



systems

HALF YEARLY REPORT JUNE

2023

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

Audit Committee

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

Human Resource & Compensation Committee

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

Chief Financial Officer

Ms. Roohi Khan

Company Secretary

Mr. Ali Ahmed Iftikhar

Head of Internal Audit

Mr. Salman Naveed

Internal Auditors

Uzair Hammad Faisal & Co.

External Auditors

A. F Ferguson & Co.
Chartered Accountants

Legal Advisors

Hassan & Hassan Advocates
Ahmed & Pansota

Tax Advisors

A. F Ferguson & Co.
Chartered Accountants

Banks

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

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
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(Ex.-Air Avenue), Lahore Cantt
T: +92 42 111-797-836
F: +92 42 3 636 8857

DIRECTOR'S REPORT

On behalf of the Board of Directors, we are pleased to present the Standalone and Consolidated Financial Statements for the six months period ended 30th June 2023.

FINANCIAL RESULTS

Unconsolidated:

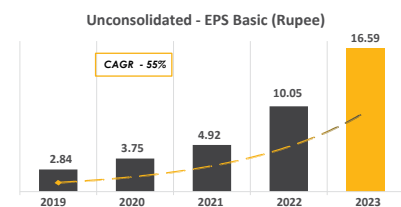
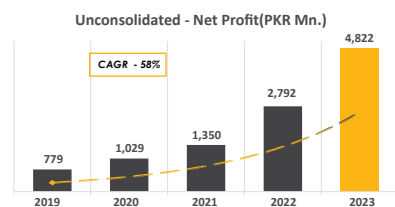
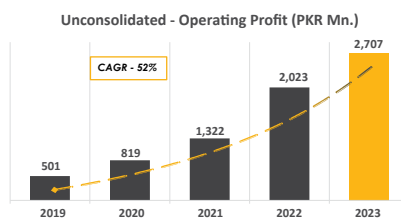
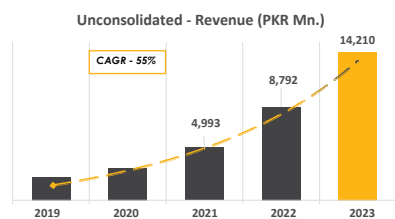
During period under review, standalone revenue grew 62% over same period last year from Rs. 8,791.85 million to Rs. 14,210.44 million. Consequently, Gross profit and Operating profit are 41% and 34% higher than SPLY (same period last year) respectively. Margins remain under stress due to significant inflationary pressures in the domestic market, partially eased by continued devaluation of the Pak Rupee resulting in a revaluation gain of Rs 2,355.52 million compared to the gain in June 2022 of Rs. 664.67 million increasing net profit by 73%, from Rs. 2,792.16 million to Rs.4,821.90 million in this period. Basic and diluted earnings per share increased by 65% in line with profit for the period. The growth in revenue, net of the impact of exchange gain, is 11%.

The increase in revenue has been led by Middle East.

Key Financial Highlights - Unconsolidated			
Particulars	June-23 (unaudited)	June-22 (unaudited)	Change %
	Rs.	Rs.	
Revenue	14,210,447,645	8,791,854,416	62
Gross Profit	4,011,486,229	2,835,226,671	41
Operating profit	2,707,023,072	2,023,289,539	34
Profit for the period	4,821,907,671	2,792,160,432	73
Earnings before Interest, Tax & Depreciation*	3,064,140,484	2,286,894,366	34
Earnings per share (basic)	16.59	10.05	65
Earnings per share (diluted)	16.45	10.00	65

*Earnings represent operating profit

Other Income - Unconsolidated		
Particulars	June-23 (unaudited)	June-22 (unaudited)
	Rs.	Rs.
Other Income	290,685,500	348,401,808
Exchange Gain / (Loss)	2,355,516,203	664,672,534
	2,646,201,703	1,013,074,34



Consolidated:

In line with the unconsolidated results, consolidated revenue grew by 102% from Rs. 11,463.24 million to Rs. 23,189.16 million versus SPLY.

Gross profit and operating profit increased 71% and 41% respectively. Investment in subsidiaries along with inflationary pressures in the domestic market have impacted margins, however, optimization of revenue and costs has positively impacted margins quarter over quarter. Net profit for the period at Rs. 5,293.86 million is 79% higher than SPLY, including the Rs. 2,546.64 million exchange gain. Basic and diluted earnings per share increased by 71% and 70% respectively in line with profit for the period. Eliminating the currency impact, revenue is up by 39% in US dollar terms.

