMUNICATION PROGRAM

To equip our employee with one of most effective tools of communication, we have introduced English language and Communication Program at Systems Campus at Lahore, Karachi and Islamabad. In first two batches, 47 students have successfully completed the program. At present, 6 batches are on-going at Lahore, Karachi and Islamabad simultaneously.

DIGITAL LEARNING

At systems, we believe in a continues learning culture and work proactively to reskill and upskill our people. To provide an agile learning solution, subscription to different digital learning platforms such as Cloud Guru and Coursera was provided to our people with a total of 211 courses enrollments in 2022.

SYSVISFIT WELLNESS PROGRAM

OFFICE ERGONOMICS

Systems Limited successfully conducted awareness sessions on how to minimize discomfort and prevent injuries associated with repetitive movements.



MODERN MALANG

Mindfulness meditation sessions were conducted in collaboration with Modern Malang. At Systems, we believe when our people feel better, they do better and thrive at workplace.



EMPLOYER BRANDING ACTIVITIES

8,000+

FOLLOWERS ON
SOCIAL MEDIA PAGES

40,000+

AVERAGE POST REACH

150,000+

POST IMPRESSIONS

70,000+

POST ENGAGEMENT

In today's competitive market for top talent, Systems believe in building a reputation as an employer of choice and great place to work. This year, under the umbrella of HCD Systems, Team EBU is bringing employer branding to life by engaging our people through:

- Different offline and online activities.
- Building virtual community "People at Systems" on different social media handles such as LinkedIn, Facebook, Instagram and Twitter.
- Quarterly Bulletin "People@Systems". Volume I and II has already been released.

Some of the major projects were Systems HQ environment & facilities branding, Dubai Office Branding, celebrating two decades of services, MTO Batches, Fresh Graduates Week, Women's Day, Breast Cancer Awareness Week, InfoSec Awareness Week, CEO talks, leadership townhalls, IT Mustakbil Training Program branding nationwide several platforms focusing on youth uplifting and contribution towards growth of IT in Pakistan, Reignite-our women centric program, and much more. Further, EBU promotes Systems as more diverse & inclusive workplace by reflecting this spirit through employee advocacy. We practice diversity and inclusion as a key pillar of employer branding.



TEAM AWAY DAY



EID ACTIVITIES



CELEBRATING SERVICES OF MANY YEARS



EID UL FITR COMPETITION



SYSTEMS EGYPT OFFICE OPENING



RECOGNITION ACTIVITIES



BREAST CANCER AWARENESS (PINKTOBER)



WOMEN'S DAY



RECOGNITION ACTIVITIES



PEOPLE CONNECTS



TEAM AWAY DAY



INFOSEC WEEK ENGAGEMENT



WELLNESS PROGRAM



INDEPENDENCE DAY CELEBRATION



FATHER'S DAY



TEAM SYSTEMS AT GITEX GLOBAL



WOMEN'S DAY



LEADERSHIP CONNECT



TOWN HALL



WELLNESS PROGRAM

INDUSTRIAL & ACADEMIA LINKAGES

IT MUSTAKBIL TRAINING PROGRAM

Launched Diploma in Computer Science to equip CS and non-CS graduates for their inclusion in IT Industry.

6-month rigorous training & mentorship program through academic and industrial experts.

Graduates inducted from various educational and professional backgrounds.

This program will equip them with market-oriented technologies like Node JS/React JS, Java Full Stack, ERP, CRM, Salesforce, E-Commerce, Supply Chain, Power App & Power BI.



IT Mustakbil Training Program bagged an Award at P@sha ICT Awards 2022 **Services - Corporate Social Responsibility** in recognition of its impact under CSR.

Aezaz Hussain, Chairman - Systems Group of Companies had an interactive session with ITM students.

LANGUAGE AND COMMUNICATION PROGRAM

Launched English Language & Communication Program to enhance listening, writing and speaking skills of our resources in Lahore, Karachi and Islamabad.



COLLABORATIONS WITH UNIVERSITIES FOR TRAINING & DEVELOPMENT OF STUDENTS



FAST - Karachi



Iqra University - Karachi



FAST - Lahore



IBA - Karachi



UET - Lahore



Habib University - Karachi



Aptech Learning

OUR LEADERSHIP JOINING INDUSTRIAL ADVISORY BOARDS OF UNIVERSITIES



Naureen Anwar, SVP – Special Projects
National Skills University (NSU) - Islamabad.

Habib Ahmad, SVP Data Analytics & AI
FAST - Peshawar.



Faisal Tajammal, SVP – CADM
FAST - Lahore.

Usman ur Rehman Ahmed, VP – CADM
Forman Christian College. (A Chartered University) Lahore



PARTICIPATION IN ACADEMIA EVENTS, CONFERENCES AND ADVISORY BOARD MEETINGS



Faisal Tajmmal, SVP – CADM, Habib Ahmad, SVP – DA & AI, Naureen Anwar, SVP – Special Projects, Adeel Ahmed Chatha, Manager – Academia Linkages and Arsalan Rashid, VP – QA participated in Industrial Advisory Board meetings of FAST – Faisalabad, FAST – Peshawar, IBA – Karachi and Hamdard University – Karachi

Systems hosted Cloud Architecture Curriculum Development session for IT Industry Readiness Bootcamps at Karachi Office.



Asif Peer, CEO at the Convocation of FAST – Karachi.

Mr. Faisal Tajammal, SVP/Head of Cloud App & Development – Systems Limited was invited FAST – Chiniot/Faisalabad Campus as Guest of Honor.



Our CEO & MD, Asif Peer got candid in an interview with George Fulton from Iqra University – Karachi.

Toima Asghar, CHRO – Systems Limited participated in SkillUp FAST Round Table Conference held at FAST – Lahore.



Systems participated in the skilled HR Development 2nd Roundtable held in Lahore.

Toima Asghar, CHRO – Systems Limited participated in Learn Fest 2022 as keynote speaker.



Political & Economic Chief, U.S. Consulate, Kathleen Gibilisco met participants of IT Mustakbil Training Program at Ali Institute of Education and had an interactive sessions with participants.

5 scholarships distributed among top 5 students of UET Lahore.



ACADEMIC/INDUSTRIAL SESSIONS & WORKSHOPS



Asif Peer, CEO & MD – Systems Limited had an interactive session with the final year students of IBA – Karachi on “Digital Transformation is About Talent”.

Toima Asghar, CHRO – Systems Limited had an interactive session with the students of LSE – Lahore and discussed role of communication in organization along with challenges/opportunities in current market.



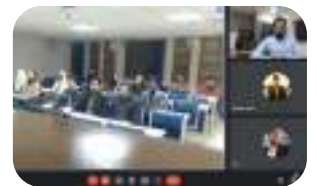
Ovais Khan, SVP/Head of Delivery MENAP, Systems Limited had an interactive session on Enterprise Integration and API Economy at IBA – Karachi.

Naureen Anwar, SVP – Special Projects, Systems Limited had an interactive session with students at NSU – Islamabad.



Tahir Saeed, Chief Investment Officer, Systems Ventures had an interactive session on Investment Analysis and Portfolio Management at LSE – Lahore.

Adil Sikander, AVP – Human Capital Division at Systems Limited highlighted upcoming Information Security related career opportunities globally, required market skills and technology trends at NUST – Islamabad.



Nabeel Ahmed, Managing Consultant, Mirza Hamad Uddin, Managing Consultant and Faizan Siddiqui, Junior Consultant conducted a workshop on Amazon Web Services at University of Lahore.

Atif Raza, Managing Consultant – Cloud Services had an interactive session with the students of IBA – Karachi on “Cloud Computing.



Usman ur Rehman, VP Cloud Application, Development & Maintenance interacted with the students of IT Mustakbil Training Program.

Asif Bilgrami, VP – Emerging Technologies conducted sessions at FAST Karachi and LUMS.



Kashif Manzoor, SVP Engineering, Systems Limited has joined International Conference on Big Data and Cloud Computing, BigC 2022 as Guest Speaker at LUMS.

CORPORATE SOCIAL RESPONSIBILITY

EDUCATION



HEALTH



Construction of TCF Burewala



Medical Camp at Balakot, KPK



150+ houses constructed in KPK, Sindh, Balochistan & South Punjab



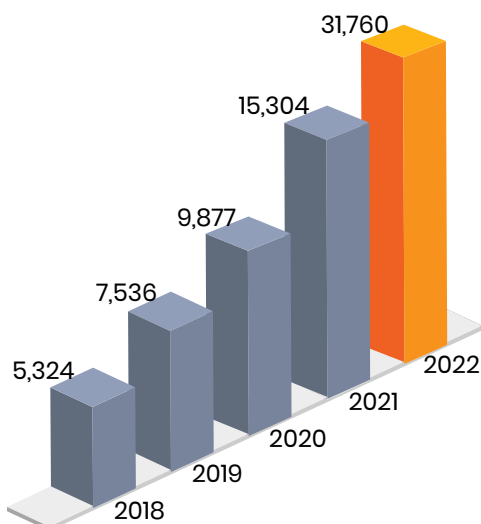
Collaboration with PCHF to support children with CHD

GENERAL DONATIONS

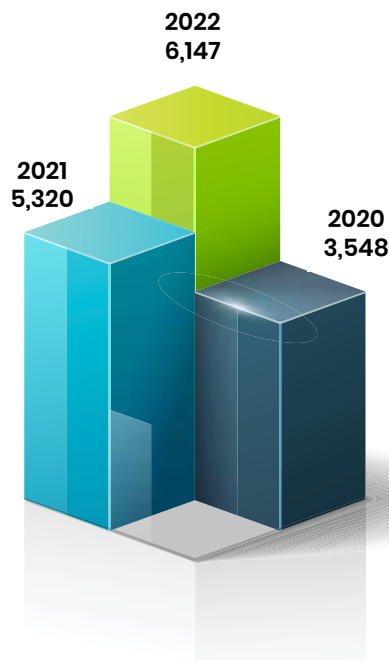


KEY FINANCIAL & BUSINESS HIGHLIGHTS

REVENUE TRAJECTORY (PKR MILLION) CAGR 56%



NUMBER OF EMPLOYEES



GROUP FINANCIALS AT A GLANCE

PKR 31.76 BN
FY'22 REVENUE

56%
CAGR REVENUE GROWTH

108%
YOY REVENUE GROWTH

51%
YOY PAT
GROWTH

6,147
TOTAL EMPLOYEES AS AT
DECEMBER 31, 2022

27%
FY'22 GROSS
PROFIT MARGIN

21%
FY'22 NET
PROFIT MARGIN

17%
FY'22 OPERATING
PROFIT MARGIN

20%
FY'22 EBITDA
MARGIN

391
FY'22 TOTAL ACTIVE
CUSTOMERS SERVED

24
CUSTOMERS WITH
OVER \$1M REVENUE

92
DAYS SALES
OUTSTANDING

23.61
FY'22 EARNINGS
PER SHARE

22%
FY'22 RETURN
ON CAPITAL EMPLOYED

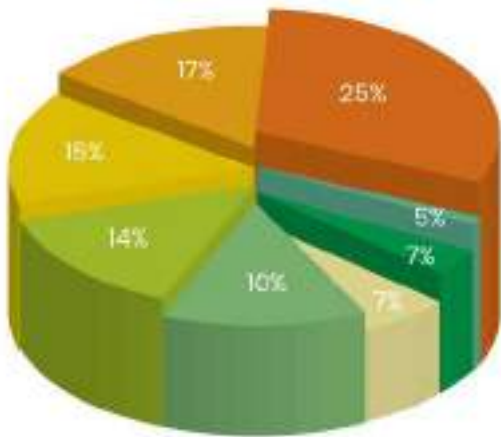
29%
FY'22 RETURN
ON EQUITY

PKR 10.2 BN
CASH & CASH
EQUIVALENTS
(incl. short terms investments)

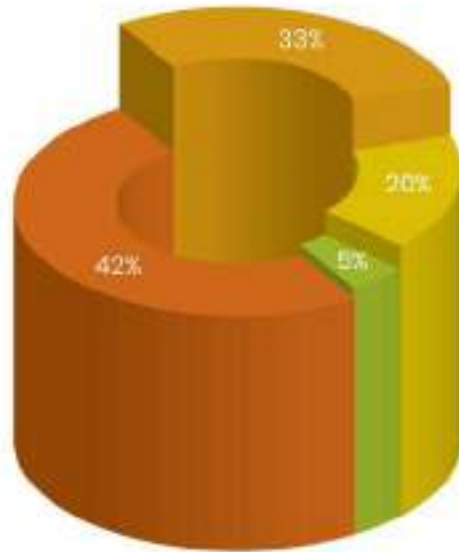
PKR 5.7 BN
FY'22 CASHFLOWS
FROM OPERATIONS

PKR 3.8 BN
FY'22 FREE
CASHFLOWS

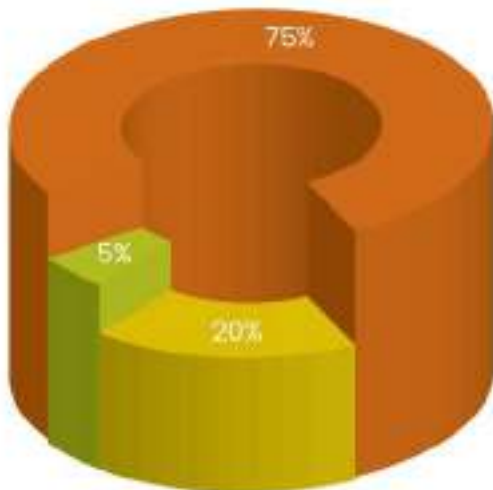
REVENUE BY SECTORS



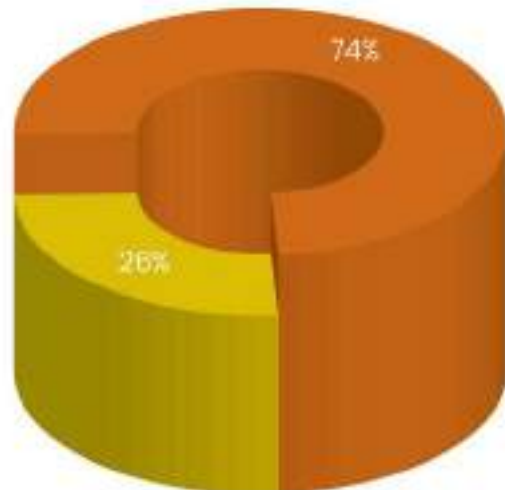
REVENUE BY GEOGRAPHY



REVENUE BY CURRENCY



COST BY CURRENCY



*One off trading transaction (CLOS) has been excluded from the above charts.

KEY FINANCIAL HIGHLIGHTS

PROFIT AND LOSS SUMMARY FOR THE LAST SIX YEARS (AMOUNTS IN PKR)

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2022	2021	2020	2019	2018	2017
Rupees						
Revenue	20,644,764,716	11,903,583,911	7,513,766,845	5,348,568,742	3,761,155,759	2,910,800,003
Cost of revenue	(13,889,659,278)	(7,912,442,628)	(4,715,786,027)	(3,572,188,527)	(2,582,618,930)	(2,048,691,935)
Gross profit	6,755,105,438	3,991,141,283	2,797,980,818	1,776,380,215	1,178,536,829	862,108,068
Distribution expenses	(270,588,626)	(188,926,692)	(118,654,595)	(99,693,155)	(46,585,985)	(113,712,935)
Administrative expenses	(1,520,716,072)	(981,346,043)	(499,987,819)	(448,471,106)	(377,384,516)	(286,947,433)
Reversal of impairment losses / (impairment losses) on financial assets	(2,497,969)	12,563,431	(128,851,408)	(88,323,142)	(107,186,848)	(27,632,931)
Other operating expenses	(89,326,377)	(16,919,184)	(5,889,010)	(50,702,061)	(11,180,134)	(60,089,469)
	(1,883,129,044)	(1,174,628,488)	(753,382,832)	(687,189,464)	(542,337,483)	(488,382,768)
Operating profit	4,871,976,394	2,816,512,795	2,044,597,986	1,089,190,751	636,199,346	373,725,300
Other income	1,977,050,375	620,344,533	272,645,254	342,646,042	437,742,627	118,416,151
Finance costs	(224,538,852)	(84,291,698)	(49,914,195)	(39,164,417)	(18,834,198)	(10,709,009)
Profit before taxation	6,624,487,917	3,352,565,630	2,267,329,045	1,392,672,376	1,055,107,775	481,432,442
Taxation	(324,650,972)	(31,874,154)	(73,414,103)	(28,540,667)	(45,624,604)	(8,056,404)
Profit for the year	6,299,836,945	3,320,691,476	2,193,914,942	1,364,131,709	1,009,483,171	473,376,038

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2022	2021	2020	2019	2018	2017
Rupees						
Revenue from contracts with customers	31,759,927,263	15,304,037,567	9,876,827,710	7,535,648,069	5,323,922,442	3,832,429,037
Cost of revenue	(23,123,647,896)	(10,314,365,850)	(6,619,640,203)	(5,166,301,606)	(3,795,122,571)	(2,683,690,637)
Gross profit	8,636,279,367	4,989,671,717	3,257,187,507	2,369,346,463	1,528,799,871	1,148,738,400
Distribution expenses	(740,518,496)	(385,600,533)	(201,024,729)	(178,002,387)	(90,539,319)	(58,938,644)
Administrative expenses	(2,483,965,304)	(1,426,803,958)	(722,310,556)	(698,066,995)	(572,629,509)	(484,005,420)
Reversals of impairment losses / (impairment losses) on financial assets	40,359,108	(8,131,032)	(214,246,515)	(137,482,470)	(118,857,365)	(32,681,252)
Other operating expenses	(89,326,377)	-	(5,889,010)	(26,049,546)	(19,490,427)	(103,152,843)
	(3,273,451,069)	(1,820,535,523)	(1,143,470,810)	(1,039,601,398)	(801,516,620)	(678,778,159)
Operating profit	5,362,828,298	3,169,136,194	2,113,716,697	1,329,745,065	727,283,251	469,960,241
Other income	2,230,060,151	653,030,134	235,201,038	318,491,575	408,460,653	114,980,509
Gain on disposal of investment	-	816,226,748	-	-	-	-
Finance costs	(287,819,752)	(121,404,658)	(66,659,676)	(47,022,212)	(27,073,044)	(15,786,491)
Share of loss of Associate	(323,899,362)	(83,384,503)	-	-	-	-
Profit before taxation	6,981,169,335	4,433,603,915	2,282,258,059	1,601,214,519	1,108,670,860	569,154,259
Taxation	(351,508,026)	(53,944,635)	(117,960,376)	(33,281,698)	(47,387,580)	(8,435,716)
Profit for the year	6,629,661,309	4,379,659,280	2,164,297,683	1,567,932,821	1,061,283,280	560,718,543

DUPONT ANALYSIS

2022

Profit	6,629,661,309	Revenue	31,759,927,263	Total assets	38,325,566,592	ROE 29%
Revenue	31,759,927,263	Total assets	38,325,566,592	Equity	22,928,279,541	
Profit margin	21%	Assets turnover	83%	Equity multiplier	167%	

2021

Profit	4,379,659,280	Revenue	15,304,037,567	Total assets	18,031,453,829	ROE 36%
Revenue	15,304,037,567	Total assets	18,031,453,829	Equity	12,062,774,855	
Profit margin	29%	Assets turnover	85%	Equity multiplier	149%	

KEY RATIOS

Standalone

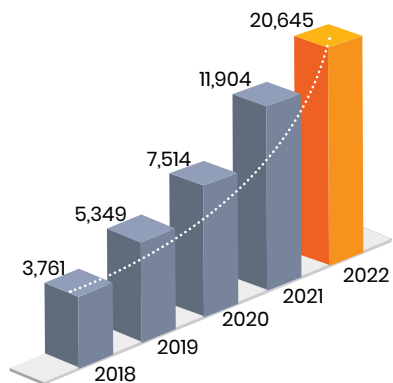
	2022	2021	2020	2019	2018	2017
Profitability Ratios						
Gross Profit Ratio	33%	34%	37%	33%	31%	30%
Net Profit Ratio	31%	28%	29%	26%	27%	16%
Return on Equity	31%	32%	30%	26%	25%	15%
Return on Capital Employed	24%	26%	27%	20%	16%	12%
Return on Assets	23%	22%	22%	20%	20%	12%
Capital Structure						
Debt to Equity	0.15	0.27	0.20	0.13	0.11	0.06
Interest Coverage	21.70	33.41	40.96	27.81	33.78	34.90
Liquidity Ratios						
Current Ratio	2.64	2.55	3.49	3.54	4.21	4.59
Quick Ratio	2.45	2.42	3.16	3.07	3.62	3.72
Cash to Current Liabilities	0.10	0.37	0.71	0.81	0.44	0.73
Investment						
EPS Basic (Restated)	22.44	12.06	8.03	5.02	4.10	1.77
EPS Diluted (Restated)	22.29	11.98	7.95	5.00	4.09	1.77
Dividend Payout	22%	20%	20%	20%	24%	41%

Consolidated

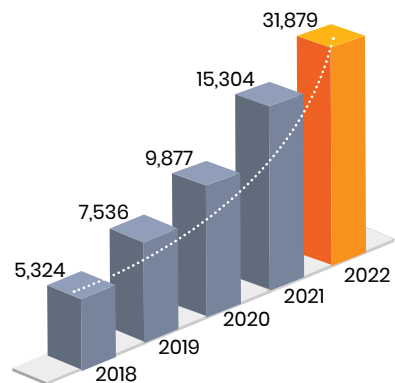
	2022	2021	2020	2019	2018	2017
Profitability Ratios						
Gross Profit Ratio	27%	33%	33%	31%	29%	30%
Net Profit Ratio	21%	29%	22%	21%	20%	15%
Return on Equity	29%	36%	27%	28%	25%	17%
Return on Capital Employed	19%	36%	26%	27%	25%	17%
Capital Structure						
Debt to Equity	0.14	0.23	0.21	0.12	0.11	0.07
Interest Coverage	18.6	26.1	31.71	28.28	26.86	29.77
Liquidity Ratios						
Current Ratio	1.81	2.52	3.06	3.29	3.48	3.91
Quick Ratio	1.60	2.35	2.79	2.85	2.85	3.05
Cash to Current Liabilities	0.43	0.54	0.96	0.91	0.65	0.94
Investment						
EPS Basic	23.61	16.21	8.08	5.84	4.36	2.13
EPS Diluted	23.45	16.10	8.01	5.82	4.35	2.13

FINANCIAL ANALYSIS

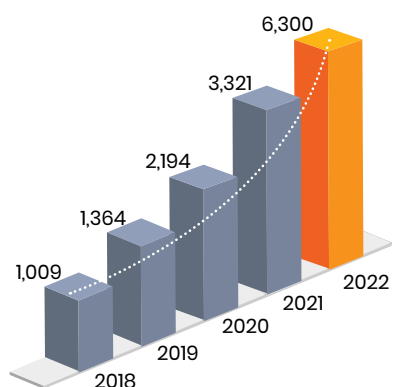
UNCONSOLIDATED REVENUE
(PKR MILLION) CAGR 53 %



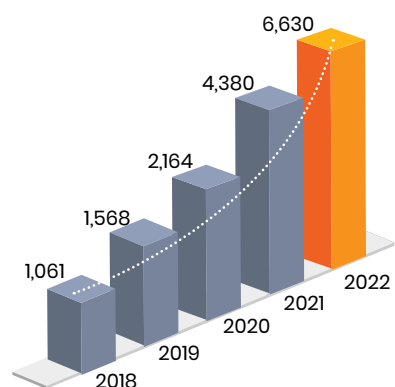
CONSOLIDATED REVENUE
(PKR MILLION) CAGR 56 %



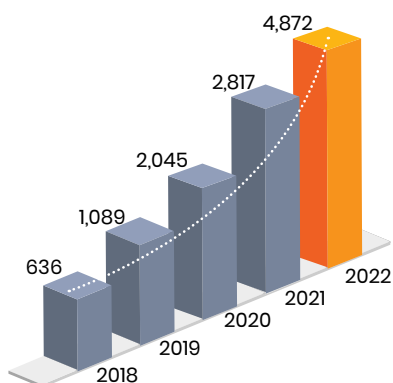
UNCONSOLIDATED NET PROFIT
(PKR MILLION) CAGR 58 %



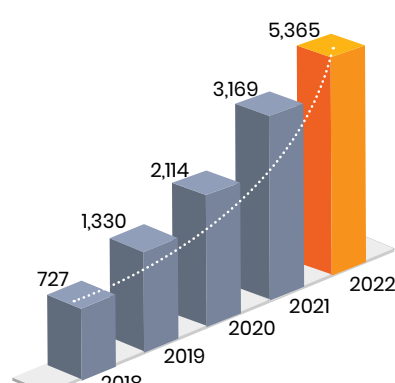
CONSOLIDATED NET PROFIT
(PKR MILLION) CAGR 58 %



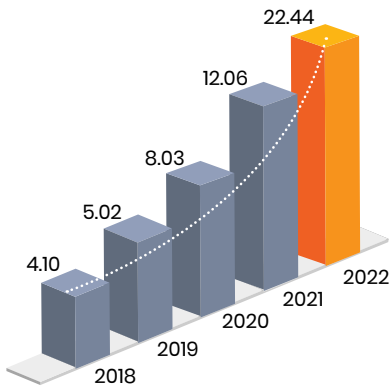
UNCONSOLIDATED OPERATING PROFIT
(PKR MILLION) CAGR 66 %



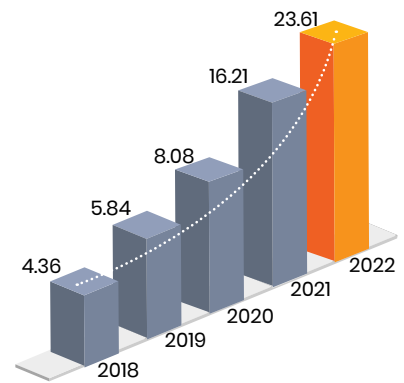
CONSOLIDATED OPERATING PROFIT
(PKR MILLION) CAGR 65 %



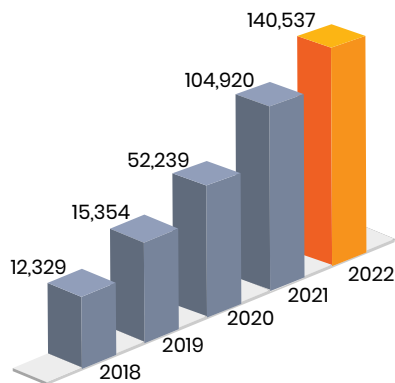
**UNCONSOLIDATED - EPS - BASIC
(RUPEE) CAGR 53%**



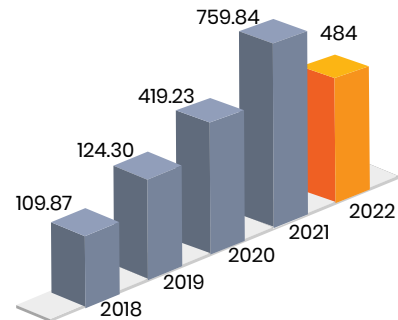
**CONSOLIDATED - EPS - BASIC
(RUPEE) CAGR 53 %**



**MARKET CAPITALIZATION
(PKR MILLION)**



**CLOSING SHARE PRICE
(PKR)**



SHARE PRICE SENSITIVITY ANALYSIS



SUSTAINABILITY FRAMEWORK

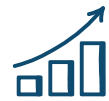
WHAT SUSTAINABILITY MEANS TO US



BE KIND WITH THE ENVIRONMENT

Key Indicators:

- Reduced electricity costs by moving data centres to cloud
- Controlled e-waste by donating laptops and computers
- Policy to reduce printing and use digital media as much as possible
- Raising employee awareness to control water wastage and electricity



ENSURE SUSTAINABLE FINANCIAL GROWTH

Key Indicators:

- 56% increase in revenue
- 65% increase in operating profit
- 53% increase in EPS
- 29% Return on Equity
- Consistent dividend payout ratio
- Continuous development in products and services



GOVERNANCE

Key Indicators:

- Independent Board & its committees promoting GRC
- Responsible tax practices
- Code of Conduct/ Business Ethics
- Related party transactions
- Cybersecurity and Data privacy



GIVING BACK TO THE SOCIETY

Key Indicators:

- Initiated IT Mustakbil Program
- Setup schools for underprivileged children
- Donations to Hospitals
- Donation of laptops and computers to schools and universities
- Created Dost fund to provide financial support in case of any emergency



BE KIND TO EMPLOYEES

Key Indicators:

- Creating decent work space and sustainable income for 6,000+ employees
- Work from home policy to provide flexibility
- Spending huge amount on trainings & certifications
- Wellness programs and HSE awareness

POLICIES & PROCESSES COVERING SUSTAINABILITY AREAS

Be kind to Environment

Clean Water and Sanitation
Energy Consumption
Carbon Emissions

Be kind to employees

Diversity & inclusion
Employee engagement
Safety First
Employee personal growth and development

Giving back to the society

CSR initiatives
Adding value to economy by creating job opportunities

Governance

Independent Board & its committees promoting GRC
Responsible tax practices
Code of Conduct/
Business Ethics
Related party transactions
Cybersecurity and Data privacy

Sustainable financial growth

Financial & Operational Shareholders
Transparency & Value Addition

Sustainability Areas

Policies, Rules & Guidelnes

Processes

Code of Conduct, Internal Audit Policy, Code of Corporate Governance 2019, Procurement Policy, Environmental Policy, Information Security Policies, HR Policy, Health & Safety Policy, Whistle Blowing Policy

Policies

Internal and external audits (1, 2), Governance, risk and compliance management (2,3), Sourcing to pay (4), Supplier self assessment (4), Environmental management process (EMS) ISO14001 (4, 5, 6), ISO27001 (3), SOC 1 & SOC 2 (3), Information and cyber security audits and assessments (3), HR processes (1, 7, 8), Employee engagement survey (8)

SUSTAINABILITY PILLARS

BE KIND TO ENVIRONMENT

Be kind to the Environment is an overall team effort to ensure that our company has minimum impact on environment. As part of these efforts, Systems aims to develop an ecosystem where all stakeholders work in a collaborative approach towards honoring the Earth's physical limits and ensuring operations are conducted within the defined parameters developed to reduce our environmental footprint.

	2022	2021
Printing & Advertising Cost Per Employee*	5,124	1,914
Energy Consumption Cost Per Employee*	26,257	12,628

* The increase in per employee costs is resulted from global expansion in business operations.

BE KIND TO EMPLOYEES

At Systems, we aim to create a collaborative and safe work environment that ensures openness, flexibility, stimulate creativity, job satisfaction, and the well-being of all our Systemers and their families. From this holistic approach, the benefits linked to compensation are no longer separated from other benefits and experiences; resultantly, Systems aims to conduct recreational activities and support professional growth which is key in motivating employees leading to a sustainable competitive edge and ultimately wellbeing of our employees.

	2022	2021
No. of Employees	6,147	5,320
Male to Female Ratio	86:14	86:14
Female Employees on Senior Management Positions	16	11
Employee Insurance Cost	84 MN	44 MN
No. of Training sessions	275	174
Spent on Trainings & Certifications	42 MN	26 MN

GIVING BACK TO THE SOCIETY

At Systems, our values ensure that growing exponentially means that company has to give back to the society. COVID-19 has resulted in a paradigm shift where more people want to enter into the realm of IT world and explore opportunities. As a result, numerous initiatives were undertaken to give the society the necessary skills and technical knowledge. We believe in the importance of education as an engine for the development and growth of countries, and we believe that technology is a key tool to guarantee inclusive and equitable access to quality education.

	2022	2021
Management Trainee Officers Hired*	25	375
Laptops' Donations	211	115
collaborative agreements with educational institutes	<ul style="list-style-type: none"> Fast - Karachi IQRA University - Karachi Fast - Lahore IBA - Karachi 	<ul style="list-style-type: none"> Fast - Karachi Habib University

* The decrease in MTO hirings is due to the fact that company has made permanent all the previous hired MTOs.



GOVERNANCE

Growing exponentially brings challenges to meet requirements of all regulators impacting our operations. At Systems we have a comprehensive framework to ensure that our operations are in line with the applicable laws & regulations. We have established independent Audit Committee and have adopted internationally accepted control frameworks to align all our operational, financial and compliance matters, prevent financial leakages, ensure confidentiality & data privacy and improve overall governance.

	2022	2021
Audit Committee Meetings	5	4
Board Meetings	6	5
Remuneration Committee Meetings	2	2
Key Governance Certifications	<ul style="list-style-type: none"> • SOC1 – SOC2 • ISO 9001:2015 • ISO 27001:2013 • ISO 20000-1:2018 • ISO 45001:2018 • ISO 14001:2015 • ISO 18295-1:2017 • ISO 27701:2019 • HIPAA 	<ul style="list-style-type: none"> • ISO 9001:2015 • ISO 27001:2013 • ISO 20000-1:2018 • ISO 18295-1:2017









SUSTAINABLE FINANCIAL GROWTH

Systems believes that the future belongs to organizations who are forward looking, ensure constant evolution, adapt the strength of their culture, expand globally for its business, and are empowered by the potential of new technologies. Systems aims to make a paradigm shift in how a company operates and ensure consistent growth with value addition to its shareholders.









FINANCIAL GROWTH HIGHLIGHTS

	2022	2021
Revenue (PKR MILLION)	31,759	15,304
Profit After Tax (PKR MILLION)	6,629	4,380
Gross Profit Margin	27%	33%
Net Profit Margin	21%	29%
Return on Equity	29%	36%
Dividend Payout	23%	21%







ENVIRONMENTAL, SOCIAL & GOVERNANCE SELF ASSESSMENT DASHBOARD

ESG					
SDG Target	Aim	Status 2022	Performance Indicator	Quantitative Impact	UN sustainability goals
Be kind to Environment					
Efficient waste management	Reduce, reuse and recycle to minimize waste, including e-waste.	<ul style="list-style-type: none"> Increased emphasis on paper-less operations Placement of separate recycle bins for paper, plastic & others at office premises Emphasis on using double side printing whenever practical. Using more cloud services thus reducing investment in on-premises data centers reducing our waste further. Implementation of password control on use of printers to further reduce printing. 	Paper consumption tracking Repair & maintenance of printers	Per Employee Cost: 2021: PKR 1,914 2022: PKR 5,124	
Clean Water and Sanitation	Reduce our water footprint and enhance water availability in the communities where we operate.	<ul style="list-style-type: none"> Emphasis on using less water in the form of 'save water' signs in the rest rooms Collecting and using water from air conditioning in non drinking activities like watering plants. 	Water Consumptions reduced		 
Energy Consumption	Reduce our energy consumption	<ul style="list-style-type: none"> Hybrid working model. An efficient mix of working from office and working from home, thus reducing energy consumption Greater emphasis by the administrative team towards installation of energy efficient equipments like led lights. 	<ul style="list-style-type: none"> Tracking electricity consumption Monitoring diesel consumption in generators 	Per Employee Cost: 2021 - PKR 12,628 2022 - PKR 26,257	
Carbon Emissions	Reduce green house gas emissions	SL gas emissions are tested by a third party SGS and the report indicates that the CO2 emissions are at acceptable industry standards. Further, noise test is also conducted for generators which is also as per standards.	Third party carbon emission report by SGS independent auditor	In Progress	
Be kind to Employees					
Diversity & inclusion	Creating a gender-diverse workforce.	<ul style="list-style-type: none"> Providing a gender equal place to work to prevent inequalities and promoting inclusion of all genders in all departments. Female director nomination on our Board of Directors & C-levels Harrassment policy in place Hiring specially-abled employees 	<ul style="list-style-type: none"> Ratio of male to female employees No. of specially-abled employees Female employees on grade 1A, 1, 2A, 2, 3A No. of incidents of harrassment Dedicated shuttle service for female employees 	Male to female ratio: 2021: 86:14 2022: 86:14 Female Employees on senior management positions 2022: 16 2021: 11 Specially-abled employees 2022 : 12 2021: 11 Initiated Re-ignite program	 
Employee engagement	Ensuring fulfilling careers for our employees.	Creating decent work and stable income for thousands of people.	No of employee engagement activities conducted	CEO Town Hall Meetings Monthly Leadership Connect SysVisFit Wellness programs	

ESG

SDG Target	Aim	Status 2022	Performance Indicator	Quantitative Impact	UN sustainability goals
Be kind to Employees					
Safety First	Creating a safe working environment for our employees and the environment as whole	<ul style="list-style-type: none"> Installation and maintenance for fire extinguishers throughout the premises Trainings and drills to ensure that the workforce is prepared to tackle emergency situations Installation of electricity safety equipments like miniature circuit breakers, fuses etc. Temperature checks on entry to employee premises along with placement of multiple hand sanitizers across all the floors. All employees have health and life insurance Policy to wear facemask at all times in office premises. 	<ul style="list-style-type: none"> Zero injuries /accidents reported No incident of fire during the last three years 	Insurance Cost: 2021: PKR 45M 2022: PKR 84M Fortnightly safety drills are conducted. Fire extinguishers are checked on quarterly basis	 
Employee personal growth and development	To improve technical skills of resources to ensure competitive edge and familiarisation with new disruptive technologies	<ul style="list-style-type: none"> Annual resourcewise training calendar approved by HRCC Policy for cost reimbursements for technical/professional certifications. 	<ul style="list-style-type: none"> 275 training sessions conducted 77 Systemers graduated from SysVistech Leadership University 	Spending on Trainings & Certifications: 2021: PKR 26M 2022: PKR 42M Total Training Hours: 10,590	
Giving back to the society					
CSR initiatives	<ul style="list-style-type: none"> Increase donations to schools hospitlas and other charity organizations Helping employees in times of difficulty Collaborating universities to improve talent 	<ul style="list-style-type: none"> Significant increase in donations to schools and charity organizations Donated laptops to Ali Institute, MOU signed with FAST and ITU DOST FUND established to help employees in times of difficulty 	<ul style="list-style-type: none"> Donations in terms of monetary units and assets Agreements with universities & educational institutes 	Donations Made 2021: PKR 29M 2022: PKR 70M Laptops Donated: 2022: 211 2021: 115	 
Digital Inclusion	To ensure a IT skills are transferred to a more wider group of people in the society thus creating a sustainable work force to support the needs of the IT Industry	Donated laptops to Ali Institute, - MOU signed with FAST and ITU - DOST FUND established to help employees in times of difficulty - MOU Agreement with FAST - Chiniot/Faisalabad Campuses - Habib University for scholarships - Systems inclusion on Advisory Boards of Fast - Launched IT Mustakbil Program a 6 months comprehensive diploma in computer science and IT related technologies to bring a more diverse group of non-cs graduates in the IT industry.	<ul style="list-style-type: none"> Agreements with universities and educational institutes New initiatives 	N/A	
Adding value to economy by creating job opportunities	Create sustainable job opportunities for fresh graduates and experience employees adding value to the economy	<ul style="list-style-type: none"> Significant hiring conducted during the FY 2021 	N/A	Fresh Graduates Hired 2022: 25 2021: 375	
Governance					
Independent Board & its committees promoting GRC	Create sustainable job opportunities for fresh graduates and experience employees adding value to the economy	Company currently has Audit and Remuneration committee consisting of individuals having relevant knowledge/experience.	<ul style="list-style-type: none"> Audit Report on code of corporate governance Quartaerly internal audit performed 	N/A	

ESG

SDG Target	Aim	Status 2022	Performance Indicator	Quantitative Impact	UN sustainability goals
Governance					
Responsible tax practices	Ensure that the company is duly discharging its tax liability	<ul style="list-style-type: none"> Ensuring that the company is working with vendors and suppliers who are registered with tax authorities and also responsible tax citizens Engaging good tax consultants to ensure that the company is compliant with the tax laws 	<ul style="list-style-type: none"> Reduce tax notices and penalties Procurement policy in place to ensure transparency and competitive bidding 	N/A	
Code of Conduct/ Business Ethics	To ensure that our business and employees act with honesty and integrity.	<ul style="list-style-type: none"> The company has a code of conduct which covers Conflicts of interest, ethical conduct at workplace The company has implemented a complete policy and mechanism of Whistleblowing. 	No cases reported	N/A	
Related party transactions	Disclose all the related party transactions to ensure compliance with the applicable laws.	All related party disclosures are made in quarterly and annual accounts of the company.	<ul style="list-style-type: none"> Quarterly approval of related party transactions by Audit Committee & the Board Audit report on compliance with code of corporate governance and there is no non-compliance. 	N/A	
Cybersecurity and Data privacy	Ensure the safety of stakeholder data.	The Company is certified under ISO-27000 which is inline with the ITIL best practice framework over IT controls and information retention. Further, the company is following NIST security protocols for the protection of data related to all stakeholders.	<ul style="list-style-type: none"> The company is certified with the following: <ul style="list-style-type: none"> ISO 27000 ISO 9001 ISO 20001 ISO 18295 Further, the company also have independent SOC1 and SOC 2 reports. Zero incident of breach of security protocols The company has invested in IBM SIEM 	N/A	
Sustainable Financial Growth					
Stakeholder Value addition	Ensure sustainable financial growth	<ul style="list-style-type: none"> 56% increase in revenue 65% increase in operating profit 53% increase in EPS 29% return on equity Consistent dividend payout ratio Continuous development in products and services 	<ul style="list-style-type: none"> Revenue growth Profitability growth Dividend payouts 	Respective reported results	
	Transparent reporting to shareholders and addressing any grievances	<ul style="list-style-type: none"> All results and material facts are timely disclosed on PSX and SECP to ensure transparency To address shareholders concerns a dedicated email for investors have been established 	<ul style="list-style-type: none"> No Penalties/ notices from PSX and SECP for non-disclosure 	N/A	

STAKEHOLDERS ENGAGEMENT

Systems engage all its stakeholders through both structured and occasional dialogue and interactions. Our stakeholders comprise of employees, customers, business partners, regulators, government and wider society.

During the year Systems have conducted both formal and informal conversations with suppliers, business partners, customers, investors and regulators as part of our daily operations. A summary of our engagements with stakeholders along with medium used is described below;



Stakeholders	Expectation	Modes of Engagement
Clients	Business Value & Innovation	Client Visits and Meetings Customer Surveys Social Media
People	Career Opportunities, Health & Safety, Learning & Development	HR Survey - Intranet portals - SRC Club Bulletin Boards - Blogs - Retreats
Investors	Profitable Growth, Sustainability & Transparent Reporting	Investor Briefings & Calls - Company Website Annual General Meeting - PSX Announcements. Print & Digital Media - Social Media
Suppliers & Alliance Partners	Long term partnerships	Financial Reports - Collaboration Conferences - Social Media
Community CSR Engagements Partnerships with NGOs	Education & Environment	Volunteer Initiatives i.e. Donations
Government & Regulatory Bodies	Compliance & reporting	SECP Filings - PSX Filings - External Reports Interactions with statutory bodies like PESSI, FBR Tax returns filing

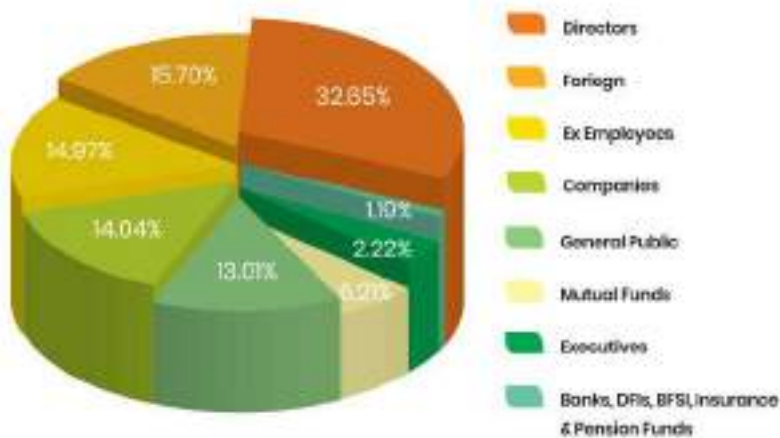
SHARE HOLDER'S KEY INFORMATION

EQUITY & SHAREHOLDING INFORMATION

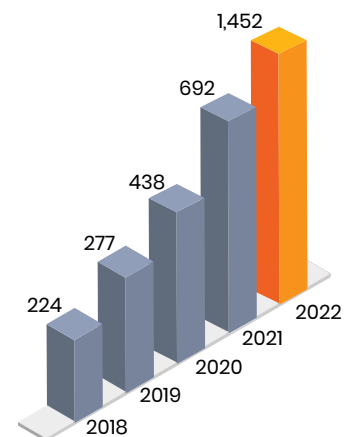
Equity & Stock Information

Authorized Capital	4,000,000,000
Number Of Shares	400,000,000
Par Value	PKR 10
Type Of Shares	COMMON

SHAREHOLDING BREAKUP



DIVIDEND PAYOUT (PKR MILLION)



PATTERN OF SHAREHOLDING – SYSTEMS LIMITED

The Shareholding in the Company as at 31 December 2022 is as follows:

Shareholder Category	Number of Shareholders	Shareholding Breakup	Number of Shares
Directors	15	32.65%	94,828,765
Foreign	37	15.70%	45,606,280
Ex-Employees	26	14.97%	43,466,150
Companies	126	14.04%	40,782,783
General Public	6,118	13.01%	37,781,848
Mutual Funds	108	6.21%	18,041,016
Executives	25	2.22%	6,447,422
Banks, DFIs, BFSIs, Insurance & Pension Funds	137	1.19%	3,453,436
Total	6,592	100%	290,407,700

Pattern of Shareholding for the year 31 December 2022

Number of Shareholders	From	Shareholding To	Total Shares Held	Percentage
2339	1	100	85532	0.0295
1704	101	500	428143	0.1474
539	501	1000	427389	0.1472
1221	1001	5000	2503806	0.8622
207	5001	10000	1515880	0.522
117	10001	15000	1456041	0.5014
61	15001	20000	1111650	0.3828
48	20001	25000	1117814	0.3849
34	25001	30000	947290	0.3262
21	30001	35000	686970	0.2366
14	35001	40000	531780	0.1831
19	40001	45000	815142	0.2807
17	45001	50000	810822	0.2792
15	50001	55000	786068	0.2707
6	55001	60000	346528	0.1193
10	60001	65000	630074	0.217
12	65001	70000	818803	0.2819
5	70001	75000	364333	0.1255
11	75001	80000	858176	0.2955
6	80001	85000	493831	0.17
6	85001	90000	527400	0.1816
2	90001	95000	185480	0.0639
8	95001	100000	783124	0.2697
4	150001	155000	606660	0.2089
1	155001	160000	158000	0.0544
5	160001	165000	811861	0.2796
1	165001	170000	168226	0.0579
4	170001	175000	694002	0.239
2	175001	180000	354600	0.1221
1	180001	185000	184240	0.0634
1	190001	195000	194787	0.0671
2	195001	200000	395301	0.1361
2	200001	205000	408100	0.1405
1	215001	220000	220000	0.0758
1	220001	225000	223171	0.0768
4	230001	235000	927781	0.3195
1	235001	240000	235570	0.0811
1	245001	250000	250000	0.0861

Number of Shareholders	From	Shareholding	To	Total Shares Held	Percentage
2	250001		255000	506855	0.1745
1	255001		260000	258226	0.0889
2	260001		265000	528230	0.1819
2	265001		270000	534652	0.1841
1	275001		280000	279533	0.0963
2	280001		285000	563820	0.1941
1	285001		290000	285200	0.0982
1	295001		300000	300000	0.1033
1	405001		410000	405708	0.1397
1	420001		425000	422672	0.1455
1	425001		430000	428250	0.1475
1	430001		435000	435000	0.1498
1	440001		445000	442616	0.1524
1	465001		470000	469542	0.1617
1	480001		485000	480149	0.1653
1	525001		530000	529293	0.1823
2	550001		555000	1104633	0.3804
1	555001		560000	557052	0.1918
1	560001		565000	562142	0.1936
1	565001		570000	565768	0.1948
1	575001		580000	575116	0.198
1	580001		585000	584220	0.2012
1	585001		590000	585102	0.2015
2	605001		610000	1218012	0.4194
2	610001		615000	1228968	0.4232
1	615001		620000	617210	0.2125
1	620001		625000	620760	0.2138
1	635001		640000	637079	0.2194
1	665001		670000	665548	0.2292
1	670001		675000	672901	0.2317
1	680001		685000	682107	0.2349
1	875001		880000	876916	0.302
1	910001		915000	910876	0.3137
1	935001		940000	940000	0.3237
1	980001		985000	983962	0.3388
1	1075001		1080000	1079820	0.3718
1	1095001		1100000	1100000	0.3788
1	1105001		1110000	1108299	0.3816
1	1235001		1240000	1238673	0.4265
1	1370001		1375000	1373646	0.473
1	1390001		1395000	1392038	0.4793
1	1445001		1450000	1447062	0.4983
1	1480001		1485000	1481330	0.5101
1	1625001		1630000	1625376	0.5597
1	1640001		1645000	1643553	0.5659
1	1735001		1740000	1736472	0.5979
1	1775001		1780000	1777592	0.6121
1	1945001		1950000	1945190	0.6698
1	2065001		2070000	2069570	0.7126
1	2285001		2290000	2285354	0.7869
1	2455001		2460000	2457922	0.8464
1	2595001		2600000	2597500	0.8944
1	2695001		2700000	2698752	0.9293
1	2775001		2780000	2776718	0.9561
1	5265001		5270000	5265793	1.8132
1	7605001		7610000	7609654	2.6203
1	7830001		7835000	7831397	2.6967

Number of Shareholders	From	Shareholding	To	Total Shares Held	Percentage
1	7885001		7890000	7888984	2.7165
2	8590001		8595000	17186818	5.9182
1	8990001		8995000	8994375	3.0972
1	10135001		10140000	10135038	3.4899
1	11015001		11020000	11020000	3.7947
1	12105001		12110000	12107780	4.1692
1	15830001		15835000	15830332	5.4511
1	17375001		17380000	17376186	5.9834
1	38065001		38070000	38067880	13.1084
6592				290407700	100

I. MUTUAL FUNDS

Information of shareholding as at 31 December 2022 as required under the Code of Corporate Governance is as follows:

Name	Number of Shares Held	Percentage%
CDC - TRUSTEE MEEZAN ISLAMIC FUND	4,325,516	1.49%
CDC - TRUSTEE NBP STOCK FUND	1,238,673	0.43%
CDC - TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND	796,275	0.27%
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	779,046	0.27%
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	742,550	0.26%
CDC - TRUSTEE MEEZAN TAHAFUZZ PENSION FUND - EQUITY SUB FUND	721,530	0.25%
CDC - TRUSTEE ATLAS STOCK MARKET FUND	718,405	0.25%
CDC - TRUSTEE KSE MEEZAN INDEX FUND	620,760	0.21%
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	565,768	0.19%
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	529,293	0.18%
CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	469,542	0.16%
CDC - TRUSTEE ABL STOCK FUND	442,616	0.15%
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	380,000	0.13%
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	373,050	0.13%
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	365,612	0.13%
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFAT FUND	322,891	0.11%
CDC - TRUSTEE LAKSON EQUITY FUND	283,012	0.10%
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	268,452	0.09%
CDC - TRUSTEE MEEZAN BALANCED FUND	264,230	0.09%
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	223,171	0.08%
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	204,500	0.07%
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	195,301	0.07%
CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	184,240	0.06%
CDC - TRUSTEE FAYSAL STOCK FUND	162,421	0.06%
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	160,940	0.06%
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	150,760	0.05%
CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND	135,455	0.05%
CDC - TRUSTEE PICIC GROWTH FUND	135,000	0.05%
MC FSL - TRUSTEE JS GROWTH FUND	123,000	0.04%
CDC - TRUSTEE ALFALAH GHP STOCK FUND	120,536	0.04%
PARAMETRIC TAX-MANAGED EMERGING MARKETS FUND	119,638	0.04%
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	105,034	0.04%
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	103,180	0.04%
CDC - TRUSTEE PAK-QATAR ISLAMIC STOCK FUND	78,421	0.03%
CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	78,000	0.03%
CDC - TRUSTEE NBP BALANCED FUND	77,729	0.03%
CDC - TRUSTEE APIF - EQUITY SUB FUND	74,000	0.03%
CDC - TRUSTEE NBP SARMAYA IZAFAT FUND	71,459	0.02%
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	69,200	0.02%
MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF	67,500	0.02%
CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	62,000	0.02%
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	54,000	0.02%

Name	Number of Shares Held	Percentage%
CDC – TRUSTEE UBL RETIREMENT SAVINGS FUND – EQUITY SUB FUND	52,894	0.02%
CDC – TRUSTEE APF-EQUITY SUB FUND	51,400	0.02%
CDC – TRUSTEE AKD INDEX TRACKER FUND	45,460	0.02%
CDC – TRUSTEE HBL EQUITY FUND	44,858	0.02%
CDC – TRUSTEE ALFALAH GHP ALPHA FUND	42,742	0.01%
CDC – TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	41,100	0.01%
ARIF HABIB LIMITED – MF	40,000	0.01%
CDC – TRUSTEE PAKISTAN CAPITAL MARKET FUND	35,300	0.01%
ROBECO CAPITAL GROWTH FUNDS	35,000	0.01%
CDC – TRUSTEE ALFALAH GHP VALUE FUND	31,550	0.01%
CDC – TRUSTEE PICIC INVESTMENT FUND	30,233	0.01%
CDC – TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	29,480	0.01%
CDC – TRUSTEE FAYSAL MTS FUND – MT	27,500	0.01%
PAKISTAN HUMAN DEVELOPMENT FUND	27,491	0.01%
CDC – TRUSTEE MEEZAN PAKISTAN EXCHANGE TRADED FUND	24,725	0.01%
CDC – TRUSTEE JS LARGE CAP. FUND	24,500	0.01%
CDC – TRUSTEE FAYSAL ASSET ALLOCATION FUND	24,200	0.01%
CDC – TRUSTEE LAKSON ISLAMIC TACTICAL FUND	22,534	0.01%
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	22,200	0.01%
CDC – TRUSTEE NIT ASSET ALLOCATION FUND	20,000	0.01%
CDC-TRUSTEE NITIPF EQUITY SUB-FUND	19,654	0.01%
CDC – TRUSTEE JS ISLAMIC FUND	18,000	0.01%
CDC – TRUSTEE HBL – STOCK FUND	17,000	0.01%
CDC – TRUSTEE AWT STOCK FUND	16,700	0.01%
CDC – TRUSTEE AWT ISLAMIC STOCK FUND	16,400	0.01%
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	15,700	0.01%
CDC – TRUSTEE LAKSON TACTICAL FUND	15,131	0.01%
CDC – TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	15,000	0.01%
MCBFSL – TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	15,000	0.01%
MCBFSL – TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	15,000	0.01%
MRA SECURITIES LIMITED – MF	14,800	0.01%
CDC – TRUSTEE JS MOMENTUM FACTOR EXCHANGE TRADED FUND	14,250	0.00%
CDC-TRUSTEE NITPF EQUITY SUB-FUND	14,000	0.00%
CDC – TRUSTEE ABL ISLAMIC PENSION FUND – EQUITY SUB FUND	12,284	0.00%
SEDCO CAPITAL GBL FUNDS – SC GBL EME MKTS EQT PASSIVE FUND	11,800	0.00%
CDC – TRUSTEE HBL MULTI – ASSET FUND	11,200	0.00%
CDC – TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	10,910	0.00%
CDC – TRUSTEE HBL ISLAMIC EQUITY FUND	10,602	0.00%
CDC – TRUSTEE ABL PENSION FUND – EQUITY SUB FUND	10,228	0.00%
CDC – TRUSTEE JS PENSION SAVINGS FUND – EQUITY ACCOUNT	9,700	0.00%
CDC – TRUSTEE AGIPF EQUITY SUB-FUND	9,480	0.00%
CDC – TRUSTEE HBL PF EQUITY SUB FUND	9,000	0.00%
CDC – TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	8,998	0.00%
CDC – TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND	7,917	0.00%
CDC – TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND	7,710	0.00%
CDC – TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	6,500	0.00%
CDC – TRUSTEE FIRST HABIB STOCK FUND	6,400	0.00%
CDC – TRUSTEE FIRST HABIB ASSET ALLOCATION FUND	6,000	0.00%
CDC – TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I – MT	6,000	0.00%
CDC – TRUSTEE HBL IPF EQUITY SUB FUND	5,850	0.00%
AKD SECURITIES LIMITED – MF	5,700	0.00%
CDC – TRUSTEE FIRST CAPITAL MUTUAL FUND	5,000	0.00%
JS GLOBAL CAPITAL LIMITED – MF	4,873	0.00%
CDC – TRUSTEE UBL ASSET ALLOCATION FUND	4,790	0.00%
INTERMARKET SECURITIES LIMITED – MF	4,500	0.00%
CDC – TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	4,335	0.00%
CDC – TRUSTEE FAYSAL ISLAMIC PENSION FUND-EQUITY SUB FUND	3,907	0.00%

Name	Number of Shares Held	Percentage%
CDC – TRUSTEE AGPF EQUITY SUB-FUND	3,774	0.00%
CDC – TRUSTEE NBP SAVINGS FUND – MT	3,500	0.00%
CDC – TRUSTEE AL HABIB ISLAMIC PENSION FUND-EQUITY SUB FUND	2,600	0.00%
STANDARD CAPITAL SECURITIES (PVT) LIMITED – MF	1,800	0.00%
ADAM SECURITIES LTD. – MF	1,500	0.00%
CDC – TRUSTEE AL HABIB PENSION FUND-EQUITY SUB FUND	700	0.00%
MULTILINE SECURITIES LIMITED – MF	500	0.00%
N. U. A. SECURITIES (PRIVATE) LIMITED – MF	250	0.00%
CREATIVE CAPITAL SECURITIES (PRIVATE) LIMITED – MF	200	0.00%
	18,041,016	6.21%

2. DIRECTORS, SPOUSES AND THEIR CHILDREN

Name	Number of Shares Held	Percentage%
MUHAMMAD ARSHAD MASOOD	38,353,080	13.21%
AEZAZ HUSSAIN IRRV GRANTOR TR	17,376,186	5.98%
MUHAMMAD ASIF PEER	20,098,980	6.92%
AEZAZ HUSSAIN	8,706,359	3.00%
NEELAM HUSSAIN	8,823,575	3.04%
SEHR KHALIQ	876,916	0.30%
RIAZ HUSSAIN	585,102	0.20%
ROMANA ABDULLAH	3,825	0.00%
OMER SAEED	2,200	0.00%
ASIF JOOMA	1,326	0.00%
SYED MUHAMMAD SHABBAR ZAIDI	1,216	0.00%
	94,828,765	32.65%

3. EX-EMPLOYEES **43,466,150** **14.97%**

4. EXECUTIVES **6,447,422** **2.22%**

5. COMPANIES **40,782,783** **14.04%**

6. BANKS, DFIS, NBFIS, INSURANCE COMPANIES & PENSION FUNDS **3,453,436** **1.19%**

7. FOREIGN COMPANIES

Tundra Sustainable Frontier Fund	7,888,984	2.72%
Greyhound Asia Fund Limited	7,831,397	2.70%
Al Mehwar Commercial Investments Llc	5,265,793	1.81%
East Capital	3,419,200	1.18%
Evli Emerging Frontier Fund	3,000,000	1.03%
Duet Em Frontier Fund Limited	2,808,307	0.97%
Coeli Sicav I – Frontier Markets Fund	1,945,190	0.67%
Galaxy Fund	1,392,038	0.48%
Compass Asia Partners Lp	1,100,000	0.38%
Efg Hermes Oman Llc	1,079,820	0.37%
Al Mehwar Commercial Investments Llc	940,000	0.32%
Morgan Stanley Investment Funds (975-6)	745,078	0.26%
Mckinley Capital Measa Fund Oeic Limited	732,160	0.25%
J.p. Morgan Securities Plc	712,468	0.25%
Russ Inv Tr Co Comm Emp Ben Fnds Tr	691,972	0.24%
Morgan Stanley Institution Fnd Inc.- Frontier Mkts Portfolio	682,107	0.23%
T. Rowe Price Funds Sicav – Frontier Mkts Eq F[000912600018]	672,901	0.23%
Pedder Street Asia Absolute Return Master Fund Limited	609,720	0.21%
Global X Funds-Global X Msci Pakistan Etf	608,292	0.21%
Rwc Frontier Markets Equity Master Fund Limited	584,220	0.20%
Fourton Silkkitie Asia Equity Investment Fund	550,270	0.19%
Frontier Market Opportunities Master Fund, Lp	400,000	0.14%
Ashmore Sicav Emerging Market Frontier Equity Fund	309,496	0.11%

Name	Number of Shares Held	Percentage%
Aristea Sicav New Frontiers Equity Fund	280,808	0.10%
Silk Invest New Horizons Frontier Fund	253,840	0.09%
Ashmore Emerging Markets Frontier Equity Fund	253,015	0.09%
The Far East Value Master Fund Limited	173,200	0.06%
Spdr S&P Emerging Markets Small Cap Etf	133,903	0.05%
Russell Investments Emerging Markets Equity Pool	114,840	0.04%
Azimut Pakistan Equity Fund (Oeic) Plc	106,600	0.04%
Tcm Investment Funds Lux - Tcm Glob Frontr Hi Divdend Equity	83,969	0.03%
Deutsche Bank Suisse S.a	50,220	0.02%
T. Rowe Price Global Allocation Fund Inc.	48,572	0.02%
Eaton Vance Intl Irlend F.p-Eatn V.intl Irlnd Pramtric E.m.f	47,000	0.02%
Eaton Vance Collective Inv Trt For Emp Benefit Plans	33,200	0.01%
Eaton Vance Trt Co Cm Trt Fd-Parmtc Str Eme Mkt Eqt Cm Trt F	29,400	0.01%
Kyklos Capital Partners Lp	28,300	0.01%
	45,606,280	15.70%

8. GENERAL PUBLIC/OTHERS

37,781,848

13.01%

9. SHAREHOLDERS WITH MORE THAN FIVE PERCENT OR MORE VOTING RIGHTS

Name	Number of Shares Held	Percentage%
MUHAMMAD ARSHAD MASOOD	38,353,080	13.21%
AEZAZ HUSSAIN IRRV GRANTOR TR	17,376,186	5.98%
MUHAMMAD ASIF PEER	20,098,980	6.92%
	75,828,246	26.11%

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to all the members of Systems Limited (the "Company") that 46th Annual General Meeting of the Company is scheduled to be held on the 23th of May, 2023 at 11 am, in-person and through video-link to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the last Extraordinary General Meeting held on 1st July 2022.
2. To, receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2022 together with the Board of Directors' and Auditors' report thereon.
3. To approve and declare cash dividend @ 50 % i.e. PKR 5/ per share, for the year ended 31 December 2022.
4. To appoint Auditors and fix their remuneration for the year ending 31 December 2023. The Board of Directors upon recommendation of Audit Committee has recommended A.F. Ferguson and Co., being eligible for appointment as auditors of the Company for the year ending 31 December 2023.

SPECIAL BUSINESS

5. To consider and, if thought fit, pass, with or without modification, the following special resolution in terms of Section 199 of Companies Act, 2017, (a) for renewal of loan to SUS Joint Venture (Private) Limited, a subsidiary of the Company, of Rs. 50 million; (b) renewal of loan and guarantee in UUS Joint Venture (Private) Limited, an associated company of the Company, of Rs. 200 million; (c) renewal of loan in E-Processing Systems (Private) Limited, an associate of the Company, of Rs. 340 million.

"Resolved that Systems Limited (the "Company") shall renew the loan extended to its subsidiary and associated companies, (a) SUS Joint Venture (Private) Limited in the form of loan Rs. 50 million; (b) UUS Joint Venture (Private) Limited, an associated company of the Company, of Rs. 200 million; (c) E-Processing Systems (Private) Limited, an associate of the Company, of Rs. 340 million, on the terms and conditions to be contained in the agreement to be executed between the Company and Associated Company in terms of Section 199 of Companies Act, 2017.

"Resolved further that Mr. Muhammad Asif Peer, the Chief Executive of the Company and Ms. Roohi Khan, the Chief Financial Officer of the Company (the "Authorized Officers"), be and are hereby empowered and authorized to undertake, execute and implement all the decisions in respect of the transaction and to take and do and/or cause to be taken or done any/all necessary acts, deeds and things, and to take any or all necessary actions which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution, including signing and execution of documents and agreements and to complete all necessary legal formalities and to file all necessary documents as may be necessary or incidental for the purposes of implementing the aforesaid resolution".

6. To consider and approve the circulation of annual financial statements of the company to its members via QR enabled code and weblink as per the requirements laid down by S.R.O. 389 (I)/ 2023 of the Securities and Exchange Commission of Pakistan.

“Resolved that the circulation of annual financial statements of the company to its members via QR enabled code and weblink as per the requirements laid down by S.R.O. 389 (I)/2023 of the Securities and Exchange Commission of Pakistan be and is hereby approved.

“Resolved further that Mr. Muhammad Asif Peer, the Chief Executive of the Company and Ms. Roohi Khan, the Chief Financial Officer of the Company (the “Authorized Officers”), be and are hereby empowered and authorized to undertake, execute and implement all the decisions in respect of the transaction and to take and do and/or cause to be taken or done any/all necessary acts, deeds and things, and to take any or all necessary actions which are or may be necessary, incidental and/or consequential to give effect to the aforesaid resolution, including signing and execution of documents and agreements and to complete all necessary legal formalities and to file all necessary documents as may be necessary or incidental for the purposes of implementing the aforesaid resolution”.

OTHER BUSINESS:

7. Any other Business with the permission of the Chair.

By Order of the Board

Ali Ahmed Iftikhar
Company Secretary

02 May, 2023
Lahore

NOTES:

1. The Share Transfer books of the Company will be closed from 17 May 2023 to 23 May 2023 (both days inclusive). Transfer received at the address of M/s THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan at the close of business on 16 May 2023 will be treated in time for the purpose of above entitlement to the transferees.

2. Online participation in the Annual General Meeting:

a) Shareholders who wish to participate in the Annual General Meeting online are advised to register with the Company on or before 10:45 a.m., May 23th, 2023, by completing the registration process through the following link: (https://systems ltd.zoom.us/meeting/register/tZ0tdO-qqDlvE9FnmVVSgTR2e_ANric_3A6), and providing the requisite information as follows:

b)

Full Name of Shareholder / Proxy Holder	Company	CNIC Number	Folio / CDC A/c No.	Email ID	Mobile No.
	Systems Limited				

**Shareholders/proxyholders are requested to provide active email addresses and mobile phone number. Login facility will open thirty minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

c) Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.

3. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend and vote in his/her place. Proxies completed in all respect, in order to be effective, must be received at the Registered Office of the Company not less than forty-eight (48) hours before the time of meeting.

4. Pursuant to the directive of the Securities & Exchange Commission of Pakistan, CNIC numbers of shareholders are mandatorily required to be mentioned on Dividend Warrants. Shareholders are, therefore, requested to submit a copy of their CNIC (if not already provided) to the Company Share Registrar, M/s THK Associates (Pvt.) Limited, Plot No. 32-C, Jami Commercial Street 2, D.H.A., Phase VII, Karachi-75500. Pakistan.

5. The Government of Pakistan through Finance Act, 2017 made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding Tax on the amount of dividend paid by the companies/banks. These tax rates are as follows:

- (a) For filers of income tax returns 15%
- (b) For non-filers of income tax returns 30%

To enable the Company to make tax deduction on the amount of cash dividend @15% instead of 30% all shareholders whose names are not entered into the Active Tax- payers list (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date of payment of the cash dividend, otherwise tax on their cash dividend will be deducted @30% instead of 15%.

The joint shareholders are requested to provide shareholding proportions of principal shareholders & joint shareholders as withholding tax will be determined separately on Filer/Non-filer status based on their shareholding proportions otherwise it will be assumed that shares are equally held.

The Corporate shareholders having CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas physical shareholders should send a copy of their NTN Certificate to the Company or Company's Share Registrar, M/s. THK Associates (Pvt.) Limited. The shareholders while sending NTN or NTN Certificate, as the case may be, must quote Company name and their respective folio numbers.

6. SECP through its notification SRO 787(1) /2014 dated September 8, 2014 has allowed the circulations of Audited Financial Statement along with Notice of Annual General Meeting to the Members through e-mail. Therefore, all members of the Company who wish to receive soft copy of Annual Report are requested to send their e-mail addresses. The consent form for electronic transmission can be downloaded from the Company Website: www.systemsltd.com Audited financial statements & reports are being placed on the aforesaid website.

7. In accordance with the Companies (Postal Ballot) Regulations, 2018, Section 143 and 144 of the Companies Act 2017 and under Postal Ballot Regulation, 2018 latest amendments circulated through SRO dated December 05, 2022, SECP has directed all listed companies for the purpose of Polling on Special Business / election of directors, if the number of persons who offer themselves to be elected is more than the number of directors fixed under Section 159 (1) of the Companies Act, 2017, shareholders will be allowed to exercise their right to vote through postal ballot i.e. by post and e-voting, in the manner and subject to the conditions contained in the aforesaid regulations. Detail will be circulated in due course.

8. In compliance with requirements of Companies Act, 2017 and Companies (Distribution of Dividends) Regulation, 2017, the Bank has withheld dividend of those shareholders who have not yet provided correct and complete bank account details including valid IBAN of their own bank accounts.

In order to receive cash dividend(s) withheld by the Bank as stated above, shareholders are requested to contact Bank's Share Registrar at the above given address or Participant / Investor Account Services of Central Depository Company of Pakistan (as the case may be) along with legible copy of their respective valid CNIC and provide their complete and correct bank account details including valid IBAN.

9. In compliance of Section 244 of the companies Act 2017, the Company has already requested through individual letters to shareholders who have not yet claimed their outstanding cash dividends/ bonus shares, Shareholders are once again requested to lodge their claims for cash dividends, right /bonus shares kept with the Share Registrar and Transfer Agent of the Bank. On the address given above.

10. In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated 5 April 2013 has advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favor of e-dividend by providing dividend mandate form duly filled in and signed.

STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

This statement set out the material facts concerning the special business to be transacted at the annual general meeting of the Company to be held on 23 May 2023.

AGENDA ITEM NO.6 (A)

Nature of information required to be disclosed pursuant to The Companies (Investment in Associated Companies or Undertaking) Regulations, 2017, for investment in associated company M/S SUS Joint Venture (Pvt.) Limited is as follows:

Ref. No.	Requirement	Relevant Information										
•Disclosures for all types of investments:- (A) Regarding associated company or associated undertaking:-												
i	name of the associated company	SUS Joint Venture (Private) Limited										
ii	basis of relationship	95 % shareholding / Common directorship										
iii	earnings per share for the last three years	N/A										
iv	break-up value per share, based on latest audited financial statements;	N/A										
v	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	Statement of Financial Position – 31 December 2022										
		<table border="0"> <tr> <td>Non-current assets</td> <td>-</td> </tr> <tr> <td>Current assets</td> <td>60,694,249</td> </tr> <tr> <td>Shareholders' equity</td> <td>42,402,474</td> </tr> <tr> <td>Non-current liabilities</td> <td>-</td> </tr> <tr> <td>Current liabilities</td> <td>18,291,775</td> </tr> </table>	Non-current assets	-	Current assets	60,694,249	Shareholders' equity	42,402,474	Non-current liabilities	-	Current liabilities	18,291,775
		Non-current assets	-									
		Current assets	60,694,249									
Shareholders' equity	42,402,474											
Non-current liabilities	-											
Current liabilities	18,291,775											
Profit & Loss A/C – 31 December 2022												
<table border="0"> <tr> <td>Revenue</td> <td>46,521,658</td> </tr> <tr> <td>Cost of revenue</td> <td>19,145,485</td> </tr> <tr> <td>Gross profit</td> <td>27,376,173</td> </tr> <tr> <td>Profit for the year</td> <td>18,672,283</td> </tr> </table>	Revenue	46,521,658	Cost of revenue	19,145,485	Gross profit	27,376,173	Profit for the year	18,672,283				
Revenue	46,521,658											
Cost of revenue	19,145,485											
Gross profit	27,376,173											
Profit for the year	18,672,283											
vi	in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-	N/A										

Ref. No.	Requirement	Relevant Information
•Disclosures for all types of investments:- (A) Regarding associated company or associated undertaking:-		
i	description of the project and its history since conceptualization;	
ii	starting date and expected date of completion of work;	
iii	time by which such project shall become commercially operational;	
iv	expected time by which the project shall start paying return on investment; and	
v	funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	

(B) General Disclosures

i	maximum amount of investment to be made;	Investment in the form of loan of Rs. 50 million
ii	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	Purpose: To meet working capital requirements of SUS Joint Venture (Private) Limited. Benefit: The completion of project will result in distribution of profits by SUS Joint Venture (Pvt.) Limited to Systems Limited. Period of Investment: The period of investment shall be one (1) year. Loan shall be granted by Systems Limited.
iii	sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-	Loan shall be granted by Systems Limited.
	i justification for investment through borrowings;	SUS Joint Venture (Private) Limited is only a special purpose vehicle for executing LRMIS project awarded to SUS Joint Venture (Private) Limited
	ii detail of collateral, guarantees provided and assets pledged for obtaining such funds; and	N/A
	iii cost benefit analysis;	N/A
iv	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	None. Agreement shall be executed in line with section 199 of Companies Act, 2017 and resolution of shareholders to be passed in annual general meeting.
v	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Mr. Asif Peer, CEO of Systems Limited is also member and director in SUS Joint Venture (Pvt.) Limited.
vi	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	There is no impairment or write-off.
vii	any other important details necessary for the members to understand the transaction;	N/A

In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-

i	category-wise amount of investment;	N/A
ii	average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	Average borrowing cost of investing company is SBP rate plus 0.5%.
iii	rate of interest, mark-up, profit, fees or commission etc to be charged by investing company	Higher of KIBOR or borrowing cost of investing company in line with section 199 of Companies Act 2017.
iv	particulars of collateral or security to be obtained in relation to the proposed investment;	N/A
v	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and	N/A
vi	repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking; to the associated company or associated undertaking;	Principal: One (1) year from disbursement. Mark-up: Quarterly basis.

AGENDA ITEM NO.6 (B)

Nature of information required to be disclosed pursuant to The Companies (Investment in Associated Companies or Undertaking) Regulations, 2017, for investment in associated company M/S UUS Joint Venture (Pvt.) Limited is as follows:

Ref. No.	Requirement	Relevant Information										
• Disclosures for all types of investments:- (A) Regarding associated company or associated undertaking:-												
i	name of the associated company	UUS Joint Venture (Private) Limited										
ii	basis of relationship	49.99 % shareholding / Common directorship										
iii	earnings per share for the last three years	N/A										
iv	break-up value per share, based on latest audited financial statements;											
v	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	N/A										
		Statement of Financial Position – 31 December 2022										
		<table border="1"> <tr> <td>Non-current assets</td> <td>-</td> </tr> <tr> <td>Current assets</td> <td>481,307,341</td> </tr> <tr> <td>Shareholders' equity</td> <td>-797,944,529</td> </tr> <tr> <td>Non-current liabilities</td> <td>-</td> </tr> <tr> <td>Current liabilities</td> <td>1,279,251,870</td> </tr> </table>	Non-current assets	-	Current assets	481,307,341	Shareholders' equity	-797,944,529	Non-current liabilities	-	Current liabilities	1,279,251,870
		Non-current assets	-									
Current assets	481,307,341											
Shareholders' equity	-797,944,529											
Non-current liabilities	-											
Current liabilities	1,279,251,870											
Profit & Loss A/C – 31 December 2022												
	<table border="1"> <tr> <td>Revenue</td> <td>16,069,759</td> </tr> <tr> <td>Cost of revenue</td> <td>188,233,913</td> </tr> <tr> <td>Gross profit</td> <td>-172,164,154</td> </tr> <tr> <td>Loss for the year</td> <td>-330,983,638</td> </tr> </table>	Revenue	16,069,759	Cost of revenue	188,233,913	Gross profit	-172,164,154	Loss for the year	-330,983,638			
Revenue	16,069,759											
Cost of revenue	188,233,913											
Gross profit	-172,164,154											
Loss for the year	-330,983,638											
vi	in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-	N/A										

Ref. No.	Requirement	Relevant Information
• Disclosures for all types of investments:- (A) Regarding associated company or associated undertaking:-		
i	description of the project and its history since conceptualization;	
ii	starting date and expected date of completion of work;	
iii	time by which such project shall become commercially operational;	
iv	expected time by which the project shall start paying return on investment; and	
v	funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	

(B) General Disclosures

i	maximum amount of investment to be made;	Rs. 200 million
ii	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	<p>Purpose: To meet working capital requirements of UUS Joint Venture (Private) Limited and to give guarantee to Pakistan Civil Aviation Authority.</p> <p>Benefit: The completion of project will results in distribution of profits by UUS Joint Venture (Pvt.) Limited to Systems Limited.</p> <p>Period of Investment: The period of investment shall be one (1) year.</p>
iii	sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-	Loan shall be from own funds while guarantee shall be issued by the banker of Systems Limited.
	<p>i justification for investment through borrowings;</p> <p>ii detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p>	<p>UUS Joint Venture (Private) Limited is only a special purpose vehicle for executing Pakistan Civil Aviation Authority (PCAA) project awarded to consortium of Systems Limited and Beijing UniStrong Science & Technology Co. It is Systems Limited liability to issue guarantee to (PCAA).</p> <p>Building</p>
	cost benefit analysis;	N/A
iv	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	None. Agreement shall be executed in line with section 199 of Companies Act, 2017 and resolution of shareholders to be passed in annual general meeting.
v	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Mr. Asif Peer, CEO of Systems Limited is also member and director in UUS Joint Venture (Pvt.) Limited.
vi	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	Under the terms of the Project Agreement executed between UUS-JV and Civil Aviation Authority ("CAA"), UUS-JV was entitled to 5 (five) payments in total for the provision of services against the decided milestones. Till date, UUS-JV has only received 3 (three) payments and is yet awaiting the remaining 2 (two) payments from the CAA against outstanding milestones. After the completion of the said milestones, CAA shall release the performance guarantees provided for the Project. In order to meet the working capital requirements for the remaining milestones / stages of the Project, the Company wishes to increase the loan guarantee limit from Rs. 400,000,000/- (Pakistani Rupees Four Hundred Million only) to Rs. 600,000,000/- (Pakistani Rupees Six Hundred Million only) till such time that the milestones are completed by UUS-JV and the afore-mentioned performance guarantees are released by CAA. There is no impairment or write-off.
vii	any other important details necessary for the members to understand the transaction;	N/A

In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-

i	category-wise amount of investment;	N/A
ii	average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	ERF loan: Average borrowing cost of investing company is SBP rate plus 0.5%.

iii	rate of interest, mark-up, profit, fees or commission etc to be charged by investing company	Higher of KIBOR or borrowing cost of investing company in line with section 199 of companies act 2017.
iv	particulars of collateral or security to be obtained in relation to the proposed investment;	Unsecured
v	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and	N/A
vi	repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking; to the associated company or associated undertaking;	Principal: One (1) year from disbursement. Mark-up: Quarterly basis.

AGENDA ITEM NO.6 (C)

Nature of information required to be disclosed pursuant to The Companies (Investment in Associated Companies or Undertaking) Regulations, 2017, for investment in associated company M/S E- Processing Systems (Private) Limited is as follows:

Ref. No.	Requirement	Relevant Information										
•Disclosures for all types of investments:- (A) Regarding associated company or associated undertaking:-												
i	name of the associated company	E-Processing Systems (Private) Limited										
ii	basis of relationship	44.06% shareholding through EPS-BV/Associate Company/ Common directorship										
iii	earnings per share for the last three years	31 Dec 2022 (Rs.) (385.9) 31 Dec 2021 (Rs.) (504.65) 31 Dec 2020 (Rs.) (223.63)										
iv	break-up value per share, based on latest audited financial statements;	Rs. 882										
v	financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	Statement of Financial Position – 31 December 2022										
		<table border="0"> <tr> <td>Non-current assets</td> <td>463,815,475</td> </tr> <tr> <td>Current assets</td> <td>1,673,473,736</td> </tr> <tr> <td>Shareholders' equity</td> <td>95,907,296</td> </tr> <tr> <td>Non-current liabilities</td> <td>1,589,887,820</td> </tr> <tr> <td>Current liabilities</td> <td>451,494,095</td> </tr> </table>	Non-current assets	463,815,475	Current assets	1,673,473,736	Shareholders' equity	95,907,296	Non-current liabilities	1,589,887,820	Current liabilities	451,494,095
		Non-current assets	463,815,475									
		Current assets	1,673,473,736									
Shareholders' equity	95,907,296											
Non-current liabilities	1,589,887,820											
Current liabilities	451,494,095											
Profit & Loss A/C – 31 December 2022												
<table border="0"> <tr> <td>Revenue</td> <td>331,790,325</td> </tr> <tr> <td>Cost of revenue</td> <td>(197,030,444)</td> </tr> <tr> <td>Gross profit</td> <td>134,759,881</td> </tr> <tr> <td>Loss for the year</td> <td>(184,048,093)</td> </tr> </table>	Revenue	331,790,325	Cost of revenue	(197,030,444)	Gross profit	134,759,881	Loss for the year	(184,048,093)				
Revenue	331,790,325											
Cost of revenue	(197,030,444)											
Gross profit	134,759,881											
Loss for the year	(184,048,093)											
vi	in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,-	N/A										

Ref. No.	Requirement	Relevant Information
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•Disclosures for all types of investments:-
(A) Regarding associated company or associated undertaking:-

i	description of the project and its history since conceptualization;	
ii	starting date and expected date of completion of work;	
iii	time by which such project shall become commercially operational;	
iv	expected time by which the project shall start paying return on investment; and	
v	funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	

(B) General Disclosures

i	maximum amount of investment to be made;	Rs. 340 million
ii	purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	<p>Purpose: To meet increased working capital requirement of E-Processing Systems (Private) Limited arising due to expansion of operations, expected launch of new feature its product OneLoad and a new EMI product.</p> <p>Benefit: The investment would support E-Processing Systems (Private) Limited in smoothly meeting growing working capital requirements due to expansion of operations, launching of new features in its product OneLoad and a new EMI product. Expansion in operations and new features would generate profit for shareholders including investing company.</p> <p>Period of Investment: The period of investment shall be one (1) year with 1 year roll over. convertible into equity at the discretion of the investor.</p>
iii	sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,-	Own Funds
	<p>i justification for investment through borrowings;</p> <p>ii detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</p> <p>cost benefit analysis;</p>	N/A
iv	salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	
v	direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	
vi	in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	
vii	any other important details necessary for the members to understand the transaction;	

In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made,-

i	category-wise amount of investment;	N/A – Single category
ii	average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period	Average borrowing cost of investing company is SBP plus 0.5% for ERF Loan Facility
iii	rate of interest, mark-up, profit, fees or commission etc to be charged by investing company	KIBOR or borrowing cost of company whichever is higher
iv	particulars of collateral or security to be obtained in relation to the proposed investment;	Unsecured
v	if the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and	N/A
vi	repayment schedule and terms and conditions of loan or advances to be given to the associated company or associated undertaking	Principal: One (1) year from disbursement with rollover option of 1 year. Mark-up: Quarterly basis.

AGENDA ITEM NO.7

The Board of the Company recommends the shareholders to ratify the circulation of annual financial statements of the Company to its members via QR enabled code as per the details provided hereunder:

PURPOSE:

To facilitate the resident companies, the Securities Exchange Commission of Pakistan, through its S.R.O. 389 (1)/2023, dated 21st March, 2023, has authorized the dissemination of annual audited financial statements, encompassing balance sheets, profit and loss accounts, auditor's reports, directors' reports, and other relevant financial information, to its members via QR-enabled codes and weblinks. This measure serves to simplify the process for companies while optimizing efficiency and ensuring compliance with regulatory requirements.

JUSTIFICATION:

The company endeavors to capitalize on the benefits offered by S.R.O. 389 (1)/2023 and seeks to optimize its operational efficiency by disseminating its annual audited financial statements to members via QR-enabled codes and weblinks. This approach serves to reduce costs and leverage the advantages offered by modern technology. It is important to note, however, that in the event a member requests a hard copy of the annual audited financial statement, the company will honor that request and provide the requested documentation.

Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration:

N/A

SHAREHOLDERS' INFORMATION

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

SHARE REGISTRAR

THK Associates (Private) Limited.
Plot no. 32-C, Jami Commercial, Street 2, DHA Phase VII, Karachi
T: +92 21 111-000-322
F: +92 21 3 531 0187

LISTING ON STOCK

Ordinary shares of Systems Limited are listed on Pakistan Stock Exchange Limited.

STOCK CODE / SYMBOL

The stock code / symbol for trading in ordinary shares of Systems Limited at Pakistan Stock Exchange in SYS.

STATUTORY COMPLIANCE

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the repealed Companies Ordinance, 1984 (Now, Companies Act, 2017) and allied rules, the Securities and Exchange Commission of Pakistan Regulations and the listing requirements.

DIVIDEND

The Board of Directors in their meeting held on 18 April 2023 has proposed a dividend on ordinary shares at Rs. 5.00 per ordinary share and Nil bonus shares issue.

BOOK CLOSURE DATES

Share Transfer Books of the Company will remain closed from 17 May 2023 to 23 May 2023 (both days inclusive).

DIVIDEND REMITTANCE

Ordinary dividend declared and approved at the Annual General Meeting will be paid within the statutory time limit of 15 days.

(i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the book closure date. Company on or before the book closure date.

(ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

WITHHOLDING OF TAX & ZAKAT ON ORDINARY DIVIDEND

As per the provisions of the Income Tax Ordinance, 2001, income tax is deductible at source by the Company at the rate of 15% in case of filer and 30% in case on non-filer wherever applicable. Zakat is also deductible at source from the ordinary dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for nondeduction.

DIVIDEND WARRANTS

Cash dividends are paid through dividend warrants addressed to the ordinary shareholders whose names appear in the Register of Shareholders at the date of book closure.

GENERAL MEETINGS & VOTING RIGHTS

Pursuant to section 158 of repealed Companies Ordinance 1984 (now, section 132 of Companies Act, 2017) Systems Limited holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one

English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad. Shareholders having holding of at least 10% of voting rights may also apply to the Board of Directors to call for meeting of shareholders, and if the Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All ordinary shares issued by the Company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in the Company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

INVESTOR'S GRIEVANCES

To date none of the investors or shareholders has filed any significant complaint against any service provided by the Company to its shareholders.

PROXIES

Pursuant to section 161 of repealed Companies Ordinance, 1984 (now, section 137 of Companies Act, 2017) and according to the Memorandum and Articles of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another member as his/her proxy to attend and vote instead of him/her. Every notice calling a general meeting of the Company contains a statement that a shareholder is entitled to appoint a proxy.

The instrument appointing a proxy (duly signed by the shareholder appointing the proxy) should be deposited at the office of the Company not less than forty-eight hours before the meeting.

SERVICE STANDARDS

Systems Limited has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For requests received over the counter	For requests received through post
Transfer of shares	30 days after receipt	30 days after receipt
Transmission of shares	30 days after receipt	30 days after receipt
Issue of duplicate share certificates	30 days after receipt	30 days after receipt
Change of address	2 days after receipt	1 day after receipt

Well qualified personnel of the Shares Registrar have been entrusted with the responsibility of ensuring that services are rendered within the set time limits.

WEB PRESENCE

Updated information regarding the Company can be accessed at its website, www.systemsltd.com. The website contains the latest financial results of the Company together with the Company's profile.

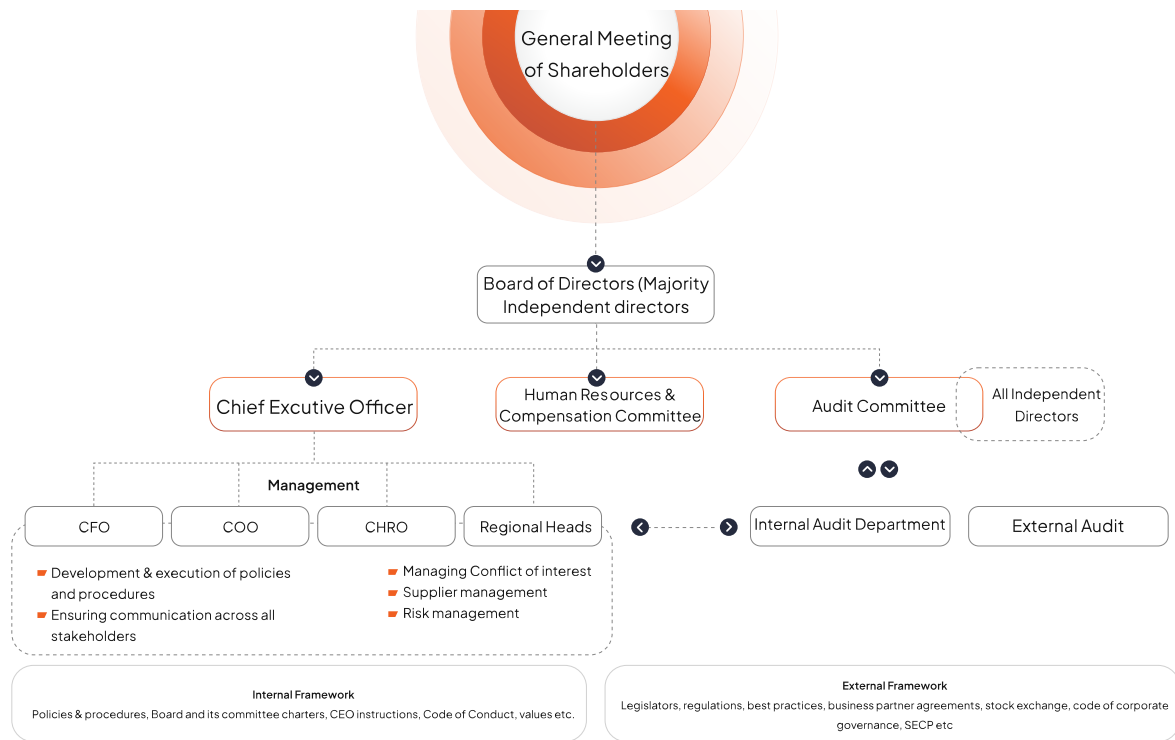
Fundamental knowledge and understanding of financial market are crucial for the general public and lack of financial literacy or capability makes them vulnerable to frauds. SECP recognizes the importance of investors education and therefore initiated this investor education program, called 'JamaPunji', an investor training program, to promote financial literacy in Pakistan.



www.jamapunji.pk

CODE OF CORPORATE GOVERNANCE STRUCTURE





ANNUAL EVALUATION OF THE BOARD & COMMITTEES

Board self-evaluation mechanisms facilitate the Board of Directors in evaluating and assessing its performance and ability to provide strategic leadership and oversight to the senior management of the Company. Accordingly, Questionnaires have been developed based on relevant criteria such as effectiveness, accountability, planning, leadership and strategy formulation by the Board and also its committees. Directors are asked to fill out these self-evaluation questionnaire which focuses on their participation and satisfaction with the different proceedings of the Board and their individual role as a member.

EQUAL TREATMENT OF SHAREHOLDERS

Systems limited provides every shareholder the right to attend or authorize to attend the AGM of the company.

Objective	Management response
Objective Shares and voting rights	Each shareholder or his/her authorized representative are authorized to attend AGMs and vote independently. Proxy forms are available on company's website as well as distributed with notice of AGM.
Notices of AGM	All notices of AGM are published in Urdu & English in newspaper and simultaneously uploaded on company's website 21 days prior to the AGM.
Commitment to minority shareholders	The company is committed to creating value for minority shareholders and acting in their best interests through consistent dividend payments, transparent reporting and strong corporate governance.
Investor relations	The company has maintained a dedicated investor relations email as per applicable laws and regulations and all investor matters are directly & promptly addressed via this email.

BOD'S RESPONSIBILITIES

In 2022, Systems Limited BOD has actively complied with all the applicable laws and regulations to ensure value addition of the shareholders. Some key responsibilities of the Board are as follow:

- Monitoring the effectiveness of the company's governance practices and overall corporate strategy for the company is prepared, adopted and reviewed as and when deemed appropriate by the Board

- Monitoring the effectiveness of the company's governance practices and overall corporate strategy for the company is prepared, adopted and reviewed as and when deemed appropriate by the Board;
- adequate systems and controls are in place for identification and redressal of grievances arising from unethical practices;
- a system of sound internal control is established, which is effectively implemented and maintained at all levels within the company; and
- a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees.
- Ensuring that significant policies along with their dates of approval or updating is maintained by the company.

AUDIT COMMITTEE RESPONSIBILITIES

In 2022, Systems Limited Audit Committee has actively supported the Board in all material aspects and has fulfilled its responsibilities as per the applicable laws and regulations. Some key responsibilities of the Audit Committee are as follows:

- Review of internal controls of the company to ensure safeguard the company's assets;
- Review of annual and interim financial statements of the company, prior to their approval by the Board facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary)
- Review of management letter issued by external auditors and management's response thereto;
- ensuring coordination between the internal and external auditors of the company;
- review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- monitoring compliance with these Regulations and identification of significant violations thereof;
- Recommend to the Board the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations.

HUMAN RESOURCE & COMPENSATION COMMITTEE

In 2022, Systems Limited Human Resource and Compensation Committee has actively supported the Board in carrying out its duties and responsibilities regarding the compensation of management and ensuring appropriate policies are in place. Some key responsibilities are as below:

- Recommendation to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management).
- recommending human resource management policies to the Board;
- recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of senior management
- consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SYSTEMS LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Systems Limited for the year ended December 31, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2022.

A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: May 01, 2023
UDIN: CR202210128L5ViloXuh

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Name of company: **Systems Limited**

Year ending : **December 31, 2022**

The company has complied with the requirements of the Regulations in the following manner: -

1. The total number of directors are seven (7) as per the following:

- a. Male: six (6)
- b. Female: one (1)

2. The composition of the Board is as follows:

- i. Independent Directors: Mr. Shabbar Zaidi
Mr. Omar Saeed
Mr. Asif Jooma
Mrs. Romana Abdullah
- ii. Other Non-executive Directors: Mr. Aezaz Hussain (Chairman)
Mr. Arshad Masood
- iii. Executive Directors: Mr. Asif Peer
- iv. Female director: Mrs. Romana Abdullah

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. Seven Directors have either acquired the Directors' Training Program Certificates or are exempt from the requirements of Director's Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019.

10. There was no new appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year.

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below.

a. Audit Committee:

- i. Mr. Shabbar Zaidi Chairman (Independent Director)
- ii. Ms. Romana Abdullah Member (Independent Director)
- iii. Mr. Asif Jooma Member (Independent Director)

b. HR and Remuneration Committee:

- i. Mr. Asif Jooma Chairman (Independent Director)
- ii. Mr. Arshad Masood Member (Non-Executive Director)
- iii. Mr. Omar Saeed Member (Independent Director)
- iv. Ms. Romana Abdullah Member (Independent Director)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committee were as per following:

- i. Audit Committee 4 quarterly meetings and 1 additional
- ii. HR and Remuneration Committee 2 semi annual meetings

15. The Board has outsourced the internal audit function to M/s. Uzair Hammad Faisal & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32,33 and 36 of the Regulations have been complied with; and

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Requirement	Explanation for Non-Compliance	Reg. No.
1. Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee.	29(1)
2. Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the board has not constituted a separate Risk Management Committee and the Company's Audit Committee performs the requisite functions and apprises the board accordingly.	30(1)

MR. AEZAZ HUSSAIN
Chairman



SYSTEMS LIMITED STANDALONE FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYSTEMS LIMITED

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of Systems Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the Key audit matter:

Sr.No	Key Audit Matter	How the matter was addressed in our audit
1.	<p>Revenue recognition</p> <p>The Company's revenue is derived from multiple revenue streams, as referred to in Note 28 to the accompanying unconsolidated financial statements, including business processes outsourcing, IT services, software and hardware trading and software implementation. Each stream has its own revenue recognition policies based on the nature of revenue and underlying contractual arrangements as referred to in Note 4.15.</p> <p>We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company with multiple revenue streams, inherent risk of material misstatement and significant increase in revenue from last year.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> • Understood and evaluated the accounting policies with respect to revenue recognition; • Understood and evaluated management controls over revenue recognition; • Assessed the contracts on sample basis to identify distinct performance obligations; • Performed testing of sample of revenue transactions with underlying documentation including sales invoices and where relevant, underlying time costs, licensing agreements and other supporting documents; • Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period; • Agreed the revenue to related payments on sample basis as evidence of collectability; and • Assessed the adequacy of disclosures made in the unconsolidated financial statements related to revenue.

Information Other than the unconsolidated Financial Statements and consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated financial statements and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

(b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

(d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The unconsolidated financial statements of the Company for the year ended December 31, 2021 were audited by another firm of Chartered Accountants who expressed an unmodified opinion thereon vide their report dated March 19, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Asad Aleem Mirza.