During the year ended December 31, 2022, the management had acquired 8% stake in the fastest growing fashion e-commerce brand of Pakistan, JOMO, as a strategic investment. However, considering the economic downturn in the country and delay in anticipated funding resulting in deteriorating liquidity and financial performance of the brand, the management believes that the carrying value of investment amounting to Rs 154. 46 million does not truly reflect its fair value. Hence the management, in the interest of prudence has taken requisite impairment of the investment.

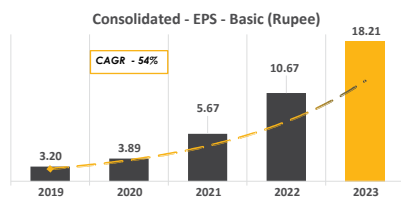
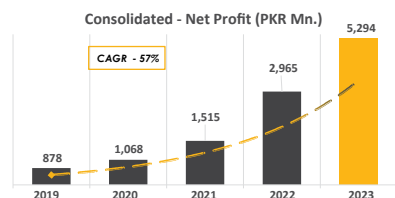
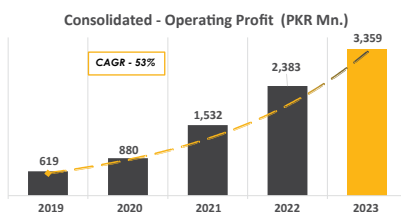
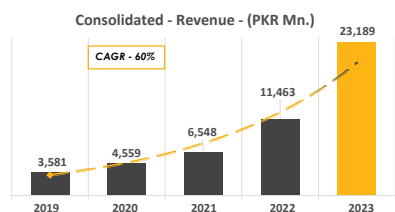
The Company was absorbing a share of loss from another strategic investment in Retailistan which had been adversely impacting the margins. Since it has neutralized the cost of investment, no further adverse impact on profitability is expected.

Key Financial Highlights - Consolidated

Particulars	June-23 (unaudited)	June-22 (unaudited)	Change %
	Rs.	Rs.	
Revenue	23,189,163,398	11,463,245,291	102%
Gross Profit	6,258,627,331	3,654,446,776	71%
Operating profit	3,358,986,012	2,383,281,353	41%
Profit for the period	5,293,861,360	2,965,437,224	79%
Earnings before Interest, Tax & Depreciation	4,192,785,341	2,601,341,215	61%
Earnings per share (basic)	18.21	10.67	71%
Earnings per share (diluted)	18.05	10.62	70%

Other Income - Consolidated

Particulars	June-23 (unaudited)	June-22 (unaudited)
	Rs.	Rs.
Other Income	291,649,051	316,972,820
Exchange Gain / (Loss)	2,546,637,780	664,672,534
	2,838,286,831	981,645,354



Performance by Segment (Consolidated):

The Company's has realigned its strategy for growth and has started monitoring performance based on industry verticals along with geographical segments. This helps capture synergies through the cross-selling of technologies and solutions across verticals. This approach allows the Company to leverage its expertise and capabilities more effectively across various sectors, increasing operational efficiency.

Shifting toward industry verticals prompts the Company to reevaluate its global resources in alignment with the specific needs and growth potential of each vertical. This means that the Company will strategically allocate its resources, such as talent, technology and investments to effectively capitalize on growth opportunities within each sector. This dynamic resource allocation supports the Company's overarching strategy of maximizing growth and efficiency.

Although the Company will continue to use both geographical and vertical segments, the four primary segments will revolve around industry verticals, reflecting the company's strategic shift:

- **Banking Financial Services & Insurance (BFSI):** This segment likely includes activities related to banking, financial services, and insurance. The newly acquired segment of Temenos is included here.
- **Retail & CPG (Consumer Packaged Goods):** This segment encompasses retail operations and consumer goods.
- **Telco (Telecommunications):** This segment involves telecommunications services and technologies.
- **Others:** This catch-all category may include any remaining segments which are not material enough to be reported individually.