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: **May 01, 2023**

UDIN: **AR202210128TwcG8LJpU**

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

ASSETS	Note	2022 Rupees	2021 Rupees
Non-current assets			
Property and equipment	5	2,763,406,669	2,006,791,106
Intangibles	6	13,503,017	23,717,704
Long term investments	7	6,739,908,701	1,331,133,678
Right-of-use assets	8	512,738,929	288,981,476
Long term loans	9	298,036,906	36,796,454
Deferred employee benefits	10	86,938,319	10,344,054
Long term deposits	11	34,749,904	141,294,105
Deferred taxation - net	36	13,465,206	75,060,282
		10,462,747,651	3,914,118,859
Current assets			
Contract assets - unsecured	12	1,029,444,687	333,597,502
Trade debts - unsecured	13	8,818,580,572	3,445,521,825
Loans, advances and other receivables	14	976,727,988	538,568,661
Current portion of deferred employee benefits		29,892,702	2,890,139
Trade deposits and short term prepayments	15	327,193,963	248,588,820
Income Tax refunds due from the Government		172,923,163	207,375,462
Short term investments	16	4,430,978,169	4,866,676,912
Interest accrued	17	1,521,649	30,922,102
Cash and bank balances	18	588,569,946	1,652,613,846
		16,375,832,839	11,326,755,269
TOTAL ASSETS		26,838,580,490	15,240,874,128
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 400,000,000 (2021: 400,000,000) ordinary shares of Rs 10 each		4,000,000,000	4,000,000,000
Issued, subscribed and paid-up share capital	19	2,904,076,989	1,384,989,120
Capital reserves	20	4,994,930,422	1,020,484,116
Revenue reserve: Un-appropriated profit		12,283,429,147	8,067,856,280
		20,182,436,558	10,473,329,516
Non-current liabilities			
Long term advances	21	6,767,044	81,111,314
Long term loan - secured	22	-	-
Lease liabilities	23	454,684,688	238,881,185
		461,451,732	319,992,499
Current liabilities			
Trade and other payables	24	2,694,812,394	1,162,101,750
Unclaimed dividend		13,536,152	9,226,244
Contract liabilities	25	263,944,365	378,374,906
Short term borrowings - secured	26	3,050,000,000	2,750,000,000
Accrued mark-up on borrowings		82,126,318	13,702
Current portion of long term advances	21	3,234,396	6,865,236
Current portion of long term loan - secured	22	-	76,816,085
Current portion of deferred grant		-	1,958,993
Current portion of lease liabilities	23	87,038,575	62,195,197
		6,194,692,200	4,447,552,113
TOTAL EQUITY AND LIABILITIES		26,838,580,490	15,240,874,128

CONTINGENCIES AND COMMITMENTS

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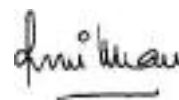
The annexed notes 1 to 45 form an integral part of these unconsolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 Rupees	2021 Rupees
Revenue from contracts with customers - net	28	20,644,764,716	11,903,583,911
Cost of revenue	29	(13,889,659,278)	(7,912,442,628)
Gross profit		6,755,105,438	3,991,141,283
Selling and distribution expenses	30	(270,588,626)	(188,926,692)
Administrative expenses	31	(1,520,716,072)	(981,346,043)
(Impairment losses) / Reversals of impairment losses on financial assets	32	(2,497,969)	12,563,431
Other operating expenses	33	(89,326,377)	(16,919,184)
		(1,883,129,044)	(1,174,628,488)
Operating profit		4,871,976,394	2,816,512,795
Other income	34	1,977,050,375	620,344,533
Finance costs	35	(224,538,852)	(84,291,698)
Profit before taxation		6,624,487,917	3,352,565,630
Taxation	36	(324,650,972)	(31,874,154)
Profit for the year		6,299,836,945	3,320,691,476
Earnings per share			(Restated)
-Basic	39	22.44	12.06
-Diluted	39	22.29	11.98

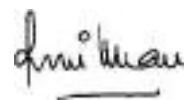
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	Rupees	Rupees
Profit for the year	6,299,836,945	3,320,691,476
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss	-	-
Items that will not be reclassified subsequently to profit or loss	-	-
Total comprehensive income for the year	6,299,836,945	3,320,691,476

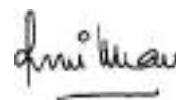
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Issued, subscribed and paid-up share capital	Capital reserves		Revenue reserve	Total equity
		Share premium	Employee compensation reserve	Un-appropriated profit	
	Rupees				
Balance as at January 1, 2021	1,246,060,140	614,907,470	84,747,028	5,307,971,413	7,253,686,051
Profit for the year	-	-	-	3,320,691,476	3,320,691,476
Other comprehensive income	-	-	-	-	-
Transactions with owners					
Exercise of share options	14,305,290	205,355,887	(113,923,684)	-	105,737,493
Share based payments	-	-	229,493,849	-	229,493,849
Deferred tax on share based payments	-	-	29,344,233	-	29,344,233
Forfeited share options	-	-	(29,440,667)	-	(29,440,667)
10% Bonus shares issued	124,623,690	-	-	(124,623,690)	-
Final dividend for the year ended December 31, 2020 at the rate of Rs 3.5 per share	-	-	-	(436,182,919)	(436,182,919)
	138,928,980	205,355,887	115,473,731	(560,806,609)	(101,048,011)
Balance as at December 31, 2021	1,384,989,120	820,263,357	200,220,759	8,067,856,280	10,473,329,516
Profit for the year	-	-	-	6,299,836,945	6,299,836,945
Other comprehensive income	-	-	-	-	-
Transactions with owners					
Exercise of share options	9,036,869	60,604,582	(57,376,937)	-	12,264,514
Share based payments	-	-	213,626,091	-	213,626,091
Deferred tax on share based payments	-	-	(29,344,233)	-	(29,344,233)
Forfeited share options	-	-	(3,474,922)	3,474,922	-
100% Bonus shares issued	1,391,826,000	-	-	(1,391,826,000)	-
Issue of shares for acquisition of National Data Consultant (Private) Limited	118,225,000	3,790,411,725	-	-	3,908,636,725
"Final dividend for the year ended December 31, 2021 at the rate of Rs 5 per share"	-	-	-	(695,913,000)	(695,913,000)
	1,519,087,869	3,851,016,307	123,429,999	(2,084,264,078)	3,409,270,097
Balance as at December 31, 2022	2,904,076,989	4,671,279,664	323,650,758	12,283,429,147	20,182,436,558

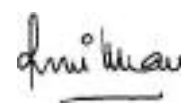
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 Rupees	2021 Rupees
OPERATING ACTIVITIES			
Profit before taxation		6,624,487,917	3,352,565,630
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation on property and equipment	5.1.3	431,179,902	289,384,085
Depreciation on right-of-use assets	8.2	118,580,902	47,762,423
Amortization of intangibles	6.3	10,214,687	16,779,370
Amortization of deferred employee benefits		20,539,740	-
Gain on derecognition of lease		(13,873,401)	-
Loss on derivative financial instruments	33	87,966,377	-
Share based payment expense		90,560,801	229,397,415
Research and development cost for software development written off		-	11,226,032
Allowance for ECLs / provision for doubtful debts:			
- contract assets	32	(17,035,350)	17,546,844
- trade debts	32	19,533,319	(30,110,275)
Security deposits written off	33	1,360,000	-
Finance costs	35	224,538,852	84,291,698
Bad debts - written off	33	-	16,919,184
Gain on investments classified as fair value through profit or loss	34	(47,000,841)	(115,206,839)
Exchange gain	34	(1,195,718,409)	(334,461,103)
Other Income (other than exchange gain and gain on investments classified as fair value through profit or loss)			
- Profit on deposit accounts	34	(34,423,843)	(27,787,413)
- Profit on term deposit receipts and sukuks	34	(30,405,695)	(56,668,847)
- Dividend income on mutual funds	34	(492,377,873)	(17,701,867)
- Interest on loan to related parties	34	(12,108,728)	(49,974,561)
- Gain on disposal of property and equipment	34	(82,844,279)	(16,604,277)
- Liability written back	34	(27,983,317)	-
- Effect of discounting of long term loans	34	(33,789,390)	(550,616)
- Effect of discounting of long term security deposits	34	(1,630,628)	(55,028)
Others		-	(1,333,982)
		(715,563,753)	(170,676,591)
		(984,717,174)	62,852,243
Working capital changes			
Contract Assets		(680,420,638)	196,026,336
Long term deposits		99,568,664	(108,458,365)
Trade debts		(4,534,721,960)	(971,833,619)
Loans paid to employees - net		(318,691,959)	(49,480,031)
Advances and other receivables		(135,281,621)	(310,682,618)
Trade deposits and short term prepayments		(79,965,143)	(60,659,875)
Trade and other payables		1,424,849,651	410,277,253
Contract Liabilities		(114,430,541)	289,705,551
		(4,339,093,547)	(605,105,368)
Cash generated from operations			
		1,300,677,196	2,810,312,505
Finance costs paid		(86,764,595)	(91,354,191)
Taxes paid		(185,641,196)	(119,130,742)
(Decrease) / Increase in long term advances		(12,788,941)	23,364,218
Net cash generated from operating activities			
		1,015,482,464	2,623,191,790
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,375,655,848)	(811,566,898)
Development expenditures		-	(30,377,218)
Sale proceeds from disposal of property and equipment		94,340,713	39,955,227
Short term investments - net		902,770,823	(2,106,624,518)
Increase in long term investment		(1,320,869,260)	(1,059,060,531)
Dividend income		-	17,701,867
Profit received on deposit accounts		34,406,491	27,785,398
Profit received on short term investments		31,034,229	92,988,031
Interest received on loan to subsidiaries and associated undertakings		40,897,999	-
Net cash used in investing activities			
		(1,593,074,853)	(3,829,198,642)
FINANCING ACTIVITIES			
Disbursements against short term borrowings		1,200,000,000	1,500,000,000
Repayment of short term borrowings		(900,000,000)	-

Cont.

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 Rupees	2021 Rupees
Repayment of long term loan		(79,477,093)	(134,155,808)
Proceeds from exercise of share options		64,954,935	105,737,493
Payments in respect of leases		(134,171,534)	(55,317,983)
Dividend paid		(691,603,092)	(434,574,310)
Net cash (used in) / generated from financing activities		(540,296,784)	981,689,392
Decrease in cash and cash equivalents		(1,117,889,173)	(224,317,460)
Net foreign exchange difference		53,845,273	299,171,614
Cash and cash equivalents at the beginning of the year		1,652,613,846	1,577,759,692
Cash and cash equivalents at the end of year	18	588,569,946	1,652,613,846

Refer note 22, 23 and 26 for reconciliation of liabilities arising from financing activities.

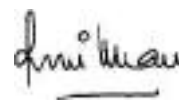
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. CORPORATE INFORMATION

Systems Limited (“the Company”) is a public limited company incorporated in Pakistan under the 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 registered office of the Company is situated at E-1, Sehjpal Road, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt.

These financial statements are the separate financial statements of the Company, in which investments in the subsidiary companies namely TechVista Systems FZ- LLC, Systems Ventures (Private) Limited, TechVista Information Technology W.L.L., Systems Arabia for Information Technology, Systems International IT Pte. Ltd, Systems APAC for Information Technology Pte. Ltd., SYS Egypt for Information Technology Services, SUS-JV (Private) Limited, National Data Consultant (Private) Limited and Systems Africa for Information Technologies Pty. Ltd. and associated company namely E-Processing Systems B.V have been accounted for at cost less accumulated impairment losses, if any.

1.1 Geographical location and addresses of business units of the Company are as under:

Business Units	Geographical Location	Address
Head Office	Lahore	E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt
Regional Office	Karachi	Plot No. 11-B, Muhammad Ali housing Society, Fatima Jinnah Road, Karachi
Regional Office	Karachi	Plot No. ST-2 & 3, Block-E, Sir Shah Muhammad Suleman Road, Gulshan-e-Iqbal, Block-14, Karachi
Regional Office	Islamabad	Plot No. 21, 1st Floor Fazeelat Arcade, Sector G-II Markaz, Islamabad
Regional Office	Islamabad	Amazon Mall, 7th Floor, NH 5, Sector A DHA Phase II, Islamabad
Regional Office	Multan	Plot No. 842/23 near Northern Bypass Chowk, Bosan Road, Multan
Regional Office	Faisalabad	Jahal Khanewal, Main East Canal Road, Old Ehsan Yousaf Mill, Ali Fatima Science College near Faisal hospital, Faisalabad
Regional Office	Peshawar	3rd Floor, DC Court Building, Near Post office, Kacheri Gate, 04 Khyber Rd, Peshawar Cantt. Peshawar
BPO Office	Lahore	Commercial building Plaza No 1, Block -CCA, Phase 8C, DHA Lahore Cantt

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act) ; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act, differ from the IFRS, the provisions of and directives issued under the Act, have been followed.

2.2 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Company’s financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on January 1, 2022 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 01, 2023 or later periods, but the Company has not early adopted them:

Standards or Interpretation	Effective date Accounting periods beginning on or after:
Amendments to IFRS 16, 'Leases' related to sale and lease back after the date of transaction	January 01, 2024
Amendments to IAS 1, 'Presentation of financial statements' related to non current liabilities with covenants	January 01, 2024
Amendments to IAS 12, 'Income taxes' related to assets and liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 1, 'Presentation of financial statements', IFRS Practice Statement 2, 'Making Materiality Judgements', and 'IAS 8, 'Accounting Estimates and Errors' on changes regarding accounting policy disclosures	January 01, 2023
Replacement of IFRS 4, 'Insurance Contracts' by IFRS 17, 'Insurance Contracts'	January 01, 2023

The above standards, amendments and interpretations are not expected to have a material impact on the Company's financial statements when they become effective.

3 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost convention except, as otherwise stated in these unconsolidated financial statements.

3.1 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

3.2 Use of estimates and judgements

The Company's significant accounting policies are stated in Note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these unconsolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the unconsolidated financial statements are as follows:

3.2.1 Provision for taxation (Note 4.2)

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature are in accordance with law, the amounts are shown as contingent liabilities.

3.2.2 Useful lives and residual values of property and equipment and intangibles (Note 4.3)

The Company reviews the useful lives of property and equipment and intangibles at each reporting date. Any change in estimates in future years might affect the carrying amounts of respective items of property and equipment and intangible with a corresponding effect on the depreciation / amortization charge and impairment.

3.2.3 Expected credit losses (Note 4.10.1)

The Company uses a provision matrix to calculate Expected Credit Losses (ECLs) for trade debts and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type).

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information which includes forecast economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future.

3.2.4 Revenue recognition (Note 4.15)

3.2.4.1 Identification of distinct performance obligations

For contracts with multiple components to be delivered, the Company applies judgement to determine performance obligations which are distinct; or not distinct, which are aggregated with other performance obligations until a bundle is identified that is distinct.

3.2.4.2 Estimating stand-alone selling prices of performance obligations

The Company determines stand-alone selling prices of all performance obligations in a bundled contract, which include sale of license, implementation, support, warranty and training. The total transaction price is based on the price specified in the contract, which is allocated to all distinct performance obligations based on estimated cost of completion, plus target margin on each of the performance obligations.

3.2.4.3 Stage of completion

In cases where performance obligation is satisfied over time, the Company determines stage of completion on the basis of cost incurred to date as a percentage of total estimated cost to deliver the performance obligations.

3.2.5 Determining the lease term of contracts with renewal options (Note 4.20)

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

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

3.2.6 Provisions (Note 4.13)

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

3.2.7 Share based payment

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Company measures the fair value of equity-settled transactions with employees at the grant date using a Black Scholes Model. The assumptions used for estimating fair value for share-based payment transactions are disclosed in Note 20.2.5.

3.2.8 Impairment assessment of long term investments

The carrying amounts of long term investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the investment's recoverable amount is estimated. The recoverable amount of an investment is the greater of its value in use and its fair value less costs to sell.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of unconsolidated financial statements of the Company are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Company undertakes its activities under joint operations, the Company as a joint operator recognizes in relation to its interest in a joint operation:

- a) Its assets, including its share of any assets held jointly;
- b) Its liabilities, including its share of any liabilities incurred jointly;
- c) Its revenue from the sale of its share of the output arising from the joint operation;
- d) Its share of the revenue from the sale of the output by the joint operation; and
- e) Its expenses, including its share of any expenses incurred jointly

The Company accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When Company transacts with a joint operation in which a Company is a joint operator, the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Company's standalone financial statements only to the extent of other parties' interests in the joint operation. When Company transacts with a joint operation in which Company is a joint operator, the Company does not recognize its share of the gains and losses until it resells those assets to a third party.

The Company has interest in joint operation UUS Joint Venture (Private) Limited, a Company set up specifically for executing multi-year contract "Package 04A – Airport Information Management System (AIMS)", a turnkey project for New Islamabad International Airport by Pakistan Civil Aviation Authority.

4.2 Taxation

4.2.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed or changes in laws made during the year for such years.

4.2.2 Deferred

Deferred tax is accounted for using the statement of financial position method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the unconsolidated statement of profit or loss and other comprehensive income, except in the case of items credited or charged to equity in which case it is included in equity.

The carrying amount of deferred tax assets is reviewed at statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax asset to be utilised.

4.2.3 Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included, the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the unconsolidated statement of financial position.

4.3 Property and equipment

4.3.1 Operating fixed assets

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss except for freehold land which is stated at cost less any recognised impairment loss. Cost of operating fixed assets consist of purchase cost, borrowing cost pertaining to construction period and other directly attributable cost of bringing the asset to working condition. Subsequent costs are included in the assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to unconsolidated statement of profit or loss during the period in which they are incurred.

Depreciation on operating fixed assets is charged to unconsolidated statement of profit or loss by applying the straight line method on pro rata basis so as to write off the historical cost of the assets over their estimated useful lives at the rates given in Note 5.1. Depreciation charge commences from the month in which the asset is available for use and continues until the month of disposal.

The assets residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its operating fixed assets as at December 31, 2022 has not required any adjustment as its impact is considered insignificant.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of operating fixed assets represented by the difference between the sale proceeds and the carrying amount of the asset is included in income.

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in unconsolidated statement of profit or loss in the year the asset is de-recognised as an income or expense.

4.3.2 Capital work-in-progress

Capital work in progress represents expenditure on property and equipment which are in the course of construction and installation. Transfers are made to relevant property and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss, if any.

4.4 Intangibles

Intangible assets acquired from the market are carried at cost less accumulated amortization and any accumulated impairment losses.

Expenditure on research (or the research phase of an internal project) is recognized as an expense in the period in which it is incurred;

Development costs incurred on specific projects are capitalized when all the following conditions are satisfied:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale.
- The Company intends to complete the intangible asset and use or sell it.
- The Company has the ability to use or sell the intangible asset.
- Intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Company's ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management. Development costs not meeting the criteria for capitalization are expensed as incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using straight line method at the rate given in Note 6.. Full month amortization is charged in month of acquisition and no amortization is charged in month of disposal.

The Company assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in unconsolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.5 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate

that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash generating unit, or CGU”).

The Company’s corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.6 Staff benefits

The Company has the following plans for its employees:

4.6.1 Provident fund

The Company operates a funded recognized provident fund contribution plan which covers all permanent employees. Equal contributions are made on monthly basis both by the Company and the employees at the rate of 10% of basic salary.

4.6.2 Employees’ share option scheme

The Company operates an equity settled share based Employees Stock Option Scheme. The compensation committee of the Board of Directors of the Company evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company’s shares at a price determined on the date of grant of options.

At the grant date of share options to the employees, the Company initially recognizes employee compensation expense with corresponding credit to equity as employee compensation reserve at the fair value of option at the grant date. The fair value of options determined at the grant date is recognized as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

4.6.3 Interest free loans to employees

The Company provides interest free loans to its employees for purchase of vehicles and other purposes. The loans are initially recognized at fair value which is the present value of future deductions to be made from employees’ salaries, discounted at the market interest rate. The difference between fair value of the interest free loan and principal amount at initial recognition is recorded as a deferred employee benefit. The loan is subsequently measured at amortized cost with respective finance income to be recorded in the statement of profit or loss. In addition, the deferred employee benefit is amortized equally over the life of the loan and the amortization is recorded in the statement of profit or loss.

4.7 Investments

The management determines the classification of its investments at the time of purchase depending on the Company’s business model for managing the financial assets and their contractual cash flow characteristics. Investments intended to be held for less than twelve months from the statement of financial position date or to be sold to raise operating capital are included in current assets as explained in note 4.17. All other investments are classified as non-current assets.

4.8 Investments in equity instruments of subsidiaries and associates

Investments in subsidiaries and associates where the Company has significant influence are measured at cost in the Company's separate financial statements in accordance with IAS-27 'Consolidated and separate financial statements'.

The Company is required to publish consolidated financial statements along with its separate financial statements, in accordance with the requirements of IFRS 10 'Consolidated Financial Statements' and IAS 27 'Consolidated and separate financial statements'. Investments in associates, in the consolidated financial statements, are being accounted for using the equity method.

4.9 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the reporting date. Transactions during the year are converted into Pak Rupees at the exchange rate prevailing at the date of such transaction. All exchange differences are charged to unconsolidated statement of profit or loss.

4.10 Trade debts

Trade debts from customers are stated at amortized cost less expected credit losses

4.10.1 Expected credit losses

Expected credit losses are calculated as a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Company in accordance with the contract and cash flows that the Company expects to receive). (Refer to note 4.17.4 for detailed policy for impairment of financial assets).

4.11 Advances and deposits

Advances are recognized at nominal amount which is the fair value of considerations to be received in future. Trade deposits with no fixed repayment date are measured at cost being amount paid on initial recognition. Fair value of these deposits is not considered to be materially different from cost.

4.12 Trade and other payables

Liabilities for trade and other payable are recognised initially at their fair value and subsequently measured at amortised cost.

4.13 Provisions and contingencies

Provisions are recognized in the unconsolidated statement of financial position when the Company has a present legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

4.14 Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a 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 the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to unconsolidated 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.

4.15 Revenue recognition

Revenue recognized 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 recognized when (or as) those performance obligations are satisfied.

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

For each performance obligation to be recognized over time, the Company applies a revenue recognition method that faithfully depicts the Company's performance in transferring control of the goods or services to the customer. The Company applies the relevant input method consistently to similar performance obligations as it faithfully depicts actual efforts made by the Company to satisfy performance obligations and to transfer services to end customer. Moreover, information required for input method can be measured reliably. If performance obligations in a contract do not meet the over time criteria, the Company recognizes revenue at a point in time when obligations under the terms of the contract with the customer are satisfied.

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.

For each of its contracts, the Company considers whether it is a principal or an agent by evaluating the nature of its promise to the customer. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

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

4.15.1 Software implementation

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

For contracts where revenue will be recognized over time, the company uses input method for measuring percentage of completion (PoC) by taking into account the cost incurred to date as a percentage of total budgeted cost.

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

4.15.2 Outsourcing services

Outsourcing services include business process outsourcing services and IT services. Revenue is recognized under each category as below:

a) BPO services

The performance obligation of the Company is to perform the various business activities outsourced by the customers. Revenue is recognized over time on the basis of activities performed, as the customer simultaneously receives and consumes the benefits provided by the Company's performance.

b) IT services

The performance obligation of the Company is to make available the resources to perform various IT services as per the requirement of the customer. Resource efforts are controlled by the customer and revenue is recognized over time on the basis of hours of resources made available to the customer, as the customer simultaneously receives and consumes the benefits provided by the Company's performance.

4.15.3 Software Trading

Software trading represents the sale of software licenses and 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 the license is delivered to the customer.

4.15.4 Contract Assets

A contract asset is initially recognized for revenue earned because the receipt of consideration is conditional on successful completion of the milestones as per contract. Upon completion of the milestone and acceptance by the customer, the amount recognized as contract assets is reclassified to trade debts.

4.15.5 Contract Liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the related goods or services are transferred. Contract liabilities are recognized as revenue as and when performance obligations are delivered under the contract.

4.16 Other income

Profit on deposit accounts and gain on short term investments and other income is recognized using effective interest rate.

Gains / (losses) arising on revaluation of securities classified as fair value through profit or loss are included in the unconsolidated statement of profit or loss in the period in which they arise.

4.17 Financial instruments – Initial recognition and subsequent measurement

4.17.1 Initial Recognition

Regular way purchase and sale of financial assets and financial liabilities is accounted for at the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortized cost as the case may be.

4.17.2 Classification

4.17.2.1 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss (“FVTPL”),
- at fair value through other comprehensive income (“FVTOCI”), or
- at amortized cost.

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

4.17.2.2 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit and loss (“FVTPL”), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

4.17.3 Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income.

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the unconsolidated statement of profit or loss in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

4.17.4 Impairment of financial assets

The Company recognizes loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost at an amount equal to life time ECLs except for the following, which are measured at 12 month ECLs:

- bank balances for which credit risk (the risk of default occurring over the expected life of the financial instrument) has not increased since inception.
- other short term loans and receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade debts are always measured at an amount equal to life time ECLs. Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12 month ECLs are portion of ECLs that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Company in accordance with the contract and cash flows that the Company expects to receive).

The Company considers that a financial asset is in default when contractual payments are 270 days past due except for trade debts from related parties for which default is evaluated on case to case basis. The definition is based on the Company's internal credit risk management policy. Financial assets are written off when there is no reasonable expectation of recovery. The Company categorises a financial asset for write off when a counter party fails to make contractual payments for more than 270 days past due except for trade debts from related parties for which write off is evaluated on case to case basis.

4.17.5 Derecognition

i) Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in unconsolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to unconsolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on

initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to equity.

ii) **Financial liabilities**

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the unconsolidated statement of profit or loss and other comprehensive income.

4.17.6 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Company has legally enforceable right to offset the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

4.18 Finance costs

Finance cost is charged to unconsolidated statement of profit or loss in the year in which it is incurred.

4.19 Cash and cash equivalents

Cash and cash equivalents are stated in the statement of financial position at amortized cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand, cheques / demand draft in hand and deposits in the bank.

4.20 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company has elected to apply the practical expedient for not recognising right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

Extension and termination options are included in a number of leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of termination options held are exercisable only by the Company and not by the respective lessor while the extension options are generally exercisable with the mutual consent of both the Company and the lessor.

4.20.1 Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

4.20.2 Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in statement of profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

4.21 Dividends and appropriation reserves

Dividends and other appropriation to reserves are recognized in the unconsolidated financial statements in the period in which these are approved. However, if they are approved after the reporting period but before the unconsolidated financial statements are authorized for issue, they are disclosed in the notes to the unconsolidated financial statements.

4.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5 PROPERTY AND EQUIPMENT

	Note	2022	2021
Operating fixed assets	(5.1)	2,519,968,031	1,983,978,164
Capital work in progress	(5.2)	243,438,638	22,812,942
		2,763,406,669	2,006,791,106

5.1 Operating fixed assets

	Land - freehold	Building on freehold land	Computers	Computer equipment and installations	Other equipment and installations	Generators and transformer	Furniture and fittings	Vehicles	Office equipment	Leasehold Building - Improvements	Total
Rupees											
At December 31, 2022											
Cost	592,234,914	575,418,959	1,302,295,043	300,907,749	272,820,578	136,757,604	231,743,754	125,640,878	50,650,709	183,631,460	3,772,101,648
Accumulated Depreciation	-	(69,720,400)	(645,902,765)	(133,045,732)	(130,585,085)	(45,172,425)	(84,566,849)	(65,474,117)	(27,053,575)	(50,612,669)	(1,252,133,617)
Net book value	592,234,914	505,698,559	656,392,278	167,862,017	142,235,493	91,585,179	147,176,905	60,166,761	23,597,134	133,018,791	2,519,968,031
For the year ended December 31, 2022											
Opening net book value	394,038,279	520,764,464	480,572,479	81,965,464	65,419,282	67,751,563	73,786,755	220,984,297	22,865,600	55,829,981	1,983,978,164
Additions (at cost)	198,196,635	3,497,401	433,077,128	142,980,116	121,515,708	36,222,623	92,229,569	15,982,920	5,070,017	106,258,035	1,155,030,152
Disposal	-	(4,214,000)	(30,875,633)	(1,414,854)	(708,741)	-	(3,203,485)	(147,416,196)	(27,474)	-	(187,860,383)
Depreciation	-	(14,349,306)	(226,381,696)	(55,668,709)	(43,990,756)	(12,389,007)	(15,635,934)	(29,384,260)	(4,311,009)	(29,069,225)	(431,179,902)
Closing net book value	592,234,914	505,698,559	656,392,278	167,862,017	142,235,493	91,585,179	147,176,905	60,166,761	23,597,134	133,018,791	2,519,968,031
Rate of depreciation (%)	-	2.5	33	33	20	10	10	20	10	10-27	
At December 31, 2021											
Cost	394,038,279	576,135,558	915,680,202	166,482,581	153,706,457	100,534,981	144,601,662	352,433,498	45,613,686	77,373,425	2,926,600,329
Accumulated Depreciation	-	(55,371,094)	(435,107,723)	(84,517,117)	(88,287,175)	(32,783,418)	(70,814,907)	(131,449,201)	(22,748,086)	(21,543,444)	(942,622,165)
Net book value	394,038,279	520,764,464	480,572,479	81,965,464	65,419,282	67,751,563	73,786,755	220,984,297	22,865,600	55,829,981	1,983,978,164
For the year ended December 31, 2021											
Opening net book value	394,038,279	501,151,331	146,940,587	27,632,390	70,402,290	70,522,518	63,978,967	171,435,412	26,352,723	34,758,474	1,507,212,971
Additions (at cost)	-	33,410,848	460,718,771	80,568,271	21,007,777	6,606,088	19,189,693	134,603,300	712,810	32,682,670	789,500,228
Disposal	-	-	(601,748)	(461,469)	99,421	-	(83,785)	(22,203,948)	(99,421)	-	(23,350,950)
Depreciation	-	(13,797,715)	(126,485,131)	(25,773,728)	(26,090,206)	(9,377,043)	(9,298,120)	(62,850,467)	(4,100,512)	(11,611,163)	(289,384,085)
Closing net book value	394,038,279	520,764,464	480,572,479	81,965,464	65,419,282	67,751,563	73,786,755	220,984,297	22,865,600	55,829,981	1,983,978,164
Rate of depreciation (%)	-	2.5	33	33	20	10	10	20	10	10-22	

5.1.1 The cost of operating fixed assets includes assets amounting to Rs 478.07 million (2021: Rs 367.43 million) with nil book value.

5.1.2 Immovable fixed assets include free-hold land and building situated at E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt. Total area of land is 21.42 kanals (2021: 18.17 kanals).

5.1.3 Depreciation charge for the year has been allocated as follows:

	Note	2022	2021
Cost of revenue	(29)	366,777,759	244,257,655
Selling and distribution expenses	(30)	3,655,531	3,181,372
Administrative expenses	(31)	60,746,612	41,945,058
		431,179,902	289,384,085

5.1.4 Disposal of property and equipment

Details of disposed assets which had a net book value of Rs 500,000 or more, are as follows:

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Rupees							
Vehicles							Employees
Honda Civic	2,914,948	(1,922,698)	992,250	2,204,750	1,212,500	Company Policy	Usman Mughal
Honda Civic	3,134,310	(2,120,367)	1,013,943	2,896,980	1,883,037	Company Policy	Usman Ahmad
Honda City	1,703,000	(936,632)	766,368	1,703,040	936,672	Company Policy	Saad Hasan Aslam
Honda Civic	2,722,000	(2,029,404)	692,596	2,700,000	2,007,404	Company Policy	Khurram Safdar
Honda Civic	2,829,160	(2,263,339)	565,821	2,829,160	2,263,339	Company Policy	Muhammad Amin
Honda City	1,823,985	(1,094,289)	729,696	1,824,240	1,094,544	Company Policy	Kashif Latif
Honda City	1,784,160	(1,213,161)	570,999	1,713,000	1,142,001	Company Policy	Ali Asjad Waheed
Toyota Corolla	1,833,310	(1,283,312)	549,998	1,732,980	1,182,982	Company Policy	M. Salman Arshad

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Vehicles				Rupees			Employees
Honda Brv	1,797,702	(1,198,476)	599,226	1,732,980	1,133,754	Company Policy	Khurram Saleem
Toyota Corolla	2,506,000	(1,712,443)	793,557	1,525,560	732,003	Company Policy	Farrukh Riyadh Ahmed
Honda Civic	2,739,240	(1,871,814)	867,426	2,653,020	1,785,594	Company Policy	Faisal Tajammal
Honda City	1,813,000	(1,206,457)	606,543	1,732,980	1,126,437	Company Policy	Imran Khan
Suzuki Swift	1,450,900	(918,272)	532,628	1,412,880	880,252	Company Policy	Faisal Ahmed
Honda Civic	2,992,640	(2,344,223)	648,417	2,992,640	2,344,223	Company Policy	Muh. Mushtaq Patni
Honda Civic	2,758,450	(1,773,224)	985,226	2,686,980	1,701,754	Company Policy	Khurram Fuad
Honda City	1,786,860	(1,035,136)	751,724	1,804,140	1,052,416	Company Policy	Muh. Sohail Ahmed
Honda City	1,786,860	(977,610)	809,250	1,867,500	1,058,250	Company Policy	Adeel Ahmed Naseem
Toyota Corolla	1,924,000	(1,122,343)	801,657	1,924,020	1,122,363	Company Policy	Salman Malik
Toyota Corolla	3,334,100	(1,944,882)	1,389,218	3,334,100	1,944,882	Company Policy	Salman Wajid Mian
Toyota Corolla	1,844,000	(1,010,258)	833,742	1,924,020	1,090,278	Company Policy	Imran Suleman Khan
Toyota Corolla	2,227,100	(1,262,014)	965,086	1,924,020	958,934	Company Policy	Zunair Haseeb Khan
Honda City	1,803,000	(767,941)	1,035,059	2,003,340	968,281	Company Policy	Muh. Fahar Nouman
Honda City	1,924,000	(1,058,191)	865,809	1,924,020	1,058,211	Company Policy	Muh. Raheel Siddiqui
Toyota Corolla	2,144,756	(1,261,175)	883,581	1,924,020	1,040,439	Company Policy	Salman Amin Bhatti
Toyota Corolla	2,010,110	(1,139,067)	871,043	1,924,020	1,052,977	Company Policy	Abdul Ghaffar
Toyota Corolla	2,108,249	(1,184,840)	923,409	1,250,613	327,204	Company Policy	Omar Arif
Toyota Corolla	2,420,170	(1,210,080)	1,210,090	2,314,980	1,104,890	Company Policy	Hafiz Muh. Altaf
Honda Brv	1,924,377	(1,314,993)	609,384	901,500	292,116	Company Policy	Aamir Fahaad
Honda City	1,839,810	(1,134,564)	705,246	1,794,000	1,088,754	Company Policy	Muhammad Umer
Honda City	2,262,665	(1,470,730)	791,935	1,251,778	459,843	Company Policy	Muh. Tanveer Musawar
Suzuki Swift	1,651,000	(990,609)	660,391	1,650,120	989,729	Company Policy	Shahzad Tariq
Toyota Corolla	1,915,050	(1,212,881)	702,169	1,865,280	1,163,111	Company Policy	Karamat Ali
Honda Civic	4,021,180	(2,077,619)	1,943,561	3,972,000	2,028,439	Company Policy	Habib Ahmad
Toyota Corolla	2,335,290	(1,120,451)	1,214,839	2,513,460	1,298,621	Company Policy	Muh. Talha Mashkooor
Honda Civic	3,504,000	(1,810,400)	1,693,600	3,565,168	1,871,568	Company Policy	Abid Hanif
Toyota Corolla	2,023,098	(1,037,002)	986,096	1,606,450	620,354	Company Policy	Moh. Wasif Sheikh
Toyota Corolla	2,586,150	(1,666,002)	920,148	2,586,150	1,666,002	Company Policy	Pool Services
Honda City	2,376,930	(1,545,023)	831,907	2,436,840	1,604,933	Company Policy	Tauqeer Ahmed
Honda City	2,376,930	(1,223,965)	1,152,965	2,314,980	1,162,015	Company Policy	Usman Ur Rehman
Honda Civic	3,627,180	(1,874,043)	1,753,137	3,505,020	1,751,883	Company Policy	Hammad Karamat
Honda Civic	3,793,080	(1,732,345)	2,060,735	3,505,020	1,444,285	Company Policy	Ali Jawad Khalid
Toyota Corolla	2,420,170	(1,055,367)	1,364,803	2,315,040	950,237	Company Policy	Chaudary Mohsin
Honda City	2,391,400	(993,203)	1,398,197	2,326,980	928,783	Company Policy	Muh. Raza Sufyan Khan
Toyota Corolla	2,402,140	(999,123)	1,403,017	2,335,020	932,003	Company Policy	Muh. Akram
Toyota Corolla	2,407,530	(959,482)	1,448,048	2,335,020	886,972	Company Policy	Muh. Salman Iqbal
Honda Civic	2,612,900	(866,218)	1,746,682	2,335,020	588,338	Company Policy	Ahsan Naseer
Honda City	2,406,730	(792,789)	1,613,941	2,335,020	721,079	Company Policy	Javeria Fahad
Honda City	2,405,730	(782,277)	1,623,453	2,335,020	711,567	Company Policy	Muzahir Ahmad
Kia Sportage	2,410,730	(773,647)	1,637,083	2,335,020	697,937	Company Policy	Faiz Muhammad
Honda City	2,425,590	(767,784)	1,657,806	2,396,995	739,189	Company Policy	Muhammad Shariq
Honda City	2,548,058	(805,902)	1,742,156	2,476,980	734,824	Company Policy	Qurat Ul Ain
Toyota Corolla	1,587,250	(500,349)	1,086,901	1,549,020	462,119	Company Policy	Faraz Javed
Toyota Corolla	2,923,000	(876,886)	2,046,114	2,923,020	876,906	Company Policy	Ibrar Ahmad
Honda City	2,429,314	(724,016)	1,705,298	2,267,760	562,462	Company Policy	Noman Ikram
Suzuki Cultus	1,828,880	(487,378)	1,341,502	1,780,020	438,518	Company Policy	Saqib Amin
Toyota Yaris	2,912,190	(776,227)	2,135,963	2,843,020	707,057	Company Policy	Fareed Kamran
Toyota Corolla	2,622,190	(698,095)	1,924,095	2,497,980	573,885	Company Policy	Muh. Mateen Sajjad Dar
Honda Civic	3,941,500	(983,188)	2,958,312	3,735,000	776,688	Company Policy	Naveed Ali Tahir
Kia Sportage	2,573,500	(621,996)	1,951,504	2,545,440	593,936	Company Policy	Nawaz Sarwar
Toyota Yaris	2,576,790	(558,977)	2,017,813	2,503,020	485,207	Company Policy	Tahir Idrees
Toyota Yaris	2,552,963	(553,137)	1,999,826	2,467,020	467,194	Company Policy	Muh. Faraz Baig
Toyota Yaris	2,620,100	(567,684)	2,052,416	2,547,000	494,584	Company Policy	Hamad Ur Rehman
Honda City	2,524,730	(545,865)	1,978,865	2,455,020	476,155	Company Policy	Nadeem Pathan
Toyota Yaris	3,086,000	(463,458)	2,622,542	3,004,980	382,438	Company Policy	Ashar Badar
Toyota Yaris	2,552,000	(467,049)	2,084,951	2,467,020	382,069	Company Policy	Imtiaz Ahmed
Toyota Yaris	2,606,290	(867,924)	1,738,366	2,606,290	867,924	Company Policy	Ali motors
Toyota Yaris	2,538,300	(467,905)	2,070,395	2,467,020	396,625	Company Policy	Hammad Zafar Malik
Toyota Corolla	2,936,790	(541,367)	2,395,423	2,863,020	467,597	Company Policy	Shoaib Ali
Honda Brv	2,564,000	(429,085)	2,134,915	2,467,020	332,105	Company Policy	Rizwan Hussain
Toyota Corolla	2,515,000	(420,889)	2,094,111	2,455,020	360,909	Company Policy	Muh. Awais
Kia Sportage	3,348,865	(560,435)	2,788,430	3,225,000	436,570	Company Policy	Arsalan Rashid
Honda Civic	2,519,912	(463,708)	2,056,204	2,464,980	408,776	Company Policy	Eraj Mehmood
Toyota Yaris	2,542,750	(383,731)	2,159,019	2,467,020	308,001	Company Policy	Wasim Ahmed
Kia Picanto	2,092,500	(315,787)	1,776,713	2,053,980	277,267	Company Policy	Asif Aziz Bilgrami
Honda Civic	2,515,000	(419,452)	2,095,548	2,455,020	359,472	Company Policy	Mujahid Naseer
Toyota Aqua	3,457,800	(518,010)	2,939,790	3,343,980	404,190	Company Policy	Saad Usmani
Toyota Yaris	2,515,000	(336,827)	2,178,173	2,455,020	276,847	Company Policy	Hasan Waleed Majal
Toyota Yaris	2,533,000	(338,129)	2,194,871	2,467,020	272,149	Company Policy	Zuhair Mamoon Mirza
Toyota Yaris	2,538,000	(338,800)	2,199,200	2,467,020	267,820	Company Policy	Muhammad Junaid
Honda Civic	3,487,000	(465,025)	3,021,975	3,369,000	347,025	Company Policy	Abdullah Tayyab
Kia Sportage	2,515,000	(335,822)	2,179,178	2,455,020	275,842	Company Policy	Muh. Shahid Aziz
Toyota Corolla	2,515,000	(335,822)	2,179,178	2,455,020	275,842	Company Policy	Waqar Ahmed Sher
Kia Sportage	2,517,000	(295,720)	2,221,280	2,457,000	235,720	Company Policy	Umair Amir Mian
Toyota Yaris	2,430,290	(281,738)	2,148,552	2,373,186	224,634	Company Policy	Imran Javed Zia
Honda Civic	2,530,000	(294,725)	2,235,275	2,455,020	219,745	Company Policy	Syed Rizwan Hussain
Toyota Corolla	2,542,700	(252,317)	2,290,383	2,455,020	164,637	Company Policy	Nayyar Mashkooor
Toyota Corolla	2,420,000	(162,328)	2,257,672	2,344,980	87,308	Company Policy	Gibran Akram
Honda City	2,444,000	(122,423)	2,321,577	2,367,000	45,423	Company Policy	Anas Saghir
Kia Sportage	5,687,000	-	5,687,000	5,687,000	-	Company Policy	Habib Ahmad
Honda City	3,050,000	-	3,050,000	3,050,000	-	Company Policy	Muh. Khalid Ameer

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Vehicles				Rupees			Employees
Honda City	2,460,000	-	2,460,000	2,460,000	-	Company Policy	Atif Faraz
Aggregate of items of property and equipment with individual book value below Rs 500,000	80,193,501	(37,028,109)	43,165,392	51,479,822	8,314,430		
2022	309,528,833	(121,668,450)	187,860,383	270,704,662	82,844,279		

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Vehicles				Rupees			Employees
Toyota Corolla Altis	3,403,000	-	3,403,000	3,403,000	-	Company policy	Riaz Ahmad
Honda Civic	2,727,500	(1,318,287)	1,409,213	2,727,480	1,318,267	Company policy	Moh. Umar Hayat
Toyota Corolla Altis	2,676,220	(87,237)	2,588,983	2,503,020	(85,963)	Company policy	Usman Younas
Honda City	2,518,330	(292,749)	2,225,581	2,320,000	94,419	Company policy	Mehwish Sarwar
Honda City	2,330,510	(815,681)	1,514,829	2,279,000	764,171	Company policy	Asif Sajjad
Honda City	1,949,000	(779,594)	1,169,406	1,251,892	82,486	Company policy	Muh. Masud Akram
Corolla Grande	1,876,780	(781,997)	1,094,783	1,803,000	708,217	Company policy	Saad Usmani
Honda City	1,865,300	(715,026)	1,150,274	1,661,593	511,319	Company policy	Yasir Mahmood
Aggregate of items of property and equipment with individual book value below Rs. 500,000	40,711,600	(31,916,719)	8,794,881	22,006,242	13,211,361		
2021	60,058,240	(36,707,290)	23,350,950	39,955,227	16,604,277		

5.2 Capital work in progress

	Note	2022	2021
Civil work	(5.2.1)	161,020,955	22,812,942
Advance against purchase of property and equipment	(5.2.2)	82,417,683	-
		243,438,638	22,812,942

5.2.1 The following is the movement in civil work during the year:

Balance at the beginning of the year	22,812,942	746,272
Additions during the year	244,466,048	31,578,703
Transfer to operating fixed assets	(106,258,035)	(9,512,033)
Balance at the end of the year	161,020,955	22,812,942

5.2.2 This represents the ongoing civil work in various offices of the Company and advance given against purchase of property and equipment

6 INTANGIBLES

	2022	2021
Cost	193,385,241	193,385,241
Accumulated amortization	(179,882,224)	(169,667,537)
Net book value	13,503,017	23,717,704

6.1 The reconciliation of net book value is as follows:

	2022	2021
Opening net book value	23,717,704	10,119,856
Additions (at cost)	-	30,377,218
Amortization charge	(10,214,687)	(16,779,370)
Closing net book value	13,503,017	23,717,704
Amortization rate % per annum	33	33

6.2 Intangible assets represent computer software and licenses acquired having a finite useful life.

6.3 The cost of the intangibles includes assets amounting to Rs 163.01 million (2021: Rs 159.60 million) with nil book value.

6.4 Amortization charge for the year has been allocated as follows:

	Note	2022	2021
Cost of revenue	(29)	9,040,897	14,696,490
Selling and distribution expenses	(30)	79,799	125,969
Administrative expenses	(31)	1,093,991	1,956,911
		10,214,687	16,779,370

7 LONG TERM INVESTMENTS

Investment In subsidiaries - unquoted	Note	2022	2021
TechVista Systems FZ- LLC	(7.1)	343,119,550	1,377,950
Systems Ventures (Private) Limited	(7.2)	721,100,000	480,099,980
TechVista Information Technology W.LL	(7.3)	144,568,884	-
Systems Arabia for Information Technology	(7.4)	-	-
SYS Egypt for Information Technology Services	(7.5)	113,125,000	-
Systems Africa for Information Technologies (Pty.) Ltd.	(7.6)	-	-
National Data Consultant (Private) Limited	(7.7)	4,254,636,725	-
SUS- JV (Private) Limited	(7.8)	94,990	94,990
		5,576,645,149	481,572,920
Advance against issuance of shares	(7.9)	818,009,000	579,060,531
Share options issued to employees of subsidiaries	(7.10)	70,360,725	-
Subscription money payable	(7.11)	4,393,600	-
		6,469,408,474	1,060,633,451
Investment In associate - unquoted			
E-Processing Systems B.V.	(7.12)	270,500,227	270,500,227
		6,739,908,701	1,331,133,678

- 7.1 This represents 7,400 fully paid ordinary shares of AED 1,000/- each, representing 100% (2021: 50 fully paid ordinary shares of AED 1,000/- each, representing 100%) shares in the 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.
- 7.2 This represents 72,100,000 fully paid ordinary shares of Rs 10/- each, representing 100% (2021: 48,000,000 fully paid shares of Rs. 10/- each, representing 100%) 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.
- 7.3 Techvista Information Technology W.LL. ('TVSQ') is a limited liability company incorporated in the State of Qatar. The Company owns 34% (2021: 34%) share capital in TVSQ. Pursuant to the agreement entered with the remaining shareholders of TVSQ on February 27, 2022 the Company has obtained all control and management of TVSQ.
- 7.4 This represents 2,500 ordinary shares of SAR 10/- each, representing 100% (2021: 2,500 ordinary shares of SAR 10/- each, representing 100%) shares in Company's subsidiary, Systems Arabia for Information Technology, a company setup in Saudi Arabia for providing IT related services. As of reporting date, no payment has been made against its share capital.
- 7.5 This represents 4,950 ordinary shares of USD 10/- each, representing 99% (2021: Nil) shares in the Company's subsidiary, SYS Egypt for Information Technology Services, a limited liability company incorporated in the Arab Republic of Egypt on May 29, 2022, for the purpose of sale of software services and trading software licenses in the Middle East and North Africa region
- 7.6 This represents 100 ordinary shares of South African Rand 1/- each, representing 100% (2021: Nil) shares in the Company's subsidiary, Systems Africa for Information Technologies (Pty.) Ltd., a limited liability company incorporated in the Republic of South Africa on July 28, 2022, for the purpose of sale of software services and trading software licenses in the region.
- 7.7 This represents 500,000 fully paid ordinary shares of Rs 10/- each, representing 100% (2021: Nil) shares in the Company's subsidiary, National Data Consultant (Private) Limited ('NdcTech'), which were acquired by the Company on July 05, 2022 through the share purchase agreement. NdcTech is a company setup in Pakistan engaged in core and digital banking implementation services, having rich clients in Pakistan, Middle East, Africa and Asia Pacific region. The consideration for this purchase comprised of the following:

	Note	2021
Issue of shares of the Company	(19.2)	Rupees 3,908,636,725
Consideration in form of cash		346,000,000
		4,254,636,725

7.8 This represents 9,499 full paid ordinary shares of Rs 10/- each, representing 94.99% (2021: 94.99%) shares 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.

7.9 This represents the advances provided to following entities against issuance of shares:

	Note	2022	2021
			Rupees
To subsidiaries			
- TechVista Systems FZ- LLC		-	425,881,340
- Systems Ventures (Private) Limited		-	8,610,295
- Systems International IT Pte. Ltd.	(7.9.i)	818,009,000	-
To associate			
- TechVista Information Technology W.LL.		-	144,568,896
		818,009,000	579,060,531

7.9.1 Systems International IT Pte. Ltd.. is a limited liability company incorporated in the Republic of Singapore, for the purpose of sale of software services and trading software licenses in the Asia Pacific region. The company is a wholly owned subsidiary of Systems Limited, which has been incorporated on May 11, 2022 with authorized share capital of SGD 1. This represents an advance of USD 3.7 million (2021: Nil) against which 5,002,890 shares have been subsequently issued on January 19, 2023.

7.10 This represents the share options issued to employees of the following subsidiaries:

	2022	2021
		Rupees
- Tech Vista Systems FZ-LLC	49,503,566	-
- TechVista Information Technology W.LL.	148,588	-
- Systems Arabia for Information Technology	5,116,706	-
- National Data Consultant (Private) Limited	15,591,865	-
	70,360,725	-

7.11 This represents subscription money payable in respect of the following subsidiaries:

	2022	2021
		Rupees
- Systems Arabia for Information Technology	1,099,000	-
- TechVista Information Technology W.LL.	3,294,600	-
	4,393,600	-

7.12 This represents 179,507 fully paid ordinary shares at USD 0.01/- each representing 44.60% shares (2021: 179,507 fully paid ordinary shares at USD 0.01/- each representing 44.60% shares) in E-Processing Systems B.V, a company setup in Netherlands.

8 RIGHT-OF-USE ASSETS

	Note	2022	2021
			Rupees
Cost		759,279,665	409,472,762
Accumulated amortization		(246,540,736)	(120,491,286)
Net book value	(8.1)	512,738,929	288,981,476

8.1 These represent buildings on lease. The reconciliation of net book value is as follows:

	Note	2022	2021
			Rupees
Opening net book value		288,981,476	204,396,352
Additions		387,482,975	132,347,547
Depreciation for the year	(8.2)	(118,580,902)	(47,762,423)
Derecognition		(45,144,620)	-
Closing net book value		512,738,929	288,981,476
Rate of depreciation (%)		10-25	10-25

8.2 The depreciation charge for the year on right-of-use assets has been allocated as follows:

	Note	2022	2021
Cost of revenue	(29)	96,730,120	11,324,118
Selling and distribution expenses	(30)	627,154	4,114,002
Administrative expenses	(31)	21,223,628	32,324,303
		118,580,902	47,762,423

9 Long term loans

Considered good - secured

Due from executives	(9.1)	298,036,906	36,796,454
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9.1 Due from executives

	Note	2022		2021	
		Motor Vehicle	Other loans	Total	Total
As at 01 January		33,519,565	3,276,889	36,796,454	-
Loans disbursed during the year					
Undiscounted amount paid		526,864,865	38,805,000	565,669,865	58,883,000
Deferred employee benefits	(10)	(121,991,667)	(4,690,577)	(126,682,244)	(13,553,297)
		404,873,198	34,114,423	438,987,621	45,329,703
Loans settled during the year		(22,160,270)	-	(22,160,270)	-
Unwinding of discount		31,338,795	2,450,595	33,789,390	550,616
Repayments		(81,148,957)	(8,113,490)	(89,262,447)	(577,500)
		366,422,331	31,728,417	398,150,748	45,302,819
Receivable within one year		(79,123,865)	(20,989,977)	(100,113,842)	(8,506,365)
		287,298,466	10,738,440	298,036,906	36,796,454

9.2 These interest free loans are repayable between 18 to 60 (2021: 18 to 60) months and are granted to the executives of the Company, in accordance with their terms of employment. These are secured against post dated cheques. In accordance with IFRS 9 - Financial instruments, these loans were initially recognized at fair value using effective interest rates ranging from 9.54% to 14.37% (2021: 9.54% to 11.97%). The difference between cash paid and present value of cash inflows upon initial recognition has been recognized as deferred employee benefits which is amortized on a straight line basis over the period of the loan.

10 DEFERRED EMPLOYEE BENEFITS

	Note	2022	2021
As at 01 January		13,234,193	-
Additions during the year	(9.1)	126,682,244	13,553,297
Settlements during the year		(2,545,676)	-
Amortization during the year		(20,539,740)	(319,104)
		116,831,021	13,234,193
Current portion of deferred employee benefits		(29,892,702)	(2,890,139)
		86,938,319	10,344,054

11 LONG TERM DEPOSITS

	Note	2022	2021
Lease buildings			
Opening balance		5,708,578	-
Additions:			
Undiscounted amount paid		22,386,180	9,000,000
Effect of discounting		(10,375,537)	(3,346,450)
Fair vale of additions		12,010,643	5,653,550
Unwinding of discount		1,630,628	55,028
Closing Balance		19,349,849	5,708,578
Others			
Utilities and other deposits		15,400,055	135,585,527
		34,749,904	141,294,105

12 CONTRACT ASSETS – unsecured

	Note	2022	2021
Unbilled revenue			Rupees
Retention money	(12.1)	965,690,635	269,843,450
		63,754,052	63,754,052
		1,029,444,687	333,597,502

12.1 Unbilled revenue

	Note	2022	2021
Export	(12.1)	116,001,995	8,922,950
Local		854,885,747	283,152,957
Less: Allowance for ECL	(12.1.3)	970,887,742	292,075,907
	(12.1.4)	965,690,635	269,843,450

12.1.1 This includes amount not yet billed to related parties, Visionet Deutschland GMBH and Visionet – EMEA amounting to Nil (2021: Rs 1.32 million) and Nil (2021: Rs 4.95 million), respectively, which are not outstanding for more than three months.

12.1.2 The maximum aggregate amount outstanding by reference to month-end balances was as follows:

	Note	2022	2021
Visionet Deutschland GMBH		-	364,294,404
Tech Vista Systems FZ-LLC - UAE		-	446,699,415
Visionet Inc.		3,636,213	-
TechVista Information Technology W.LL.		1,208,705	-
Systems Arabia for Information Technology		46,574,470	-
Visionet EMEA Limited		-	65,474,644

12.1.3 Allowance for ECL

	2022	2021
As at 01 January	22,232,457	85,012,788
Transfer to trade debts during the year	-	-
Expense for the year - net	(17,035,350)	17,546,844
Reversal during the year	-	(80,327,175)
As at 31 December	5,197,107	22,232,457

12.1.4 These represent unbilled debtors arising due to recognition of revenue upon delivery of performance obligations as per contract on the basis of percentage of completion as per IFRS 15 – Revenue from Contracts with Customers.

13 TRADE DEBTS

	Note	2022	2021
Export	(13.1)	7,317,008,915	2,581,300,038
Local		1,734,547,353	1,146,212,451
		9,051,556,268	3,727,512,489
Less: Allowance for ECL	(13.3)	(232,975,696)	(281,990,664)
		8,818,580,572	3,445,521,825

13.1 These include unsecured receivables from related parties against export of outsourcing services. As per contracts with related parties, billing terms range from monthly to quarterly basis and payment is generally due within 120 days from the date of billing. The receivables from related parties include past due balances which are not considered impaired. Detail of related party balances along with aging analysis of the amounts is as follows:

	2022					
	Rupees					
	Not Past Due	Past due 0-90 days	Past due 91-180 days	Past due 181-270 days	Past due 271 days and above	Total
Visionet Systems Incorporation - USA	1,452,415,040	746,587,938	-	-	-	2,199,002,978
TechVista Systems FZ- LLC	1,441,699,927	932,181,344	487,226,765	-	-	2,861,108,036
Visionet Deutschland GMBH	133,336,741	84,789,297	-	15,642,639	-	233,768,677
Visionet EMEA Limited	176,057,768	147,491,997	86,982,675	1,229,315	16,918,245	428,680,000
TechVista Information Technology W.L.L.	109,655,872	140,369,101	95,306,538	97,204,636	301,520,070	744,056,217
Systems Arabia for Information Technology	121,761,687	28,402,872	45,514,496	3,855,484	-	199,534,539
Treehouse Consultancy LLC	90,944,664	24,805,711	-	-	-	115,750,375
	3,525,871,699	2,104,628,260	715,030,474	117,932,074	318,438,315	6,781,900,822

	2021					
	Rupees					
	Not Past Due	Past due 0-90 days	Past due 91-180 days	Past due 181-270 days	Past due 271 days and above	Total
Visionet Systems Incorporation - USA	1,759,296,163	-	-	-	-	1,759,296,163
Visionet EMEA Limited	17,297,442	-	-	-	-	17,297,442
TechVista Systems FZ- LLC	257,539,780	-	-	-	-	257,539,780
Visionet Deutschland GMBH	109,174,344	-	-	-	-	109,174,344
TechVista Systems Pty. Ltd.	2,042,560	1,531,920	1,531,920	1,531,920	3,846,032	10,484,352
TechVista Information Technology W.L.L.	-	48,725,238	144,485,454	60,386,511	83,513,223	337,110,426
	2,145,350,289	50,257,158	146,017,374	61,918,431	87,359,255	2,490,902,507

13.2 The maximum aggregate amount outstanding by reference to month-end balances was as follows:

	Note	Rupees	
		2022	2021
Visionet Systems Incorporation - USA		2,692,127,293	2,415,544,828
Visionet Deutschland GMBH		465,287,639	293,166,527
Visionet EMEA Limited		504,899,105	-
TechVista Systems FZ-LLC		2,861,108,036	829,780,295
TechVista Pty Limited - Australia		-	10,484,352
TechVista Information Technology W.L.L.		744,056,217	481,679,317
Systems Arabia for Information Technology		199,534,539	-
TreeHouse Consultancy LLC		142,824,582	-
Khaadi Pakistan (SMC-Private) Limited		17,063,245	-
Karandaaz Pakistan		650,000	-
National Bank of Pakistan		26,837,747	-
Jomo Technologies Private Limited		17,273,107	-

13.3 Allowance for ECL

As at 01 January	281,990,664	231,773,764
Expense for the year	19,533,319	50,216,900
Transferred from provision for ECL against contract assets	-	80,327,175
Additions during the year	19,533,319	130,544,075
Balances written off during the year	(68,548,287)	(80,327,175)
As at 31 December	(13.3.1) 232,975,696	281,990,664

13.3.1 These include allowance for ECLs against receivables from related party, TechVista Information Technology (Qatar) amounting to Rs 64.35 million (2021: Rs 51.35 million).

14. LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2022	2021
		Rupees	
Current maturity of long term loans	(9.1)	100,113,842	8,506,365
Advances to staff against:			
salary	(14.1)	31,982,440	10,589,878
expenses		46,386,643	15,175,902
		78,369,083	25,765,780
Advances to suppliers - against goods		24,641,341	200,912,496
		203,124,266	235,184,641
Loans to related parties		672,422,733	665,188,377
Elimination on account of Joint Operation	(14.2)	(396,457,056)	(378,154,612)
	(14.3)	275,965,677	287,033,765
Other receivables:			
National Data Consultant (Private) Limited		141,207,446	-
Systems Ventures (Private) Limited		11,134,544	-
Systems Africa for Information Technologies Pty. Ltd.		4,199,349	-
Systems APAC for Information Technology Pte. Ltd.		1,344,694	-
Systems Arabia for Information Technology		133,528,490	16,350,255
SYS Egypt for Information Technology Services		1,074,482	-
Visionet Deutschland GMBH		27,650,651	-
Visionet EMEA Limited		8,362,255	-
Tech Vista Systems FZ-LLC		21,885,253	-
TechVista Information Technology W.LL		26,879,590	-
Employees' Provident Fund		120,371,291	-
	(14.4)	497,638,045	16,350,255
		976,727,988	538,568,661

14.1 This includes advance given to the chief operating officer of the Company amounting to Rs 3.30 million.

14.2 This represents loan provided to UUS Joint Venture (Private) Limited for meeting working capital requirements. This amount is unsecured and carries interest at one-year KIBOR (2021: one-year KIBOR) on the outstanding loan balance at the end of each month.

14.3 This includes loans provided to the following related parties:

	Note	2022	2021
		Rupees	
E-Processing Systems (Private) Limited	(14.3.1)	265,510,608	281,815,594
SUS JV (Private) Limited	(14.3.2)	10,455,069	5,218,171
		275,965,677	287,033,765

14.3.1 This represents loan provided to E-Processing Systems (Private) Limited for meeting working capital requirements. The loan is unsecured and carries mark-up at one-month KIBOR on the outstanding loan balance. Disbursements of principal are payable within one year and mark-up is payable on quarterly basis.

14.3.2 This represents loan provided to SUS JV (Private) Limited for meeting working capital requirements. The loan is unsecured and carries mark-up at one-month KIBOR on the outstanding loan balance. Disbursements of principle are payable within one year and mark-up is payable on quarterly basis.

14.3.3 The maximum aggregate amount outstanding by reference to month-end balances was as follows:

	2022	2021
	Rupees	
E-Processing Systems (Private) Limited	296,147,291	281,815,594
SUS JV (Private) Limited	11,834,894	39,940,608

14.4 These represent other receivables from related parties against expenses incurred on behalf of them. These are in the ordinary course of business and carry no interest.

14.4.1 The maximum aggregate amount outstanding by reference to month-end balances was as follows:

	2022	2021
National Data Consultant (Private) Limited	141,207,446	-
Systems Ventures (Private) Limited	11,134,544	-
Systems Africa for Information Technologies Pty. Ltd.	4,199,349	-
Systems APAC for Information Technology Pte. Ltd.	2,178,333	-
Systems Arabia for Information Technology	158,252,034	-
SYS Egypt for Information Technology Services	62,338,919	-
"Visionet Deutschland GMBH - Germany"	27,650,651	-
Visionet EMEA Limited	8,362,255	-
Visionet Systems Incorporation - USA	44,226,240	-
Techvista Systems Pty. Ltd.	21,885,253	-
TechVista Information Technology W.L.L.	27,134,659	-
Employees' Provident Fund	120,371,291	-

15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Security deposits	(15.1)	185,333,236	158,523,500
Prepayments		141,860,727	90,065,320
		327,193,963	248,588,820

15.1 This includes cash margin withheld by MCB Bank Limited against export refinance facility amounting to Rs 70 million (2021: Rs 150 million).

16 SHORT TERM INVESTMENTS

		2022	2021
Fair value through profit or loss			
- Mutual fund units	(16.1)	4,253,978,169	4,199,676,912
Amortized cost			
- Term deposit receipts (TDRs)	(16.2)	177,000,000	667,000,000
		4,430,978,169	4,866,676,912

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

UBL Al-Ameen Asset Islamic Allocation Fund			
Number of units: 1,022 (2021: 837,046)		131,669	107,656,212
Meezan Paidar Munafa Plan			
Number of units: 20,000,000 (2021: Nil)		1,042,420,000	-
UBL Al-Ameen Islamic Cash Plan-I			
Number of units : 3,037,639 (2021: 3,078,898)		303,886,879	307,889,806
Alfalalah GHP Islamic Income Fund			
Number of units: Nil (2021: 1,282,006)		-	131,098,915
HBL Asset Islamic Allocation Fund			
Number of units: Nil (2021: 470,298)		-	52,976,195
HBL Islamic Money Market Fund			
Number of units : 9,279,971 (2021: 255,641)		938,895,542	25,864,345
Lakson Islamic Tactical Fund			
Number of units : Nil (2021: 1,089,870)		-	99,843,707
Lakson Money Market Fund			
Number of units : Nil (2021: 1,000,224)		-	101,159,394
Lakson Islamic Money Market Fund			
Number of units: 1,986,784 (2021: Nil)		200,677,493	-
Meezan Balanced Fund			
Number of units: 4,758 (2021: 6,450,950)		76,060	103,600,318
Meezan Islamic Income Fund			
Number of units: 786 (2021: 1,001,921)		43,119	53,502,393
Meezan Islamic Fund			
Number of units : Nil (2021: 2,466,902)		-	151,731,025
Meezan Rozana Amdani Fund			
Number of units : 6,073,817 (2021: 12,429,789)		303,690,833	621,489,473
NBP Islamic Sarmaya Izafa Fund			
Number of units : Nil (2021: 18,802,954)		-	312,138,444
NBP Islamic Daily Dividend Fund			

Number of units: 30,532,917 (2021: 61,353,113)	305,329,170	613,531,130
NBP Islamic Stock Fund		
Number of units : Nil (2021: 6,844,116)	-	83,246,347
NBP Islamic Income Fund		
Number of units : Nil (2021: 5,054,791)	-	52,548,599
MCB Al-hamra Islamic Money Market Fund		
Number of units : 4,908,477 (2021: 4,702,537)	488,442,573	467,949,478
ABL Islamic Stock Fund		
Number of units : Nil (2021: 3,125,509)	-	47,314,269
ABL Islamic Cash Fund		
Number of units : 30,394,123 (2021: 25,784,452)	303,729,530	257,844,525
ABL Islamic Income Fund		
Number of units: 35,828 (2021: 4,800,630)	385,685	50,835,310
Faysal Islamic Cash Fund		
Number of units : 624,913 (2021: 5,574,570)	62,491,304	557,457,027
Alfalah Islamic Rozana Amdani Fund Class A		
Number of units: 3,038,805 (2021: Nil)	303,774,456	-
UBL Al-Ameen Islamic Cash Fund		
Number of units: 33 (2021: Nil)	3,856	-
	4,253,978,169	4,199,676,912

16.2 The details of investments in TDRs are as follows:

		2022	2021
Habib Metropolitan Bank Limited	(16.2.2)	150,000,000	650,000,000
Habib Bank Limited		27,000,000	17,000,000
		177,000,000	667,000,000

16.2.1 These carry markup at rates ranging from 7.50% to 15.40% (2021: 6.45% to 12.75%) per annum.

16.2.2 These TDRs are pledged against export re-finance facility availed from Habib Metropolitan Bank Limited.

17 INTEREST ACCRUED

	2022	2021
Systems Ventures (Private) Limited	-	19,803,225
TechVista Information Technology W.L.L.	-	8,986,046
Term deposit receipts (TDRs)	1,502,286	2,130,816
Saving accounts	19,363	2,015
	1,521,649	30,922,102

18 CASH AND BANK BALANCES

	Note	2022	2021
Cash in hand		358,525	946,078
Cheques in hand		12,000,000	-
		12,358,525	946,078
Balances with banks:			
Local currency:			
Current accounts	(18.1)	232,479,687	519,563,949
Saving accounts		234,830,734	1,028,037,473
Foreign currency - current accounts		467,310,421	1,547,601,422
		108,901,000	104,066,346
		588,569,946	1,652,613,846

18.1 These carry markup at the rate of 3.5% to 14.5% (2021: 4.12% to 6.28%) per annum.

19 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2022		2021		2022		2021	
Number of Shares				Rupees			
115,718,876	114,815,189	Ordinary shares of Rs 10/- each fully paid in cash		1,157,188,759	1,148,151,890		
162,866,323	23,683,723	Ordinary shares of Rs 10/- each fully paid up as bonus shares		1,628,663,230	236,837,230		
11,822,500	-	Ordinary shares of Rs 10/- each issued for consideration otherwise than cash (19.1)		118,225,000	-		
290,407,699	138,498,912			2,904,076,989	1,384,989,120		

19.1 This represents partial consideration for acquisition of National Data Consultant (Private) Limited during the year as referred to in note 7.7.

19.2 Reconciliation of ordinary shares

2022		2021		2022		2021	
Number of Shares				Rupees			
138,498,912	124,606,014	Balance at January 01		1,384,989,120	1,246,060,140		
139,182,600	12,462,369	Bonus shares issued		1,391,826,000	124,623,690		
903,687	1,430,529	Stock options exercised		9,036,869	14,305,290		
11,822,500	-	Shares issued for acquisition of National Data Consultant (Private) Limited		118,225,000	-		
290,407,699	138,498,912	Balance at December 31		2,904,076,989	1,384,989,120		

19.3 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All shares rank equally with regard to the Company's residual assets.

20 CAPITAL RESERVES

	Note	2022	2021
		Rupees	
Share premium reserve	(20.1)	4,671,279,664	820,263,357
Employee compensation reserve	(20.2)	323,650,758	200,220,759
		4,994,930,422	1,020,484,116

20.1 This reserve shall be utilized only for the purpose as specified in section 81(2) of the Companies Act, 2017.

20.2 This represents balance amount after exercise of share options by the employees under the Employee Stock Option Scheme approved by the SECP. According to the scheme, 100% options become exercisable after completion of vesting period from the date of grant. The options have a vesting period of 2 years and an exercise period of 3 years from the date the option is vested.

20.2.1 The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year:

	2022		2021	
	Weighted average exercise price Rupees	Number of options Number	Weighted average exercise price Rupees	Number of options Number
Outstanding at 01 January	244.85	1,953,356	83.84	2,653,622
Granted during the year				
- stock options awarded in March	289.20	1,055,250	346.19	735,835
- stock options awarded in August	263.60	1,105,230	-	-
- stock options awarded in September	-	-	497.21	207,500
Bonus issue adjustment during the year ¹	225.16	2,437,669	133.75	336,928
Forfeited share options	262.08	(216,950)	75.34	(550,000)
Exercised during the year:				
- stock options awarded in 2018 ²	-	-	72.13	(17,676)
- stock options awarded in 2019 ³	-	-	73.34	(992,103)
- stock options awarded in 2020 ⁴	71.62	(903,685)	75.34	(420,750)
Outstanding at 31 December	276.58	5,430,870	244.85	1,953,356
Vested and exercisable at 31 December	62.93	253,000	73.33	716,687

- Additional options were awarded to scheme participants during the year as a result of the March 2022 bonus issue. Options were awarded such that the overall value of options available were unchanged by the bonus issue.
- The weighted average share price at the date of the exercise of these options was Nil (2021: Rs 479.91).
- The weighted average share price at the date of the exercise of these options was Nil (2021: Rs 461.40).
- The weighted average share price at the date of the exercise of these options was Rs 689.76 (2021: 759.84).

20.2.2 The weighted average remaining contractual life for the share options outstanding as at December 31, 2022 is 3.91 years (2021: 3.71 years).

20.2.3 The weighted average fair value of options granted during the year was Rs 223.47 (2021: Rs 277.67)

20.2.4 The range of exercise prices for options outstanding at the end of the year is Rs 173.10 to Rs 289.20 (2021: Rs 346.19 to Rs 497.21)

20.2.5 The following table lists the inputs to the model used for the plan for the years ended December 31, 2022 and 2021, respectively :

	2022	2021
	Rupees	
Dividend yield	2%	2%
Expected volatility	40% - 42%	42% - 43%
Risk-free interest rate	11.38% & 11.43%	8.29% & 8.90%
Expected life of share options (years)	2.2	2.2
Weighted average share price	Rs 674.9	Rs. 538.58
Model used	Black Scholes	Black Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

21 LONG TERM ADVANCES

	Note	2022	2021
	Rupees		
Long term advances		10,001,440	87,976,550
Less : Current portion shown under current liabilities		(3,234,396)	(6,865,236)
	21.1	6,767,044	81,111,314

21.1 These represent advances received from staff and will be adjusted as per Company's car policy against sale of vehicles.

22 LONG TERM LOAN

Set out below is the carrying amount of long term loan and the movements during the year:

	Note	2022	2021
		Rupees	
Opening balance		76,816,085	198,767,844
Accretion of Interest		2,661,008	12,204,049
Repayments during the year		(79,477,093)	(134,155,808)
		-	76,816,085
Less : Current portion shown under current liabilities		-	(76,816,085)
	(22.1)	-	-

22.1 This represented loan of Rs 210 million obtained from MCB Bank Limited 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 had an aggregate sanctioned limit of Rs 315 million. It carried mark-up at SBP rate plus 1% per annum and was secured against a pari passu charge of Rs 1,344 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 was repayable in equal quarterly installments commencing September 26, 2020 and ending December 26, 2022. The two tranches of loan were initially recognized at fair value in accordance with IFRS 9 - Financial instruments using effective interest rate of 7.94% and 7.25% (3-month KIBOR) respectively. The difference between fair value of loan and loan proceeds had been recognized as deferred grant, as there were no unfulfilled conditions as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The loan has been fully repaid during the year.

23 LEASE LIABILITIES

	2022	2021
	Rupees	
Present value of lease rentals	541,723,263	301,076,382
Less: Current portion shown under current liabilities	(87,038,575)	(62,195,197)
	454,684,688	238,881,185

	2022		
	Rupees		
	Lease Rentals	Finance cost for future periods	Principal outstanding
Not later than one year	144,595,142	57,556,567	87,038,575
Later than one year but not later than five years	531,932,358	102,908,497	429,023,861
Later than five years	26,886,713	1,225,886	25,660,827
	703,414,213	161,690,950	541,723,263

	2021		
	Rupees		
	Lease Rentals	Finance cost for future periods	Principal outstanding
Not later than one year	92,277,870	30,082,673	62,195,197
Later than one year but not later than five years	232,671,588	48,983,267	183,688,321
Later than five years	64,044,200	8,851,336	55,192,864
	388,993,658	87,917,276	301,076,382

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022	2021
	Rupees	
As at 01 January	301,076,382	227,393,268
Additions	378,876,810	129,001,097
Accretion of interest	54,959,626	23,001,123
Payments	(134,171,534)	(78,319,106)
Termination	(59,018,021)	-
As at 31 December	541,723,263	301,076,382

	2022	2021
Salient features of the leases are as follows:		
Discounting rate	9.7% - 15.1%	8.07% - 12.41%
Period of lease	48-120 months	36-120 months

23.1 Amount recognized in unconsolidated statement of profit or loss:

The following are the amounts recognized in profit or loss:

	2022	2021
		Rupees
Interest expense on lease liabilities	54,959,626	23,001,123
Expenses relating to short term leases	48,921,957	31,905,278
Gain on derecognition of lease	4,668,459	-
Total amount recognized in profit or loss	108,550,042	54,906,401

23.2 Cash outflow for leases

The Company had total cash outflows for leases of Rs 183.09 million (2021: Rs 110.22 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of Rs 387.48 million (2021: Rs 132.35 million) and Rs 378.88 million (2021: Rs 132.35 million) respectively.

24 TRADE AND OTHER PAYABLES

	Note	2022	2021
			Rupees
Creditors		137,133,280	102,408,920
Accrued liabilities		1,381,580,162	933,261,343
Provident fund contribution payable	(24.1)	-	67,671,516
Withholding income tax payable		87,697,992	41,565,074
Sales tax payable		48,725,071	17,194,897
Payable to related parties	(24.2)	1,033,889,429	-
Subscription money payable		5,786,460	-
	(24.3)	2,694,812,394	1,162,101,750

24.1 All investments out of provident fund have been made in the collective investment schemes, listed equity and listed debt securities in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

24.2 This includes payable to the following related parties:

	Note	2022	2021
			Rupees
- Tech Vista Systems FZ-LLC		1,029,930,185	-
- Visionet Systems Incorporation - USA		3,959,244	-
	(24.2.1)	1,033,889,429	-

24.2.1 These represent payable to related parties against expenses incurred by them on behalf of the Company. These are in the ordinary course of business and carry no interest.

24.3 These are non-interest bearing and are normally settled on terms of between 30 and 60 days.

	Note	2022	2021
			Rupees
25 CONTRACT LIABILITIES	(25.1)	263,944,365	378,374,906

25.1 These represent mobilization advances received from the customers against professional / software development services, licenses, license support services and other fees to be adjusted with the satisfaction of contracts.

26 SHORT TERM BORROWINGS - SECURED

	Note	2022	2021
			Rupees
MCB Bank Limited	(26.1)	850,000,000	850,000,000
Habib Metropolitan Bank Limited	(26.2)	1,400,000,000	1,400,000,000
Habib Bank Limited	(26.3)	200,000,000	200,000,000
Meezan Bank Limited	(26.4)	100,000,000	100,000,000
Faysal Bank Limited	(26.5)	200,000,000	200,000,000
Allied Bank	(26.6)	300,000,000	-
	(26.7)	3,050,000,000	2,750,000,000

- 26.1** This represents export re-finance (ERF) availed against an aggregate sanctioned limit of Rs 1,400 million (2021: Rs 1,000 million). The rate of mark-up is SBP rate plus 0.5% (2021: SBP rate plus 0.5%) per annum. These borrowings are secured against first pari passu charge of Rs 1,744 million over the current assets of the Company with 25% margin and first exclusive hypothecation and equitable mortgage charge of Rs 1,066.66 million over plant, machinery, furniture, fixtures and land.
- 26.2** This represents islamic export re-finance (IERF) availed against aggregate sanctioned limit of Rs 1,400 million (2021: Rs 1,400 million). The rate of mark up is SBP rate plus 0.5% (2021: SBP rate plus 1%). These borrowings are secured against first pari passu hypothecation charge of Rs 2,150 million over current assets and equitable mortgage charge of Rs 305.99 million over land.
- 26.3** This represents export re-finance (ERF) availed against the aggregate sanctioned limit of Rs 700 million (2021: Rs 700 million). The rate of markup is SBP rate plus 0.5% (2021: SBP rate plus 0.5%). These borrowings are secured against the first pari passu hypothecation charge over the Company's current assets with a 25% margin.
- 26.4** This represents islamic export re-finance (IERF) availed against the aggregate sanctioned limit of Rs 100 million (2021: Rs 100 million). The rate of markup is SBP rate plus 1% (2021: SBP rate plus 1%). These borrowings are secured against the first pari passu hypothecation charge over the Company's current assets with a 25% margin.
- 26.5** This represents islamic export re-finance (IERF) availed against aggregate sanctioned limit of Rs 300 million (2021: Rs 300 million). The rate of mark up is SBP rate plus 0.5% (2021: SBP rate plus 0.5%). These borrowings are secured against first pari passu hypothecation charge over current assets of the Company.
- 26.6** This represents export Refinance (ERF) availed against the aggregate sanctioned limit of Rs 800 million (2021: Nil). The rate of markup is SBP rate plus 0.5% (2021: Nil). These borrowings are secured against first joint pari passu hypothecation charge over all present and future current assets of the company with 25% margin.
- 26.7** The effective mark-up rate charged on these facilities during the year ranged from 2.5% to 10% (2021: 2.5% to 3%).

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

Income tax

27.1.1 Tax Year 2017 – under section 161

The Deputy Commissioner Inland Revenue (the "DCIR") issued order dated November 29, 2018 under section 161(1A) of the Income Tax Ordinance, 2001 (the "Ordinance") for the tax year 2017 whereby tax amounting to Rs 6.53 million for non-deduction of withholding tax was levied. The Company preferred an appeal before Commissioner Inland Revenue (Appeals) ["CIR(A)"], which was decided against the Company through order dated March 11, 2019. Being aggrieved, the Company filed an appeal before the Appellate Tribunal Inland Revenue ("ATIR"), which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

27.1.2 Tax Year 2016 – Clause 94 part IV of Second Schedule

The Company filed an undertaking pursuant clause 94 part IV of Second Schedule to the Ordinance, thereby opting out of minimum tax on services under section 153(1)(b) of the Ordinance in respect of Tax Year 2016. The Additional Commissioner Inland Revenue ("ACIR") declined to accept the undertaking through order dated December 03, 2015 against which the Company preferred an appeal before CIR(A), which has been upheld by the CIR(A) through order dated April 04, 2019. Being aggrieved, the Company has filed an appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

27.1.3 Tax Year 2016 – under section 177

The Deputy Commissioner Inland Revenue ("DCIR") issued a show cause notice under section 122 on the basis of audit of undertaking filed under clause 94 part IV of Second Schedule to the Income tax ordinance, 2001 (the 'Ordinance'), which was duly replied by the Company. Consequently, the DCIR passed an order

dated June 30, 2022 under section 122/177 of the Ordinance and has raised the income tax demand of Rs 29 million on issue of proration of certain expenses. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) who through order dated February 7, 2023, remanded back the matter to the assessing officer for fresh consideration. Both the Company and the department have filed an appeal before the honorable ATIR which has not been fixed for hearing till date. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

27.1.4 Tax Year 2014 – under section 122(5A)

The Deputy Commissioner Inland Revenue (“DCIR”) issued an order dated March 28, 2016 under section 122(5A) of the Ordinance for tax year 2014, on the basis of wrong proration of expenses and capital gains and created an aggregated demand of Rs 48.59 million. The company preferred an appeal against the order, before the CIR(A) who decided the case in favor of the Company. However, the tax department has filed second appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

27.1.5 Tax Year 2012 – under section 122(5A)

The Assistant Commissioner Inland Revenue (“ACIR”) issued an order May 31, 2018 under section 122(5A) of the Ordinance for tax year 2012, on the basis of wrong proration of expenses, others etc. and created demand of Rs 18.46 million. The Company preferred an appeal before the CIR(A) against the impugned order which was partially decided in favor of the Company through order dated May 31, 2019. Being aggrieved, the Company filed an appeal before the learned ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

Sales tax

27.1.6 Tax Period from January 2016 to December 2016

The Company was selected for Sales Tax Audit through computer ballot for the tax period January 2016 to December 2016 and on the basis of audit proceedings, the DCIR passed order dated July 30, 2020 under section 11(2) of the Sales Tax Act, 1990 on various issues including suppression of sales, non-chargeability of sales tax on advance from customers, other income, late filing of sales tax returns etc. and created impugned sales tax demand amounting to Rs 655.84 million. Being aggrieved, the Company preferred an appeal before the CIR(A).

During the year 2021, the CIR(A) vide order dated January 29, 2021 annulled the demand of Rs 651 million with the direction to reassess the matters and quashed the demand to the tune of Rs 0.44 million. Further the CIR(A) confirmed the balance demand of Rs 3.70 million against which the Company has preferred an appeal before ATIR. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

27.2 Commitments

- 27.2.1** Guarantees issued by the financial institutions on behalf of the Company amount to Rs 433.35 million (2021: Rs 329.11 million). This includes guarantees of Rs 77.38 million (2021: Rs 77.38 million) issued by the financial institutions on behalf of Joint Operation.
- 27.2.2** Guarantees issued by the Company on behalf of E-Processing Systems (Private) Limited to National Bank of Pakistan amount to Rs 100 million (2021: Rs 100 million). Guarantees issued by the Company on behalf of National Data Consultant (Private) Limited to Bank Al Habib Limited amount to Rs 134 million (2021: Nil).
- 27.2.3** The Company has commitments in respect of short-term lease rentals against properties of Rs 26.37 million (2021: Rs 24.20 million).

28 REVENUE FROM CONTRACTS WITH CUSTOMERS – NET

28.1 Disaggregated Revenue Information

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

Type of goods or services	Note	2022		
		Rupees		
		Export	Local	Total
Outsourcing services:				
Business process outsourcing		1,076,996,402	170,391,874	1,247,388,276
IT services		14,162,943,576	2,309,320,608	16,472,264,184
Software and hardware trading		72,211,869	1,912,545,367	1,984,757,236
Software implementation		543,101,102	745,249,304	1,288,350,406
Less: Sales tax	(28.1.1)	-	(347,995,386)	(347,995,386)
Total revenue from contracts with customers		15,855,252,949	4,789,511,767	20,644,764,716
Timing of revenue recognition - net				
Goods and services transferred at a point in time		65,653,345	1,197,057,143	1,262,710,488
Goods and services transferred over time		15,789,599,604	3,592,454,624	19,382,054,228
Total revenue from contracts with customers		15,855,252,949	4,789,511,767	20,644,764,716

Type of goods or services	Note	2021		
		Rupees		
		Export	Local	Total
Outsourcing services:				
Business process outsourcing		1,308,686,007	153,119,202	1,461,805,209
IT services		8,058,685,862	1,681,590,693	9,740,276,555
Software and hardware trading		37,508,432	652,577,352	690,085,784
Software implementation		48,457,482	156,409,952	204,867,434
Less: Sales tax	(28.1.1)	-	(193,451,071)	(193,451,071)
Total revenue from contracts with customers		9,453,337,783	2,450,246,128	11,903,583,911
Timing of revenue recognition - net				
Goods and services transferred at a point in time		37,508,432	604,642,328	642,150,760
Goods and services transferred over time		9,415,829,351	1,845,603,800	11,261,433,151
Total revenue from contracts with customers		9,453,337,783	2,450,246,128	11,903,583,911

28.1.1 This represents sales tax chargeable under Provincial and Federal Sales tax laws on revenue as defined under relevant laws.

28.2 The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year is Rs 378.37 million (2021: Rs 88.67 million).

28.3 Transaction prices of remaining performance obligations

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 is as follows:

	2022	2021
	Rupees	
Within one year	2,053,131,746	242,251,119

28.4 The Company makes sales against credit terms. In case of credit sales, payment is generally due within 90-120 days from the date of billing to the customer.

29 COST OF REVENUE

	Note	2022	2021
		Rupees	
Salaries, allowances and amenities	(29.1)	10,371,190,085	6,335,353,240
Purchase of software		1,650,719,889	651,666,539
Technical consultancy		218,110,225	195,553,955
Printing and stationery		10,040,032	961,945
Computer supplies		19,778,589	26,029,198
Rent, rates and taxes		27,466,309	19,951,985
Electricity, gas and water		124,739,493	58,404,300
Traveling and conveyance		303,094,371	99,080,734

COST OF REVENUE

	Note	2022	2021
			Rupees
Repair and maintenance		53,811,251	8,801,423
Postage, telephone and telegrams		144,997,499	80,473,114
Vehicle running and maintenance		242,685,463	49,583,559
Entertainment		6,275,831	(3,016,450)
Fee and subscriptions		229,211,604	110,463,875
Insurance		7,314,503	8,856,948
Depreciation of property and equipment	(5.1.3)	366,777,759	244,257,655
Amortization	(6.4)	9,040,897	14,696,490
Advertisement & publicity		1,675,358	-
Depreciation of right-of-use asset	(8.2)	96,730,120	11,324,118
Others		6,000,000	-
		13,889,659,278	7,912,442,628

29.1 This includes employees retirement benefit expense amounting to Rs 563.82 million (2021: Rs 299.39 million) and share based payment expense amounting to Rs 45.53 million (2021: Rs 79.77 million).

30 SELLING AND DISTRIBUTION EXPENSES

	Note	2022	2021
			Rupees
Salaries, allowances and amenities	(30.1)	193,936,199	157,928,605
Technical consultancy		8,262,850	-
Printing and stationery		403,468	71,139
Computer supplies		750,237	445,724
Electricity, gas and water		1,245,173	558,288
Traveling and conveyance		18,706,501	7,589,229
Repair and maintenance		1,437,032	769,685
Postage, telephone and telegrams		2,098,736	855,845
Vehicle running and maintenance		5,096,976	2,449,329
Insurance		242,218	497,100
Fee and subscriptions		6,904,635	4,579,494
Shows, seminars and advertising		25,964,802	4,959,289
Depreciation of property and equipment	(5.1.3)	3,655,531	3,181,372
Amortization	(6.4)	79,799	125,969
Depreciation of right-of-use asset	(8.2)	627,154	4,114,002
Entertainment		1,177,315	801,622
		270,588,626	188,926,692

30.1 This includes employees retirement benefit expense amounting to Rs 6.49 million (2021: Rs 5.23 million) and share based payment expense amounting to Rs 3.32 million (2021: Rs 15.96 million).

31 ADMINISTRATIVE EXPENSES

	Note	2022	2021
			Rupees
Salaries, allowances and amenities	(31.1)	829,375,349	616,374,246
Printing and stationery		13,989,770	9,559,075
Computer supplies		27,691,033	20,715,308
Rent, rates and taxes		21,433,834	15,645,057
Electricity, gas and water		25,236,828	14,432,603
Traveling and conveyance		42,726,176	19,162,451
Repair and maintenance		100,252,243	46,538,141
Postage, telephone and telegrams		39,682,585	21,263,912
Vehicle running and maintenance		43,080,928	13,166,019
Legal and professional		78,771,203	15,604,324
Auditors' remuneration	(31.2)	15,193,000	4,948,291
Entertainment		7,956,435	5,851,157
Donations	(31.3)	70,150,233	31,532,050
Fee and subscriptions		116,919,686	63,226,057
Insurance		3,532,239	3,114,847
Hiring cost		409,587	580,873
Newspapers, books and periodicals		-	369,494
Depreciation of property and equipment	(5.1.3)	60,746,612	41,945,058
Amortization	(6.4)	1,093,991	1,956,911

	Note	2022	2021
Others		1,250,712	3,035,866
Depreciation of right-of-use asset	(8.2)	21,223,628	32,324,302
		1,520,716,072	981,346,043

31.1 This includes employees retirement benefit expense amounting to Rs 34.89 million (2021: Rs 22.20 million) and share based payment expense amounting to Rs 37.98 million (2021: Rs 104.72 million).

31.2 Auditors' remuneration

	Note	2022	2021
Statutory audit fee		5,500,000	2,650,000
Half yearly review		1,000,000	954,291
Other certifications		367,500	1,000,000
Tax services		6,675,500	-
Advisory services		1,000,000	-
Out-of-pocket		650,000	344,000
		15,193,000	4,948,291

31.3 This includes donations to the following parties:

	Note	2022	2021
Pakistan Children's Heart Foundation		10,000,000	-
Million Smiles Foundation		9,000,000	4,900,000
Akhuwat Islamic Microfinance		13,245,377	-
The Citizens Foundation		7,000,000	21,000,000
Baitussalam Welfare Trust		15,050,000	-

The directors of the Company or their spouses do not have any interest in the donees.

32 IMPAIRMENT LOSSES / (REVERSALS OF IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

	Note	2022	2021
Allowance for ECLs			
- Contract assets	(12.1.3)	(17,035,350)	17,546,844
- Trade debts	(13.3)	19,533,319	(30,110,275)
		2,497,969	(12,563,431)

33 OTHER OPERATING EXPENSES

	Note	2022	2021
Contract assets and bad debts written off		-	16,919,184
Loss on derivative financial instruments		87,966,377	-
Security deposits written off		1,360,000	-
		89,326,377	16,919,184

34 OTHER INCOME

	Note	2022	2021
Income from financial assets:			
Profit on deposit accounts		34,423,843	27,787,413
Profit on term deposit receipts and sukuks		30,405,695	56,668,847
Income on mutual funds	(34.1)	539,378,714	132,908,706
Exchange gain		1,195,718,409	334,461,103
Interest on loan to related parties		12,108,728	49,974,561
Effect of discounting of long term loans		33,789,390	550,616
Effect of discounting of long term security deposits		1,630,628	55,028
		1,847,455,407	602,406,274
Income from non-financial assets:			
Gain on disposal of property and equipment	(5.1.4)	82,844,279	16,604,277
Liability written back		27,983,317	-
Others		18,767,372	1,333,982
		129,594,968	17,938,259
		1,997,050,375	620,344,533

34.1 This represents the following:

	Note	2022	2021
			Rupees
Dividend income		503,368,923	17,701,867
Gain on mutual funds		36,009,791	115,206,839
		539,378,714	132,908,706

35 FINANCE COSTS

	Note	2022	2021
			Rupees
Markup on guarantee commission		1,454,105	1,375,107
Markup on borrowings		160,931,423	55,612,529
Bank charges		7,193,698	4,302,939
Finance cost on lease liabilities		54,959,626	23,001,123
		224,538,852	84,291,698

36 TAXATION**Statement of profit or loss**

	Note	2022	2021
			Rupees
Current Income tax:			
- Current income tax charge	(36.1)&(36.2)	295,658,582	79,825,985
- Adjustments in respect of current income tax of previous year		(3,258,453)	(2,235,782)
		292,400,129	77,590,203
Deferred tax	(36.3)		
- Relating to origination and reversal of temporary differences		32,250,843	(45,716,049)
		324,650,972	31,874,154

Amounts recognized directly in equity

Deferred tax on share based payment	(36.3)	29,344,233	(29,344,233)
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36.1 This represents tax chargeable under Minimum Tax Regime on local sale of software and services, tax chargeable under Final Tax Regime on export sale of services and dividend income in accordance with the provisions of the Income Tax Ordinance, 2001.

36.2 Reconciliation of tax charge for the year:

	Note	2022	2021
			Rupees
Profit before taxation		6,624,487,917	3,352,565,630
Tax on profit		1,921,101,496	972,244,033
Tax effect of exempt income		-	(924,102,448)
Tax effect of income under final tax regime		(1,712,058,276)	(2,478,261)
Rate change impact		(1,849,975)	-
Tax effect of expiry of minimum taxes during the year		15,307,401	-
Tax effect of recognition of deferred tax asset during the year		-	(75,060,282)
Tax effect of business income of Joint Operation		4,014,460	(15,695,527)
Tax effect of super tax for the year		34,139,247	-
Tax effect of income under minimum tax regime		67,900,097	67,659,938
Tax effect of donations		6,806,378	7,242,142
Tax effect of cost restriction on vehicles		(4,566,272)	-
Prior year current tax adjustment		(3,258,453)	(2,235,782)
Prior year deferred tax adjustment		(4,691,503)	-
Others		1,806,372	4,300,341
		324,650,972	31,874,154

36.3 Deferred tax

	2022	2021
		Rupees
Taxable temporary differences		
Depreciation on property and equipment	(43,519,711)	(23,252,416)
Right-of-use asset	(37,883,189)	(17,353,576)
Interest free loans given to employees	(1,034,048)	-
	(82,436,948)	(40,605,992)
Deductible temporary differences		
Amortization on intangibles	2,923,921	-
Lease liabilities	40,024,666	18,079,885
Security deposits	889,292	-
Provision for doubtful debts	17,213,170	16,817,222
Provision for contract assets	383,983	1,335,077
Employee compensation reserve	19,301,552	38,382,745
Accelerated tax depreciation and amortization	-	10,578,374
Minimum tax	15,165,570	30,472,971
	95,902,154	115,666,274
	13,465,206	75,060,282

37 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise subsidiaries, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel (Note 38). All transactions with related parties have been carried out on mutually agreed terms and conditions. Amounts due from and to related parties are shown under respective notes to the financial statements. Other significant transactions with related parties are as follows:

Undertaking	Relation	Basis of relationship	Nature of transaction	2022	2021
					Rupees
TechVista Systems FZ- LLC	Subsidiary	Wholly owned	Revenue	3,257,740,985	1,519,050,434
			Expenses incurred on behalf of the party by the Company	16,745,422	10,427,292
			Expenses incurred on behalf of the Company by the party	491,816,039	96,586,668
			Share options issued to employees of the subsidiary	49,503,566	-
			Advance given to the party for issuance of shares	-	425,881,340
			Issue of shares by the party against advance given	341,741,600	-
			Consultancy fee by the party	94,746,488	39,803,894
			Payment of licenses made by the party on behalf of the Company	349,480,543	212,032,370
			Payment made by the party on behalf of the Company for acquisition of SYS Egypt for Information Technology Services	113,125,000	-
			Advance against issuance of shares returned by the party during the year	84,139,740	-
Finance income on advance against issuance of shares	12,777,019	-			
E Processing Systems (Private) Limited.	Associated company*	Wholly owned by Associate: E-Processing Systems B.V.	Disbursements against loan	74,613,843	480,753,783
			Receipts against loan	89,867,848	337,091,497
			Finance income on loan	38,191,779	19,271,608
SUS- JV (Private) Limited.	Subsidiary	94.99% owned subsidiary	Disbursement against loan	22,774,914	29,373,068
			Receipts against loan	17,538,016	48,441,521
			Finance income on loan	496,034	1,263,749
Visionet Systems Incorporation - USA	Associated company	Common shareholding of directors	Revenue	9,208,820,939	6,446,986,130
			Expenses incurred on behalf of the party by the Company	113,300,990	15,089,316
			Expenses incurred on behalf of the Company by the party	90,851,807	-

37 TRANSACTIONS WITH RELATED PARTIES

Undertaking	Relation	Basis of relationship	Nature of transaction	2022	2021
				Rupees	
Visionet Deutschland GMBH	Associated company	Common shareholding of directors	Revenue Expenses incurred on behalf of the party by the Company	766,590,049 25,923,009	941,411,512 732,584
Systems Ventures (Private) Limited	Subsidiary	Wholly owned	Expenses incurred on behalf of the party by the Company Advance given to the party for issuance of shares Issue of shares by the party against advance given Advance against issuance of shares returned by the party during the year	2,524,249 241,000,020 241,000,020 8,610,295	- 488,610,295 480,000,000 -
TechVista Systems Pty. Ltd.	Sub-Subsidiary	Wholly owned by subsidiary: TechVista Systems FZ LLC	Revenue	-	5,860,680
Systems Limited Employees' Provident Fund	Staff retirement fund	Staff retirement fund	Contribution Expenses incurred on behalf of the party by the Company	606,393,847 553,116,128	326,813,846 -
TechVista Information Technology W.LL	Subsidiary	Management Control	Revenue Advance against issuance of shares Share options issued to employees of the subsidiary Expenses incurred on behalf of the party by the Company Expenses incurred on behalf of the Company by the party	395,265,161 - 148,588 33,082,839 7,881,597	182,168,993 144,568,896 - - -
Visionet EMEA Limited	Associated company	Common shareholding of directors	Revenue Expenses incurred on behalf of the party by the Company	511,910,715 5,609,797	82,520,056 -
National Data Consultant (Private) Limited	Subsidiary	Wholly owned	Share options issued to employees of the subsidiary Consultancy fee by the party Expenses incurred on behalf of the party by the Company	15,591,865 3,766,194 141,207,444	- - -
Systems Arabia for Information Technology	Subsidiary	Wholly owned	Revenue Share options issued to employees of the subsidiary Expenses incurred on behalf of the party by the Company Expenses incurred on behalf of the Company by the party	198,002,427 5,116,706 166,041,312 64,480,042	16,350,255 - 16,350,255 -
Treehouse Consultancy LLC	Sub-Subsidiary	Wholly owned by subsidiary: TechVista Systems FZ LLC	Revenue	114,624,041	-
Systems Africa for Information Technologies Pty. Ltd.	Subsidiary	Wholly owned	Expenses incurred on behalf of the party by the Company	4,158,456	-
Systems APAC for Information Technology Pte. Ltd.	Sub-Subsidiary	Wholly owned by subsidiary: Systems International IT Pte. Ltd.	Expenses incurred on behalf of the party by the Company	1,342,464	- - -
Systems International IT Pte. Ltd.	Subsidiary	Wholly owned	Advance given to the party for issuance of shares	818,009,000	-
SYS Egypt for Information Technology Services	Subsidiary	Wholly owned	Expenses incurred on behalf of the party by the Company Investment made by the Company during the year	1,042,683 113,125,000	- -

37.1 Details of the Company's subsidiaries and associated companies incorporated outside Pakistan are as follows:

Details

Name of Company	Country of incorporation	Registered Address	Basis of Association	Percentage of shareholding
Systems Arabia for Information Technology	Kingdom of Saudi Arabia	Anas Ibn Malik Road, Al Malqa, Riyadh	Subsidiary	100%
TechVista Systems FZ- LLC	UAE	TechVista Systems LLC, Office 603, 6th Floor, Exchange Tower, Business Bay, Dubai, UAE	Subsidiary	100%
TechVista Systems LLC	UAE	TechVista Systems LLC, Office 603, 6th Floor, Exchange Tower, Business Bay, Dubai, UAE	Sub-Subsidiary	-
TechVista Systems Manpower LLC	UAE	TechVista Systems LLC, Office 603, 6th Floor, Exchange Tower, Business Bay, Dubai, UAE	Sub-Subsidiary	-
TechVista Systems Pty. Ltd.	Australia	Level 16 1 Market Street Sydney NSW 2000	Sub-Subsidiary	-
Systems APAC for Information Technology Pte. Ltd.	Singapore	30 Cecil Street, #19-08 Prudential Tower, Singapore 049712	Sub-Subsidiary	-
Systems International IT Pte. Ltd.	Singapore	30 Cecil Street, #19-08 Prudential Tower, Singapore 049712	Subsidiary	100%
SYS Egypt for Information Technology Services	Egypt	Building B 2116, the Smart Village, 28 Kms, Cairo-Alexandria Desert Road, Giza, Egypt	Subsidiary	100%
Systems Africa for Information Technologies Pty. Ltd.	South Africa	Central Office Park No.4, 257 Jean Avenue, Centurion, 0157, PO Box 7750, Centurion, 0046	Subsidiary	100%
National Data Consultancy FZE	UAE	P.O Box 42741, Hamriyah Free Zone, Sharjah, UAE	Sub-Subsidiary	-
NdcTech APAC Pte. Ltd.	Singapore	68 Circular Road #02-01, Singapore	Sub-Subsidiary	-
Visionet Systems Inc.	USA	Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641	Associate	-
Visionet EMEA Limited	UK	Wellington Way, Brooklands Business Park, Weybridge, Surrey KT13 0TT, GB	Associate	-
Visionet Deutschland GMBH	Germany	Maximilian street 13, 80539, Munchen, Germany	Associate	-
E-Processing Systems B.V.	Netherlands	Edvard Munchweg 14 B, 1328 MA Almere	Associate	44.60%
TechVista Information Technology W.LL	Qatar	TechVista IT WILL, Head Office Palm Towers B, Floor 41, Westbay, Doha, Qatar	Subsidiary	34%
Treehouse Consultancy LLC	UAE	Office No. 3204 Latifa Tower, Sheikh Zayed Road, Dubai, United Arab Emirates	Sub-Subsidiary	-

38 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for the year for remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows :

Note	Chief Executive Officer		Non Executive Directors		Other Executives	
	2022	2021	2022	2021	2022	2021
			NOS			
Number of persons	1	1	6	6	1,749	987
			Rupees			
Managerial remuneration	48,879,600	42,504,000	-	-	5,834,817,030	3,205,380,557
Retirement benefits	3,187,800	1,416,800	-	-	378,843,854	170,381,448
Bonus	-	-	-	-	218,986,654	140,565,309
Fees (38.2)	-	-	5,000,000	2,950,000	-	-
	52,067,400	43,920,800	5,000,000	2,950,000	6,432,647,538	3,516,327,314

38.1 In addition to the above remuneration, the Chief Executive Officer and certain executives are also provided with company maintained cars, free medical and mobile phone facilities in accordance with their entitlement.