	BFSI		Telco		Technology		Retail & CPG		Others		Total	
	Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		Un-audited	
	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 30 June 2023	Six months ended 30 June 2022	Six months ended 30 June 2023	Six months ended 30 June 2022
Revenue - net	7,115,123,374	2,416,405,956	4,744,066,695	2,186,861,175	3,358,534,341	1,915,524,082	2,576,682,829	2,144,883,097	5,384,746,959	2,795,570,382	23,189,163,998	11,463,245,291
Cost of sales	5,930,782,914	1,617,424,863	3,399,244,793	16,707,271,174	1,653,492,532	1,242,243,534	1,225,774,261	1,278,523,785	4,711,920,566	1,080,024,758	16,930,538,067	7,608,798,515
Gross profit	1,184,340,460	798,981,093	1,344,821,902	519,589,901	1,705,041,809	673,280,547	1,350,908,568	866,359,312	672,826,393	1,715,545,624	6,258,625,931	3,854,446,776
Distribution expenses	252,321,883	58,255,448	180,540,581	56,582,267	117,238,309	38,763,025	48,022,207	35,050,747	216,064,087	71,051,056	835,477,628	264,326,398
Administrative expenses	526,040,158	188,690,504	369,295,783	182,310,006	357,982,607	149,227,174	188,233,933	174,627,527	402,100,009	291,973,634	1,843,693,101	995,799,845
Profit / (loss) before taxation and unrealized income and expenses	778,361,822	246,948,954	549,936,378	240,873,273	505,992,907	186,390,199	228,454,555	219,488,274	617,385,066	366,025,490	2,679,100,729	1,250,726,784
Other operating expenses											(220,930,590)	(20,439,229)
Other income (including exchange gain)											291,449,051	316,972,820
Exchange (loss) / gain											2,546,837,780	66,467,2534
Share of loss from associates											(229,495,692)	(149,092,734)
Finance cost											(408,141,793)	(84,352,328)
Profit before taxation											5,585,635,477	3,014,680,713
Taxation											(271,774,180)	(166,642,100)
Profit after taxation											5,293,861,360	2,965,437,226

The geographical segment analysis includes export sales of approximately 82% with the MEA region leading the growth. Aggressive investments in subsidiaries are creating pressure on margins, however, the Company is proactively engaged on realigning resources and optimizing costs to improve profitability.

	North America		Europe		Middle East & Africa		Asia Pacific		Pakistan & Others		Total	
	Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		Un-audited	
	Six months ended June 2023	Six months ended June 2022	Six months ended June 2023	Six months ended June 2022	Six months ended June 2023	Six months ended June 2022	Six months ended June 2023	Six months ended June 2022	Six months ended June 2023	Six months ended June 2022	Six months ended June 2023	Six months ended June 2022
Revenue - net	5,667,064,964	4,335,209,703	723,588,076	711,240,660	12,521,127,886	4,590,666,769	953,402,917	73,934,461	4,093,046,854	1,752,310,299	23,189,163,998	11,463,245,291
Cost of sales	3,752,856,596	2,895,696,757	523,758,445	380,076,653	8,304,861,409	3,125,668,936	3,971,704,589	52,891,755	3,957,354,828	1,464,521,913	16,930,538,067	7,608,798,515
Gross profit	1,914,208,368	1,539,512,946	200,829,631	331,164,007	4,216,266,477	1,464,997,833	1,082,708,328	21,042,706	1,135,692,026	287,788,386	6,258,625,931	3,854,446,776
Distribution expenses	143,102,320	44,470,391	182,659	183,373	597,557,489	145,730,524	46,507,611	70,020	172,548,839	92,701,328	835,477,628	264,326,398
Administrative expenses	653,997,064	450,257,635	99,264,949	41,430,445	806,648,472	452,710,274	36,537,047	5,612,023	244,245,589	35,789,488	1,843,693,101	995,799,845
Profit / (loss) before taxation and unrealized income and expenses	668,507,294	454,728,007	101,117,608	43,264,422	1,404,245,961	596,440,898	88,444,658	5,722,052	4,679,208	193,570,816	2,679,100,729	1,250,726,784
Other operating expenses											(220,930,590)	(20,439,229)
Other income (including exchange gain)											291,449,051	316,972,820
Exchange (loss) / gain											2,546,837,780	66,467,2534
Share of loss from associates											(229,495,692)	(149,092,734)
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Profit after taxation											5,293,861,360	2,965,437,226

KEY FINANCIAL RATIOS

All profitability ratios have been maintained in the same range for both the standalone and consolidated financials. The current and quick ratios are reflective of the strong liquidity position of the Company, which can be directly linked with improved debtor management and is aligned with Company's investment strategy