38.2 Fees represent the amounts paid to Non Executive Directors for attending meetings of the Board and its sub-committees.

38.3 During the year, the Chief Executive Officer and Other Executives were granted 491,319 (2021: 291,319) and 2,018,900 (2021: 725,600) share options respectively, which have a vesting period of two years. Further, the impact of benefits available to the Chief Executive Officer and other executives recognized by the Company on account of share-based payment plans aggregated to Rs 10.20 million (2021: Rs 40.97 million) and Rs 72.81 million (2021: Rs 149.26 million), respectively.

38.4 During the current year, certain executives and the chief executive officer of the Company exercised stock option under employee stock option scheme according to which 276,652 (2021: 1,430,529) and 627,037 (2021: Nil) shares respectively were issued to them.

39 EARNINGS PER SHARE - BASIC AND DILUTED

Earnings per share is calculated by dividing the net profit for the year by weighted average number of shares outstanding during the year as follows:

Note	2022	2021
	Rupees	
Profit for the year	6,299,836,945	3,320,691,476
	(Number of shares)	
Weighted-average number of ordinary shares outstanding during the year	280,724,021	275,343,848
Basic earnings per share (Rupees)	22.44	12.06

39.1 Diluted earnings per share

Note	2022	2021
	Rupees	
Profit for the year	6,299,836,945	3,320,691,476
	Number of Shares	
Weighted average number of ordinary shares (basic)	280,724,021	275,343,848
Effect of share options	1,900,603	1,763,819
Weighted average number of ordinary shares - diluted	282,624,624	277,107,667
Diluted earnings per share (Rupees)	22.29	11.98

39.2 The weighted average number of ordinary shares of 2021 has been restated in accordance with the requirements of IAS 33 due to issuance of 139,182,600 bonus shares in 2022.

40 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

40.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

40.2 Market risk

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

The management uses foreign currency forwards to hedge its exposure to foreign currency risk. However, the company has not designated any relationship as hedge.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the unconsolidated statement of profit or loss.

Currently, the Company's foreign exchange risk exposure is restricted to contract assets, trade debts, loans, other receivables and bank balances. The Company's exposure to currency risk is as follows:

	2022	2021
	Rupees	
USD		
Trade debts	23,419,480	9,607,180
Bank balance	481,047	502,141
Other receivable	53,599	-
Other payable	(833,060)	-
	23,121,066	10,109,321
AUD		
Trade debts	169,049	78,127
AED		
Trade debts	28,640,019	3,487,582
Other payable	(11,959,701)	-
	16,680,319	3,487,582
QAR		
Trade debts	7,169,569	6,184,518
Other receivable	275,953	-
	7,445,522	6,184,518
GBP		
Trade debts	1,571,476	-
Other receivable	31,055	-
	1,602,531	-
EUR		
Trade debts	979,175	-
Other receivable	105,283	-
	1,084,458	-

SAR
Trade debts
Other receivable

1,098,004	-
2,476,299	-
3,574,303	-

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax.

	Changes in Rate	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
		2022	2022	2021	2021
Rupees					
USD	+10%	523,114,113	371,411,020	178,429,516	126,684,956
	-10%	(523,114,113)	(371,411,020)	(178,429,516)	(126,684,956)
AUD	+10%	2,593,548	1,841,419	1,006,276	714,456
	-10%	(2,593,548)	(1,841,419)	(1,006,276)	(714,456)
AED	+10%	102,784,126	72,976,729	16,775,269	11,910,441
	-10%	(102,784,126)	(72,976,729)	(16,775,269)	(11,910,441)
QAR	+10%	46,326,038	32,891,487	29,994,912	21,296,388
	-10%	(46,326,038)	(32,891,487)	(29,994,912)	(21,296,388)
GBP	+10%	43,704,223	31,029,998	-	-
	-10%	(43,704,223)	(31,029,998)	-	-
EUR	+10%	26,141,937	18,560,775	-	-
	-10%	(26,141,937)	(18,560,775)	-	-
SAR	+10%	21,503,007	15,267,135	-	-
	-10%	(21,503,007)	(15,267,135)	-	-

Profit and equity are more sensitive to movements in exchange rates in 2022 than 2021 because of the increased amount of foreign currency denominated revenue.

The following exchange rates were applicable during the year:

Reporting date rate:

USD	226.25	176.50
AUD	153.42	128.80
AED	61.62	48.10
QAR	62.22	48.50
GBP	272.72	238.30
EUR	241.06	199.60
SAR	60.16	47.20

Average rate:

USD	205.54	162.63
AUD	141.86	122.07
AED	55.96	44.28
QAR	56.42	44.66
GBP	251.81	223.56
EUR	215.18	192.18
SAR	54.46	43.35

(b) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances.

At the statement of financial position, the interest rate profile of the Company's interest-bearing financial instruments was:

	2022	2021
	Rupees	
Fixed rate instruments		
Financial assets		
Short term investments	177,000,000	667,000,000
Long term loans	398,150,748	45,302,819
	575,150,748	712,302,819
Financial liabilities		
Long term loan	-	76,816,085
Lease liabilities	541,723,263	301,076,382
	541,723,263	377,892,467
Net exposure	33,427,485	334,410,352
Variable rate instruments		
Financial assets		
Bank balances - deposit accounts	234,830,734	1,028,037,473
Loans to related parties	275,965,677	287,033,765
	510,796,411	1,315,071,238
Financial liabilities		
Short term borrowings	3,050,000,000	2,750,000,000
Net exposure	(2,539,203,589)	(1,434,928,762)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the date of statement of financial position would not affect the profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

The impact of changes in average effective interest rate for the year is given below:

		Increase/ decrease in rate	Effect on profit before tax	Effect on Equity
Financial assets				
	2021	+1	13,150,712	9,337,006
		-1	(13,150,712)	(9,337,006)
	2022	+1	5,107,964	3,626,655
		-1	(5,107,964)	(3,626,655)
Financial liabilities				
	2021	+1	(27,500,000)	(19,525,000)
		-1	27,500,000	19,525,000
	2022	+1	(30,500,000)	(21,655,000)
		-1	30,500,000	21,655,000

(c) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. There is other price risk of changes in the fair value of investment in mutual funds as a result of changes in the levels of net asset value of units held by the Company. As at 31 December 2022, had there been increase / decrease in net asset value by 1%, with all other variables held constant, the profit before tax for the year and equity would have been higher / lower by Rs .47 million (2021: Nil) and Rs .33 million (2021: Nil).

40.3 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual third party. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2022	2021
		Rupees
Interest free loans to employees	398,150,748	45,302,819
Contract assets	1,029,444,687	333,597,502
Trade debts	8,818,580,572	3,445,521,825
Trade deposits	220,083,140	299,817,605
Loans to related parties	275,965,677	287,033,765
Other receivables	497,638,045	16,350,255
Short term investments	4,430,978,169	4,866,676,912
Interest accrued	1,521,649	30,922,102
Bank balances	576,211,421	1,651,667,768
	16,248,574,108	10,976,890,553

The aging of trade debts - secured at the reporting date is:

Not Past Due	6,368,810,774	2,956,314,355
Past due 0-90 days	1,660,792,032	169,585,392
Past due 91-180 days	519,070,540	329,665,039
Past due 181-270 days	155,844,441	82,084,617
Past due 271 days and above	347,038,481	189,863,086
	(13) 9,051,556,268	3,727,512,489

The aging of contract assets - secured at the reporting date is:

Unbilled Revenue

0 - 90 days	690,061,528	213,602,897
91 - 180 days	256,022,837	39,725,945
181 - 270 days	24,803,377	10,862,260
271 - 365 days	-	16,456,476
One year and above	-	11,428,329
	(12.1) 970,887,742	292,075,907

As at year end, 60.55% of revenue (2021: 66.80%) were represented by two customers (2021: two customers) amounting to Rs 12,465.011 million (2021: Rs 7,966.04 million). More than 10% of the revenue came from each of these individual customers. The management believes that the Company is not exposed to customer concentration risk as these customers are related parties of the Company.

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

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and short term investments held with some major counterparties at the reporting date:

Banks	Short term	Long term	Agency	2022	2021
Rupees					
Bank Balances					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	412,623,796	554,981,361
Bank Islami Pakistan Limited	A1	A+	PACRA	7,694,419	7,694,419
United Bank Limited	A1+	AAA	JCR-VIS	3,546,910	25,835,178
Faysal Bank Limited	A1+	AA	PACRA	27,442,645	260,965,910
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	17,191,278	271,893,689
FINCA Microfinance Bank Limited	A2	A-	PACRA	790,198	8,507,280
Meezan Bank Limited	A1+	AAA	JCR-VIS	2,864,548	203,613,721
Bank Alfalah Limited	A1+	AA+	PACRA	2,420,000	19,188,691
Habib Bank Limited	A1+	AAA	JCR-VIS	11,871,431	120,128,538
MCB Bank Limited	A1+	AAA	PACRA	89,133,970	178,858,981
Allied Bank Limited	A1+	AAA	PACRA	632,226	-
				576,211,421	1,651,667,768
TDRs					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	150,000,000	650,000,000
Habib Bank Limited	A1+	AAA	JCR-VIS	27,000,000	17,000,000
				177,000,000	667,000,000
Mutual Funds					
AL Habib Asset Management Limited	Not Available	AM2	PACRA	938,895,542	78,840,540
Al-Meezan Investment Management Limited	Not Available	AM1	PACRA	1,346,230,290	930,323,209
NBP Fund Management Limited	Not Available	AM1	PACRA	305,329,170	1,061,464,520
MCB-Arif Habib Savings and Investments Limited	Not Available	AM1	PACRA	488,442,573	467,949,478
ABL Asset Management Company Limited	Not Available	AM1	PACRA	304,115,215	355,994,104
Alfalah Asset Management Limited	Not Available	AM2+	PACRA	303,774,456	131,098,915
Lakson Investments Limited	Not Available	AM2+	PACRA	200,677,493	201,003,101
UBL Fund Managers Limited	Not Available	AM1	JCR-VIS	304,022,126	415,546,018
Faysal Asset Management Limited	Not Available	AM2+	JCR-VIS	62,491,304	557,457,027
				4,253,978,169	4,199,676,912

40.3.1 The expected loss rates of trade debts are based on the payment profiles of sales over a period of 24 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the consumer price index of the countries in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

	Local private customers			Local government customers			Export customers			Total	
	Expected loss rate %	Trade debts Rupees	Loss allowance	Expected loss rate %	Trade debts Rupees	Loss allowance	Expected loss rate %	Trade debts Rupees	Loss allowance	Trade debts Rupees	Loss allowance
December 31, 2022											
Not Past Due	0.57%	561,561,075	3,213,533	1.31%	81,359,279	1,065,072	0.23%	5,070,317,934	11,750,647	5,713,238,288	16,029,252
Past due 0-90 days	5.62%	169,659,413	9,536,550	6.75%	54,730,451	3,696,499	0.07%	1,216,055,202	829,305	1,440,445,066	14,062,354
Past due 91-180 days	26.06%	113,397,989	29,553,968	24.93%	24,358,856	6,071,896	0.42%	245,878,679	1,044,899	383,635,524	36,670,763
Past due 181-270 days	87.53%	31,428,892	27,510,320	98.06%	1,941,473	1,903,749	24.87%	39,062,607	9,716,559	72,432,972	39,130,628
Past due 271 days and above	100.00%	46,067,770	46,067,770	100.00%	6,094,036	6,094,036	100.00%	1,638,276	1,638,276	53,800,082	53,800,082
		922,115,139	115,882,141		168,484,095	18,831,252		6,572,952,698	24,979,686	7,663,551,932	159,693,079
TechVista Information Technology W.L.L.		-	-		-	-		744,056,217	64,124,697	744,056,217	64,124,697
Financial institutions											
Gross trade debts		643,948,119	9,157,920		-	-		-	-	643,948,119	9,157,920
		1,566,063,258	125,040,061		168,484,095	18,831,252		7,317,008,915	89,104,383	9,051,556,268	232,975,696

1 For TechVista Information Technology W.L.L., ECL has been computed on the basis of anticipated cashflows and timing of the recovery of trade debts.

2 For financial institutions, ECL has been computed on the basis of their credit ratings issued by external credit rating agencies.

	Local private customers			Local government customers			Export customers			Total	
	Expected loss rate %	Trade debts Rupees	Loss allowance	Expected loss rate %	Trade debts Rupees	Loss allowance	Expected loss rate %	Trade debts Rupees	Loss allowance	Trade debts Rupees	Loss allowance
December 31, 2021											
Not Past Due	8.45%	770,493,152	65,121,117	0.95%	84,497,208	802,723	0.00%	2,192,756,123	-	3,047,746,483	65,923,840
Past due 0-90 days	27.09%	49,401,646	13,382,906	2.08%	35,179,992	731,744	0.00%	37,810,991	-	122,392,630	14,114,650
Past due 91-180 days	55.08%	94,986,075	52,318,330	14.18%	4,996,322	708,664	0.00%	6,612,222	-	106,594,619	53,026,994
Past due 181-270 days	90.12%	12,335,383	11,116,647	45.91%	7,710,954	3,539,913	0.00%	1,669,017	-	21,715,354	14,656,560
Past due 271 days and above	100.00%	12,765,284	12,765,284	95.00%	73,846,435	70,154,113	0.00%	5,341,259	-	91,952,978	82,919,397
		939,981,540	154,704,284		206,230,911	75,937,157		2,244,189,612	-	3,390,402,063	230,641,441
TechVista Information Technology W.L.L ¹								337,110,426	51,349,223	337,110,426	51,349,223
Gross trade debts		939,981,540	154,704,284		206,230,911	75,937,157		2,581,300,038	51,349,223	3,727,512,489	281,990,664

1 For TechVista Information Technology W.L.L., ECL has been computed on the basis of anticipated cashflows and timing of the recovery of trade debts.

2 For financial institutions, ECL has been computed on the basis of their credit ratings issued by external credit rating agencies.

40.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The following are the contractual maturities of financial liabilities:

The following are the contractual maturities of financial liabilities as at December 31, 2022:

	Carrying amount	Contractual cash flows	Less than one year	One to five years	More than five years
Long term loan	-	-	-	-	-
Lease Liabilities	541,723,263	703,414,213	144,595,142	531,932,358	26,886,713
Trade and other payables	1,606,411,434	1,606,411,434	1,606,411,434	-	-
Unclaimed dividend	13,536,152	13,536,152	13,536,152	-	-
Short term borrowings - secured	3,050,000,000	3,050,000,000	3,050,000,000	-	-
Accrued mark-up on borrowings	82,126,318	82,126,318	82,126,318	-	-
	5,293,797,167	5,455,488,117	4,896,669,046	531,932,358	26,886,713

The following are the contractual maturities of financial liabilities as at 31 December 2021:

	Carrying amount	Contractual cash flows	Less than one year	One to five years	More than five years
Long term loan	76,816,085	76,816,085	76,816,085	-	-
Lease Liabilities	301,076,382	388,993,658	92,277,870	232,671,588	64,044,200
Trade and other payables	1,144,906,853	1,144,906,853	1,144,906,853	-	-
Unclaimed dividend	9,226,244	9,226,244	9,226,244	-	-
Short term borrowings - secured	2,750,000,000	2,750,000,000	2,750,000,000	-	-
Accrued mark-up on borrowings	13,702	13,702	13,702	-	-
	4,282,039,266	4,369,956,542	4,073,240,754	232,671,588	64,044,200

40.5 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

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

40.6 Financial instruments by categories

	2022		
	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
Rupees			
Interest free loans to employees	-	398,150,748	398,150,748
Contract assets	-	1,029,444,687	1,029,444,687
Trade debts	-	8,818,580,572	8,818,580,572
Trade deposits	-	220,083,140	220,083,140
Loans to related parties	-	275,965,677	275,965,677
Other receivables	-	497,638,045	497,638,045
Short term investments	4,253,978,169	177,000,000	4,430,978,169
Interest accrued	-	1,521,649	1,521,649
Cash and bank balances	-	588,569,946	588,569,946
	4,253,978,169	12,006,954,464	16,260,932,633

	2021		
	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
Rupees			
Interest free loans to employees	-	45,302,819	45,302,819
Contract assets	-	333,597,502	333,597,502
Trade debts	-	3,445,521,825	3,445,521,825
Trade deposits	-	299,817,605	299,817,605
Loans to related parties	-	287,033,765	287,033,765
Other receivables	-	16,350,255	16,350,255
Short term investments	4,199,676,912	667,000,000	4,866,676,912
Interest accrued	-	30,922,102	30,922,102
Cash and bank balances	-	1,651,667,768	1,651,667,768
	4,199,676,912	6,777,213,641	10,976,890,553

	2022	2021
	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Rupees		
Long term loan	-	76,816,085
Lease liabilities	541,723,263	301,076,382
Mark-up accrued on short term borrowings	1,606,411,434	1,144,906,853
Short term borrowings	13,536,152	9,226,244
Unclaimed dividend	3,050,000,000	2,750,000,000
Trade and other payables	82,126,318	13,702
	5,293,797,167	4,282,039,266

40.7 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The table below analyses financial instruments carried at fair value by valuation method. The different level have been defined as follows:

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.

	Fair value measurement using			Total
	"Quoted price in active market (Level 1)"	"Significant observable inputs (Level 2)"	"Significant unobservable inputs (Level 3)"	
As at December 31, 2022	Rupees			
Fair value through profit and loss				
- Mutual fund units	-	4,253,978,169	-	4,253,978,169
As at December 31, 2021				
Fair value through profit and loss				
- Mutual fund units	-	4,199,676,912	-	4,199,676,912

40.7.1 There were no transfers between Level 1 and Level 2 during 2022 and 2021.

40.7.2 Fair value of mutual funds is measured with reference to their respective net asset value.

40.8 Capital risk management

The Company's policy is to safeguard the Company's ability to remain as a going concern and ensure a strong capital base in order to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Board of Directors monitors the returns on capital, which the Company defines as net operating income divided by total shareholders' equity. The Company's objectives when managing:

- a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- b) to provide an adequate return to shareholders by pricing products.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

Consistent with the industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position.

The debt-to-equity ratio as of December 31 is as follows:

	Note	2022	2021
		Rupees	
Long term loan	(22)	-	76,816,085
Lease liabilities	(23)	541,723,263	301,076,382
Trade and other payables	(24)	2,694,812,394	1,162,101,750
Short term borrowings - secured	(26)	3,050,000,000	2,750,000,000
Accrued mark-up on borrowings		82,126,318	13,702
		6,368,661,975	4,290,007,919
Less: Cash and bank balances	(18)	(588,569,946)	(1,652,613,846)
Net debt		5,780,092,029	2,637,394,073
Total capital		20,182,436,558	10,473,329,516
Capital and net debt		25,962,528,587	13,110,723,589
Capital gearing ratio		22%	20%

No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2022 and December 31, 2021.

40.9 Shariah Screening Disclosure

	2022		2021	
	Conventional	Shariah compliant	Conventional	Shariah compliant
	Rupees			
Long term borrowing - secured	-	-	76,816,085	-
Short term borrowings - secured	1,350,000,000	1,700,000,000	1,050,000,000	1,700,000,000
Short term investments	177,000,000	4,253,978,169	768,159,394	4,098,517,546
Cash and bank balances	93,203,698	495,366,248	1,337,739,830	211,308,141
Other income				
- Profit on deposit accounts	20,835,229	13,588,614	84,242,115	121,766
- Profit on term deposit receipts and sukus	30,405,695	-	56,668,847	-
- Income on mutual funds	-	539,378,714	-	132,908,706
Mark-up	78,954,711	81,976,712	26,144,910	36,602,684

41 NUMBER OF EMPLOYEES

Total number of employees at the end of the year are as follows:

	2022	2021
	Rupees	
Regular	4,191	3,891
Contractual	952	1,177
	5,143	5,068

Average number of employees during the year are as follows:

	2022	2021
Regular	4,062	3,012
Contractual	1,110	1,150
	5,172	4,162

42 SUBSEQUENT EVENTS

42.1 The Board of Directors in their meeting held on 18th April 2023 have proposed a final cash dividend for the year ended December 31st, 2022 of Rs 5 (2021: Rs 5) per share and Nil bonus shares (2021: 100%) issue for approval of the members at the Annual General Meeting to be held on 23rd May 2023. These financial statements for the year ended December 31st, 2022 do not include the effect of these appropriations.

43 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on 18th April 2023 by the Board of Directors of the Company.

44 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangement / reclassifications have been made in these unconsolidated financial statements except for:

	Rupees
- Allowance for ECLs, previously included in 'Other operating expenses' are now classified in '(Impairment losses) / Reversals of impairment losses on financial assets' on the face of unconsolidated statement of profit or loss	
- Cash at bank balance in local currency accounts previously classified as 'Current accounts' now classified as 'Savings accounts'	262,161,282
- Investment in Systems Ventures (Private) Limited previously classified as 'Advance against issuance of shares' within 'Long term investments' now classified as 'Investment In subsidiaries - unquoted' within 'Long term investments'	480,000,000
- Cash flows pertaining to 'long term deposits' previously classified as investing activities in the unconsolidated statement of cash flows, have now been classified in operating activities as working capital changes	(108,458,365)
- Cash flows pertaining to 'loans paid to employees - net' previously classified as investing activities with name 'long term loans' in the unconsolidated statement of cash flows, have now been classified in operating activities as working capital changes	(49,480,031)

45 GENERAL

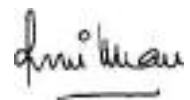
Figures have been rounded off to the nearest of rupees, unless otherwise stated.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)



SYSTEMS LIMITED CONSOLIDATED FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYSTEMS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of Systems Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

Sr.No	Key Audit Matters	How the matters were addressed in our audit
1.	<p>Revenue recognition</p> <p>The Group's revenue is derived from multiple revenue streams, as referred to in Note 32 to the accompanying consolidated financial statements, including business processes outsourcing, IT services, software and hardware trading and software implementation. Each stream has its own revenue recognition policies based on the nature of revenue and underlying contractual arrangements as referred to in Note 5.14.</p> <p>We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group with multiple revenue streams, inherent risk of material misstatement and significant increase in revenue from last year.</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> - Understood and evaluated the accounting policies with respect to revenue recognition; - Understood and evaluated management controls over revenue recognition; - Assessed the contracts on sample basis to identify distinct performance obligations; - Performed testing of sample of revenue transactions with underlying documentation including sales invoices and where relevant, underlying time costs, licensing agreements and other supporting documents; - Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period; - Agreed the revenue to related payments on sample basis as evidence of collectability; and - Assessed the adequacy of disclosures made in the financial statements related to revenue.
2.	<p>Business Combination</p> <p>Amongst several acquisitions made during the year as disclosed in note 7.7 to the accompanying consolidated financial statements, the Group has made following significant acquisition during the year;</p> <ol style="list-style-type: none"> 1. National Data Consultant (Private) Limited - Pakistan 2. National Data Consultancy FZE - UAE 3. NdcTech APAC Pte. Ltd - Singapore <p>The said acquisition represents purchase of 100% shares of these entities and have been accounted for as a business combination under International Financial Reporting Standard (IFRS) 3 'Business combinations'.</p> <p>A purchase price allocation exercise has been performed by management, assisted by an external expert. The primary element of the valuation exercise assessed the fair value of identifiable intangible assets in the form of intellectual property for trading of Rs 2,617.25 million, customer contracts of</p>	<p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> - Examined relevant minutes of the meetings of those charged with governance and notice issued to the shareholders of the Group in relation to the acquisition to obtain an understanding of the transaction; - Understood and evaluated the accounting policies with respect to the business combinations; - Matched the purchase consideration with the share purchase agreement and the underlying supporting documents; - Obtained an understanding of the work performed by the management for determining the fair values of net assets acquired including the involvement of management's expert; - Evaluated the professional qualification of management's expert and assessed the independence, competence, and experience of the management's expert in the field. - Evaluated the management's assessment of identification and completeness of the assets acquired;

Sr.No	Key Audit Matters	How the matters were addressed in our audit
	<p>Rs 457 million and resultantly, the Group has recognized a goodwill of Rs 3,655.86 million, in addition to the fair value of the net assets acquired.</p> <p>We consider this as a key audit matter, since this is a significant transaction, and the calculations require judgments and estimation.</p>	<ul style="list-style-type: none"> - Involved internal specialist to assess the methodology adopted by management and its appointed expert for calculating the fair values and to assess the reasonableness of the discount rates; - Validated key assumptions used including the respective cashflows by reference to the underlying contracts; and - Considered the adequacy of the disclosures in accordance with the applicable financial reporting standards.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated and consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2021, were audited by another firm of Chartered Accountants who expressed an unmodified opinion thereon vide their report dated March 19, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Asad Aleem Mirza.



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: **May 01, 2023**
UDIN: **AR202210128vXaOPyxcP**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

ASSETS	Note	2022 Rupees	2021 Rupees
Non-current assets			
Property and equipment	6	2,942,599,349	2,051,800,034
Intangibles	7	7,963,673,553	23,717,704
Long term investments	8	243,023,912	144,568,896
Investment in associates	9	951,034,316	1,274,009,734
Right-of-use asset	10	580,144,739	288,981,475
Long term loans	11	298,036,906	36,796,454
Deferred taxation - net	40	12,157,378	75,060,282
Deferred employee benefits	12	86,938,319	10,344,054
Long term receivable - unsecured	13	909,097,001	-
Long term deposits	14	63,844,710	141,294,105
		14,050,550,183	4,046,572,738
Current assets			
Contract assets - unsecured	15	2,591,990,933	727,944,400
Trade debts - unsecured	16	8,494,847,010	4,125,928,299
Current portion of long term receivable - unsecured	13	194,200,634	-
Loans, advances and other receivables	17	1,434,826,075	734,667,764
Trade deposits and short term prepayments	18	1,094,819,779	323,149,962
Interest accrued		1,521,649	11,118,877
Short term investments	19	4,430,978,169	4,866,676,912
Income tax refunds due from the government		187,443,226	213,640,998
Current portion of deferred employee benefits		29,892,702	2,890,139
Cash and bank balances	20	5,814,496,232	2,978,863,741
		24,275,016,409	13,984,881,092
TOTAL ASSETS		38,325,566,592	18,031,453,830
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 400,000,000 (2021: 400,000,000) ordinary shares of Rs. 10/- each		4,000,000,000	4,000,000,000
Issued, subscribed and paid up share capital	21	2,904,076,990	1,384,989,120
Capital reserves	22	5,917,212,743	1,148,309,400
Revenue reserve - unappropriated profit		14,104,886,266	9,528,306,407
		22,926,175,999	12,061,604,927
Non-controlling interest		2,103,542	1,169,928
		22,928,279,541	12,062,774,855
Non-current liabilities			
Long term advances	23	6,767,044	81,111,314
Long term loan - secured	24	-	-
Lease liabilities	25	491,701,794	238,881,185
Other long term liability - unsecured	26	1,040,158,349	-
Provision for gratuity	27	455,978,209	94,865,412
		1,994,605,396	414,857,911
Current liabilities			
Trade and other payables	28	5,937,289,453	1,706,609,735
Unclaimed dividend		13,536,152	9,226,244
Contract liabilities	29	3,025,704,894	940,135,872
Short term borrowings - secured	30	3,110,000,000	2,750,000,000
Mark-up accrued on short term borrowings - secured		83,638,647	13,702
Current portion of long term advances		3,234,396	6,865,236
Current portion of long term loan - secured		-	76,816,085
Current portion of lease liabilities		112,996,863	62,195,197
Current portion of other long term liability - unsecured	26	1,116,281,250	-
Current portion of deferred grant		-	1,958,993
		13,402,681,655	5,553,821,064
TOTAL EQUITY AND LIABILITIES		38,325,566,592	18,031,453,830

CONTINGENCIES AND COMMITMENTS

31

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

(CHAIRMAN)

(CHIEF EXECUTIVE OFFICER)

(CHIEF FINANCIAL OFFICER)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 Rupees	2021 Rupees
Revenue from contracts with customers - net	32	31,759,927,263	15,304,037,567
Cost of revenue	33	(23,123,647,896)	(10,314,365,850)
Gross profit		8,636,279,367	4,989,671,717
Selling and distribution expenses	34	(740,518,496)	(385,600,533)
Administrative expenses	35	(2,483,965,304)	(1,426,803,958)
Reversals of impairment losses / (impairment losses) on financial assets	36	40,359,108	(8,131,032)
Other operating expenses	37	(89,326,377)	-
		(3,273,451,069)	(1,820,535,523)
Operating profit		5,362,828,298	3,169,136,194
Other income	38	2,230,060,151	653,030,134
Fair value adjustment on dilution of control in subsidiary		-	816,226,748
Share of loss from associates	9	(323,899,362)	(83,384,503)
Finance costs	39	(287,819,752)	(121,404,658)
Profit before taxation		6,981,169,335	4,433,603,915
Taxation	40	(351,508,026)	(53,944,635)
Profit for the year		6,629,661,309	4,379,659,280
Attributable to:			
Equity holders of the parent		6,628,727,695	4,462,160,721
Non-controlling interest		933,614	(82,501,441)
		6,629,661,309	4,379,659,280
Earnings per share			(Restated)
Basic earnings per share	44	23.61	16.21
Diluted earnings per share	44	23.45	16.10

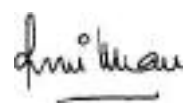
The annexed notes 1 to 52 form an integral part of these consolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	Rupees	Rupees
Profit for the year	6,629,661,309	4,379,659,280
Items that will not be reclassified subsequently to profit or loss	-	-
Remeasurement gain on retirement benefit liability	31,133,787	-
Share of other comprehensive income of associates	982,455	-
	32,116,242	-
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operation	794,457,037	68,477,671
Total comprehensive income for the year	7,456,234,588	4,448,136,951
Attributable to:		
Equity holders of the parent	7,455,300,974	4,530,638,392
Non-controlling interest	933,614	(82,501,441)
	7,456,234,588	4,448,136,951

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Issued, subscribed and paid-up share capital	Capital reserves				Revenue reserve	Total equity attributable to shareholders of Holding Company	* Non controlling interest ²	Total equity
		Share premium	Employee compensation reserve	Gain on dilution of interest	Foreign currency translation reserve	Un-appropriated profit			
Balance as on 01 January 2021	1,246,060,140	614,907,403	84,747,028	197,609,706	59,347,679	5,626,952,295	7,829,624,251	146,389,075	7,976,013,326
Profit for the period	-	-	-	-	-	4,462,160,721	4,462,160,721	-	4,462,160,721
Other comprehensive income	-	-	-	-	68,477,671	-	68,477,671	(82,501,441)	(14,023,770)
Total comprehensive income for the year	-	-	-	-	68,477,671	4,462,160,721	4,530,638,392	(82,501,441)	4,448,136,951
Transactions with owners									
*Final dividend for the year ended 31 December 2020 at the rate of Rs. 3.5 per share ^{***}	-	-	-	-	-	(436,182,919)	(436,182,919)	-	(436,182,919)
Exercise of share options	14,305,290	205,355,888	(113,923,684)	-	-	-	105,737,494	-	105,737,494
Forfeited share options	-	-	(29,440,667)	-	-	-	(29,440,667)	-	(29,440,667)
Share based payments	-	-	229,493,849	-	-	-	229,493,849	-	229,493,849
Deferred tax on share based payments	-	-	29,344,233	-	-	-	29,344,233	-	29,344,233
Bonus issue @ 10%	124,623,690	-	-	-	-	(124,623,690)	-	-	-
Disposal of interest in subsidiary	-	-	-	(197,609,706)	-	-	(197,609,706)	(62,717,706)	(260,327,412)
	138,928,980	205,355,888	115,473,731	(197,609,706)	-	(560,806,609)	(298,657,716)	(62,717,706)	(361,375,422)
Balance as on 31 December 2021	1,384,989,120	820,263,291	200,220,759	-	127,825,350	9,528,306,407	12,061,604,927	1,169,928	12,062,774,855
Profit for the year	-	-	-	-	-	6,628,727,695	6,628,727,695	933,614	6,629,661,309
Other comprehensive income	-	-	-	-	794,457,037	32,116,242	826,573,279	-	826,573,279
Total comprehensive income for the year	-	-	-	-	794,457,037	6,660,843,937	7,455,300,974	933,614	7,456,234,588
Transactions with owners									
Final dividend for the year ended 31 December 2021 at the rate of Rs. 5 per share []	-	-	-	-	-	(695,913,000)	(695,913,000)	-	(695,913,000)
Exercise of share options	9,036,870	60,604,582	(57,376,937)	-	-	-	12,264,515	-	12,264,515
Issuance of shares at premium	-	-	-	-	-	-	-	-	-
Forfeited share options	-	-	(3,474,922)	-	-	3,474,922	-	-	-
Share based payments	-	-	213,626,091	-	-	-	213,626,091	-	213,626,091
Deferred tax on share based payments	-	-	(29,344,233)	-	-	-	(29,344,233)	-	(29,344,233)
Issue of shares for acquisition of National Data Consultant (Private) Limited	118,225,000	3,790,411,725	-	-	-	-	3,908,636,725	-	3,908,636,725
Bonus issue @ 100%	1,391,826,000	-	-	-	-	(1,391,826,000)	-	-	-
	1,519,087,870	3,851,016,307	123,429,999	-	-	(2,084,264,078)	3,409,270,098	-	3,409,270,098
Balance as at 31 December 2022	2,904,076,990	4,671,279,598	323,650,758	-	922,282,387	14,104,886,266	22,926,175,999	2,103,542	22,928,279,541

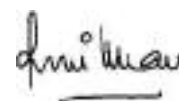
The annexed notes, 1 to 52, form an integral part of these consolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		Rupees	Restated Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	45	6,147,954,896	2,096,679,245
Finance costs paid		(121,697,856)	(123,929,309)
Taxes paid		(219,444,877)	(146,529,113)
Gratuity Paid		(90,307,403)	(1,606,769)
(Decrease) / Increase in long term advances		(12,788,942)	23,364,218
		(444,239,078)	(248,700,973)
		5,703,715,818	1,847,978,272
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(1,439,932,592)	(874,862,827)
Acquisition of subsidiaries		(971,470,941)	-
Purchase / Development of intangibles		(1,217,983,825)	(78,628,144)
Sale proceeds from disposal of property and equipment		94,664,140	41,291,088
Short term investments - net		902,770,823	(2,221,831,356)
Investment in associates		-	(468,000,000)
Increase in long term investment		(243,023,912)	-
Net outflow from dilution of interest in subsidiary		-	(72,622,760)
Profit received on deposit accounts		44,980,423	-
Profit received on short term investments		31,034,229	199,206,809
Interest received on loan to subsidiaries and associated undertakings		18,638,900	-
Net cash used in investing activities		(2,780,322,755)	(3,475,447,190)
CASH FLOWS FROM FINANCING ACTIVITIES			
Disbursements against short term borrowings		1,260,000,000	1,610,059,787
Repayment of short term borrowings		(900,000,000)	-
Repayment of long term loan		(93,417,594)	(131,427,658)
Proceeds from exercise of share options		64,969,008	105,737,493
Payments in respect of leases		(139,727,312)	(55,317,982)
Dividend paid		(691,603,092)	(434,574,310)
Net cash (used in) / generated from financing activities		(499,778,990)	1,094,477,330
Increase / (Decrease) in cash and cash equivalents		2,423,614,073	(532,991,588)
Net foreign exchange difference		118,438,469	68,477,671
Cash and cash equivalents at the beginning of the year		2,520,590,649	2,985,104,566
Cash and cash equivalents at the end of year	4 & 20	5,062,643,191	2,520,590,649

Refer note 24, 25 and 30 for reconciliation of liabilities arising from financing activities.

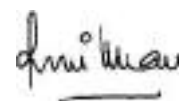
The annexed notes, 1 to 52, form an integral part of these consolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. CORPORATE INFORMATION

1.1 Holding Company

Systems Limited (“the Holding Company”) is a public limited Company incorporated in Pakistan under the 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 registered office of the Company is situated at E-1, Sehjpal Road, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt.

1.2 Subsidiary and sub-subsidiary Companies

- 1.2.1** TechVista Systems FZ - LLC, a limited liability Company incorporated in Dubai Technology and Media Free Zone Authority, is a 100% (2021: 100%) owned subsidiary of Systems Limited, Pakistan. The Company is engaged in the business of developing software and providing ancillary services.
- 1.2.2** TechVista Systems LLC is a limited liability company registered in the Emirate of Dubai under Federal Law No. 2 of 2015, is 100% (2021: 100%) controlled by TechVista Systems FZ-LLC. The Company is licensed as a software house.
- 1.2.3** “TechVista Manpower LLC (TechVista MP LLC), a sole establishment, duly licensed by Dubai Economic Department, under License No. 800123, is 100% (2021: 100%) controlled by TechVista Systems FZ-LLC.”
- 1.2.4** SUS JV (Private) Limited, a private limited company registered under the Companies Act, 2017 is a 95% (2021: 95%) owned subsidiary of Systems Limited. The Company is set up for the Balochistan Land Revenue Management Information Systems project. The project is related to digitization of land records and development of a web-based management information system.
- 1.2.5** Systems Ventures (Private) Limited, a private limited Company registered under the Companies Act, 2017, incorporated on 11 November 2019, is a 100% (2021: 100%) owned subsidiary of Systems Limited. The Company aims to invest in new ventures, start-ups and incubate new ideas.
- 1.2.6** Systems Australia (formerly TechVista Systems Pty Ltd), is a 100% (2021: 100%) owned subsidiary of TechVista Systems FZ LLC and was incorporated in December 2014 in Australia with the paid up share capital of AUD 1.
- 1.2.7** Systems Arabia for Information Technology, is a wholly owned subsidiary of Systems Limited and was incorporated in December 2022. The Company has been setup in Saudi Arabia to provide IT services. As of reporting date, no payment has been made against its share capital.
- 1.2.8** During the year, SYS Egypt for Information Technology Services, a limited liability company, was incorporated in the Arab Republic of Egypt on May 29, 2022, for the purpose of sale of software services and trading software licenses in the Middle East and North Africa region. The company is a wholly owned subsidiary of the Systems Limited.
- 1.2.9** During the year, Systems Africa for Information Technologies Pty. Ltd., a limited liability company was incorporated in the Republic of South Africa on July 28, 2022, for the purpose of sale of software services and trading software licenses in the region. The company is wholly owned subsidiary of the Systems Limited.
- 1.2.10** During the year, the Holding Company acquired 100% ownership in National Data Consultant (Private) Limited (‘NdcTech’), on July 05, 2022 through the share purchase agreement. NdcTech is a company setup in Pakistan engaged in core and digital banking implementation services, having rich clients in Pakistan, Middle East, Africa and Asia Pacific region.
- 1.2.11** During the year, TechVista Systems FZ- LLC acquired 100% stake in Treehouse Consultancy LLC in Dubai. Treehouse Consultancy LLC is a wholly owned subsidiary of TechVista Systems FZ- LLC in Dubai.

- 1.2.12** During the year, Systems International IT Pte. Ltd., a limited liability company was incorporated in the Republic of Singapore on May 11, 2022, for the purpose of sale of software services and trading software licenses in the Asia Pacific region. The company is a wholly owned subsidiary of Systems Limited.
- 1.2.13** During the year, Systems APAC for Information Technology Pte. Ltd., a limited liability company was incorporated in the Republic of Singapore for the purpose of sale of software services and trading software licenses in the Asia Pacific region. The Company is a wholly owned subsidiary of Systems International IT Pte Ltd. with authorized share capital of SGD 1.
- 1.2.14** During the year, NDC Tech APAC Pte. Ltd., a limited liability company, having financial year end of February 28 was acquired in the Republic of Singapore for the purpose of sale of software services and trading software licenses in the Asia Pacific region. The Company is a wholly owned subsidiary of Systems International IT Pte Ltd. with authorized share capital of SGD 100.
- 1.2.15** During the year, National Data Consultancy FZE, a limited liability company, was acquired in the Emirate of Dubai for the purpose of sale of software services and trading software licenses in the region. The Company is a wholly owned subsidiary of Systems International IT Pte Ltd. with authorized share capital of AED 150,000.
- 1.2.16** During the year, Techvista Information Technology W.L.L. ('TVSQ'), a limited liability company was incorporated in the State of Qatar and pursuant to the agreement entered with the shareholders of TVSQ on February 27, 2022 the Holding Company has 100% control and management of TVSQ.

1.3 Associated Companies

1.3.1 SalesFlo (Private) Limited (formerly Retailistan (Private) Limited)

SalesFlo (Private) Limited (formerly Retailistan (Private) Limited), a private limited Company registered under the Companies Act, 2017 and incorporated on January 28, 2015, is a 20% (2021: nil) owned associate of Systems Limited which provides services of software designing, development, implementation, maintenance, testing and benchmarking, and to provide internet/web-based applications. The Group acquired interest in SalesFlo (Private) Limited (formerly Retailistan (Private) Limited) on July 19, 2021 through its wholly owned subsidiary, Systems Ventures (Private) Limited. Accordingly, the results of SalesFlo (Private) Limited (formerly Retailistan (Private) Limited) have been accounted for using the equity method of accounting in these consolidated financial statements using consistent accounting policies of the Holding Company.

1.3.2 E-Processing Systems B.V.

E-Processing Systems B.V, a private limited Company, incorporated on October 08, 2021 in Netherlands, is a 44.60% (2021: 44.60%) owned associate of Systems Limited which is primarily aimed at attracting foreign investment. The results of E-Processing Systems B.V. have been accounted for using the equity method of accounting in these consolidated financial statements using consistent accounting policies of the Holding Company.

Geographical location and addresses of major business units of the Group are as under:

Business Units	Geographical Location	Address
Head Office Systems Limited	Lahore	E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt.
Regional Office Systems Limited	Karachi	Plot No. 11-B, Muhammad Ali housing Society, Fatima Jinnah Road, Karachi
Regional Office Systems Limited	Karachi	Plot No.ST-2 & 3, Block-E, Sir Shah Muhammad Suleman Road, Gulshan-e-Iqbal, Block-14, Karachi
Regional Office Systems Limited	Islamabad	Plot No. 21, 1st Floor Fazeelat Arcade, Sector G-II Markaz, Islamabad

Regional Office Systems Limited	Islamabad	Amazon Mall, 7th Floor, NH 5, Sector A DHA Phase II, Islamabad
Regional Office Systems Limited	Multan	Plot No. 842/23 near Northern Bypass Chowk, Bosan Road, Multan
Regional Office Systems Limited	Faisalabad	Jahal Khanewal, Main East Canal Old Ehsan Yousaf Mill, Ali Fatima Science College near Faisal hospital, Faisalabad.
Regional Office Systems Limited	Peshawar	3rd Floor, DC Court Building, Near Post office, Kacheri Gate, 04 Khyber Rd, Peshawar Cantonment, Peshawar
BPO Office Systems Limited	Lahore	Commercial building Plaza No 1, Block -CCA, Phase 8C, DHA Lahore Cantt
Dubai Office TechVista Systems FZ LLC	Dubai	TechVista Systems FZ LLC, Unit 105, Building 11, Dubai Internet City, Dubai Creative Clusters Authority, Dubai, United Arab Emirates.
Dubai Office TechVista Systems LLC	Dubai	TechVista Systems LLC, Office 1905, Regal Tower Business Bay, Dubai, UAE
Dubai Office TechVista Manpower LLC	Dubai	TechVista Systems MP LLC, Office 603, 6th Floor, Exchange Tower, Business Bay, Dubai, UAE
Systems Ventures (Private) Ltd.	Lahore	E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt.
TechVista Pty Limited	Australia	G Seat 3', 30 Cowper Street, Parramatta NSW 2150
Systems Arabia for Information Technology	Kingdom of Saudi Arabia	Anas Ibn Malik Road, Al Malqa, Riyadh
Systems APAC for Information Technology Pte. Ltd.	Singapore	30 Cecil Street, #19-08 Prudential Tower, Singapore 049712
Systems International IT Pte. Ltd.	Singapore	30 Cecil Street, #19-08 Prudential Tower, Singapore 049712
SYS Egypt for Information Technology Services	Egypt	'Building B 2116, the Smart Village, 28 Kms, Cairo-Alexandria Desert Road, Giza, Egypt
Systems Africa for Information Technologies Pty. Ltd.	South Africa	Central Office Park No.4, 257 Jean Avenue, Centurion, 0157, PO Box 7750, Centurion, 0046
National Data Consultancy FZE	UAE	P.O Box 42741, Hamriyah Free Zone, Sharjah, UAE
NdcTech APAC Pte. Ltd.	Singapore	68 Circular Road #02-01, Singapore
National Data Consultant (Private) Limited	Karachi	Plot no 2-C, Lane no 12, Nishat Commercial Area, DHA Phase VI, Karachi.

E-Processing Systems B.V.	Netherlands	Edvard Munchweg 14 B, 1328 MA Almere
Treehouse Consultancy LLC	UAE	Office No. 3204 Latifa Tower, Sheikh Zayed Road, Dubai, United Arab Emirates
E-processing Systems (Private) Limited	Pakistan	Suite # 201, 202, 2nd Floor Office Block, Penta Square CCA, Sector C, DHA Phase 5, Lahore, Pakistan
TechVista Information Technology W.L.L.	Qatar	TechVista IT WILL, Head Office Palm Towers B, Floor 41, Westbay, Doha, Qatar

Geographical location and address of SUS (Private) Limited is the same as that of the Holding Company.

2 BASIS OF PREPERATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standard (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act) ; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act, differ from the IFRS, the provisions of and directives issued under the Act, have been followed.

2.1.1 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Group's financial statements covering annual periods, beginning on or after the following dates:

2.1.2 Standards, amendments and interpretations to approved accounting standards that are effective in current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on January 1, 2022 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

2.1.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after January 01, 2023 or later periods, but the Group has not early adopted them

Standards or Interpretation	Effective date Accounting periods beginning on or after:
Amendments to IFRS 16, 'Leases' related to sale and lease back after the date of transaction	January 01, 2024
Amendments to IAS 1, 'Presentation of financial statements' related to non current liabilities with covenants	January 01, 2024
Amendments to IAS 12, 'Income taxes' related to assets and liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 1, 'Presentation of financial statements', IFRS Practice Statement 2, 'Making Materiality Judgements', and 'IAS 8, 'Accounting Estimates and Errors' on changes regarding accounting policy disclosures	January 01, 2023
Replacement of IFRS 4, 'Insurance Contracts' by IFRS 17, 'Insurance Contracts'	January 01, 2023

The above standards, amendments and interpretations are not expected to have a material impact on the Group's financial statements when they become effective.

3 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except, as otherwise stated in these consolidated financial statements.

3.1 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

3.2 Use of estimates and judgments

The Group's significant accounting policies are stated in Note 5. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

3.2.1 Provision for taxation (Note 5.2)

The Group takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its views on items of material nature are in accordance with law, the amounts are shown as contingent liabilities.

3.2.2 Useful lives and residual values of property and equipment and intangibles (Note 5.3)

The Group reviews the useful lives of property and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property and equipment with a corresponding effect on the depreciation charge and impairment.

3.2.3 Expected credit losses (Note 5.9.1)

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information which includes forecast economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

3.2.4 Revenue recognition (Note 5.14)

3.2.4.1 Identification of distinct performance obligations

For contracts with multiple components to be delivered, the Group applies judgement to determine performance obligations which are distinct; or not distinct, which are aggregated with other performance obligations until a bundle is identified that is distinct.

3.2.4.2 Estimating stand-alone selling prices of performance obligations

The Group determines stand-alone selling prices of all performance obligations in a bundled contract, which include sale of license, implementation, support, warranty and training. The total transaction price is allocated to all distinct performance obligations based on estimated cost of completion, plus target margin on each of the performance obligations.

3.2.4.3 Stage of completion

In cases where performance obligation is satisfied over time, the Group determines stage of completion on the basis of cost incurred to date as a percentage of total estimated cost to deliver the performance obligations.

3.2.5 Determining the lease term of contracts with renewal options (Note 5.19)

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 an additional term. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew i.e. 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).

3.2.6 Provisions (Note 5.12)

A provision is recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

3.2.7 Share based payment

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Group measures the fair value of equity-settled transactions with employees at the grant date using a Black Scholes Model. The assumptions used for estimating fair value for share-based payment transactions are disclosed in Note 22.2.5.

3.2.8 Impairment assessment of investment in associates

The carrying amounts of investment in associates, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the investment in associate's recoverable amount is estimated. The recoverable amount of investment in associate is the greater of its value in use and its fair value less costs to sell.

3.2.9 Impairment assessment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with the sector/industry in which each CGU operates. The assumptions used for estimating value in use for goodwill are disclosed in Note 7.8.

4 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the financial statements of Systems Limited and its subsidiary companies, here-in-after referred to as "the Group".

4.1 Subsidiaries

A Company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Holding Company obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding Company, using consistent accounting policies.

All inter-Company balances, transactions and unrealized gains and losses resulting from inter-Company transactions and dividends are eliminated in full.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

4.2 Non-controlling interest

Non controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Group either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements. The Group applies a policy of treating transactions with non controlling interests as transactions with parties external to the Group. Disposals to non controlling interest result in gains and losses for the Group and are recorded in the consolidated statement of changes in equity.

4.3 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

4.4 RESTATEMENT IN THE FINANCIAL STATEMENTS

The Group corrected a prior period error pertaining to presentation of cash and cash equivalents in the consolidated statement of cash flows. Previously, cash margins withheld by banks were included in cash and cash equivalents which have now been classified in 'Trade deposits and short term prepayments' under working capital changes in operating activities.

The effect on the consolidated statement of cash flows is as follows:

	For the year ended December 31, 2021		
	Before correction	Effect of correction (Rupees)	Post correction
Effect on consolidated statement of cash flows:			
Cash Flows From Operating Activities			
Working capital changes			
Trade deposits and short term prepayments	110,370,863	(458,273,092)	(347,902,229)
Cash and cash equivalents at the end of year	2,978,863,741	(458,273,092)	2,520,590,649

5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of consolidated financial statements of the Group are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Group undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- a) Its assets, including its share of any assets held jointly;
- b) Its liabilities, including its share of any liabilities incurred jointly;
- c) Its revenue from the sale of its share of the output arising from the joint operation;
- d) Its share of the revenue from the sale of the output by the joint operation; and
- e) Its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When Group transacts with a joint operation in which a Group is a joint operator, the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's standalone financial statements only to the extent of other parties' interests in the joint operation. When Group transacts with a joint operation in which Group is a joint operator, the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

The Group has interest in joint operation UUS Joint Venture (Private) Limited, a Group set up specifically for executing multi-year contract "Package 04A – Airport Information Management System (AIMS)", a turnkey project for New Islamabad International Airport by Pakistan Civil Aviation Authority.

5.2 Taxation

5.2.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed or changes in laws made during the year for such years.

5.2.2 Deferred

Deferred tax is accounted for using the statement of financial position method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss and other comprehensive income, except in the case of items credited or charged to equity in which case it is included in equity.

The carrying amount of deferred tax assets is reviewed at statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax asset to be utilised.

5.2.3 Sales Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included, the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

5.3 Property and equipment

5.3.1 Operating fixed assets

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss except for freehold land which is stated at cost less any recognised impairment loss. Cost of operating fixed assets consist of purchase cost, borrowing cost pertaining to construction period and other directly attributable cost of bringing the asset to working condition. Subsequent costs are included in the assets carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of profit or loss during the period in which they are incurred.

Depreciation on operating fixed assets is charged to consolidated statement of profit or loss by applying the straight line method on pro rata basis so as to write off the historical cost of the assets over their estimated useful lives at the rates given in Note 6.1. Depreciation charge commences from the month in which the asset is available for use and continues until the month of disposal.

The assets residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its operating fixed assets as at December 31, 2022 has not required any adjustment as its impact is considered insignificant.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of operating fixed assets represented by the difference between the sale proceeds and the carrying amount of the asset is included in income.

An item of property and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in consolidated statement of profit or loss in the year the asset is de-recognised as an income or expense.

5.3.2 Capital work in progress

Capital work in progress represents expenditure on property and equipment which are in the course of construction and installation. Transfers are made to relevant property and equipment category as and when assets are available for use.

Capital work-in-progress is stated at cost less identified impairment loss, if any.

5.4 Intangibles

Intangible assets acquired from the market are carried at cost less accumulated amortization and any impairment losses.

Expenditure on research (or the research phase of an internal project) is recognized as an expense in the period in which it is incurred;

Development costs incurred on specific projects are capitalized when all the following conditions are satisfied:

- Completion of the intangible asset is technically feasible so that it will be available for use or sale.
- The Group intends to complete the intangible asset and use or sell it.
- The Group has the ability to use or sell the intangible asset.
- Intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The Group's ability to measure reliably the expenditure attributable to the intangible asset during its development.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management. Development costs not meeting the criteria for capitalization are expensed as incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using straight line method at the rates given in Note 7.3. Full month amortization is charged in month of acquisition and no amortization is charged in month of disposal.

The Group assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in consolidated statement of profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

5.5 Impairment of non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash generating unit, or CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of profit or loss.

Impairment loss recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the

extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.6 Staff benefits

The Group has the following plans for its employees:

5.6.1 Provident fund

The Holding Company operates a funded recognized provident fund contribution plan which covers all permanent employees. Equal contributions are made on monthly basis both by the Holding Company and the employees at the rate of 10% of basic salary.

5.6.2 Employees' share option scheme

The Group operates an equity settled share based Employees Stock Option Scheme. The compensation committee of the Board of Directors of the Holding Company evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of the Holding Company's shares at a price determined on the date of grant of options.

At the grant date of share options to the employees, the Group initially recognizes employee compensation expense with corresponding credit to equity as employee compensation reserve at the fair value of option at the grant date. The fair value of options determined at the grant date is recognized as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

5.6.3 Gratuity

Gratuity is given to employees of certain subsidiaries i.e. (TechVista Systems FZ- LLC, National Data Consultant (Private) Limited, TechVista Information Technology W.L.L., Treehouse Consultancy LLC and Systems Arabia for Information Technology).

An unfunded gratuity scheme is operated for all permanent employees of the afore-mentioned companies who have attained the minimum qualifying period. The Group's obligation is determined through actuarial valuations carried out periodically under the 'Projected Unit Credit Method'. The latest valuation was carried out as at December 31, 2022. The results of valuation are summarized in note 27. Current service cost, past service cost and interest cost is recognized in the consolidated statement of profit or loss. Actuarial gains and losses arising at each valuation date are recognized fully in the other comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise. Past service costs are recognized immediately in income.

5.6.4 Interest free loans to employees

The Holding Company provides interest free loans to its employees for purchase of vehicles and other purposes. The loans are initially recognized at fair value which is the present value of future deductions to be made from employees' salaries, discounted at the market interest rate. The difference between fair value of the interest free loan and principal amount at initial recognition is recorded as a deferred employee benefit. The loan is subsequently measured at amortized cost with respective finance income to be recorded in the consolidated statement of profit or loss. In addition, the deferred employee benefit is amortized equally over the life of the loan and the amortization is recorded in the consolidated statement of profit or loss.

5.7 Foreign currency transactions

Assets and liabilities in foreign currencies are translated into Pak Rupees at the rate of exchange prevailing at the reporting date. Transactions during the year are converted into Rupees at the exchange rate prevailing at the date of such transaction. All exchange differences are charged to the consolidated statement of profit or loss.

On consolidation, the assets and liabilities of foreign operations are translated into Pak Rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average rates prevailing during the year. The exchange differences arising on translation for consolidation are recognized in consolidated other comprehensive income. On disposal of a foreign operation, the component of consolidated other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of profit or loss.

5.8 Investments

The management determines the classification of its investments at the time of purchase depending on the Group's business model for managing the financial assets and their contractual cash flow characteristics. Investments intended to be held for less than twelve months from the statement of financial position date or to be sold to raise operating capital are included in current assets as explained in note 5.16. All other investments are classified as non-current assets.

5.8.1 Investments in equity instruments of subsidiaries and associates

Investments in subsidiaries and associates where the Group has significant influence are measured at cost in the Group's separate financial statements in accordance with IAS-27 'Consolidated and separate financial statements'.

The Group is required to publish consolidated financial statements along with its separate financial statements, in accordance with the requirements of IFRS 10 'Consolidated Financial Statements' and IAS 27 'Consolidated and separate financial statements'. Investments in associates, in the consolidated financial statements, are being accounted for using the equity method.

5.9 Trade debts

Trade debts from customers are stated at amortized cost less expected credit losses

5.9.1 Expected credit losses

Expected credit losses are calculated as a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive). (Refer to note 5.16.4 for detailed policy for impairment of financial assets).

5.10 Advances, deposits and other receivables

Advances are recognized at nominal amount which is the fair value of considerations to be received in future. Trade deposits with no fixed repayment date are measured at cost being amount paid on initial recognition. Fair value of these deposits is not considered to be materially different from cost.

5.11 Trade and other payables

Liabilities for trade and other payable are recognised initially at their fair value and subsequently measured at amortised cost.

5.12 Provisions and contingencies

Provisions are recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.13 Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a 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 the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to consolidated 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.

5.14 Revenue recognition

Revenue recognized 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 recognized when (or as) those performance obligations are satisfied.

For each performance obligation, the Group determines if revenue will be recognized over time or at a point in time. Where the Group recognizes 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 recognized 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 as it faithfully depicts actual efforts made by the Group to satisfy performance obligations and to transfer services to end customer. Moreover, information required for input method can be measured reliably. If performance obligations in a contract do not meet the over time criteria, the Group recognizes revenue at a point in time when obligations under the terms of the contract with the customer are satisfied.

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.

For each of its contracts, the Group considers whether it is a principal or an agent by evaluating the nature of its promise to the customer. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group disaggregates revenue from contracts with customers by contract type, geographical markets and timing of revenue recognition, 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:

5.14.1 Software implementation

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.

For contracts where revenue will be recognized over time, the company uses input method for measuring Percentage of Completion (PoC) by taking into account the cost incurred to date as a percentage of total budgeted cost.

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 to 'stand ready' to perform maintenance and support when required by the customer. Time-based measure of progress is used for such services since it best reflects the Group's efforts in satisfying the performance obligation.

5.14.2 Outsourcing services

Outsourcing services include business process outsourcing services (BPO) and IT services. Revenue is recognized under each category as below:

a) BPO services

The performance obligation of the Group is to perform the various business activities outsourced by the customers. Revenue is recognized over time on the basis of activities performed, as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

b) IT Services

The performance obligation of the Group is to make available the resources to perform various IT services as per the requirement of the customer. Resource efforts are controlled by the customer and revenue is recognized over time on the basis of hours of resources made available to the customer, as the customer simultaneously receives and consumes the benefits provided by the Group's performance.

5.14.3 Software Trading

Software trading represents the sale of software licenses and 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 the license is delivered to the customer.

5.14.4 Contract Assets

A contract asset is initially recognized for revenue earned because the receipt of consideration is conditional on successful completion of the milestones as per contract. Upon completion of the milestone and acceptance by the customer, the amount recognized as contract assets is reclassified to trade debts.

5.14.5 Contract Liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the related goods or services are transferred. Contract liabilities are recognized as revenue as and when performance obligations are delivered under the contract.

5.15 Other income

Profit on deposit accounts and gain on short term investments and other income is recognized using effective interest rate.

Gains / (losses) arising on revaluation of securities classified as fair value through profit or loss are included in the consolidated statement of profit or loss in the period in which they arise.

5.16 Financial instruments - Initial recognition and subsequent measurement

5.16.1 Initial Recognition

Regular way purchase and sale of financial assets and financial liabilities is accounted for at the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost which is the fair value of the consideration

given or received. These are subsequently measured at fair value or amortized cost as the case may be.

5.16.2 Classification

5.16.2.1 Classification of financial assets

The Group classifies its financial instruments in the following categories:

- at fair value through profit or loss (“FVTPL”),
- at fair value through other comprehensive income (“FVTOCI”), or
- at amortized cost.

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group’s business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

5.16.2.2 Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit and loss (“FVTPL”), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

5.16.3 Subsequent measurement

i) Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

ii) Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus transaction costs, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statement of profit or loss in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

5.16.4 Impairment of financial assets

The Group recognizes loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost at an amount equal to life time ECLs except for the following, which are measured at 12 month ECLs:

- bank balances for whom credit risk (the risk of default occurring over the expected life of the financial instrument has not increased since the inception.)
- other short term loans and receivables that have not demonstrated any increase in credit risk since inception.

Loss allowance for trade debts are always measured at an amount equal to life time ECLs. Life time ECLs are the ECLs that result from all possible defaults events over the expected life of a financial instrument. 12 month ECLs are portion of ECLs that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive).

The Group considers that a financial asset is in default when contractual payments are 270 days past due except for trade debts from related parties for which default is evaluated on case to case basis. The definition is based on the Group's internal credit risk management policy. Financial assets are written off when there is no reasonable expectation of recovery. The Group categorises a financial asset for write off when a counter party fails to make contractual payments for more than 270 days past due except for trade debts from related parties for which write off is evaluated on case to case basis.

5.16.5 Derecognition

i) Financial assets

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in consolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to consolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to equity.

ii) Financial liabilities

The Group derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statement of profit or loss and other comprehensive income.

5.16.6 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if the Group has legally enforceable right to offset the recognized amounts and the Group intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

5.17 Finance costs

Finance cost is charged to consolidated statement of profit or loss in the year in which it is incurred.

5.18 Cash and cash equivalents

Cash and cash equivalents are stated in the consolidated statement of financial position at amortized cost. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand, cheques / demand draft in hand and deposits in the bank.

5.19 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group has elected to apply the practical expedient for not recognising right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

Extension and termination options are included in a number of leases. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of termination options held are exercisable only by the Group and not by the respective lessor while the extension options are generally exercisable with the mutual consent of both the Group and the lessor.

5.19.1 Right-of-use assets

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

5.19.2 Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is re-measured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in statement of profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

5.20 Dividends and appropriation reserves

Dividends and other appropriation to reserves are recognized in the consolidated financial statements in the period in which these are approved. However, if they are approved after the reporting period but before the financial statements are authorized for issue, they are disclosed in the notes to the financial statements.

5.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the the Holding Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary shareholders of the Holding Company (after adjustment) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

5.22 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Executive to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Chief Executive include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditures.

For management purposes, the Systems Limited is organized into business units based on their geographical areas and has four reportable operating segments namely, North America, Europe, Middle East and Pakistan. No operating segments have been aggregated to form the above reportable operating segments.

- | | |
|-----------------------------------|--|
| - North America: | Business Process Outsourcing, IT services, Software and Hardware Trading and Software Implementation |
| - Europe: | Business Process Outsourcing, IT services & Software and Hardware Trading |
| - Middle East, Africa and Others: | Business Process Outsourcing, IT services, Software and Hardware Trading and Software Implementation |

- Pakistan: Business Process Outsourcing, IT services, Software and Hardware Trading and Software Implementation

The Executive Management Committee is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

5.23 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the liabilities incurred to the former owners of the acquired business, fair value of any asset or liability resulting from a contingent consideration arrangement, fair values of the assets transferred; and equity interests issued by the Group.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the accounting for business combination. Identified assets acquired, liabilities assumed or incurred have been carried at fair value as at the acquisition date. The fair valuation exercise is required to be finalized within a period one year of acquisition date. Any adjustment arising at the time of finalization of this exercise is incorporated with retrospective effect from the date of acquisition.

6 PROPERTY AND EQUIPMENT

	Note	2022	2021
Operating fixed assets	(6.1)	2,699,160,711	2,028,987,092
Capital work in progress	(6.2)	243,438,638	22,812,942
		2,942,599,349	2,051,800,034

6.1 Operating fixed assets

	Land - freehold	Building on freehold land	Computers	Computer equipment and installations	Other equipment and installations	Generators and transformer	Furniture and fittings	Vehicles	Office equipment	Leasehold Building - Improvements	Total
At December 31, 2022											
Cost	592,234,914	575,418,959	1,474,169,795	302,023,599	278,797,306	141,280,296	278,002,931	131,648,378	67,414,576	248,685,727	4,089,676,481
Accumulated Depreciation	-	(69,720,400)	(720,066,990)	(133,201,185)	(132,908,471)	(46,931,469)	(96,763,828)	(71,893,924)	(32,354,592)	(86,674,911)	(1,390,515,770)
Net book value	592,234,914	505,698,559	754,102,805	168,822,414	145,888,835	94,348,827	181,239,103	59,754,454	35,059,984	162,010,816	2,699,160,711
For the year ended December 31, 2022											
Opening net book value	394,038,279	520,764,464	480,273,441	96,776,514	65,419,282	67,751,563	75,623,861	249,549,298	22,960,411	55,829,979	2,028,987,092
Additions (at cost)	198,196,635	3,497,401	451,285,599	165,835,329	119,986,658	36,222,623	114,213,394	15,982,920	5,173,932	108,912,405	1,219,306,896
Acquisition of subsidiaries	-	-	-	38,894,492	5,156,208	2,989,783	13,330,409	188,443	10,319,102	-	70,878,437
Disposal	-	(4,214,000)	(30,875,633)	(1,671,326)	(708,741)	-	(3,270,440)	(147,416,196)	(27,474)	-	(188,183,810)
Depreciation	-	(14,349,306)	(239,721,494)	(68,271,205)	(44,577,629)	(12,615,142)	(19,257,586)	(39,296,037)	(4,583,863)	(29,069,225)	(471,741,487)
Exchange differences	-	-	64,467,812	(34,068,310)	613,057	-	599,465	(19,253,974)	1,217,876	26,337,657	39,913,583
Closing net book value	592,234,914	505,698,559	725,429,725	197,495,494	145,888,835	94,348,827	181,239,103	59,754,454	35,059,984	162,010,816	2,699,160,711
Rate of depreciation (%)	-	2.5	20 - 33	33	20 - 33	10	10 - 33	20 - 25	10 - 20	10 - 27	
At December 31, 2021											
Cost	394,038,279	576,135,558	915,381,522	198,055,664	153,706,457	100,534,981	149,605,281	400,699,207	45,937,172	77,373,425	3,011,467,546
Accumulated Depreciation	-	(55,371,094)	(435,108,081)	(101,279,150)	(88,287,175)	(32,783,418)	(73,981,420)	(151,149,909)	(22,976,761)	(21,543,446)	(982,480,454)
Net book value	394,038,279	520,764,464	480,273,441	96,776,514	65,419,282	67,751,563	75,623,861	249,549,298	22,960,411	55,829,979	2,028,987,092
For the year ended December 31, 2021											
Opening net book value	394,038,279	501,151,331	146,940,947	34,711,212	70,402,290	70,522,518	67,303,001	171,435,412	26,656,780	34,758,472	1,517,920,242
Additions (at cost)	-	33,410,848	460,718,771	105,683,842	21,007,777	6,606,088	19,451,442	163,785,826	734,279	32,682,670	844,081,543
Disposal	-	-	(901,146)	(236,159)	(99,421)	-	(1,163,992)	(22,203,948)	(82,145)	-	(24,686,811)
Disposal of subsidiary	-	-	-	(10,330,327)	-	-	-	-	-	-	(10,330,327)
Depreciation	-	(13,797,715)	(126,485,131)	(34,129,420)	(26,090,206)	(9,377,043)	(10,195,999)	(65,282,400)	(4,165,994)	(11,611,163)	(301,135,071)
Exchange differences	-	-	-	1,077,366	198,842	-	229,409	1,814,408	(182,509)	-	3,137,516
Closing net book value	394,038,279	520,764,464	480,273,441	96,776,514	65,419,282	67,751,563	75,623,861	249,549,298	22,960,411	55,829,979	2,028,987,092
Rate of depreciation (%)	-	2.5	33	33	20	10	10	20	10	10 - 22	

6.1.1 The cost of operating fixed assets includes assets amounting to Rs 521.25 million (2021: Rs 402 million) with nil book value.

6.1.2 Immovable fixed assets include free-hold land and building situated at E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt. Total area of land is 21.42 kanals (2021: 18.17 kanals).

6.1.3 Depreciation charge for the year has been allocated as follows:

	Note	2022	2021
Cost of revenue	(33)	402,831,637	244,868,014
Selling and distribution expenses	(34)	4,703,741	3,181,372
Administrative expenses	(35)	64,206,109	53,085,685
		471,741,487	301,135,071

6.2 Capital work in progress

Civil works	(6.2.1) & (6.2.2)	161,020,955	22,812,942
Advance against purchase of property and equipment		82,417,683	-
		243,438,638	22,812,942

6.2.1 The following is the movement in civil works during the year:

Balance at the beginning of the year		22,812,942	746,272
Additions during the year		244,466,048	31,578,703
Transfer to operating fixed assets		(106,258,035)	(9,512,033)
Balance at the end of the year		161,020,955	22,812,942

6.2.2 This represents the ongoing civil work in various offices of the Group and advance given against purchase of property and equipment

6.1.4 Disposal of property and equipment

Details of disposed assets which had a net book value of Rs 500,000 or more, are as follows:

Particulars	Cost	Accumulated depreciation	Written down value	Rupees		Mode of disposal	Particulars of buyer
				Sale proceeds	Gain / (Loss)		
Vehicles							Employees
Honda Civic	2,914,948	(1,922,698)	992,250	2,204,750	1,212,500	Group Policy	Usman Mughal
Honda Civic	3,134,310	(2,120,367)	1,013,943	2,896,980	1,883,037	Group Policy	Usman Ahmad
Honda City	1,703,000	(936,632)	766,368	1,703,040	936,672	Group Policy	Saad Hasan Aslam
Honda Civic	2,722,000	(2,029,404)	692,596	2,700,000	2,007,404	Group Policy	Khurram Safdar
Honda Civic	2,829,160	(2,263,339)	565,821	2,829,160	2,263,339	Group Policy	Muhammad Amin
Honda City	1,823,985	(1,094,289)	729,696	1,824,240	1,094,544	Group Policy	Kashif Latif
Honda City	1,784,160	(1,213,161)	570,999	1,713,000	1,142,001	Group Policy	Ali Asjad Waheed
Toyota Corolla	1,833,310	(1,283,312)	549,998	1,732,980	1,182,982	Group Policy	Muhammad Salman Arshad
Honda Brv	1,797,702	(1,198,476)	599,226	1,732,980	1,133,754	Group Policy	Khurram Saleem
Toyota Corolla	2,506,000	(1,712,443)	793,557	1,525,560	732,003	Group Policy	Farrukh Riyadh Ahmed
Honda Civic	2,739,240	(1,871,814)	867,426	2,653,020	1,785,594	Group Policy	Faisal Tajammal
Honda City	1,813,000	(1,206,457)	606,543	1,732,980	1,126,437	Group Policy	Imran Khan
Suzuki Swift	1,450,900	(918,272)	532,628	1,412,880	880,252	Group Policy	Faisal Ahmed
Honda Civic	2,992,640	(2,344,223)	648,417	2,992,640	2,344,223	Group Policy	Muhammad Mushtaq Patni
Honda Civic	2,758,450	(1,773,224)	985,226	2,686,980	1,701,754	Group Policy	Khurram Fuad Khatlani
Honda City	1,786,860	(1,035,136)	751,724	1,804,140	1,052,416	Group Policy	Muhammad Sohail Ahmed
Honda City	1,786,860	(977,610)	809,250	1,867,500	1,052,250	Group Policy	Adeel Ahmed Naseem
Toyota Corolla	1,924,000	(1,122,343)	801,657	1,924,020	1,122,363	Group Policy	Salman Malik
Toyota Corolla	3,334,100	(1,944,882)	1,389,218	3,334,100	1,944,882	Group Policy	Salman Wajid Mian
Toyota Corolla	1,844,000	(1,010,258)	833,742	1,924,020	1,090,278	Group Policy	Imran Suleman Khan
Toyota Corolla	2,227,100	(1,262,014)	965,086	1,924,020	958,934	Group Policy	Zunair Haseeb Khan
Honda City	1,803,000	(767,941)	1,035,059	2,003,340	968,281	Group Policy	Muhammad Fahar Nouman
Honda City	1,924,000	(1,058,191)	865,809	1,924,020	1,058,211	Group Policy	Muhammad Raheel Siddiqui
Toyota Corolla	2,144,756	(1,261,175)	883,581	1,924,020	1,040,439	Group Policy	Salman Amin Bhatti
Toyota Corolla	2,010,110	(1,139,067)	871,043	1,924,020	1,052,977	Group Policy	Abdul Ghaffar
Toyota Corolla	2,108,249	(1,184,840)	923,409	1,250,613	327,204	Group Policy	Omar Arif
Toyota Corolla	2,420,170	(1,210,080)	1,210,090	2,314,980	1,104,890	Group Policy	Hafiz Muhammad Altaf
Honda Brv	1,924,377	(1,314,993)	609,384	901,500	292,116	Group Policy	Aamir Fahaad
Honda City	1,839,810	(1,134,564)	705,246	1,794,000	1,088,754	Group Policy	Muhammad Umer
Honda City	2,262,665	(1,470,730)	791,935	1,251,778	459,843	Group Policy	Muhammad Tanveer Musawar
Suzuki Swift	1,651,000	(990,609)	660,391	1,650,120	989,729	Group Policy	Shahzad Tariq
Toyota Corolla	1,915,050	(1,212,881)	702,169	1,865,280	1,163,111	Group Policy	Karamat Ali
Honda Civic	4,021,180	(2,077,619)	1,943,561	3,972,000	2,028,439	Group Policy	Habib Ahmad
Toyota Corolla	2,335,290	(1,120,451)	1,214,839	2,513,460	1,298,621	Group Policy	Muhammad Talha Mashkoor
Honda Civic	3,504,000	(1,810,400)	1,693,600	3,565,168	1,871,568	Group Policy	Abid Hanif
Toyota Corolla	2,023,098	(1,037,002)	986,096	1,606,450	620,354	Group Policy	Mohammad Wasif Sheikh
Toyota Corolla	2,586,150	(1,666,002)	920,148	2,586,150	1,666,002	Group Policy	Pool Services
Honda City	2,376,930	(1,545,023)	831,907	2,436,840	1,604,933	Group Policy	Tauqeer Ahmed
Honda City	2,376,930	(1,223,965)	1,152,965	2,314,980	1,162,015	Group Policy	Usman Ur Rehman Ahmed
Honda Civic	3,627,180	(1,874,043)	1,753,137	3,505,020	1,751,883	Group Policy	Hammad Karamat Dar
Honda Civic	3,793,080	(1,732,345)	2,060,735	3,505,020	1,444,285	Group Policy	Ali Jawad Khalid
Toyota Corolla	2,420,170	(1,055,367)	1,364,803	2,315,040	950,237	Group Policy	Chaudary Mohsin Akram
Honda City	2,391,400	(993,203)	1,398,197	2,326,980	928,783	Group Policy	Muhammad Raza Sufyan Khan
Toyota Corolla	2,402,140	(999,123)	1,403,017	2,335,020	932,003	Group Policy	Muhammd Akram
Toyota Corolla	2,407,530	(959,482)	1,448,048	2,335,020	886,972	Group Policy	Muhammad Salman Iqbal
Honda Civic	2,612,900	(866,218)	1,746,682	2,335,020	588,338	Group Policy	Ahsan Naseer
Honda City	2,406,730	(792,789)	1,613,941	2,335,020	721,079	Group Policy	Javeria Fahad
Honda City	2,405,730	(782,277)	1,623,453	2,335,020	711,567	Group Policy	Muzahir Ahmad
Kia Sportage	2,410,730	(773,647)	1,637,083	2,335,020	697,937	Group Policy	Faiz Muhammad
Honda City	2,425,590	(767,784)	1,657,806	2,396,995	739,189	Group Policy	Muhammad Shariq
Honda City	2,548,058	(805,902)	1,742,156	2,476,980	734,824	Group Policy	Qurat Ul Ain
Toyota Corolla	1,587,250	(500,349)	1,086,901	1,549,020	462,119	Group Policy	Faraz Javed
Toyota Corolla	2,923,000	(876,886)	2,046,114	2,923,020	876,906	Group Policy	Ibrar Ahmad
Honda City	2,429,314	(724,016)	1,705,298	2,267,760	562,462	Group Policy	Noman Ikram
Suzuki Cultus	1,828,880	(487,378)	1,341,502	1,780,020	438,518	Group Policy	Saqib Amin
Toyota Yaris	2,912,190	(776,227)	2,135,963	2,843,020	707,057	Group Policy	Fareed Kamran
Toyota Corolla	2,622,190	(698,095)	1,924,095	2,497,980	573,885	Group Policy	Muhammad Mateen Sajjad
Honda Civic	3,941,500	(983,188)	2,958,312	3,735,000	776,688	Group Policy	Naveed Ali Tahir
Kia Sportage	2,573,500	(621,996)	1,951,504	2,545,440	593,936	Group Policy	Nawaz Sarwar
Toyota Yaris	2,576,790	(558,977)	2,017,813	2,503,020	485,207	Group Policy	Tahir Idrees
Toyota Yaris	2,552,963	(553,137)	1,999,826	2,467,020	467,194	Group Policy	Muhammad Faraz Baig
Toyota Yaris	2,620,100	(567,684)	2,052,416	2,547,000	494,584	Group Policy	Hamad Ur Rehman
Honda City	2,524,730	(545,865)	1,978,865	2,455,020	476,155	Group Policy	Nadeem Pathan
Toyota Yaris	3,086,000	(463,458)	2,622,542	3,004,980	382,438	Group Policy	Ashar Badar
Toyota Yaris	2,552,000	(467,049)	2,084,951	2,467,020	382,069	Group Policy	Imtiaz Ahmed
Toyota Yaris	2,606,290	(867,924)	1,738,366	2,606,290	867,924	Group Policy	Ali motors
Toyota Yaris	2,538,300	(467,905)	2,070,395	2,467,020	396,625	Group Policy	Hammad Zafar Malik
Toyota Corolla	2,936,790	(541,367)	2,395,423	2,863,020	467,597	Group Policy	Shoaib Ali
Honda Brv	2,564,000	(429,085)	2,134,915	2,467,020	332,105	Group Policy	Rizwan Hussain
Toyota Corolla	2,515,000	(420,889)	2,094,111	2,455,020	360,909	Group Policy	Muhammad Awais
Kia Sportage	3,348,865	(560,435)	2,788,430	3,225,000	436,570	Group Policy	Arsalan Rashid
Honda Civic	2,519,912	(463,708)	2,056,204	2,464,980	408,776	Group Policy	Eraj Mehmood
Toyota Yaris	2,542,750	(383,731)	2,159,019	2,467,020	308,001	Group Policy	Wasim Ahmed
Kia Picanto	2,092,500	(315,787)	1,776,713	2,053,980	277,267	Group Policy	Asif Aziz Bilgrami
Honda Civic	2,515,000	(419,452)	2,095,548	2,455,020	359,472	Group Policy	Mujahid Naseer
Toyota Aqua	3,457,800	(518,010)	2,939,790	3,343,980	404,190	Group Policy	Saad Usmani
Toyota Yaris	2,515,000	(336,827)	2,178,173	2,455,020	276,847	Group Policy	Hasan Waleed Majal

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Vehicles				Rupees			Employees
Toyota Yaris	2,533,000	(338,129)	2,194,871	2,467,020	272,149	Group Policy	Zuhair Mamoon Mirza
Toyota Yaris	2,538,000	(338,800)	2,199,200	2,467,020	267,820	Group Policy	Muhammad Junaid
Honda Civic	3,487,000	(465,025)	3,021,975	3,369,000	347,025	Group Policy	Abdullah Tayyab Farooqi
Kia Sportage	2,515,000	(335,822)	2,179,178	2,455,020	275,842	Group Policy	Muhammad Shahid Aziz
Toyota Corolla	2,515,000	(335,822)	2,179,178	2,455,020	275,842	Group Policy	Waqar Ahmed Sher
Kia Sportage	2,517,000	(295,720)	2,221,280	2,457,000	235,720	Group Policy	Umair Amir Mian
Toyota Yaris	2,430,290	(281,738)	2,148,552	2,373,186	224,634	Group Policy	Imran Javed Zia
Honda Civic	2,530,000	(294,725)	2,235,275	2,455,020	219,745	Group Policy	Syed Rizwan Hussain Agha
Toyota Corolla	2,542,700	(252,317)	2,290,383	2,455,020	164,637	Group Policy	Nayyar Mashkoor Siddiqui
Toyota Corolla	2,420,000	(162,328)	2,257,672	2,344,980	87,308	Group Policy	Gibran Akram
Honda City	2,444,000	(122,423)	2,321,577	2,367,000	45,423	Group Policy	Anas Saghir
Kia Sportage	5,687,000	-	5,687,000	5,687,000	-	Group Policy	Habib Ahmad
Honda City	3,050,000	-	3,050,000	3,050,000	-	Group Policy	Muhammad Khalid Ameer
Honda City	2,460,000	-	2,460,000	2,460,000	-	Group Policy	Atif Faraz
Aggregate of items of property and equipment with individual book value below Rs 500,000	80,193,501	(36,704,682)	43,488,819	51,803,249	8,314,430		
2022	309,528,833	(121,345,023)	188,183,810	271,028,089	82,844,279		

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyer
Vehicles				Rupees			Employees
Toyota Corolla Altis	3,403,000	-	3,403,000	3,403,000	-	Group Policy	Riaz Ahmad
Honda Civic	2,727,500	(1,318,287)	1,409,213	2,727,480	1,318,267	Group Policy	Moh. Umar Hayat
Toyota Corolla Altis	2,676,220	(87,237)	2,588,983	2,503,020	(85,963)	Group Policy	Usman Younas
Honda City	2,518,330	(292,749)	2,225,581	2,320,000	94,419	Group Policy	Mehwish Sarwar
Honda City	2,330,510	(815,681)	1,514,829	2,279,000	764,171	Group Policy	Asif Sajjad
Honda City	1,949,000	(779,594)	1,169,406	1,251,892	82,486	Group Policy	Muh. Masud Akram
Corolla Grande	1,876,780	(781,997)	1,094,783	1,803,000	708,217	Group Policy	Saad Usmani
Honda City	1,865,300	(715,026)	1,150,274	1,661,593	511,319	Group Policy	Yasir Mahmood
Aggregate of items of property and equipment with individual book value below Rs 500,000	43,616,474	(33,485,732)	10,130,742	23,342,103	13,211,361		
2021	62,963,114	(38,276,303)	24,686,811	41,291,088	16,604,277		

7 INTANGIBLES

Note	Other intangibles	Software under development	License:Country Model Bank	Digital E-Wallet	Goodwill	Customer contracts	Total
At December 31, 2022							
Cost	193,385,241	-	3,237,617,390	75,610,075	4,367,552,719	479,581,492	8,353,746,917
Accumulated amortization	(179,882,224)	-	(161,770,671)	-	-	(48,420,469)	(390,073,364)
Net book value	13,503,017	-	3,075,846,719	75,610,075	4,367,552,719	431,161,023	7,963,673,553
For the year ended December 31, 2022							
Opening net book value	23,717,704	-	-	-	-	-	23,717,704
Additions (at cost)	-	-	3,237,617,390	75,610,075	-	-	3,313,227,465
Acquisition of subsidiaries	(7.7)	-	-	-	3,969,718,063	479,581,492	4,449,299,555
Amortization	(7.2)	(10,214,687)	(165,196,717)	-	-	(48,420,469)	(223,831,873)
Disposal	-	-	-	-	-	-	-
Exchange differences	-	-	3,426,046	-	397,834,656	-	401,260,702
Closing net book value	13,503,017	-	3,075,846,719	75,610,075	4,367,552,719	431,161,023	7,963,673,553
At December 31, 2021							
Cost	193,385,241	-	-	-	-	-	193,385,241
Accumulated amortization	(169,667,537)	-	-	-	-	-	(169,667,537)
Net book value	23,717,704	-	-	-	-	-	23,717,704
For the year ended December 31, 2021							
Opening net book value	148,588,633	55,660,644	-	-	-	-	204,249,277
Additions (at cost)	86,920,705	-	-	-	-	-	86,920,705
Amortization	(23,779,036)	-	-	-	-	-	(23,779,036)
Disposal of subsidiary	(188,012,598)	-	-	-	-	-	(188,012,598)
Disposal	-	(55,660,644)	-	-	-	-	(55,660,644)
Closing net book value	23,717,704	-	-	-	-	-	23,717,704

7.1 The cost of the intangibles includes assets amounting to Rs 163.01 million (2021: Rs 159.60 million) with nil book value.

7.2 Amortization charge for the year has been allocated as follows:

	Note	2022	2021
Cost of revenue	(33)	222,658,083	21,696,156
Selling and distribution expenses	(34)	79,799	125,969
Administrative expenses	(35)	1,093,991	1,956,911
		223,831,873	23,779,036

7.3 Amortization methods and useful life

The Group amortizes intangible assets with a limited useful life, using straight-line method at the following rates:

	%
Other intangibles	33
License: Country Model Bank	20
Digital E-Wallet	33
Customer contracts	20-50

7.4 Customer contracts

The customer contracts were acquired as part of business combinations. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

7.5 Digital E-Wallet

National Data Consultant (Private) Limited is currently developing an intangible asset related to Digital E-Wallet. Development costs are capitalized when the asset is deemed to have a future economic benefit and the development costs can be reliably measured. Costs that do not meet these criteria are expensed as incurred. As of December 31, 2022, total capitalized development costs for this asset were Rs 75.61 million. As the asset is in process of development, the life of intangible asset has not been assessed.

7.6 CMB License

This represents CMB license purchased by the Group from Temenos as referred to in note 26.

7.7 Business combinations

7.7.1 Summary of acquisition of NDC Group

On July 05, 2022, the Group acquired 100% control of NDC Group comprising National Data Consultant (Private) Limited – Pakistan, National Data Consultant FZE – UAE and NDC APAC Pte. Ltd. – Singapore. NDC Group is a systems integrator and software solutions provider with major clientele in the banking and financial services industry. The acquisition has significantly increased the Group's footprint in this industry segment. The said acquisition represents purchase of 100% shares of these entities and has been accounted for as a business combination under International Financial Reporting Standard (IFRS) 3 'Business Combinations'. A purchase price allocation exercise has been performed by management, assisted by an external expert. The primary element of the valuation exercise assessed the fair value of identifiable intangible assets in the form of software licenses of Rs 2,617.25 million, customer contracts of Rs 457 million and resultantly, the Group has recognized a goodwill of Rs 3,655.86 million, in addition to the fair value of the net assets acquired.

Details of purchase consideration, the net assets acquired and goodwill are as follows:

	2022
Purchase consideration	2,416,303,000
Cash consideration	3,908,636,725
Ordinary share issued	6,324,939,725
Total purchase consideration	

The fair value of the 11,822,500 shares issued as part of consideration paid for 100% acquisition of NDC group (Rs 3,908.64 million) was based on published share price of Rs 330.61 per share on July 05, 2022.

The assets and liabilities recognized as a result of this acquisition are as follows:

	Fair value Rupees
Cash and bank balances	26,760,095
Receivable against services rendered	1,905,805,979
Contract assets	190,386,678
Inventory: intellectual property for trading	2,617,252,022
Advances	4,906,488
Trade deposits and short term prepayments	729,114,399
Other receivables	13,311,324
Property and equipment	68,415,095
Intangibles: customer contracts	457,000,000
Long term deposits	28,311,780
Long term loan	(14,642,516)
Deferred Liability	(236,326,234)
Trade and other payables	(3,058,461,779)
Short Term Borrowings	(60,000,000)
Accrued Markup on short term borrowings	(538,544)
Other payables	(216,400)
Net identifiable assets acquired	2,671,078,387
Add: goodwill	3,655,861,206
Net assets acquired	6,326,939,593

NDC Group is a regional market leader in the core and digital banking solution with an impressive customer base in BFS vertical and highly skilled and engaged employees. NDC Group has built a successful business, go-to-market strategy and customer portfolio which will expand and accelerate by bringing the Holding Company's resources to build on the momentum NDC Group has established. The goodwill is attributable to the assembled workforce and the high profitability potential of the acquired business of the NDC group including creating meaningful impact through synergising IT services of the Systems Group particularly in the banking industry in the regions where it operates by increasing exports, expanding domestic footprint as well as up-selling and cross-selling its existing services to the BFS customers. Goodwill has been allocated between 'Pakistan' segment and 'Middle East, Africa and others' segment of the NDC Group on the basis of fair values of the respective acquired net assets. Goodwill will not be deductible for tax purposes.

(i) Acquired receivables

The fair value of trade receivables acquired is Rs 1,905.8 million. The gross contractual amount for trade receivables due is Rs 2,078.62 million, with a loss allowance of Rs 172.81 million recognized on acquisition.

(ii) Revenue and profit contribution

The acquired business contributes a revenue of Rs 5,105.17 million and a net profit of Rs 240.62 million to the Group for the period 5 July 2022 to 31 December 2022.

7.7.2 Summary of acquisition of Techvista Information Technology WLL

Techvista Information Technology WLL ('TVSQ') was established in the State of Qatar during the year to acquire net assets from a branch of Solution Technology Qatar WLL (Soltech). The Holding Company though owns 34% shareholding of TVSQ, however, has obtained full management and control through trust agreement dated February 27, 2022 which is signed by all the partners of TVSQ. Under the trust agreement the partners namely Solutions Technology Qatar WLL and Mr. Fawad Naeem Rana have agreed that Systems Limited is the true and actual owner of TVSQ and all its management control is retained by Systems Limited, irrespective of the fact that Solution Technology Qatar WLL is mentioned as the majority shareholder of the company on the commercial license. The terms of the trust agreement also state that all rights to distribution of profits and losses of the company are controlled by the Holding Company.

The said acquisition through trust agreement represents 100% control of this entity and has been accounted for as a business combination under International Financial Reporting Standard (IFRS) 3 'Business Combinations'. A purchase price allocation exercise has been performed by management, assisted by an external expert. The primary element of the valuation exercise assessed the fair value of identifiable intangible assets in the form of customer contracts of Rs 22.58 million and resultantly, the Group has recognized a goodwill of Rs 190.44 million, in addition to the fair value of the net assets acquired.

Details of purchase consideration, the net assets acquired and goodwill are as follows:

	2022
	Rupees
Purchase consideration	
Share already held in the company at incorporation	3,288,745
Total purchase consideration	3,288,745

The assets and liabilities recognized as a result of this acquisition are as follows:

	Fair value Rupees
Cash and bank balances	80,684,510
Receivable against services rendered	108,391,291
Contract assets	5,488,336
Trade deposits and short term prepayments	127,284,209
Property and equipment	285,273
Intangibles: customer contracts	22,581,492
Trade and other payables	(498,544,620)
Accrued liabilities	(33,324,224)
Net identifiable assets acquired	(187,153,733)
Add: goodwill	190,442,479
Net assets acquired	3,288,746

(i) Acquired receivables

The fair value of trade receivables acquired is Rs 108.39 million. The gross contractual amount for trade receivables due is also Rs 108.39 million.

(ii) Revenue and profit contribution

The acquired business contributes a revenue of Rs 1,091.07 million and a net loss of Rs 51.07 million to the Group for the period 27 February, 2022 to 31 December, 2022.

7.7.3 Summary of acquisition of Treehouse Consultancy LLC

On 1st July 2022, the Group acquired 100% control of Treehouse Consultancy LLC, a company incorporated in UAE. The company is engaged in the business of information technology consultancy and sale of software. The said acquisition represents purchase of 100% shares of these entities and has been accounted for as a business combination under International Financial Reporting Standard (IFRS) 3 'Business Combinations'

Details of purchase consideration, the net assets acquired and goodwill are as follows:

	2022
	Rupees
Purchase consideration	
Cash consideration	385,276,805
Total purchase consideration	385,276,805

The assets and liabilities recognized as a result of this acquisition are as follows:

	Fair value Rupees
Cash and bank balances	105,887,454
Receivable against services rendered	222,237,710
Trade deposits and short term prepayments	18,427,215
Property and equipment	2,178,069
Trade and other payables	(86,867,964)
Net identifiable assets acquired	261,862,484
Add: goodwill	123,414,378
Net assets acquired	385,276,862

(i) Acquired receivables

The fair value of trade receivables acquired is Rs 222.24 million. The gross contractual amount for trade receivables due is also Rs 222.24 million.

(ii) Revenue and profit contribution

The acquired business contributes a revenue of Rs 368.04 million and a net loss of Rs 47.19 million to the Group for the period July 01, 2022 to December 31, 2022.

7.7.3.1 Provisional goodwill

The goodwill of Rs 68.14 million recognized on acquisition is not yet allocated to identifiable net assets based on purchase price allocation exercise. The exercise and allocation of goodwill to identifiable net assets (if any) will be completed within the completion period provided in IFRS 3 'Business combinations'.

Revenue and profit value of combined entity

If the acquisition had occurred on January 01, 2022, consolidated revenue and consolidated profit for the year would have been Rs 35,049.97 million and Rs 6,740.36 million respectively. These amounts have been calculated using the subsidiaries results and adjusting them for differences in accounting policies between the Group and subsidiaries and the additional amortization charge assuming the fair value adjustments to intangibles had applied from January 01, 2022.

7.7.4 Purchase consideration – cash outflow

Outflow of cash to acquire subsidiaries, net of cash acquired

	2022
	Rupees
Cash consideration	2,801,579,805
Less: deferred portion of cash consideration as at 31 December 2022	1,676,776,805
Less: balances acquired	213,332,059
Cash	(60,000,000)
Bank overdraft	153,332,059
Net cash outflow for investing activities	971,470,941

7.8 Impairment testing of goodwill

As goodwill arose as a result of acquisition of businesses during the year namely NDC Group (including businesses of National Data Consultant (Private) Limited, National Data Consultant FZE and NdcTech APAC Pte. Ltd.), acquired on 5th July 2022, Techvista Information Technology WLL Qatar acquired on 27th February 2022 and Treehouse Consultancy LLC acquired on July 1, 2022, the group has decided to test impairment of goodwill on an annual basis.

7.8.1 Acquisition of goodwill under NDC Group

The recoverable amount of the goodwill of NDC Group is determined on discounted cash flow basis.

(i) For goodwill allocated to 'Pakistan' segment of the NDC Group, these calculations use cash flow projections based on financial budgets approved by management covering a five year period. The present value of the expected cash flows of the above segments is determined by applying a suitable discount rate of 21.18%, terminal value of 4%, growth rate of 9.61% and actual employee headcount projected to increase by the same growth rate along with increase in related payroll costs with expected yearly inflation. Average annual growth rate forecasted over a 5-year period has been used based on comparative industry estimates and management's expectation of market development while discount rate reflects specific risks of market sector and countries in which the business operates. Terminal growth rate is the weighted average growth rate used to extrapolate cash flows beyond the budget period which is consistent with forecasts included in industry and country reports.

(ii) For goodwill allocated to 'Middle East, Africa and others' segment of the NDC Group, these calculations use cash flow projections based on financial budgets approved by management covering a five year period. The present value of the expected cash flows of the above segments is determined by applying a suitable discount rate of 11.64%, terminal value of 4.24%, growth rate of 25.81% and actual employee headcount projected to increase by the same growth rate along with increase in related payroll costs with expected yearly inflation. Average annual growth rate forecasted over a 5-year period has been used based on comparative industry estimates and management's expectation of market development while discount rate reflects specific risks of market sector and country in which the business operates. Terminal growth rate is the weighted average growth rate used to extrapolate cash flows beyond the budget period which is consistent with forecasts included in industry and country reports.