Ratio Description	Standalone		Consolidated	
	Six months ended 30th June 2023	Six months ended 30th June 2022	Six months ended 30th June 2023	Six months ended 30th June 2022
Gross Profit Margin (%)	28	32	27	32
Operating Margin (%)	19	23	18	21
EBITDA Margin (%)	22	37	14	30
Pre-tax Margin (%)	36	34	24	27
Net Profit Margin (%)	34	32	2.3	26
Assets turnover (%)	47	48	56	53
Return on Equity (%)	20	22	19	20
Current ratio	2.27	2.48	2.10	2.64
Quick Ratio	2.00	2.30	1.50	2.32
Debtor Turnover (Days)	133	112	76	96
Debt: Equity (Ratio)	19:81	30:70	16:84	25:75
Interest Cover (Times)	19	41	17	41

FUTURE OUTLOOK

- In line with strong global demand on AI transformations, the Company is also investing heavily in building AI competency by building and developing a resource pool. The Company is also developing AI offerings for the BFS, Telco and Retail/CPG verticals.
- The recent devaluation of the Pak rupee has made the Company competitive in terms of pricing which has been a key driver in the recent wins of contracts in international markets. The Company believes that the service delivery center in Pakistan is a cost-effective IT Innovation and outsourcing destination for customers.
- Post acquisition of NDCTech, the Company has completed the strategic merger of the core and non-core Banking services vertical and the teams have been merged under a unified build, sell and delivery structure. This continues to open up various cross sell and up sell opportunities.
- The GCC region has not been impacted by inflation and economic slowdown and there is sustained demand and growth in the region. The UAE subsidiary is now a key contributor to the overall business. Contracts with key strategic accounts and a diversified portfolio present growth opportunities that are expected to provide the Company with recurring revenue going forward. Systems Arabia has also secured multi-year contracts with Saudi businesses and is fully aligned with Saudi Vision 2030 from the technology and digitization transformation in the Kingdom. The Company envisages opportunities for the Company to grow in the financial, telecommunications, and public sector entities of KSA, which has been the core strength of its service offerings.
- Over the past couple of years, the Company has made significant investment in expanding into new markets and geographies. The Company is now working on maximizing the return on those investments.
- In the US market, the high margin Mortgage business which was a major contributor to BPO and Mortgage IT revenue in the past, has seen a constant decline over the past year owing to the increase in interest rates. However, the Company has been able to successfully absorb the impact of this challenge through increased focus on the IT business. The Company has signed a couple of strategic customers in the UK market and is foreseeing further potential. In line with Company's strategy to focus more on IT consulting in all markets with the US and Europe at the forefront, the Company expects this growth to continue due to the relevance of the various service domains and technology stack the Company is targeting.
- The Company is locking most of its domestic contracts in USD, thereby increasing dollar-based revenue for the company and hedging the foreign currency risk.
- To sustain the hyper-growth mode, the Company is investing in human resource through new hiring and striving towards a future-ready pool of resources by training, re-skilling, and upskilling of the existing resource pool. The Company has hired over 300 software engineers in last quarter and is aggressively working on the training and development of resources to fuel future growth.
- The Company is continuing to evaluate various M&A opportunities outside of Pakistan, which will further strengthen our future growth trajectory.