7.8.2 Acquisition of goodwill under Techvista Information Technology WLL Qatar:

The recoverable amount of Techvista Information Technology WLL is determined on discounted cash flow basis.

These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The present value of the expected cash flows of the above segments is determined by applying a suitable discount rate of 11.6%, terminal value of 3.8%, growth rate of 20%.

Average annual growth rate forecasted over a 5-year period has been used based on comparative industry estimates, research papers and management's expectation of market development while discount rate reflects specific risks of market sector and country in which the business operates. Terminal growth rate is the weighted average growth rate used to extrapolate cash flows beyond the budget period which is consistent with forecasts included in industry and country reports.

7.8.3 Acquisition of goodwill under Treehouse Consultancy LLC:

The recoverable amount of Treehouse Consultancy LLC is determined on discounted cash flow basis.

These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The present value of the expected cash flows of the above segments is determined by applying a suitable discount rate of 11.5%, terminal value of 3.5%, and growth rate of 15%.

Average annual growth rate forecasted over a 5-year period has been used based on comparative industry estimates, research papers and management's expectation of market development while discount rate reflects specific risks of market sector and country in which the business operates. Terminal growth rate is the weighted average growth rate used to extrapolate cash flows beyond the budget period which is consistent with forecasts included in industry and country reports.

8 LONG TERM INVESTMENTS

	Note	2022	2021
Investment in Techvista Information Technology - Qatar - at cost			
Advance against issuance of shares		-	144,568,896
Ordinary investment-unquoted			
Jomo Technologies (Private) Limited	(8.1)	154,468,912	-
Advance against issuance of shares			
Jugnu Technologies (Private) Limited	(8.2)	88,555,000	-
		243,023,912	144,568,896

8.1 Jomo Technologies (Private) Limited

This represents 25,000,000 fully paid ordinary shares of Rs 10/- each, representing 8.83% (2021: Nil) shares in Jomo Technologies (Private) Limited measured at fair value through profit or loss.

- 8.1.1** This represents investment in the ordinary shares of Jomo Technologies (Private) Limited that is engaged in the business of online marketing and sales of consumer goods including footwear, apparel and accessories through internet advertising and marketing. Since Jomo Technologies (Private) Limited's ordinary shares are not listed, an independent valuer was engaged by the Group who has estimated a fair value of Rs 6.18 per ordinary share as at year end (2021:Nil). Hence, it has been classified under level 3 of fair value hierarchy as further explained in note 46.6 to these financial statements. The fair value gain of Rs 4.47 million is included in the fair value loss recognised during the year in the consolidated statement of profit or loss. In this connection, the valuation technique used was Discounted Free Cash Flow to Equity model for business valuation. Assumptions and inputs used in the valuation technique mainly include risk-free rate, equity risk premium, long term growth rate and projected rates of increase in revenues, other income and expenses. Principal assumptions used in the valuation of the above unquoted investments are as under:

	"Long term growth rate"	"Cost of Equity"	Projection period	"Value per share"	Valuation Technique used
Jomo Technologies (Private) Limited	5%	23.20%	7	6.18	Discounted Free Cash Flow to Equity

8.1.2 Reconciliation of gain / (loss) on re-measurement of long term investments as of the reporting date is as follows:

	2022	2021
	Rupees	
Balance as at January 01	-	-
Cost of investment	150,000,000	-
Unrealized gain for the year	4,468,912	-
Balance as at December 31	154,468,912	-

8.2 This represents amount invested by the Group amounting to Rs 88.5 million against the right to purchase preference shares of Jugnu Technologies (Private) Limited through simple agreement for future equity. In case of any future equity financing by Jugnu Technologies (Private) Limited, the safe note will be automatically converted into preference shares. This is carried at cost, is unsecured and carries no interest.

9 INVESTMENT IN ASSOCIATES

	Note	2022	2021
		Rupees	
"SalesFlo (Private) Limited (formerly Retailistan (Private) Limited) 146,820 fully paid ordinary shares of Rs 10/- each"	(9.1)	166,027,647	408,270,412
E-Processing Systems B.V. 179,507 fully paid ordinary shares of USD 0.01/- each	(9.2)	785,006,669	865,739,322
	(9.3)	951,034,316	1,274,009,734

9.1 SalesFlo (Private) Limited (formerly Retailistan (Private) Limited)

This represents 146,280 fully paid ordinary shares of Rs 10/- each, representing 20% (2021: 146,280 fully paid shares of Rs 10/- each, representing 20%) share in the Group's associate, SalesFlo (Private) Limited (formerly Retailistan (Private) Limited), a company set up in DHA Phase 6, Karachi, to provide services of software designing, development, implementation, maintenance, testing / benchmarking and to provide internet / web based applications.

9.1.1 Movement in investment in associate is as follows:

	Note	2022	2021
		Rupees	
Cost of investment		468,000,000	468,000,000
"Share of loss from associate accounted for using the equity method"	(9.1.1)	(301,602,012)	(59,788,122)
"Share of other comprehensive (loss) / income from associate"	(9.1.1)	(370,341)	58,534
		166,027,647	408,270,412

9.1.1.1 Share of loss from associate and other comprehensive income of the associated company is based on audited financial statements for the year ended December 31, 2022:

	2022	2021
	Rupees	
Total loss for the year	(1,208,820,868)	(298,879,005)
20% share of loss	(241,813,913)	(59,788,099)
Other comprehensive (loss)/income for the period	(2,143,936)	292,671
20% share of OCI	(428,875)	58,534

9.1.2 Summarised financial information

Set out below is the summarized financial statement information of SalesFlo (Private) Limited (formerly Retailistan (Private) Limited) which is accounted for using equity method. The information disclosed reflects the amounts presented in the most recent audited financial statements of the associated company, for the year ended December 31, 2022.

	2022	2021
	Rupees	
Revenue	646,680,330	2,455,923,427
Loss after tax	(1,208,820,868)	(331,408,923)
OCI	(2,143,936)	292,671
Total Comprehensive loss	(1,210,964,804)	(331,116,252)
Non-current assets	36,873,359	50,454,996
Current assets	486,476,883	762,783,400
Assets for disposal group classified as held for sale	1,683,695,879	-
Non-current liabilities	(1,345,599)	(3,593,191)
Current liabilities	(101,912,949)	(266,849,045)
Liabilities of disposal groups classified as held for sale	(2,683,401,214)	-
	(579,613,641)	542,796,160
Non-Controlling Interest	434,412,285	(160,984)
Advance against equity	-	346,018,266
Net assets attributable to owners of the group	(1,014,025,926)	196,938,878

9.1.3 Reconciliation to carrying amounts

	2022	2021
	Rupees	
Net assets as on January 01	542,587,540	60,354,250
Loss for the period	(1,208,820,868)	(331,408,923)
Other comprehensive income	(2,143,936)	292,671
Capital Reserves - issue of right shares	-	467,580,296
Advance against issue of share capital (NCI)	88,763,623	(40,400)
Net assets as on December 30	(579,613,641)	196,777,894
Less : NCI	(434,412,285)	160,984
Net assets attributable to owners of the group	(1,014,025,926)	196,938,878
Company's percentage in shareholding	20%	20%
Company's share in carrying value of net assets	(202,805,185)	39,387,776
Excess of purchase consideration over share in carrying value of net assets at the date of acquisition	368,832,832	368,882,636
Carrying amount of investment as at December 31	166,027,647	408,270,412

9.2 E-Processing Systems B.V.

This represents 179,507 fully paid ordinary shares of USD 0.01/- each, representing 44.6% (2021: 179,507 fully paid shares of USD 0.01/- each, representing 44.6%) share in the Holding Company's associate, E-Processing Systems B.V., a company set up in Netherlands to make it easier to raise investments and funds from the investors.

9.2.1 Movement in investment in associate is as follows:

	Note	2022	2021
		Rupees	
Cost of investment		889,335,703	889,335,703
Share of loss from associate	(9.2.1.1)	(105,681,830)	(23,596,381)
Share of other comprehensive income	(9.2.1.1)	1,352,796	-
		785,006,669	865,739,322

9.2.1.1 Share of loss from associate and other comprehensive income of the associated company is based on audited financial statements for the year ended December 31, 2022.

	2022	2021
	Rupees	
Total loss for the period	(184,048,093)	(52,906,684)
44.6% share of loss	(82,085,449)	(23,596,381)
Other comprehensive income for the period	3,033,174	-
44.6% share of OCI	1,352,796	-

9.2.2 Summarised financial information of E-Processing Systems B.V.

Set out below is the summarized financial statement information of E-Processing Systems B.V. which is accounted for using equity method. The information disclosed reflects the amounts presented in the most recent audited financial statements of the associated company, for the year ended December 31, 2022.

	2022	2021
	Rupees	
Non-current assets		
Current assets	463,815,475	275,695,034
Current liabilities	1,673,473,736	787,300,049
Non Current liabilities	(451,494,095)	(431,670,418)
	(1,589,887,820)	(384,077,716)
Equity	95,907,296	247,246,949
Revenue	331,790,325	84,077,491
Cost of sales	(197,030,444)	(46,212,542)
Distribution cost	(153,727,141)	(43,286,482)
Administrative expenses	(138,081,515)	(42,828,591)
Other income	71,263,690	2,262,902
Other operating expenses	(6,195,397)	-
Finance costs	(80,167,619)	(6,919,462)
Loss before tax	(172,148,101)	(52,906,684)
Taxation	(11,899,992)	-
Loss for the year	(184,048,093)	(52,906,684)
Other comprehensive income	3,033,174	-
Total comprehensive loss	(181,014,919)	(52,906,684)
Group share of total comprehensive loss	(80,732,654)	(23,596,381)

9.2.3 Commitments

	2022	2021
	Rupees	
Guarantees issued by financial institutions in favour of customers on behalf of the associate:		
	50,000,000	50,000,000
Commitment under contract for software development	812,000	-
Future aggregate payments under Ijarah arrangements:		
Not later than one year	2,366,664	2,366,664
Later than one year but not later than five years	5,127,772	7,484,436
	7,494,436	9,851,100

9.3 The investments in associated companies have been made in accordance with the requirements of the Companies Act, 2017.

10 RIGHT-OF-USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	2022	2021
	Rupees	
Cost	835,163,169	409,472,763
Accumulated depreciation	(255,018,430)	(120,491,288)
Net book value	580,144,739	288,981,475

These represent buildings on lease. The reconciliation of net book value is as follows:

	Note	2022	2021
		Rupees	
Opening net book value		288,981,475	204,396,351
Additions		463,782,159	132,347,547
Depreciation for the year	(10.1)	(126,301,073)	(47,762,423)
Deletions		(45,144,620)	-
Exchange Gain/ Loss		(1,173,202)	
Closing net book value		580,144,739	288,981,475
Rate of depreciation (%)		10-25	10-25

10.1 The depreciation charge for the year on right-of-use assets has been allocated as follows:

	Note	2022	2021
		Rupees	
Cost of revenue	(33)	96,730,120	11,324,118
Selling and distribution expenses	(34)	627,154	4,114,002
Administrative expenses	(35)	28,943,799	32,324,303
		126,301,073	47,762,423

11 LONG TERM LOANS

Considered good - secured

Due from executives

Note	2022	2021
	Rupees	
(11.1)	298,036,906	36,796,454

11.1 Due from executive

Note	2022		2021	
	Rupees			
	Motor Vehicle	Other loans	Total	Total
As at January 01	33,519,565	3,276,889	36,796,454	-
Loans disbursed during the year				
Undiscounted amount paid	526,864,865	38,805,000	565,669,865	58,883,000
Deferred employee benefits	(12) (121,991,667)	(4,690,577)	(126,682,244)	(13,553,297)
	404,873,198	34,114,423	438,987,621	45,329,703
Loans settled during the year	(22,160,270)	-	(22,160,270)	-
Unwinding of discount	31,338,795	2,450,595	33,789,390	550,616
Repayments	(81,148,957)	(8,113,490)	(89,262,447)	(577,500)
	366,422,331	31,728,417	398,150,748	45,302,819
Receivable within one year	(79,123,865)	(20,989,977)	(100,113,842)	(8,506,365)
	287,298,466	10,738,440	298,036,906	36,796,454

11.2 These interest free loans are repayable between 18 to 60 (2021: 18 to 60) months and are granted to the executives of the Holding Company, in accordance with their terms of employment. These are secured against post dated cheques. In accordance with IFRS 9 - Financial instruments, these loans were initially recognized at fair value using effective interest rates ranging from 9.54% to 14.37% (2021: 9.54% to 11.97%). The difference between cash paid and present value of cash inflows upon initial recognition has been recognized as deferred employee benefits which is amortized on a straight line basis over the period of the loan.

12 DEFERRED EMPLOYEE BENEFITS

Note	2022	2021
	Rupees	
As at January 01	13,234,193	-
Additions during the year	126,682,244	13,553,297
Settlements during the year	(2,545,676)	-
Amortization during the year	(20,539,740)	(319,104)
	116,831,021	13,234,193
Current portion of deferred employee benefits	(29,892,702)	(2,890,139)
	86,938,319	10,344,054

13 LONG TERM RECEIVABLE - UNSECURED

	Note	2022	2021
			Rupees
Undiscounted amount due		3,107,256,600	-
Less: Upfront receipt		(1,827,798,000)	-
Deferred consideration		1,279,458,600	-
Effect of discounting		(174,373,229)	-
Present value of long term receivable		1,105,085,371	-
Unwinding of discount	(38)	15,164,173	-
Exchange translation differences		(16,951,909)	-
		1,103,297,635	-
Less: Current portion shown under current assets		(194,200,634)	-
		909,097,001	-

13.1 This represents payment due from Temenos Headquarters S.A for sale of intellectual property (IP). The IP sale agreement between National Data Consultancy FZE and Temenos Headquarters S.A was entered into on September 30, 2022. The agreement contains deferred payment terms, hence the IP has been recognized at present value of total consideration due as per terms. Deferred consideration has been discounted @ 5.04% based on relevant benchmark rate.

14 Long term deposits

	Note	2022	2021
			Rupees
Lease buildings			
Opening balance		5,708,578	-
Additions:			
Undiscounted amount paid		22,386,180	9,000,000
Effect of discounting		(10,375,537)	(3,346,450)
Fair vale of long term deposits		12,010,643	5,653,550
Unwinding of discount	(38)	1,630,628	55,028
Balance as at 31 December		19,349,849	5,708,578
Others			
Utilities and other deposits		44,494,861	135,585,527
		63,844,710	141,294,105

15 CONTRACT ASSETS - UNSECURED

	Note	2022	2021
			Rupees
Unbilled revenue	(15.1)	2,280,413,210	498,915,123
Retention money		311,577,723	229,029,277
		2,591,990,933	727,944,400

15.1 Unbilled revenue

	Note	2022	2021
			Rupees
Export	(15.1)	1,197,793,789	226,684,179
Local		1,115,459,506	294,463,401
		2,313,253,295	521,147,580
Less: Allowance for ECL	(15.1.3)	(32,840,085)	(22,232,457)
	(15.1.4)	2,280,413,210	498,915,123

15.1.1 This includes amount not yet billed to related parties, Visionet Deutschland GMBH and Visionet - EMEA amounting to Nil (2021: Rs 1.32 million) and Nil (2021: Rs 4.95 million), respectively, which are not outstanding for more than three months.

15.1.2 The maximum aggregate amount outstanding by reference to month-end balances was as follows:

	Note	2022	2021
		Rupees	
Visionet Inc.		3,636,213	-
Visionet Deutschland GMBH		-	364,294,404
Visionet EMEA Limited		-	65,474,644

15.1.3 Allowance for ECL

	Note	2022	2021
		Rupees	
Balance as at January 01		22,232,457	85,012,788
Expense for the year - net		10,607,628	17,546,844
Transferred to allowance for ECL against debtors		-	(80,327,175)
Balance as at December 31		32,840,085	22,232,457

15.1.4 These represent unbilled debtors arising due to recognition of revenue upon delivery of performance obligations as per contract on the basis of percentage of completion as per IFRS 15 - Revenue from contracts with customers.

16 TRADE DEBTS - UNSECURED

	Note	2022	2021
		Rupees	
Considered good - unsecured:			
Export	(16.1)	6,879,808,724	3,300,582,378
Local		1,975,980,356	1,160,066,340
		8,855,789,080	4,460,648,718
Less: Allowance for ECL	(16.2)	(360,942,070)	(334,720,419)
		8,494,847,010	4,125,928,299

16.1 These include unsecured receivables from related parties against export of outsourcing services. As per contracts with related parties, billing terms range from monthly to quarterly basis and payment is generally due within 120 days from the date of billing. The receivables from related parties include past due balances which are not considered impaired. Detail of related party balances along with aging analysis of the amounts is as follows:

	2022		
	Rupees		
	"Visionet Systems Incorporation - USA"	Visionet EMEA Limited	Visionet Deutschland GMBH
Not Past Due	1,452,415,040	176,057,768	133,336,741
Past due 0-90 days	746,587,938	147,491,997	84,789,297
Past due 91-180 days	-	86,982,675	-
Past due 181-270 days	-	1,229,315	15,642,639
Past due 271 days and above	-	16,918,245	-
	2,199,002,978	428,680,000	233,768,677
	2021		
	Rupees		
	"Visionet Systems Incorporation - USA"	Visionet EMEA Limited	Visionet Deutschland GMBH
Not Past Due	1,766,444,533	19,515,971	109,174,344
Past due 0-90 days	-	-	-
Past due 91-180 days	-	-	-
Past due 181-270 days	-	-	-
Past due 271 days and above	-	-	-
	1,766,444,533	19,515,971	109,174,344

16.1.1 The maximum aggregate amount outstanding by reference to month-end balances was as follows:

	2022	2021
	Rupees	
Visionet Systems Incorporation - USA	2,692,127,293	2,415,544,828
Visionet Deutschland GMBH	465,287,639	293,166,527
Visionet EMEA Limited	504,899,105	-

16.2 Allowance for ECL

	Note	2022	2021
		Rupees	
Balance as at 01 January		334,720,419	284,827,102
Acquisition of subsidiary		172,812,201	-
Expense for the year		(50,966,736)	(26,334,933)
Transferred from provision for ECL against contract assets		-	80,327,175
Balances written off during the year		(68,548,287)	(121,441,069)
Foreign exchange movement		(27,075,527)	117,342,144
Balance as at 31 December		360,942,070	334,720,419

16.2.1 These include allowance for ECL against receivables from related party, TechVista Information Technology (Qatar) amounting to Rs Nil (2021: 51.35 million).

17 LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2022	2021
		Rupees	
Current maturity of long term loans		100,113,842	8,506,365
Advances to staff:			
against salary		32,884,840	10,589,878
against expenses		86,307,381	52,546,952
		119,192,221	63,136,830
Advances to suppliers - against goods		793,612,292	381,026,858
Loans to related parties		661,967,664	659,970,206
Elimination on account of Joint Operation	(17.1)	(396,457,056)	(378,154,612)
	(17.2)	265,510,608	281,815,594
Other receivables:			
From related parties			
"Visionet Deutschland GMBH - Germany"	(17.4)	27,650,651	-
Visionet EMEA Limited	(17.4)	8,362,255	-
Employees' Provident Fund	(17.4)	120,371,291	-
Others		12,915	182,117
		1,434,826,075	734,667,764

17.1 This represents loan provided to UUS Joint Venture (Private) Limited for meeting working capital requirements. This amount is unsecured and carries interest at one-year KIBOR (2021: one-year KIBOR) on the outstanding loan balance at the end of each month.

17.2 This represents loan provided to E-Processing Systems (Private) Limited for meeting working capital requirements. The loan is unsecured and carries mark-up at one-month KIBOR on the outstanding loan balance. Disbursements of principal are payable within one year and mark-up is payable on quarterly basis.

17.3 The maximum aggregate amount outstanding by reference to month-end balances was as follows:

	2022	2021
	Rupees	
E-Processing Systems (Private) Limited	296,147,291	281,815,594

17.4 These represent other receivables from related parties against expenses incurred on behalf of them. These are in the ordinary course of business and carry no interest.

18 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Note

2022

2021

Rupees

Security deposits		570,803,303	164,893,714
Prepayments		524,016,476	158,256,248
		1,094,819,779	323,149,962

18.1 These include margin amount of Rs 70 million (2021: Rs 150 million) held under lien by the banks against guarantees issued by them on behalf of the Group.

19 SHORT TERM INVESTMENTS

2022

2021

Rupees

Fair value through profit or loss			
- Mutual fund units	(19.1)	4,253,978,169	4,199,676,912
Amortized cost			
- Term deposit receipts (TDRs)	(19.2)	177,000,000	667,000,000
		4,430,978,169	4,866,676,912

UBL Al-Ameen Asset Islamic Allocation Fund		131,669	107,656,212
Number of units : 1,022 (2021: 837,046)			
Meezan Paidar Munafa Plan		1,042,420,000	-
Number of units: 20,000,000 (2021: Nil)			
UBL Al-Ameen Islamic Cash Plan-I		303,886,879	307,889,806
Number of units : 3,037,639 (2021: 3,078,898)			
Alfalah GHP Islamic Income Fund		-	131,098,915
Number of units : Nil (2021: 1,282,006)			
HBL Asset Islamic Allocation Fund		-	52,976,195
Number of units : Nil (2021: 470,298)			
HBL Asset Islamic Money Market Fund		938,895,542	25,864,345
Number of units : 9,279,971 (2021: 255,641)			
Lakson Islamic Tactical Fund		-	99,843,707
Number of units : Nil (2021: 1,089,870)			
Lakson Money Market Fund		-	101,159,394
Number of units : Nil (2021: 1,000,224)			
Lakson Islamic Money Market Fund		200,677,493	
Number of units: 1,986,784 (2021: Nil)			
Meezan Balanced Fund		76,060	103,600,318
Number of units: 4,758 (2021: 6,450,950)			
Meezan Islamic Income Fund		43,119	53,502,393
Number of units: 786 (2021: 1,001,921)			
Meezan Islamic Fund		-	151,731,025
Number of units : Nil (2021: 2,466,902)			
Meezan Rozana Amdani Fund		303,690,833	621,489,473
Number of units : 6,073,817 (2021: 12,429,789)			
NBP Islamic Sarmaya Izafa Fund		-	312,138,444
Number of units : Nil (2021: 18,802,954)			
NBP Daily Dividend Fund		305,329,170	613,531,130
Number of units: 30,532,917 (2021: 61,353,113)			
NBP Islamic Stock Fund		-	83,246,347
Number of units : (2021: 6,844,116)			
NBP Islamic Income Fund		-	52,548,599
Number of units : (2021: 5,054,791)			
MCB Al-hamra Islamic Money Market Fund		488,442,573	467,949,478
Number of units : 4,908,477 (2021: 4,702,537)			
ABL Islamic Stock Fund		-	47,314,269
Number of units : (2021: 3,125,509)			
ABL Islamic Cash Fund		303,729,530	257,844,525
Number of units : 30,394,123 (2021: 25,784,452)			
ABL Islamic Income Fund		385,685	50,835,310
Number of units: 35,828 (2021: 4,800,630)			
Faysal Islamic Cash Fund		62,491,304	557,457,027
Number of units : 624,913 (2021: 5,574,570)			
Alfalah Islamic Rozana Amdani Fund Class A		303,774,456	-

	2022	2021
Number of units: 3,038,805 (2021: Nil)		
UBL Al-Ameen Islamic Cash Fund	3,856	-
Number of units: 33 (2021: Nil)		
	4,253,978,169	4,199,676,912

19.2 The details of investments in TDRs are as follows:

Habib Metropolitan Bank Limited	150,000,000	650,000,000
Habib Bank Limited	27,000,000	17,000,000
	(19.2.1)	
	177,000,000	667,000,000

19.2.1 These carry markup at rates ranging from 7.50% to 15.40% (2021: 6.45% to 12.75%) per annum.

19.2.2 These TDRs are pledged against export re-finance facility availed from Habib Metropolitan Bank Limited by the holding company.

20 CASH AND BANK BALANCES

	Note	2022	2021
Cash in hand		2,007,554	946,078
Cheques in hand		12,000,000	-
		14,007,554	946,078
Balances with banks:			
Local currency:			
Current accounts		5,440,017,103	1,636,860,527
Saving accounts	20.1	251,442,738	1,236,990,790
		5,691,459,841	2,873,851,317
Foreign currency - current accounts		109,028,837	104,066,346
		5,814,496,232	2,978,863,741

20.1 These carry markup at the rate of 3.5% to 14.5% (2021: 4.12% to 6.18%) per annum.

20.2 These balances include Rs 751.85 million (2021: Rs 458.27 million) in respect of margin withheld against balances with banks against guarantees issued by banks on behalf of the Group. For the purpose of the consolidated statement of cashflows, this margin withheld against balances with banks has been excluded from cash and cash equivalents.

21 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2022	2021		2022	2021
115,718,876	114,815,189	"Ordinary shares of Rs 10/- each fully paid in cash"	1,157,188,760	1,148,151,890
162,866,323	23,683,723	"Ordinary shares of Rs 10/- each fully paid up as bonus shares"	1,628,663,230	236,837,230
11,822,500	-	Ordinary shares of Rs 10/- each issued for consideration otherwise than cash (21.1)	118,225,000	-
290,407,699	138,498,912		2,904,076,990	1,384,989,120

21.1 This represents partial consideration for acquisition of National Data Consultant (Private) Limited during the years referred to in note 7.7.1.

21.2 Reconciliation of ordinary shares

2022	2021		2022	2021
138,498,912	124,606,014	Balance at January 01	1,384,989,120	1,246,060,140
139,182,600	12,462,369	Bonus shares issued	1,391,826,000	124,623,690
903,687	1,430,529	Stock options exercised	9,036,869	14,305,290
11,822,500	-	Shares issued for acquisition of National Data Consultant (Private) Limited	118,225,000	-
290,407,699	138,498,912	Balance at December 31	2,904,076,989	1,384,989,120

21.3 The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Holding Company. All shares rank equally with regard to the Holding Company's residual assets.

22 CAPITAL RESERVES

	Note	2022	2021
			Rupees
Share premium reserve	(22.1)	4,671,279,598	820,263,291
Employee compensation reserve	(22.2)	323,650,758	200,220,759
Other reserves		-	-
Translation reserve on foreign operations	(22.3)	922,282,387	127,825,350
		5,917,212,743	1,148,309,400

22.1 This reserve shall be utilized only for the purpose as specified in section 81(2) of the Companies Act, 2017.

22.2 This represents balance amount after exercise of share options by the employees under the Employee Stock Option Scheme approved by the SECP. According to the scheme, 100% options become exercisable after completion of vesting period from the date of grant. The options have a vesting period of 2 years and an exercise period of 3 years from the date the option is vested.

22.2.1 The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year:

	2022		2021	
	Weighted average exercise price Rupees	Number of options Number	Weighted average exercise price Rupees	Number of options Number
Outstanding at 01 January	244.85	1,953,356	83.84	2,653,622
Granted during the year				
- stock options awarded in March	289.20	1,055,250	346.19	735,835
- stock options awarded in August	263.60	1,105,230	-	-
- stock options awarded in September	-	-	497.21	207,500
Bonus issue adjustment during the year ¹	225.16	2,437,669	133.75	336,928
Forfeited share options	262.08	(216,950)	75.34	(550,000)
Exercised during the year:				
- stock options awarded in 2018 ²	-	-	72.13	(17,676)
- stock options awarded in 2019 ³	-	-	73.34	(992,103)
- stock options awarded in 2020 ⁴	71.62	(903,685)	75.34	(420,750)
Outstanding at 31 December	276.58	5,430,870	244.85	1,953,356
Vested and exercisable at 31 December	62.93	253,000	73.33	716,687

1. Additional options were awarded to scheme participants as a result of the March 2022 bonus issue. Options were awarded such that the overall value of options available were unchanged by the bonus issue.

2. The weighted average share price at the date of the exercise of these options was Nil (2021: Rs 479.91).

3. The weighted average share price at the date of the exercise of these options was Nil (2021: Rs 461.40).

4. The weighted average share price at the date of the exercise of these options was Rs 689.76 (2021: 759.84).

22.2.2 The weighted average remaining contractual life for the share options outstanding as at December 31, 2022 is 3.91 years (2021: 3.71 years).

22.2.3 The weighted average fair value of options granted during the year was Rs 223.47 (2021: Rs 277.67)

22.2.4 The range of exercise prices for options outstanding at the end of the year is Rs 173.10 to Rs 289.20 (2021: Rs 346.19 to Rs 497.21)

22.2.5 The following table lists the inputs to the model used for the plan for the years ended December 31, 2022 and 2021, respectively :

	2022	2021
Dividend yield	2%	2%
Expected volatility	40% - 42%	42% - 43%
Risk-free interest rate	11.38% & 11.43%	8.29% & 8.90%
Expected life of share options (years)	2.2	2.2
Weighted average share price	Rs 674.9	Rs. 538.58
Model used	Black Scholes	Black Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

22.3 Set out below is the carrying amount of translation reserve on foreign operations and the movements during the year:

	2022	2021
As at January 01	127,825,350	59,347,679
Movement recognized in other comprehensive income	794,457,037	68,477,671
As at December 31	922,282,387	127,825,350

23 LONG TERM ADVANCES

Long term advances	10,001,440	87,976,550
Less : Current portion shown under current liabilities	(3,234,396)	(6,865,236)
	(23.1)	6,767,044
		81,111,314

23.1 These represent advances received from staff and will be adjusted as per Company's car policy against sale of vehicles.

24 LONG TERM LOAN

	Note	2022	2021
Set out below is the carrying amount of long term loan and the movements during the year:			
Opening Balance		76,816,085	198,767,844
Accretion of Interest		1,958,993	12,204,049
Acquisition of subsidiaries		14,642,516	-
Repayments during the year		(93,417,594)	(134,155,808)
	(24.1)	-	76,816,085
Less : Current portion shown under current liabilities		-	(76,816,085)
		-	-

24.1 This represented loan of Rs 210 million obtained from MCB Bank Limited 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 had an aggregate sanctioned limit of Rs 315 million. It carried mark-up at SBP rate plus 1% per annum and was secured against a pari passu charge of Rs 1,344 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 Holding Company. The loan was repayable in equal quarterly installments commencing September 26, 2020 and ending December 26, 2022. The two tranches of loan were initially recognized at fair value in accordance with IFRS 9 - Financial instruments using effective interest rate of 7.94% and 7.25% (3-month KIBOR) respectively. The difference between fair value of loan and loan proceeds had been recognized as deferred grant, as there were no unfulfilled conditions as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The loan has been fully repaid during the year.

25 LEASE LIABILITIES

	2022	2021
	Rupees	
Present value of lease rentals	604,698,657	301,076,382
Less: Current portion shown under current liabilities	(112,996,863)	(62,195,197)
	491,701,794	238,881,185

	2022		2021
	Rupees		
	Lease Rentals	Finance cost for future periods	Principal outstanding
Not later than one year	170,553,430	57,556,567	112,996,863
Later than one year but not later than five years	570,370,208	104,329,241	466,040,967
Later than five years	26,886,713	1,225,886	25,660,827
	767,810,351	163,111,694	604,698,657

	2021		2021
	Rupees		
	Lease Rentals	Finance cost for future periods	Principal outstanding
Not later than one year	92,277,870	30,082,673	62,195,197
Later than one year but not later than five years	232,671,588	48,983,267	183,688,321
Later than five years	64,044,200	8,851,336	55,192,864
	388,993,658	87,917,276	301,076,382

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2022	2021
	Rupees	
As at January 01	301,076,382	227,393,268
Additions	447,310,201	129,001,097
Accretion of interest	55,762,969	23,001,123
Payments	(139,727,312)	(78,319,106)
Termination	(59,018,021)	-
Exchange differences	(705,562)	-
As at December 31	604,698,657	301,076,382
Salient features of the leases are as follows:		
Discounting factor	9.7% - 15.1%	8.07%-12.41%
Period of lease	48-120 months	36-120 months
Amount recognised in statement of profit or loss:		
The following are the amounts recognised in profit or loss:		
Interest expense on lease liabilities	55,762,969	23,001,123
Expenses relating to short term leases	48,921,957	35,637,899
Gain on derecognition of lease	4,668,459	-
Total amount recognised in profit or loss	109,353,385	58,639,022

Cash outflow for leases

The Group had total cash outflows for leases of Rs million 195.99 in 2022 (2021: Rs 110.22 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of Rs 463.78 million (2021: Rs 132.34 million) and Rs 447.31 million (2021: Rs 129 million) respectively.

26 OTHER LONG TERM LIABILITY - UNSECURED

	Note	2022	2021
			Rupees
Undiscounted amount due		3,427,121,250	-
Upfront payment		(1,142,373,750)	-
Deferred consideration		2,284,747,500	-
Effect of discounting on initial recognition		(156,937,500)	-
Present value of other long term liability		2,127,810,000	-
Unwinding of discount	(39)	27,272,526	-
Exchange differences		1,357,073	-
		2,156,439,599	-
Less : Current portion shown under current liabilities		(1,116,281,250)	-
	(26.1)	1,040,158,349	-

26.1 This represents payment due to Temenos Headquarters S.A for purchase of intellectual property (IP). The IP purchase agreement between National Data Consultancy FZE and Temenos Headquarters S.A was entered into on September 30, 2022. The agreement contains deferred payment terms, hence the IP has been recognized at present value of total consideration due as per terms. Deferred consideration has been discounted @ 5.04% based on relevant benchmark.

27 PROVISION FOR GRATUITY

	Note	2022	2021
			Rupees
Defined Benefits plan - Gratuity		455,978,209	94,865,412
27.1 Defined benefits plan - gratuity			
Opening Balance		94,865,412	47,599,384
Acquisition of subsidiary	(7.7.1)	236,326,234	-
Charge for the year		252,240,153	48,839,499
Benefit payable		(6,012,400)	-
Re-measurement loss charged to the other comprehensive income		(31,133,787)	-
Benefit paid during the year		(90,307,403)	(1,573,471)
		455,978,209	94,865,412

27.2 Staff Retirement Benefits - Gratuity

The latest actuarial valuation of gratuity scheme was carried out as at December 31, 2022. The projected unit credit method has been used for actuarial valuation done by certified actuaries M/s. Noman Associates Consultants Private Limited and SHMA Consulting.

27.3 Reconciliation of the present value of defined benefit obligation / movement in liability

	2022	2021
		Rupees
Opening liability	94,865,412	47,599,384
Acquisition - Prior year Adjustments	236,326,234	-
Charge for the year	252,240,153	48,839,499
Benefit payable	(6,012,400)	-
Remeasurement loss charged in other comprehensive income	(31,133,787)	-
Benefits paid during the year	(90,307,403)	(1,573,471)
Closing liability	455,978,209	94,865,412
27.4 Expense recognised in statement of profit or loss is as follows		
Current service cost	112,962,567	-
Interest cost	102,535,346	-
Past service cost	36,742,240	-
	252,240,153	-

27.5 Remeasurement of plan obligation

Actuarial losses from changes in financial assumptions	(1,397,719)	-
Experience adjustments	(29,736,068)	-

27.6 Actuarial assumptions

Discount rate used for interest cost	4.35% - 13.25%
Discount rate used for year end obligation	4.35% - 14.50%
Salary increase rate	4.35% - 14.50%
Mortality rates	“ SLIC 2001 - 2005 “
Retirement assumption	Age-60
The average duration of retirement benefit	8 -10 Years

27.7 Salary Risk

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomics factors), the benefit amount increases as salary increases.

27.8 Demographic risks

Mortality Risk - The risk that actual mortality experiences are different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

Withdrawals Risk - The risk of withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitle benefit of the beneficiary.

27.9 Sensitivity analysis

Discount Rate + 100 bps	391,475,514
Discount Rate - 100 bps	465,089,712
Salary Rate + 100 bps	465,895,103
Salary Rate - 100 bps	390,185,920

27.10 Maturity Analysis

FY 2022	57,733,430
FY 2023	35,597,966
FY 2024	35,483,094
FY 2025	75,947,931
FY 2026	39,931,747
FY 2027	82,022,849
FY 2028 and onwards	409,764,365

28 TRADE AND OTHER PAYABLES

	Note	2022	2021
			Rupees
Creditors	(28.1)	2,609,961,566	646,916,901
Advance from customers		-	-
Retention money		-	-
Bills discounted		-	-
Accrued liabilities		1,665,131,179	933,261,347
Provident fund contribution payable	(28.2)	3,627	67,671,516
Withholding income tax payable		110,598,690	41,565,074
Visionet Systems Inc. USA		3,959,244	-
Sales tax payables		120,261,787	17,194,897
Other Payables	(28.3)	1,427,373,360	-
		5,937,289,453	1,706,609,735

- 28.1** These are non-interest bearing and are normally settled on terms of between 30 and 60 days.
- 28.2** All investments out of provident fund have been made in the collective investment schemes, listed equity and listed debt securities in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.
- 28.3** This represents payable to ex-owners of NDC Group for acquisition of National Data Consultancy FZE, and NdcTech APAC Pte. Ltd.

	Note	2022	2021
29 Contract Liabilities	(29.1)	3,025,704,894	940,135,872

- 29.1** These represent mobilization advances received from the customers against professional / software development services, licenses, license support services and other fees.

30 SHORT TERM BORROWINGS – SECURED

	Note	2022	2021
MCB Bank Limited	(30.1)	850,000,000	850,000,000
Bank Al Habib Limited	(30.2)	60,000,000	
Habib Metropolitan Bank Limited	(30.3)	1,400,000,000	1,400,000,000
Allied Bank Limited	(30.4)	300,000,000	-
Meezan Bank Limited	(30.5)	100,000,000	100,000,000
Habib Bank Limited	(30.6)	200,000,000	200,000,000
Faysal Bank Limited	(30.7)	200,000,000	200,000,000
		3,110,000,000	2,750,000,000

- 30.1** This represents export re-finance (ERF) availed against an aggregate sanctioned limit of Rs 1,400 million (2021: Rs 1,000 million). The rate of mark-up is SBP rate plus 0.5% (2021: SBP rate plus 0.5%) per annum. These borrowings are secured against first pari passu charge of Rs 1,744 million over the current assets of the holding Company with 25% margin and first exclusive hypothecation and equitable mortgage charge of Rs 1,066.66 million over plant, machinery, furniture, fixtures and land.
- 30.2** This represents export refinance facility (ERF) against aggregate sanctioned limit of Rs 100 million. The rates of mark-up is SBP Rate + 2% (2021: Nil) per annum. These borrowings are secured by hypothecation charge over receivables of the National Data Consultant (Private) Limited, equitable mortgage charge over commercial property of the former directors of National Data Consultant (Private) Limited and personal guarantee of former directors of National Data Consultant (Private) Limited.
- 30.3** This represents islamic export re-finance (IERF) availed against aggregate sanctioned limit of Rs 1,400 million (2021: Rs 1,400 million). The rate of mark up is SBP rate plus 0.5% (2021: SBP rate plus 1%). These borrowings are secured against first pari passu hypothecation charge of Rs 2,150 million over current assets and equitable mortgage charge of Rs 305.99 million over land.
- 30.4** This represents export Refinance (ERF) availed against the aggregate sanctioned limit of Rs 800 million (2021: Nil). The rate of markup is SBP rate plus 0.5% (2021: Nil). These borrowings are secured against first joint pari passu hypothecation charge over all present and future current assets of the Holding Company with 25% margin.
- 30.5** This represents islamic export re-finance (IERF) availed against the aggregate sanctioned limit of Rs 100 million (2021: Rs 100 million). The rate of markup is SBP rate plus 1% (2021: SBP rate plus 1%). These borrowings are secured against the first pari passu hypothecation charge over the Company's current assets with a 25% margin.
- 30.6** This represents export re-finance (ERF) availed against the aggregate sanctioned limit of Rs 700 million (2021: Rs 700 million). The rate of markup is SBP rate plus 0.5% (2021: SBP rate plus 0.5%). These borrowings are secured against the first pari passu hypothecation charge over the Holding Company's current assets with a 25% margin.

- 30.7** This represents islamic export re-finance (IERF) availed against aggregate sanctioned limit of Rs 300 million (2021: Rs 300 million). The rate of mark up is SBP rate plus 0.5% (2021: SBP rate plus 0.5%). These borrowings are secured against first pari passu hypothecation charge over current assets of the Holding Company.
- 30.8** The effective mark-up rate charged on these facilities during the year ranged from 2.5% to 10% (2021: 2.5% to 3%).
- 30.9** In addition, the Group also has the following credit facilities provided by banks, however; these are not utilized at year end:
- Invoice discounting facilities from customers of up to AED 5 million.
 - Running finance to support the working capital requirements of up to AED 1 million
 - Letters of credit usance of up to AED 5,000,000 and documents delivered against acceptance of up to AED 5 million.

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

Income tax

Tax Year 2017 – under section 161

The Deputy Commissioner Inland Revenue (the “DCIR”) issued order dated November 29, 2018 under section 161(1A) of the Income Tax Ordinance, 2001 (the “Ordinance”) for the tax year 2017 whereby tax amounting to Rs 6.53 million for non-deduction of withholding tax was levied. The Group preferred an appeal before Commissioner Inland Revenue (Appeals) [“CIR(A)”], which was decided against the Group through order dated March 11, 2019. Being aggrieved, the Group filed an appeal before the Appellate Tribunal Inland Revenue (“ATIR”), which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

31.1.2 Tax Year 2016 – Clause 94 part IV of Second Schedule

The Group filed an undertaking pursuant clause 94 part IV of Second Schedule to the Ordinance, thereby opting out of minimum tax on services under section 153(1)(b) of the Ordinance in respect of Tax Year 2016. The Additional Commissioner Inland Revenue (“ACIR”) declined to accept the undertaking through order dated December 03, 2015 against which the Group preferred an appeal before CIR(A), which has been upheld by the CIR(A) through order dated April 04, 2019. Being aggrieved, the Group has filed an appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

31.1.3 Tax Year 2016 – under section 177

The Deputy Commissioner Inland Revenue (‘DCIR’) issued a show cause notice under section 122 on the basis of audit of undertaking filed under clause 94 part IV of Second Schedule to the Income tax ordinance, 2001 (the ‘Ordinance’), which was duly replied by the Group. Consequently, the DCIR passed an order dated June 30, 2022 under section 122/177 of the Ordinance and has raised the income tax demand of Rs 29 million on issue of proration of certain expenses. The Group filed an appeal before the Commissioner Inland Revenue (Appeals) who through order dated February 7, 2023, remanded back the matter to the assessing officer for fresh consideration. Both the Group and the department have filed an appeal before the honorable ATIR which has not been fixed for hearing till date. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

31.1.4 Tax Year 2014 – under section 122(5A)

The Deputy Commissioner Inland Revenue (“DCIR”) issued an order dated March 28, 2016 under section 122(5A) of the Ordinance for tax year 2014, on the basis of wrong proration of expenses and capital gains and created an aggregated demand of Rs 48.59 million. The company preferred an appeal against the order, before the CIR(A) who decided the case in favor of the Group. However, the tax department has filed second appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

32 REVENUE FROM CONTRACTS WITH CUSTOMERS – net

32.1 Disaggregated Revenue Information

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

	2022			
	Note	Export	Local	Total
		Rupees		
Types of goods or services				
Outsourcing services:				
Business process outsourcing		1,076,996,402	170,391,874	1,247,388,276
IT services		17,388,164,219	2,546,552,304	19,934,716,523
Software and hardware trading		3,692,504,479	1,912,545,367	5,605,049,846
Software implementation		3,699,666,698	1,653,664,146	5,353,330,844
Less: Sales tax	(32.1.1)	(2,064,210)	(378,494,016)	(380,558,226)
Total revenue from contracts with customers		25,855,267,588	5,904,659,675	31,759,927,263
Timing of revenue recognition – net				
Goods and services transferred at a point in time		3,644,226,832	1,197,057,143	4,841,283,975
Goods and services transferred over time		22,211,040,756	4,707,602,532	26,918,643,288
Total revenue from contracts with customers		25,855,267,588	5,904,659,675	31,759,927,263
		Rupees		
Types of goods or services				
Outsourcing services:				
Business process outsourcing		1,308,686,007	153,119,202	1,461,805,209
IT services		9,381,114,850	1,681,590,693	11,062,705,543
Software and hardware trading		343,276,936	652,577,352	995,854,288
Software implementation		1,436,498,882	219,431,181	1,655,930,063
Sale of air-time	(32.1.1)	-	321,193,535	321,193,535
Less: Sales tax		-	(193,451,071)	(193,451,071)
Total revenue from contracts with customers		12,469,576,675	2,834,460,892	15,304,037,567
Timing of revenue recognition – net				
Goods and services transferred at a point in time		343,276,936	652,577,352	995,854,288
Goods and services transferred over time		12,126,299,739	2,181,883,540	14,308,183,279
Total revenue from contracts with customers		12,469,576,675	2,834,460,892	15,304,037,567

32.1.1 This represents sales tax chargeable under Provincial and Federal Sales tax laws on revenue as defined under relevant laws.

32.2 The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year is Rs 687.67 million (2021: Rs 297.55 million).

32.3 The disaggregated revenue information based on the geographical location has been presented in Note 41 to these consolidated financial statements.

32.4 Transaction prices of remaining performance obligations

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

	2022	2021
	Rupees	
Within one year	7,028,650,449	1,876,222,970
More than one year	5,297,316,221	938,111,485
	12,325,966,670	2,814,334,455

The Group makes sales against credit terms. In case of credit sales, payment is generally due within 90–120 days from the date of billing to the customer.

33 COST OF REVENUE

	Note	2022	2021
		Rupees	
Salaries, allowances and amenities	(33.1)	15,130,839,358	8,056,133,049
Commission paid		-	164,661,215
E-link connectivity charges		1,675,358	5,046,212
Technical consultancy		533,235,631	394,460,805
Printing and stationery		10,213,775	1,238,695
Computer supplies		20,321,134	26,210,712
Rent, rates and taxes		51,127,390	20,321,985
Electricity, gas and water		131,518,056	58,790,988
Traveling and conveyance		482,539,935	102,879,956
Repair and maintenance		56,648,358	10,088,166
Postage, telephone and telegrams		152,644,790	80,854,746
Vehicle running and maintenance		254,521,011	50,320,193
Entertainment		9,831,456	(2,663,099)
Fee and subscriptions		257,137,331	110,106,917
Insurance		18,251,620	8,877,564
Depreciation	(6.1.3)	402,831,637	244,868,014
Amortization	(7.2)	222,658,083	21,696,156
Depreciation of right-of-use	(10.1)	96,730,120	11,324,118
Onerous contracts		-	-
Other		24,345,058	12,250,814
		17,857,070,101	9,377,467,206
Purchase of software for trading		5,266,577,795	936,898,644
		23,123,647,896	10,314,365,850

33.1 This includes employees retirement benefit expense amounting to Rs 780.07 million (2021: Rs 229.39 million) and share based payment expense amounting to Rs 77.44 million (2021: Rs 79.77 million).

34 SELLING AND DISTRIBUTION EXPENSES

	Note	2022	2021
		Rupees	
Salaries, allowances and amenities	(34.1)	595,856,123	316,646,023
Technical consultancy		8,262,850	37,956,423
Printing and stationery		4,218,760	71,139
Computer supplies		841,211	445,724
Electricity, gas and water		1,416,324	558,288
Traveling and conveyance		30,309,561	7,589,229
Repair and maintenance		2,157,708	769,685
Postage, telephone and telegrams		4,474,780	855,845
Vehicle running and maintenance		5,096,976	2,449,329
Entertainment		2,024,147	801,622
Insurance		516,831	497,100
Fee and subscriptions		14,302,395	4,579,494
Shows, seminars and advertising		62,629,424	4,959,289
Depreciation	(6.1.3)	4,703,741	3,181,372
Amortization	(7.2)	79,799	125,969
Depreciation of right-of-use	(10.1)	627,154	4,114,002
Others		3,000,712	-
		740,518,496	385,600,533

34.1 This includes employees retirement benefit expense amounting to Rs 25.81 million (2021: Rs 5.23 million) and share based payment expense amounting to Rs 43.30 million (2021: Rs 15.96 million).

35 ADMINISTRATIVE EXPENSES

	Note	2022	2021
Rupees			
Salaries, allowances and amenities	(35.1)	1,459,914,029	964,351,857
Printing and stationery		16,753,469	9,608,807
Computer supplies		32,593,463	23,641,194
Rent, rates and taxes		93,323,400	15,983,646
Electricity, gas and water		26,314,858	19,288,902
Traveling and conveyance		94,608,953	22,645,092
Repair and maintenance		104,016,259	46,614,823
Postage, telephone and telegrams		48,769,451	32,872,907
Vehicle running and maintenance		43,185,633	13,166,019
Legal and professional		94,378,636	66,362,770
Auditors' remuneration	(35.2)	52,611,537	8,641,465
Entertainment		13,844,153	5,995,997
Donations	(35.3)	70,150,233	31,532,050
Fee, subscriptions and training		212,307,602	67,137,551
Insurance		14,261,780	3,220,483
Hiring cost		409,587	580,873
Newspapers, books and periodicals		20,422	369,493
Depreciation	(6.1.3)	64,206,109	53,085,685
Amortization	(7.2)	1,093,991	1,956,911
Depreciation of right-of-use	(10.1)	28,943,799	32,324,303
Others		12,257,940	7,423,130
		2,483,965,304	1,426,803,958

35.1 This includes employees retirement benefit expense amounting to Rs 51.93 million (2021: Rs 71.07 million) and share based payment expense amounting to Rs 53.98 million (2021: Rs 104.72 million).