ACKNOWLEDGEMENT

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

On behalf of the Board,



Asif Peer
Chief Executive Officer
28 August 2023

مستقبل کا خاکہ

- مصنوعی ذہانت (اے آئی) پر مبنی تبدیلیوں کی عالمی سطح پر مانگ کے پیش نظر، کمپنی وسائل کی تعمیر اور ترقی کے ذریعے مصنوعی ذہانت یعنی آرٹیفیشل انٹیلیجنس کی قابلیت کو بڑھانے میں بھی بہت زیادہ سرمایہ کاری کر رہی ہے۔ کمپنی بی ایف ایس، ٹیلی کمیونیکیشن اور ریٹیل/ای پی جی ورکنگز کیلئے مصنوعی ذہانت پر مبنی سافٹ ویئر ڈویلپمنٹ دے رہی ہے۔
- موجودہ روپے کی قدر میں کمی نے کمپنی کو قبضوں کے لحاظ سے مسابقتی بنایا اور یہ حالیہ کامیابیوں میں بنیادی تحریک کا باعث بنا ہے جبکہ کمپنی کا یہ خیال ہے کہ پاکستان میں سروس ڈیلیوری سنٹرز صارفین کیلئے انفارمیشن چیکنا لوجی کے اختراعات اور بیرونی خدمات کے حصول کا ایک سستا ذریعہ ہے۔
- این ڈی سی ٹی ٹیک کے حصول کے بعد، کمپنی نے بنیادی اور ثانوی بینکنگ سروسز ورکنگز کے لائحہ عمل پر مبنی انضمام کو مکمل کر لیا ہے اور ٹیمیں تعمیر، فروخت اور ترسیل کے منصوبہ ڈھانچے کے تحت ضم ہو گئی ہیں۔ یہ امر متعدد کراس سیل اور اپ سیل کے مواقع کھولتا رہتا ہے۔
- جی سی سی ریجن مہنگائی اور معاشی بحران سے متاثر نہیں ہوا اور اس ریجن میں مستقل مانگ اور ترقی جاری و ساری ہے۔ یو اے ای کی ذیلی کمپنی متنوع پورٹ فولیو اور ترقی کے مواقعوں کیساتھ بنیادی حکمت عملی پر مبنی اکاؤنٹس پر دستخط کے ساتھ کاروبار میں بنیادی اور اہم شراکت دار بن گئی ہے اور اس کی وجہ سے اُمید کی جاری ہے کہ کمپنی بلند آگوستیبل میں ترقی کیلئے بوقت ضرورت پیسے میسر آتے رہیں گے۔ سٹریٹجی نے سعودی کاروباری اداروں کے ساتھ کئی سالہ معاہدے بھی حاصل کر کے ہیں اور ٹیکنالوجی اور ڈیجیٹائزیشن کے نقطہ نظر سے سعودی ویزن 2030ء کے ساتھ مکمل طور پر ہم آہنگ ہے۔ کمپنی اپنی پیشکش کردہ بنیادی ماہرانہ خدمات یعنی کے ایس اے کے مالیاتی، ٹیلی کمیونیکیشن اور پبلک سیکٹر اداروں میں ترقی و خوشحالی کے حوالے سے پُر اُمید ہے۔

- سابقہ چند سالوں میں، کمپنی نے نئی مارکیٹوں اور جغرافیوں کی تلاش میں توسیع لانے کیلئے اہم سرمایہ کاری کی ہے۔ کمپنی اب مارکیٹوں کو پینتہ کرنے اور ان میں سرمایہ کاری پر زیادہ سے زیادہ منافع حاصل کرنے پر کام کر رہی ہے۔

- امریکی مارکیٹ میں، ہائی مارجن مورننگ برنسز (یعنی رہن کی کثیر تعداد پر مبنی کاروبار) جو کہ ماضی میں پی پی او اور مارگن آئی ٹی ریونیو میں بڑا حصہ دار تھا کے اندر سود کی شرح میں اضافے کی وجہ سے گزشتہ سال سے مسلسل کمی دیکھی گئی ہے۔ تاہم، کمپنی آئی ٹی کاروبار پر زیادہ توجہ کے ذریعے اس چیلنج کے اثرات کو کمایا ہے۔ کمپنی نے برطانیہ کی مارکیٹ میں اسٹریٹجک صارفین کے حوالے سے مختلف معاہدہ جات پر دستخط کئے ہیں اور مزید امکانات کی توقع کر سکتی ہے۔ کمپنی کی تمام مارکیٹوں میں آئی ٹی مشاورت پر زیادہ توجہ مرکوز کئے گی حکمت عملی، جس میں امریکا اور یورپ سرفہرست ہیں، کے تحت کمپنی کی توقع ہے کہ وہ اپنے ہدف کے مطابق مختلف سروس کے شعبوں اور ٹیکنالوجی کے اسٹیک ہولڈرز سے مطابقت کی وجہ سے یہ ترقی جاری رکھ پائے گی۔


- کمپنی اپنے زیادہ تر اندرونی سطح کے معاہدوں کو یو اے ای کے تحت طے کر رہی ہے، اس طرح کمپنی کیلئے ڈالر کی بنیاد پر آمدنی میں اضافہ ہو رہا ہے اور غیر ملکی کرنسی کے خطرے سے بچا جا رہا ہے۔

- تیز ترین ترقی کے رجحان کو برقرار رکھنے کیلئے، کمپنی فعال طور پر وسائل پر سرمایہ کاری اور خدمات کو حصول یقینی بنا رہی ہے۔ کمپنی موجودہ وسائل کی تربیت، مہارتوں کی از سر نو تربیت اور ترقی کے ذریعے انہیں روشن مستقبل کیلئے تیار کرنے کی کوشش کر رہی ہے۔ کمپنی نے اس سہ ماہی میں 300 سے زیادہ سافٹ ویئر انجینئرز کی تعیناتی کے ذریعے مستقبل میں ترقی کے فروغ اور ایک لگاتار ایچ آر پول تیار کرنے کیلئے وسائل کی تربیت اور ترقی پر بھرپور طریقے سے کام کیا۔

کمپنی پاکستان سے باہر مختلف اہم اینڈے کے مواقع کا باقاعدگی سے جائزہ لے رہی ہے، اور اس گمراہی کے ذریعے ہماری مستقبل کی ترقی کی رفتار کو مزید تقویت مل رہی ہے۔

اعترافات

بورڈ کمپنی کے قابل قدر صارفین، بینکرز اور ریگریٹیک ہولڈرز کی مسلسل حوصلہ افزائی اور تعاون پر ان کا تہہ دل سے مشکور ہے۔ بورڈ کمپنی کے تمام ملازمین کی محنت اور لگن کو سراہتا ہے۔

حسب الحکم بورڈ


آصف بیبر

چیف ایگزیکٹو آفیسر

مورخہ: 28 اگست 2023ء

اگرچہ کیمپن ورٹیکلز کے حصوں کے علاوہ جغرافیائی مفادات کا استعمال جاری رکھے گی تاہم اب درج یل چار اہم حصے صنعتی ورٹیکلز کے گرو گھومتے ہیں اور کیمپنی کی لاٹھریل میں تبدیلی کی عکاسی کرتے ہیں

- بینکنگ فنانس سروسز اور انشورنس (ایف ایس آئی): اس حصہ میں بینکنگ، فنانس سروسز اور انشورنس سروسز سے متعلقہ بینکنگ کے معاملات شامل ہیں۔ اس میں ٹیمپوس کا نیا حاصل شدہ حصہ بھی شامل ہے۔
- ریشیل اور سی بی جی (صارف ہیکینج ایشاء): یہ حصہ ریشیل آپریٹرز اور صارف کی ایشیا بینک پر محیط ہے۔
- ٹیلی کمیونیکیشنز: اس حصہ میں ٹیلی کمیونیکیشنز سروسز اور ٹیکنالوجی سروسز شامل ہیں۔
- دیگر: اس میں سرہنگری یا کوئی بھی باقی ماندہ معاملات جو انفرادی سطح پر رپورٹ کرنے کیلئے کافی نہ ہوں شامل ہیں۔

	Teleco				Technology				Retail & CPS				Others				Total	
	Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		Un-audited	
	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	Six months ended 30 June 2022	
Revenue - net	7,15,12,374	2,45,405,956	4,74,006,695	2,186,861,775	3,358,534,341	1,975,524,082	2,756,892,429	2,144,883,097	5,394,746,769	2,799,570,382	23,989,33,398	1,643,245,291						
Cost of sales	55,80,72,914	16,37,429,083	3,309,244,793	16,70,527,174	1,653,492,332	1,242,243,534	1,725,734,261	1,278,523,785	4,713,301,566	1,880,024,638	36,930,38,067	7,868,738,576						
Gross profit	1,584,400,460	778,976,933	1,434,821,902	5,16,334,601	1,705,041,909	733,280,547	1,031,158,168	866,359,311	634,444,593	919,545,744	1,629,955,331	854,506,715						
Distribution expenses	252,321,683	58,256,446	180,640,586	58,582,267	147,320,360	38,933,025	40,231,022	35,860,747	235,000,057	74,051,665	835,417,628	26,426,245						
Administrative expenses	526,040,258	188,690,508	369,295,793	182,281,005	357,862,607	148,227,174	188,233,533	174,627,527	402,18,008	29,197,634	1,843,883,101	865,739,843						
Profit / (loss) before taxation and unallocated income and expenses	778,361,822	2,45,948,954	549,936,376	2,40,873,273	505,192,807	186,390,199	228,454,955	210,488,274	817,165,066	386,025,490	2,879,190,728	1,250,726,194						
Other operating expenses											(220,530,950)	(20,439,229)						
Other income (including exchange gain)											291,48,051	376,972,820						
Exchange (loss) / gain											2,546,837,780	66,487,534						
Share of loss from associates											(223,495,692)	(149,092,734)						
Finance cost											(408,141,679)	(84,363,293)						
Profit before taxation											5,565,835,477	3,131,480,733						
Taxation											(271,714,188)	(165,043,970)						
Profit after taxation											5,293,861,360	2,966,437,224						