35.2 Auditors' remuneration

	2022	2021
Rupees		
A. F. Ferguson & Co.:		
- Statutory audit fee	5,500,000	2,650,000
- Half yearly review	1,000,000	700,000
- Other certifications	367,500	1,954,291
- Tax services	6,675,500	394,000
- Advisory services	1,000,000	-
- Out of pocket	650,000	-
	15,193,000	5,698,291
Audit fee relating to subsidiaries	37,418,537	2,943,174
	52,611,537	8,641,465

35.3 This includes donations to the following parties:

	2022	2021
Rupees		
Pakistan Children's Heart Foundation	10,000,000	-
Million Smiles Foundation	9,000,000	4,900,000
Akhuwat Islamic Microfinance	13,245,377	-
The Citizens Foundation	7,000,000	21,000,000
Baitussalam Welfare Trust	15,050,000	-

The directors of the Holding Company or their spouses do not have any interest in the donees.

36 IMPAIRMENT LOSSES / (REVERSALS OF IMPAIRMENT LOSSES) ON FINANCIAL ASSETS

	2022	2021
Rupees		
Allowance for ECLs		
- Contract assets	10,607,628	17,546,844
- Trade debts	(50,966,736)	(26,334,933)
Unbilled revenue and bad debts written off	-	16,919,121
	(40,359,108)	8,131,032

37 OTHER OPERATING EXPENSES

	Note	2022	2021
			Rupees
Loss on derivative financial instruments		87,966,377	-
Security deposits written off		1,360,000	-
		89,326,377	-

38 OTHER INCOME

		2022	2021
			Rupees
Income from financial assets:			
Profit on deposit accounts		36,011,729	37,796,978
Profit on term deposit receipts		30,405,695	56,668,847
Income on mutual funds		539,378,714	17,701,867
Unrealized gain on investments classified as fair value through profit or loss		-	115,206,839
Exchange gain		1,374,810,504	334,461,103
Effect of discounting of long term loans		33,789,390	550,616
Effect of discounting of long term security deposits		1,630,628	55,028
Effect of unwinding of long term receivable		15,164,173	-
Interest on loan to associated undertakings		18,638,900	28,907,587
Net change in unrealized gain on investments	(8.1.2)	4,468,912	-
		2,054,298,645	591,348,865
Income from non-financial assets:			
Gain on disposal of property and equipment		82,844,279	16,604,277
Liability written back		73,686,636	-
Others		19,230,591	45,076,992
		175,761,506	61,681,269
		2,230,060,151	653,030,134

39 FINANCE COSTS

	Note	2022	2021
			Rupees
Markup on guarantee commission		10,325,402	2,041,777
Markup on short term borrowing		169,003,649	90,402,901
Bank charges		25,455,206	5,958,857
Finance cost on lease liabilities		55,762,969	23,001,123
Mark up on unwinding of long term liability	(26)	27,272,526	-
		287,819,752	121,404,658

40 TAXATION

Statement of profit or loss		Note	2022	2021
				Rupees
Current Income tax:				
- Current income tax charge	(40.1)&(40.2)		321,087,886	88,742,478
- Adjustments in respect of current income tax of previous year			(3,258,453)	10,918,206
			317,829,433	99,660,684
Deferred tax				
- Relating to origination and reversal of temporary differences			33,678,593	(45,716,049)
			351,508,026	53,944,635
Amounts recognized directly in equity				
Deferred tax on share based payment	(40.3)		29,344,233	(29,344,233)

40.1 This represents tax chargeable under Minimum Tax Regime on local sale of software and services of the Group, tax chargeable under Final Tax Regime on export sale of services of the Holding Company and its local subsidiaries and dividend income in accordance with the provisions of the Income Tax Ordinance, 2001.

40.2 Reconciliation of tax charge for the year

	2022	2021
Profit before taxation	6,981,169,335	4,433,603,915
Tax on profit	2,024,539,107	1,285,745,135
Tax effect of exempt income	(159,267,683)	(1,073,250,117)
Tax effect of income under final tax regime	(1,727,967,322)	(2,478,261)
Rate change impact	(1,849,975)	-
Tax effect of expiry of minimum taxes during the year	15,307,401	-
Tax effect of recognition of deferred tax asset during the year	-	(67,104,764)
Tax effect of business income of Joint Operation	4,014,460	(15,695,527)
Tax effect of super tax for the year	34,139,247	-
Tax effect of income under minimum tax regime	70,141,916	126,454,597
Tax effect of donations	6,806,378	7,242,142
Tax effect of cost restriction on vehicles	(4,566,272)	-
Prior year current tax adjustment	(7,239,329)	(2,235,782)
Prior year deferred tax adjustment	(4,691,503)	-
Tax effect of share of loss of associates	93,930,815	24,181,506
Tax effect of fair value adjustment on dilution of control in subsidiary	-	(236,705,757)
Others	8,210,786	7,791,463
	351,508,026	53,944,635

40.3 Deferred tax

	2022	2021
Taxable temporary differences		
Depreciation on property and equipment	(43,519,711)	(23,252,416)
Right-of-use asset	(37,883,189)	(17,353,576)
Interest free loans given to employees	(1,034,048)	-
	(1,307,828)	
	(83,744,776)	(40,605,992)
Deductible temporary differences		
Lease liabilities	40,024,666	18,079,885
Security Deposits	889,292	-
Amortization on intangibles	2,923,921	-
Provision for doubtful debts	17,213,170	16,817,222
Provision for contract assets	383,983	1,335,077
Employee compensation reserve	19,301,552	38,382,745
Accelerated tax depreciation and amortization	-	10,578,374
Minimum tax	15,165,570	30,472,971
	95,902,154	115,666,274
	12,157,378	75,060,282

41 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
- Middle East, Africa & Others
- Europe
- Pakistan

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

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

	North America		Europe		Middle East, Africa & Others		Pakistan		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees									
Revenue from all customers	9,342,455,986	6,423,003,195	4,366,967,652	1,047,044,453	12,263,609,240	4,999,529,027	10,586,617,837	4,359,372,006	36,559,650,715	16,828,948,681
Intra-group revenue	-	-	-	-	(117,765,290)	-	(4,681,958,162)	(1,524,911,114)	(4,799,723,452)	(1,524,911,114)
Revenue from contracts with customers	9,342,455,986	6,423,003,195	4,366,967,652	1,047,044,453	12,145,843,950	4,999,529,027	5,904,659,675	2,834,460,892	31,759,927,263	15,304,037,567
Cost of revenue	(5,939,851,508)	(3,896,570,096)	(3,812,741,574)	(658,775,716)	(8,305,791,665)	(3,479,703,994)	(5,065,263,149)	(2,279,316,044)	(23,123,647,896)	(10,314,365,850)
Gross profit	3,402,604,478	2,526,433,099	554,226,078	388,268,737	3,840,052,285	1,519,825,033	839,396,526	555,144,848	8,636,279,367	4,989,671,717
Distribution expenses	(8,804,651)	(22,951,806)	(1,241,579)	(3,643,294)	(474,160,306)	(6,857,599)	(256,311,960)	(352,147,834)	(740,518,496)	(385,600,533)
Administrative expenses	(965,926,828)	(702,630,379)	(174,610,226)	(90,422,638)	(1,052,894,224)	(500,666,597)	(290,534,026)	(133,084,344)	(2,483,965,304)	(1,426,803,958)
	(974,731,479)	(725,582,185)	(175,851,805)	(94,065,932)	(1,527,054,530)	(507,524,196)	(546,845,986)	(485,232,178)	(3,224,483,800)	(1,812,404,491)
Profit / (loss) before taxation and unallocated income and expenses	2,427,872,999	1,800,850,914	378,374,273	294,202,805	2,312,997,755	1,012,300,837	292,550,540	69,912,670	5,411,795,567	3,177,267,226
Unallocated income and expenses:										
Other operating expenses									(89,326,377)	-
Reversals of impairment losses / (Impairment losses) on financial assets									40,359,108	(8,131,032)
Exchange gain									1,374,810,504	34,461,103
Other income									855,249,647	318,569,031
Fair value adjustment on dilution of control in subsidiary									-	816,226,748
Share of loss of associate									(323,899,362)	(83,384,503)
Finance cost									(287,819,752)	(121,404,658)
									1,569,373,768	1,256,336,689
Profit before taxation									6,981,169,335	4,433,603,915
Taxation									(351,508,026)	(53,944,635)
Profit for the year									6,629,661,309	4,379,659,280

4.1 Allocation of assets and liabilities

	North America		Europe		Middle East		Pakistan		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Rupees									
Segment operating assets										
Property and equipment	-	-	-	-	95,820,482	45,008,928	2,846,778,867	2,006,791,106	2,942,599,349	2,051,800,034
Intangibles	-	-	-	-	6,906,949,502	-	1,056,724,051	23,717,704	7,963,673,553	23,717,704
Long term investments	-	-	-	-	-	144,568,896	243,023,912	-	243,023,912	144,568,896
Investment in Associates	-	-	783,653,873	865,739,322	-	-	167,380,443	408,270,412	951,034,316	1,274,009,734
Right-of-use assets	-	-	-	-	67,405,810	-	512,738,929	288,981,475	580,144,739	288,981,475
Long term loans	-	-	-	-	-	-	298,036,906	36,796,454	298,036,906	36,796,454
Deferred taxation - net	-	-	-	-	-	-	12,157,378	75,060,282	12,157,378	75,060,282
Deferred employee benefits	-	-	-	-	-	-	86,938,319	10,344,054	86,938,319	10,344,054
Long term receivable - secured	-	-	-	-	909,097,001	-	-	-	909,097,001	-
Long term deposits	-	-	-	-	-	-	63,844,710	141,294,105	63,844,710	141,294,105
Contract assets - unsecured	12,168,830	-	16,202,465	6,263,833	1,283,141,997	383,036,454	1,280,477,641	338,644,113	2,591,990,933	727,944,400
Trade debts - unsecured	2,247,664,277	1,766,444,533	700,138,615	128,690,315	3,628,121,608	1,227,195,573	1,918,922,510	1,003,597,878	8,494,847,010	4,125,928,299
Current portion of long term receivable	-	-	-	-	194,200,634	-	-	-	194,200,634	-
Loans, advances and other receivables	-	-	-	-	500,680,248	201,135,157	934,145,827	533,532,607	1,434,826,075	734,667,764
Trade deposits and short term prepayments	-	-	-	-	558,786,226	74,561,144	536,033,553	248,588,818	1,094,819,779	323,149,962
Interest accrued	-	-	-	-	-	-	1,521,649	11,118,877	521,649	11,118,877
Short term investments	-	-	-	-	-	-	4,430,978,169	4,866,676,912	4,430,978,169	4,866,676,912
Income tax refunds due from government	-	-	-	-	-	-	187,443,226	213,640,998	187,443,226	213,640,998
Current portion of deferred employee benefits	-	-	-	-	-	-	29,892,702	2,890,139	29,892,702	2,890,139
Cash and bank balances	-	-	-	-	5,180,487,982	1,313,408,387	634,008,250	1,665,455,354	5,814,496,232	2,978,863,741
Total operating assets	2,259,833,107	1,766,444,533	1,499,994,953	1,000,693,470	19,324,691,490	3,388,914,539	15,241,047,042	11,875,401,288	38,325,566,592	18,031,453,830
Segment operating liabilities										
Long term advances	-	-	-	-	-	-	6,767,044	81,111,314	6,767,044	81,111,314
Long term loan - secured	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	-	37,017,106	-	454,684,688	238,881,185	491,701,794	238,881,185
Other long term liabilities	-	-	-	-	1,040,158,349	-	-	-	1,040,158,349	-
Provision for gratuity	-	-	-	-	221,531,071	94,865,412	234,447,138	-	455,978,209	94,865,412
Trade and other payables	3,959,244	-	-	-	3,559,003,818	544,214,481	2,374,326,391	1,162,395,254	5,937,289,453	1,706,609,735
Unclaimed dividend	-	-	-	-	-	-	13,536,152	9,226,244	13,536,152	9,226,244
Contract liabilities	686,371	-	-	-	2,407,744,370	559,442,049	617,274,153	380,693,823	3,025,704,894	940,135,872
Short term borrowings - secured	-	-	-	-	-	-	3,110,000,000	2,750,000,000	3,110,000,000	2,750,000,000
Mark-up accrued on short term borrowings	-	-	-	-	-	-	83,638,647	13,702	83,638,647	13,702
Current portion of long term advances	-	-	-	-	-	-	3,234,396	6,865,236	3,234,396	6,865,236
Current portion of long term loan - secured	-	-	-	-	-	-	-	76,816,085	-	76,816,085
Current portion of lease liabilities	-	-	-	-	25,958,288	-	87,038,575	62,195,197	112,996,863	62,195,197
Current portion of other long term liability	-	-	-	-	1,116,281,250	-	-	-	1,116,281,250	-
Current portion of deferred grant	-	-	-	-	-	-	-	1,958,993	-	1,958,993
Total operating liabilities	4,645,615	-	-	-	8,407,694,252	1,198,521,942	6,984,947,184	4,770,157,033	15,397,287,051	5,968,678,975

42 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel (Note 38). Amounts due from and to related parties are shown under respective notes to the consolidated financial statements. Transactions with subsidiaries have been eliminated and other significant transactions with related parties are as follows:

Undertaking	Relation	Basis of relationship	Nature of transaction	Note	2022	2021
					Rupees	
E-Processing Systems (Private) Limited.	Associate*	Wholly owned by Associate: E-Processing Systems B.V.	Disbursements against loan		74,613,843	(52,296,496)
			Receipts against loan		89,867,848	52,000,000
			Interest income		38,191,779	3,951,358
Visionet Systems Incorporation - USA	Associate*	Common shareholding of directors	Revenue	(42.1)	9,208,820,939	6,446,986,130
			Expenses incurred on behalf of the party by the Holding Company		74,825,009	15,089,316
			Expenses incurred on behalf of the Holding Company by the party		52,375,826	-
TechVista Information Technology Qatar	Subsidiary	Management Control	Revenue		-	182,168,993
			Advance against issue of shares		-	144,568,896
Visionet Deutschland GMBH	Associate*	Common shareholding of directors	Revenue	(42.1.1)	766,590,049	664,579,940
			Expenses incurred on behalf of the party by the Holding Company		25,804,514	732,584
			Expenses incurred on behalf of the Holding Company by the party		1,042,683	-
Systems Limited Employees' Provident Fund		Staff retirement fund	Contribution		606,393,847	326,813,846
Visionet EMEA Limited	Associate*	Common shareholding of directors	Revenue	(42.1.2)	511,910,715	82,520,056
			Expenses incurred on behalf of the party by the Company		5,609,797	-

42.1 Visionet Systems Incorporation - USA (VSI) is affiliate of the Group and incorporated in United States of America (USA). The registered address of VSI is Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641.

42.1.1 Visionet Deutschland GMBH is affiliate of the Group and incorporated in Germany. The registered address is Maximilian Street 13, 80539, Munchen, Germany.

42.1.2 Visionet EMEA Limited UK is affiliate of the Group and incorporated in the United Kingdom. The registered address is Wellington Way, Brooklands Business Park, Weybridge, Surrey KT13 0TT, GB.

42.1.3 E-Processing Systems (Private) Limited is wholly owned subsidiary of E-Processing Systems B.V., which is an associated company of the Group. The registered office of E-Processing Systems (Private) Limited is situated at Suite # 201, 202, 2nd Floor Office Block, Penta Square CCA, Sector C, DHA Phase 5, Lahore, Pakistan.

43 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Group are as follows:

	Chief Executive Officer		Non Executive Directors		Other Executives	
	2022	2021	2022	2021	2022	2021
Number of persons	1	1	6	6	2,319	993
Managerial remuneration	48,879,600	42,504,000	-	-	9,695,371,057	3,418,898,734
Retirement benefits	3,187,800	1,416,800	-	-	385,131,854	170,381,448
Bonus	81,237,997	47,329,920	-	-	310,182,862	140,565,309
Fees	-	-	5,000,000	2,950,000	-	-
	133,305,397	91,250,720	5,000,000	2,950,000	10,390,685,773	3,729,845,491

- 43.1** In addition to the above remuneration, the Chief Executive Officer and certain executives are also provided with Group maintained cars, free medical and mobile phone facilities in accordance with their entitlement.
- 43.2** Fees represent the amounts paid to Non Executive Directors for attending meetings of the Board and its sub-committees.
- 43.3** During the year, the Chief Executive Officer and Other Executives were granted 491,319 (2021: 291,319) and 2,018,900 (2021: 725,600) share options respectively, which have a vesting period of two years. Further, the impact of benefits available to the Chief Executive and other executives recognized by the Group on account of share-based payment plans aggregated to Rs 10.2 million (2021: Rs 40.97 million) and Rs 164.52 million (2021: Rs 149.26 million), respectively.
- 43.4** During the current year, certain executives and the chief executive officer of the Company exercised stock option under employee stock option scheme according to which 276,652 (2021: 1,430,529) and 627,037 (2021: Nil) shares respectively were issued to them.

44 EARNINGS PER SHARE- BASIC AND DILUTED

Earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Group by weighted average number of shares outstanding during the year as follows:

44.1 Basic earnings per share

	2022	2021
Profit for the year	6,628,727,695	4,462,160,721
Weighted-average number of ordinary shares outstanding during the year	280,724,021	275,343,848
Basic earnings per share (Rupees)	23.61	16.21

44.2 Diluted earnings per share

	Note	2022	2021
Profit for the year		6,628,727,695	4,462,160,721
Weighted average number of ordinary shares (basic)		280,724,021	275,343,848
Effect of share options		1,900,603	1,763,819
Weighted average number of ordinary shares - diluted		282,624,624	277,107,667
Diluted earnings per share (Rupees)		23.45	16.10

- 44.3** The weighted average number of ordinary shares of 2021 has been restated in accordance with the requirements of IAS 33 due to issuance of 139,182,600 bonus shares in 2022.

45 CASH GENERATED FROM OPERATIONS

	Note	2022	2021 Restated
			Rupees
Profit before taxation		6,981,169,335	4,433,603,915
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation on property and equipment	5.1.3	471,741,487	301,135,071
Depreciation on right-of-use assets	8.2	126,301,073	47,762,423
Amortization of intangibles	6.3	223,831,873	23,779,036
Amortization of deferred employee benefits		20,539,740	-
Gain on derecognition of lease		(13,873,401)	-
Loss on derivative financial instruments	33	87,966,377	-
Share based payment expense		160,921,526	200,053,182
Allowance for ECLs / provision for doubtful debts:			
- contract assets	32	10,607,628	17,546,844
- trade debts	32	(50,966,736)	(26,334,933)
Security deposits written off	33	1,360,000	-
Finance costs	35	260,547,226	121,404,658
Bad debts - written off	33	-	16,919,121
Gain on investments classified as fair value through profit or loss	34	(47,000,841)	(115,206,839)
Provision for gratuity	27.1	252,240,153	48,872,797
Net change in unrealized gain on investments	38	-	-
Fair value adjustment of dilution of control in subsidiary			(816,226,748)
Share of loss of associates		323,899,362	83,384,503
Unwinding of long term receivable	38	(15,164,173)	-
Unwinding of long term liabilities	39	27,272,526	-
Exchange gain	34	(1,374,810,504)	(334,461,103)
Profit on deposit accounts	38	(36,011,729)	-
Profit on term deposit receipts and sukuks	38	(30,405,695)	(56,668,847)
Dividend income on mutual funds	38	(492,377,873)	-
Interest on loan to associated undertakings		-	-
Interest on loan to subsidiaries		-	-
Interest on loan to related parties	38	(18,638,900)	-
Gain on disposal of property and equipment	38	(82,844,279)	(16,604,277)
Liabilities written back	38	(73,686,636)	-
Effect of discounting of long term loans	38	(33,789,390)	-
Effect of discounting of long term security deposits	38	(1,630,628)	-
		6,677,197,521	3,928,958,803
Working capital changes			
Contract Assets		(1,680,387,950)	(119,630,282)
Long term deposits		91,387,486	(119,385,583)
Trade debts		(686,014,732)	(1,908,532,911)
Loans paid to employees - net		(318,691,959)	-
Long term receivable - secured		1,827,798,000	-
Other long term payables		-	-
Advances and other receivables		(590,333,022)	(570,562,450)
Trade deposits and short term prepayments		(191,783,943)	(347,902,229)
Trade and other payables		(1,066,785,527)	588,592,924
Contract Liabilities		2,085,569,022	645,140,973
		(529,242,625)	(1,832,279,558)
		6,147,954,896	2,096,679,245

46 FINANCIAL RISK MANAGEMENT

Financial instruments comprise deposits, unbilled revenue, interest accrued, trade debts, advances to employees against salaries, loans, other receivables, cash and bank balances and short term investments, trade and other payables and mark up accrued on short term borrowings.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

This note represents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Group's activities.

46.1 Market risk

46.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Group are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the statement of profit or loss.

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before tax.

	2022	2021
	Rupees	
USD		
Trade debts	23,385,190	9,607,180
Bank balance	481,047	502,141
Other receivable	87,889	-
Other payable	(833,060)	-
	23,121,066	10,109,321
AUD		
Trade debts	169,049	78,127
AED		
Trade debts	60,746,920	3,487,582
Contract Assets	13,773,595	-
Other receivables	49,697,266	-
Bank	50,479,223	-
Other payable	(31,326,034)	-
	143,370,970	3,487,582
QAR		
Trade debts	10,274,029	6,184,518
Contract Assets	4,598,203	-
Bank	1,913,680	-
Trade payable	(1,247,842)	-
Other receivable	275,953	-
	15,814,023	6,184,518
GBP		
Trade debts	1,571,476	-
Other receivable	31,055	-
	1,602,531	-
EUR		
Trade debts	979,175	-
Other receivable	105,283	-
	1,084,458	-
EGP		
Trade debts	502,112	-
Contract Assets	21,969	-
Bank	5,243,589	-
Trade Payable	(288,007)	-
	5,479,663	-

SGD			
Trade debts	8,340,721		-
Bank	9,465,473		-
Trade Payable	(16,254,289)		-
	1,551,905		-
SAR			
Trade debts	4,823,852		-
Contract Assets	2,332,783		-
Bank	3,833,259		-
Trade payable	(719,589)		-
Other receivable	1,098,004		-
	11,368,309		-

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before tax.

	Changes in Rate	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
		2022	2022	2021	2021
		Rupees			
USD	+10%	523,114,113	371,411,020	178,429,516	126,684,956
	-10%	(523,114,113)	(371,411,020)	(11,452,636)	(8,131,372)
AUD	+10%	2,593,548	1,841,419	1,006,276	714,456
	-10%	(2,593,548)	(1,841,419)	(1,006,276)	(714,456)
AED	+10%	883,451,916	627,250,860	16,775,269	11,910,441
	-10%	(883,451,916)	(627,250,860)	(16,775,269)	(11,910,441)
QAR	+10%	98,394,852	69,860,345	29,994,912	21,296,388
	-10%	(98,394,852)	(69,860,345)	(29,994,912)	(21,296,388)
GBP	+10%	43,704,223	31,029,998	-	-
	-10%	(43,704,223)	(31,029,998)	-	-
EUR	+10%	26,141,937	18,560,775	-	-
	-10%	(26,141,937)	(18,560,775)	-	-
SAR	+10%	67,948,535	48,243,460	-	-
	-10%	(67,948,535)	(48,243,460)	-	-
SGD	+10%	26,239,610	18,630,123	-	-
	-10%	(26,239,610)	(18,630,123)	-	-
EGP	+10%	5,019,371	3,563,754	-	-
	-10%	(5,019,371)	(3,563,754)	-	-

Profit and equity are more sensitive to movements in exchange rates in 2022 than 2021 because of the increased amount of foreign currency denominated revenue.

The following exchange rates were applicable during the year:

Reporting date rate:		
USD	226.3	176.5
AUD	153.4	128.8
AED	61.6	48.1
QAR	62.2	48.5
GBP	272.7	238.3
EUR	241.1	199.6
SAR	59.8	47.2
EGP	9.2	-
SGD	169.1	-

Average rate:

USD	205.5	162.6
AUD	141.9	122.1
AED	56.0	44.3
QAR	56.4	44.7
GBP	251.8	223.6
EUR	215.2	192.2
SAR	54.5	43.3
EGP	10.0	
SGD	165.8	

The Group is not exposed to other price risk as its investments are fixed with respect to price and maturity.

46.1.2 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no significant long-term interest-bearing assets. The Group's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2022	2021
	Rupees	
Fixed Rate instruments		
Financial assets		
Short term investments	177,000,000	667,000,000
Long term loans	398,150,748	45,302,819
	575,150,748	712,302,819
Floating rate		
Financial liabilities		
Long term loan	-	76,816,085
Lease liabilities	604,698,657	301,076,382
	604,698,657	377,892,467
Net Exposure	(29,547,909)	334,410,352
Variable rate instruments		
Financial assets		
Bank balances - deposit accounts	251,442,738	1,236,990,790
Loans to related parties	265,510,608	281,815,594
	516,953,346	1,518,806,384
Financial liabilities		
Short term borrowings	3,110,000,000	2,750,000,000
Net Exposure	(2,593,046,654)	(1,231,193,616)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the date of statement of financial position would not affect the profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

The impact of changes in average effective interest rate for the year is given below:

			2022	2021
			Rupees	
Financial assets				
	2022	+1	5,169,533	3,670,368
		-1	(5,169,533)	(3,670,368)
	2021	+1	15,188,064	10,783,525
		-1	(15,188,064)	(10,783,525)
Financial liabilities				
	2022	+1	31,100,000	22,081,000
		-1	(31,100,000)	(22,081,000)
	2021	+1	27,500,000	19,525,000
		-1	(27,500,000)	(19,525,000)

46.1.3 Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. There is other price risk of changes in the fair value of investment in mutual funds as a result of changes in the levels of net asset value of units held by the Group. As at 31 December 2022, had there been increase / decrease in net asset value by 1%, with all other variables held constant, the profit before tax for the year and equity would have been higher / lower by Rs .47 million (2021: Nil) and Rs .33 million (2021: Nil).

46.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted. The Group does not have significant exposure to any individual third party. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The Group believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2022	2021
		Rupees
Interest free loans to employees	298,036,906	45,302,819
Contract Assets	2,591,990,933	727,944,400
Trade debts	8,494,847,010	4,125,928,299
Trade deposits	634,648,013	306,187,819
Loans to related parties	421,894,805	281,815,594
Other receivables	12,915	182,117
Interest accrued	1,521,649	11,118,877
Short term investment	177,000,000	667,000,000
Bank balances	5,800,488,678	2,977,917,663
	18,420,440,909	9,143,397,588
The aging of trade debts at the reporting date is:		
0 - 90 days	7,355,713,513	3,647,184,994
91 - 180 days	860,162,812	183,797,349
181 - 270 days	352,190,596	327,459,677
271 - 365 days	202,827,938	87,851,021
One year and above	84,894,221	214,355,677
	(16)	8,855,789,080
	8,855,789,080	4,460,648,718
The aging of contract assets - secured at the reporting date is:		
Unbilled revenue		
0 - 90 days	1,253,982,944	372,990,985
91 - 180 days	639,029,161	87,633,422
181 - 270 days	234,156,769	17,395,102
271 - 365 days	175,687,951	27,344,530
One year and above	10,396,470	15,783,541
	(15.1)	2,313,253,295
	2,313,253,295	521,147,580

As at year end, 29% of revenue (2021: 42%) was represented by one customers (2021: one customer) amounting to Rs 2,927.45 million (2021: Rs 6,446.99 million). The management believes that the Group is not exposed to customer concentration risk as this customer is a related party of the Group.

The Group has applied the IFRS's simplified approach and has calculated ECLs based on lifetime expected credit losses except for cases otherwise disclosed. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and short term investments held with some major counterparties at the reporting date:

Particulars	Short term	Long term	Agency	2022	2021
Rupees					
Bank balances					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	429,411,611	567,822,819
Bank Islami Pakistan Limited	A1	A+	PACRA	9,844,201	7,694,419
United Bank Limited	A1+	AAA	JCR-VIS	3,546,910	25,835,178
The Saudi National Bank	F2	A-	Moody's	164,533,569	-
Bank Albilad	A3	A3	Moody's	19,372	-
Commercial International Bank Egypt S.A.E (CIB)	B	B+	Fitch	47,985,532	-
Habib Bank AG Zurich Dubai	A1+	AA+	PACRA	3,053,236,514	395,807,656
Habib Bank Limited Dubai	N/A	N/A	N/A	-	193,025,937
MCB AE	A1+	AAA	PACRA	925,608,874	724,572,822
Investec Bank PLC	F2	BBB+	Fitch	26,231,326	-
OCBC	A-1	A+	Moody's	4,269,101	-
Habib Bank Limited Singapore	A1+	AAA	JCR-VIS	839,484,736	-
Commercial Bank of Qatar	F2	A-	Fitch	117,490,959	-
Faysal Bank Limited	A1+	AA	PACRA	27,442,645	260,965,910
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	17,191,278	271,893,689
FINCA Microfinance Bank Limited	A2	A-	PACRA	790,198	8,507,280
Meezan Bank Limited	A1+	AAA	JCR-VIS	6,312,355	203,613,721
Bank Alfalah Limited	A1+	AA+	PACRA	3,544,676	19,188,691
Habib Bank Limited	A1+	AAA	JCR-VIS	11,871,431	120,128,538
MCB Bank Limited	A1+	AAA	PACRA	89,133,970	178,858,982
Soneri Bank Limited	A1+	AA-	PACRA	-	-
Mobilink Microfinance Bank	A1	A	PACRA	1,651,704	-
JS Bank Limited	A1+	AA-	PACRA	22,397	-
Telenor Microfinance Bank Limited	A1	A	PACRA	-	-
National Bank of Pakistan	A1+	AAA	PACRA	-	-
Bank Al-Habib Limited	A1+	AAA	PACRA	20,231,071	-
Samba Bank	A-1	AA	JCR-VIS	-	-
Dubai Islamic Bank	A1+	AA	JCR-VIS	-	-
Khushhali Microfinance Bank Limited	A1	A	JCR-VIS	-	-
Pak Oman Microfinance Bank Limited	A2	A-	JCR-VIS	-	-
ASA Microfinance Bank (Pakistan)	A3	BBB+	JCR-VIS	-	-
Allied Bank Limited	A1+	AAA	PACRA	632,226	-
				5,800,488,678	2,977,917,663
TDRs					
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	150,000,000	650,000,000
Habib Bank Limited	A1+	AAA	JCR-VIS	27,000,000	17,000,000
				177,000,000	667,000,000
Mutual Funds					
AL Habib Asset Management Limited	Not Available	AM2	PACRA	938,895,542	78,840,540
Al-Meezan Investment Management Limited	Not Available	AM1	PACRA	1,346,230,290	930,323,209
NBP Fund Management Limited	Not Available	AM1	PACRA	305,329,170	1,061,464,520
MCB-Arif Habib Savings and Investments Limited	Not Available	AM1	PACRA	488,442,573	467,949,478
ABL Asset Management Company Limited	Not Available	AM1	PACRA	304,115,215	355,994,104
Alfalah Asset Management Limited	Not Available	AM2+	PACRA	303,774,456	131,098,915
Lakson Investments Limited	Not Available	AM2+	PACRA	200,677,493	201,003,101
UBL Fund Managers Limited	Not Available	AM1	JCR-VIS	304,022,126	415,546,018
Faysal Asset Management Limited	Not Available	AM2+	JCR-VIS	62,491,304	557,457,027
				4,253,978,169	4,199,676,912

46.2.1

	Local private customers			Local government customers			Export customers			Total	
	Expected loss rate %	Trade debts Rupees	Loss allowance	Expected loss rate %	Trade debts Rupees	Loss allowance	Expected loss rate %	Trade debts Rupees	Loss allowance	Trade debts Rupees	Loss allowance
December 31, 2022											
Not Past Due	0.90%	356,133,743	3,213,765	1.31%	81,359,279	1,065,072	0.20%	5,887,896,545	11,677,844	6,325,389,567	15,956,681
Past due 0-90 days	3.63%	263,149,369	9,541,791	6.75%	54,730,451	3,696,499	10.78%	597,013,443	64,385,823	914,893,263	77,624,113
Past due 91-180 days	19.95%	148,239,945	29,579,025	24.93%	24,358,856	6,071,896	6.73%	203,950,651	13,730,482	376,549,452	49,381,403
Past due 181-270 days	82.44%	33,370,365	27,510,320	98.06%	1,941,473	1,903,749	19.55%	169,457,573	33,123,090	204,769,411	62,537,159
Past due 271 days and above	100.00%	63,403,709	63,403,709	100.00%	6,094,036	6,094,036	100.00%	21,490,512	21,490,512	90,988,257	90,988,257
		864,297,131	133,248,610		168,484,095	18,831,252		6,879,808,724	144,407,751	7,912,589,950	296,487,613
Financial institutions ²		943,199,130	64,454,457		-	-		-	-	943,199,130	64,454,457
Gross trade debts		1,807,496,261	197,703,067		168,484,095	18,831,252		6,879,808,724	144,407,751	8,855,789,080	360,942,070
December 31, 2021											
Not Past Due	8.45%	784,347,041	65,106,671	0.95%	84,497,208	802,723	0.00%	2,441,230,319	43,492,537	3,047,746,483	109,401,931
Past due 0-90 days	27.09%	49,401,646	13,382,906	2.08%	35,179,992	731,744	0.00%	99,215,711	1,757,635	122,392,630	15,872,285
Past due 91-180 days	55.08%	94,986,075	52,318,330	14.18%	4,996,322	708,478	0.00%	227,477,280	4,029,827	106,594,619	57,056,635
Past due 181-270 days	90.12%	12,335,383	11,116,647	45.91%	7,710,954	3,540,099	0.00%	67,804,684	1,201,180	21,715,354	15,857,926
Past due 271 days and above	100.00%	12,765,284	12,765,284	95.00%	73,846,435	70,154,113	0.00%	127,743,958	2,263,022	91,952,978	85,182,419
		953,835,429	154,689,838		206,230,911	75,937,157		2,963,471,952	52,744,201	4,123,538,292	283,371,196
TechVista Information Technology W.LL.*								337,110,426	51,349,223	337,110,426	51,349,223
Gross trade debts		953,835,429	154,689,838		75,937,157			3,300,582,378	104,093,424	4,460,648,718	334,720,419

1 For TechVista Information Technology W.LL., ECL has been computed on the basis of anticipated amount and timing of the recovery of trade debts.

2 For financial institutions, ECL has been computed on the basis of their credit ratings issued by external credit rating agencies.

The expected loss rates of trade debts are based on the payment profiles of sales over a period of 24 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the consumer price index of the countries in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

46.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The following are the contractual maturities of financial liabilities:

The following are the contractual maturities of financial liabilities as at 31 December 2022:

	Carrying amount	Contractual cash flows	Less than one year	One to five years	More than five years
	Rupees				
Lease Liabilities	604,698,657	604,698,657	62,195,197	183,688,321	55,192,864
Unclaimed	13,536,152	13,536,152	13,536,152		
Dividend	3,110,000,000	3,110,000,000	3,110,000,000	-	-
Short term borrowings - secured					
Mark-up accrued on short term borrowings - secured	83,638,647	83,638,647	83,638,647	-	-
Trade and other payables	5,937,289,453	5,937,289,453	5,937,289,453	-	-
	9,749,162,909	9,749,162,909	9,206,659,449	183,688,321	55,192,864

The following are the contractual maturities of financial liabilities as at 31 December 2021:

	Carrying amount	Contractual cash flows	Less than one year	One to five years	More than five years
	Rupees				
Long term loan	76,816,085	76,816,085		76,816,085	-
Lease Liabilities	301,076,382	301,076,382	62,195,197	183,688,321	55,192,864
Unclaimed Dividend	9,226,244	9,226,244	9,226,244	-	-
Short term borrowings	2,750,000,000	2,750,000,000	2,750,000,000	-	-
Mark-up accrued on short term borrowings - secured	13,702	13,702	13,702	-	-
Trade and other payables	1,706,609,735	1,706,609,735	1,706,609,735	-	-
	4,843,742,148	4,843,742,148	4,528,044,878	260,504,406	55,192,864

46.4 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

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

46.5 Financial instruments by categories

	2022		
	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	Rupees		
Assets as per statement of financial position			
Long term receivable - unsecured	-	1,103,297,635	1,103,297,635
Interest free loans to employees	-	398,150,748	398,150,748
Contract Assets	-	2,591,990,933	2,591,990,933
Trade debts	-	8,494,847,010	8,494,847,010
Loans to related parties	-	421,894,805	421,894,805
Other receivables	-	12,915	12,915
Security deposits	-	570,803,303	570,803,303
Interest accrued	-	1,521,649	1,521,649
Short term investments	4,253,978,169	177,000,000	4,430,978,169
Cash and bank balances	-	5,814,496,232	5,814,496,232
	4,253,978,169	19,574,015,230	23,827,993,399
	2021		
	Financial assets at fair value through profit or loss	Financial assets at amortized cost	Total
	Rupees		
Assets as per statement of financial position			
Interest free loans to employees	-	36,796,454	36,796,454
Unbilled revenue	-	727,944,400	727,944,400
Trade debts	-	4,125,928,299	4,125,928,299
Loans and advances	-	734,667,764	734,667,764
Security deposits	-	164,893,714	164,893,714
Interest accrued	-	11,118,877	11,118,877
Short term investments	4,199,676,912	667,000,000	4,866,676,912
Cash and bank balances	-	2,978,863,741	2,978,863,741
	4,199,676,912	9,410,416,795	13,610,093,707

	2022 Financial assets at amortized cost	2021 "Financial liabilities at amortized cost"
Liabilities as per statement of financial position		
Long term loan	-	76,816,085
Lease liabilities	604,698,657	301,076,382
Other long term liability - unsecured	2,156,439,599	-
Mark-up accrued on short term borrowings	83,638,647	13,702
Short term borrowings	3,110,000,000	2,750,000,000
Unclaimed Dividend	13,536,152	9,226,244
Trade and other payables	5,937,289,453	1,706,609,735
	11,905,602,508	4,843,742,148

46.6 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The table below analyses financial instruments carried at fair value by valuation method. The different level have been defined as follows:

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.

Fair value measurement using

"Quoted price in active market (Level 1)"

"Significant observable inputs (Level 2)"

"Significant unobservable inputs (Level 3)"

	Rupees			
As at 31 December 2022				
Fair value through profit and loss				
- Jomo Technologies (Private) Limited	-	-	154,468,912	154,468,912
- Mutual Fund units		4,253,978,169	-	4,253,978,169
As at 31 December 2021				
Fair value through profit and loss				
- Mutual Fund units	-	4,199,676,912	-	4,199,676,912

There were no transfers between Level 1, Level 2 and Level 3 during 2022 and 2021.

Refer note 8.1 for disclosure of assumptions and inputs used in the valuation of level 3 financial instruments

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. A change of 1% in value arrived at reporting date would have the following effect:

	Effect on profit or loss	
	Favorable	(Unfavorable)
Jomo Technologies (Private) Limited	1,544,689	(1,544,689)

46.7 Capital risk management

The Group's policy is to safeguard the Group's ability to remain as a going concern and ensure a strong capital base in order to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Board of Directors monitors the returns on capital, which the group defines as net operating income divided by total shareholders' equity. The Group's objectives when managing is:

- to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

Consistent with the industry norms, the Group monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the balance sheet less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt (as defined above).

	2022	2021
	Rupees	
Long term loan - secured	-	76,816,085
Lease Liabilities	604,698,657	301,076,382
Other long term liability - unsecured	2,156,439,599	-
Trade and other payables	5,937,289,453	1,706,609,735
Short term borrowings - secured	3,110,000,000	2,750,000,000
Mark-up accrued on short term borrowings - secured	83,638,647	13,702
Less: Cash and cash equivalents	(5,062,643,191)	(2,520,590,649)
Net debt	6,829,423,165	2,313,925,255
Total capital	22,928,279,541	12,062,774,855
Capital and net debt	29,757,702,706	14,376,700,110
Capital gearing ratio	22.95%	16.09%

47 SHARIAH SCREENING DISCLOSURE

	2022		2021	
	Conventional	Shariah compliant	Conventional	Shariah compliant
Long term borrowing - secured	-	-	76,816,085	-
Short term borrowings - secured	1,410,000,000	1,700,000,000	1,050,000,000	1,700,000,000
Short term investments	177,000,000	4,253,978,169	768,159,394	4,098,517,546
Cash and bank balances	5,154,577,043	659,919,189	2,192,855,866	211,308,141
Other income				
- Profit on deposit accounts	22,423,115	13,588,614	84,242,115	121,766
- Profit on term deposit receipts and sukuks	30,405,695	-	56,668,847	-
- Income on mutual funds	-	539,378,714	-	132,908,706
Mark-up paid	205,843,040	81,976,712	26,144,910	36,602,684

48 NUMBER OF EMPLOYEES

	2022	2021
Total number of employees at the end of the year were as follows:		
Regular	5,187	4,143
Contractual	960	1,177
	6,147	5,320
Average number of employees during the year were as follows:		
Regular	4,945	3,239
Contractual	1,120	1,150
	6,065	4,389

49 SUBSEQUENT EVENTS

- 49.1** The Board of Directors of Holding Company in their meeting held on 18th April 2023 have proposed a final cash dividend for the year ended 31 December 2022 of Rs. 5 (2021: Rs. 5) per share and Nil bonus share (2021: 100%) issue for approval of the members at the Annual General Meeting to be held on 23rd May 2023. These financial statements for the year ended 31 December 2022 do not include the effect of these appropriations.

50 DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 18th April 2023 by the Board of Directors of the Holding Company.

51 CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangement / reclassifications have been made in these consolidated financial statements except for:

	Rupees
- Allowance for ECLs, previously included in 'Other operating expenses' are now classified in 'Reversals of impairment losses / (Impairment losses) on financial assets' on the face of consolidated statement of profit or loss	(8,131,032)
- Cash at bank balance in local currency accounts previously classified as 'Current accounts' now classified as 'Savings accounts'	262,161,282
- Cash flows pertaining to 'long term deposits' previously classified as investing activities in the consolidated statement of cash flows, have now been classified in operating activities as working capital changes	(119,385,583)

52 GENERAL

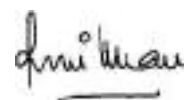
Figures have been rounded off to the nearest of rupees, unless otherwise stated.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

FORM OF PROXY

46th Annual General Meeting

I/We _____
son/daughter of _____
a member of Systems Limited and holder of _____ shares as
per Registered Folio No. _____ do hereby appoint Mr./Mrs. _____
Son/daughter of _____ or failing him/her
Mr./Mrs. _____
son/daughter of _____
who is also a member of the Company vide Registered Folio No. _____
as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General
Meeting of the Company to be held on the 23 May 2023 at Systems Limited Office Lahore & through
Video Link

In witness whereof on this _____ day of _____ 2023

WITNESS

1. Signature _____
Name _____
Address _____

CNIC _____

Affix Revenue
Stamp

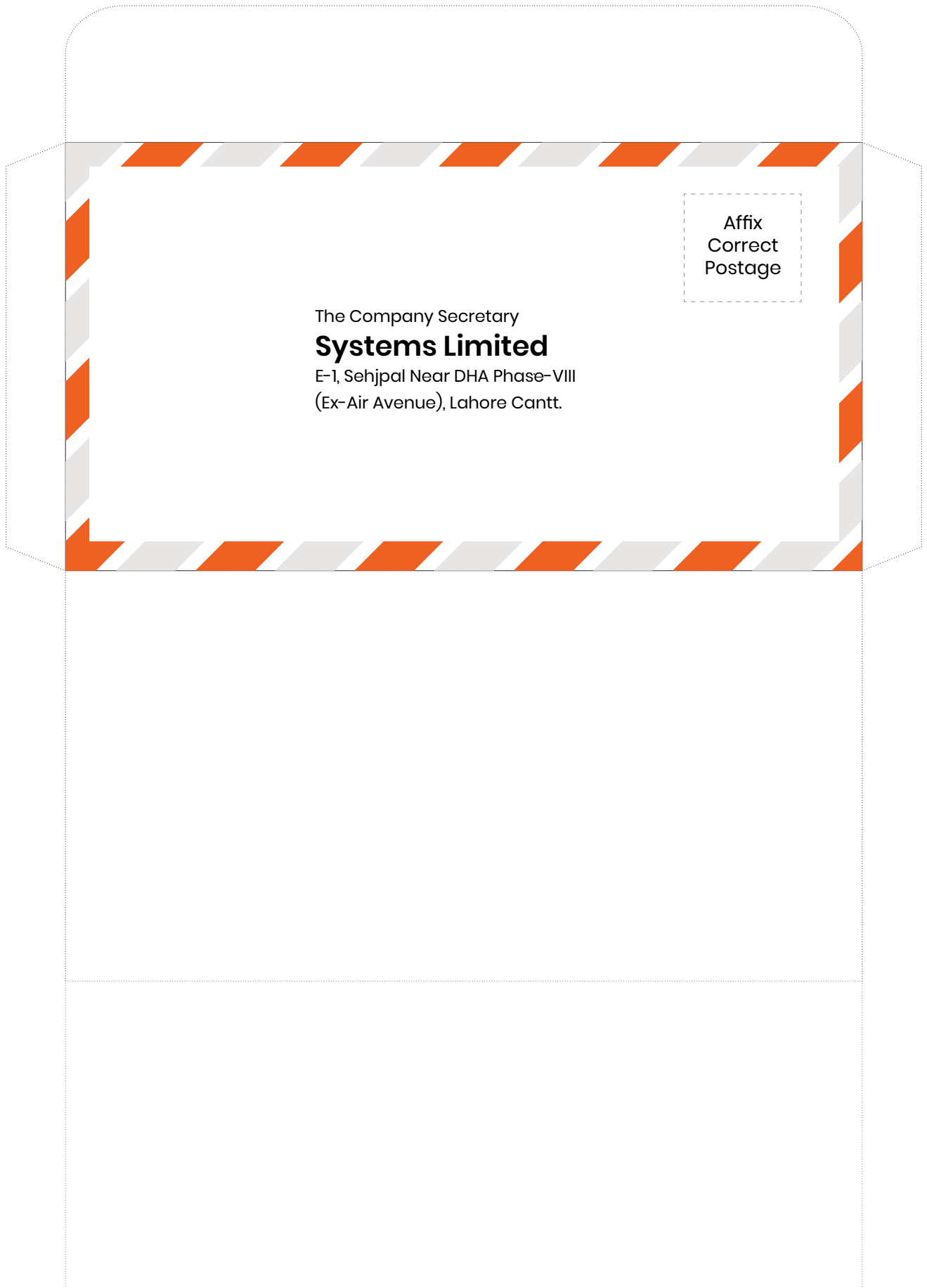
2. Signature _____
Name _____
Address _____

CNIC _____

Member's Signature

NOTES

1. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote his/her behalf. Proxies in order to be effective must be received at the registered Office of the Company not less than 48 hours before meeting.
2. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If a member is a corporation, its common seal should be affixed to the instrument.



Affix
Correct
Postage

The Company Secretary
Systems Limited
E-1, Sehjpal Near DHA Phase-VIII
(Ex-Air Avenue), Lahore Cantt.

Pakistan

Lahore (Head Office)

E-1, Sehjpal Near DHA Phase-VIII
(Ex-Air Avenue), Lahore Cantt

Lahore (BPO Office)

Commercial building
Plaza No 1, Block -CCA, Phase 8C,
DHA Lahore Cantt

Karachi

E-5, Central Commercial Area,
Shaheed-e-Millat Road, Karachi

Karachi

9 B, Sumya Building, Mohammad
Ali Society Muhammad Ali Chs
(Machs), Karachi

Islamabad

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

Amazon Mall, 7th Floor, NH 5, Sector
A DHA Phase II, Islamabad

Multan

Plot No. 842/23 near Northern By-
pass Chowk, Bosan Road,
Multan

Faisalabad

Jahal Khanewal, Main East
Canal Road, Old Ehsan Yousaf Mill,
Ali Fatima Science College near
Faisal hospital, Faisalabad

Peshawar

3rd Floor, DC Court Building, Near
Post office, Kacheri Gate, 04 Khyber
Rd, Peshawar Cantonment,
Peshawar

UAE

Dubai

Office 603, The Exchange Tower,
Business Bay | P.O. Box: 500497
Dubai, UAE

404, Dubai Hills Business Park
3, Emaar Hills Estate | P.O. box:
500497 Dubai, UAE

Sharjah

P.O Box 42741, Hamriyah Free
Zone, Sharjah, UAE

KSA

Riyadh

3141 Anas ibn Malik Road,
Building B, 2nd Floor,
Al Malqa, Riyadh, Saudi Arabia

Qatar

Doha

Palm Towers, Floor 41
Westbay, Doha, Qatar

Egypt

Building B 2116, the Smart Village,
28 Kms, Cairo-Alexandria Desert
Road, Giza, Egypt

South-Africa

Central Office Park No.4, 257 Jean
Avenue, Centurion, 0157, PO Box
7750, Centurion, South Africa 0046

Australia

Level 16 1 Market Street Sydney NSW
2000, Australia

Singapore

68 Circular Road #02-01, Singapore

30 Cecil Street, #19-08 Prudential
Tower, Singapore 049712