جغرافیائی حصہ کے تجزیہ کے مطابق ایکسیپٹ سٹیل تقریباً 82% جس میں ایم ای اے ریجن ترقی کی راہ پر گامزن ہے۔ ذیلی اداروں میں نمایاں سرمایہ کاری منافع پر دباؤ پیدا کر رہی ہے تاہم کیمپنی منافع میں بہتری اور دو سال کو از نو ترتیب دینے کے علاوہ لاگت کو بہتر بنانے پر توجہ سے کام جاری رکھے ہوئے ہے۔

	North America		Europe		Middle East & Africa		Asia Pacific		Pakistan & Others		Total	
	Un-audited		Un-audited		Un-audited		Un-audited		Un-audited		Un-audited	
	Six months ended June 2022	Six months ended June 2022	Six months ended June 2022	Six months ended June 2022	Six months ended June 2022	Six months ended June 2022	Six months ended June 2022	Six months ended June 2022	Six months ended June 2022	Six months ended June 2022	Six months ended June 2022	
Revenue - net	5,647,064,964	4,335,209,703	723,568,076	711,124,060	1,252,112,786	4,590,656,769	853,402,917	73,934,461	4,009,074,654	1,752,310,299	23,989,33,398	1,146,245,291
Cost of sales	3,752,856,996	2,855,658,757	523,738,445	380,076,153	8,304,881,099	3,105,669,935	391,704,589	52,891,755	3,957,354,228	1,484,521,913	16,930,93,067	7,868,738,576
Gross profit	1,914,207,968	1,525,550,945	199,809,632	331,047,906	3,847,251,737	1,484,986,833	461,708,328	21,042,706	1,051,720,426	267,788,386	6,259,402,331	354,506,715
Distribution expenses	143,162,240	18,479,291	1,862,859	(183,973)	597,597,489	165,736,024	46,807,811	110,025	17,258,639	102,781,228	835,417,628	26,426,245
Administrative expenses	653,997,664	450,257,035	99,365,490	41,630,465	806,149,472	452,730,271	39,537,047	56,210,223	242,925,969	35,789,488	1,843,883,101	865,739,843
Profit / (loss) before taxation and unallocated income and expenses	668,507,294	464,728,007	101,117,608	43,264,422	1,404,245,961	598,440,898	88,444,858	5,722,052	4,879,520,208	198,570,816	2,879,190,728	1,250,726,194
Other operating expenses											(220,530,950)	(20,439,229)
Other income (including exchange gain)											291,48,051	376,972,820
Exchange (loss) / gain											2,546,837,780	66,487,534
Share of loss from associates											(223,495,692)	(149,092,734)
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Taxation											(271,714,188)	(165,043,970)
Profit after taxation											5,293,861,360	2,966,437,224

اہم بائاتی تناسب

منافع کے تمام تناسب آزادانہ و منظم مایلت دونوں کیلئے ایک ہی حد میں برقرار ہیں۔ اعلیٰ موجودہ اور فوری تناسب کیمپنی کی مضبوط ریختی حالت کی عکاسی کرتا ہے جس کا براہ راست تعلق قرض داروں کے بہتر نمونہ فونٹ کے ساتھ ہے اور کیمپنی کی سرمایہ کاری کی حکمت عملی سے ہم آہنگ ہے۔

	2022	2023	2022	2023	
	منفظم		غیر منفظم		تناسب کی تفصیل
32	27	32	28		مجموعی منافع کا مارجن %
21	14	23	19		آپریٹنگ مارجن %
30	18	37	22		EBITDA مارجن %
27	24	34	36		قبل از ٹیکس مارجن %
26	23	32	34		خالص منافع کا مارجن %
53	56	48	47		ائٹاؤن کا کاروبار %
20	19	22	20		ایکویٹی پر بیٹرن %
2.64	2.10	2.48	2.27		موجودہ تناسب
2.32	1.50	2.30	2.00		فوری تناسب
96	76	112	133		قرض داروں کا کاروبار (دن)
25:75	16:84	30:70	19:81		قرض: ایکویٹی (تناسب)
41	17	41	19		انٹرسٹ کور (ٹائمیز)

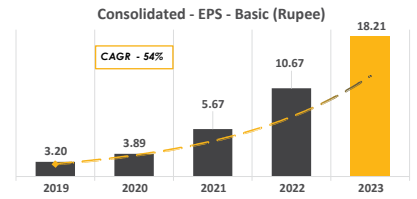
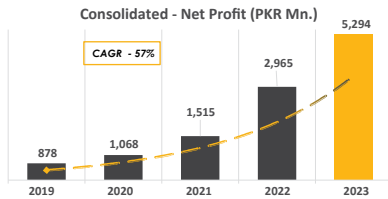
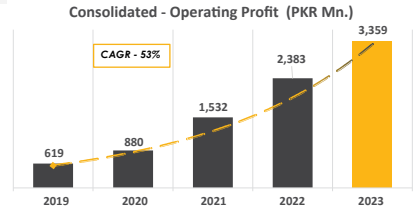
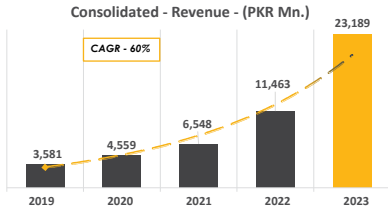
سے اس سہ ماہی کے دوران منافع میں بہتری آ رہی ہے۔ زیر غور مدت کا مجموعی منافع مبلغ 5,293.86 ملین کیساتھ 79% ہے جو کہ گزشتہ سال اسی مدت میں مبلغ 2546.64 ملین تھا۔ اس مدت کے منافع کے مطابق فی شیئر کی بنیادی اور قیسی آمدن دونوں میں 70 فیصد اضافہ ہوا ہے۔ روپے کے اثرات کو ختم کرتے ہوئے، امریکی ڈالر کے لحاظ سے آمدنی میں 39% اضافہ ہوا ہے۔

31 دسمبر 2022ء کو ختم ہونے والے مالی سال کے دوران، انتظامیہ کی جانب سے ایک مربوط سرمایہ کاری کے طور پر پاکستان کے سب سے تیزی سے بڑھتے ہوئے فیشن ای کامرس برانڈ جو مو کے 8% شیئر حاصل کئے گئے۔

تاہم ملک کے اندر معاشی مندے کے رجحان اور متوقع فنڈنگ کی تاخیر کے نتیجے میں برانڈ کی مالیاتی کارکردگی کو دیکھتے ہوئے انتظامیہ کا خیال ہے کہ مبلغ 154.46 ملین روپے کی سرمایہ کاری کی مالیت صحیح معانوں میں مناسب قیمت کی عکاس نہیں ہوگی۔ اس لئے انتظامیہ سرمایہ کاری کی خرابی کو فعال طور پر زیر غور لارہی ہے۔ کمپنی پہلے ہی ریٹیل سٹائن میں ایک اور سٹریٹجک سرمایہ کاری جو منافع پر منفی اثرات مرتب کر رہی تھی کی صورت میں نقصان کا سامنا کر رہی تھی۔ چونکہ اس نے سرمایہ کاری کی لاگت کو بے اثر کر دیا ہے لہذا اس لئے منافع پر مزید منفی اثرات کی توقع نہیں ہے۔

تفصیلات	2023 جون (غیر آڈٹ شدہ)	2022 جون (غیر آڈٹ شدہ)	تبدیلی
آمدنی	23,189,163,398	11,463,245,291	102%
مجموعی منافع	6,258,627,331	3,654,446,776	71%
آپریٹنگ منافع	3,358,986,012	2,383,281,353	41%
مدت کے منافع	5,293,861,360	2,965,437,224	79%
انسٹینس بکنس اور ناقابل استعمال ہونے سے پہلے آمدن	4,192,785,341	2,601,341,215	61%
کمائی فی شیئر (بنیادی)	18.21	10.67	71%
کمائی فی شیئر (رقیق)	18.05	10.62	70%

تفصیلات	2023 جون (غیر آڈٹ شدہ)	2022 جون (غیر آڈٹ شدہ)
دیگر آمدنی منظم	291,649,051	316,972,820
زر مبادلہ کا فائدہ / (نقصان)	2,546,637,780	664,672,534
	2,838,286,831	981,645,354



سٹیٹمنٹ کے لحاظ سے عوامی اور جغرافیائی منظم کارکردگی

کمپنی نے ترقی کیلئے اپنی حکمت عملی کو دوبارہ مرتب کیا ہے اور جغرافیائی حصوں کے ساتھ ساتھ صنعتی ورینیکلز کی بنیاد پر کارکردگی کی نگرانی شروع کر دی ہے۔ اس سے ورینیکلز کے مختلف حصوں میں نیکیا لوجز اور سلوشنز کی سازگار فروخت کے ذریعے ہم آہنگی حاصل کرنے میں مدد ملتی ہے۔ یہ نقطہ نظر کمپنی کو مختلف شعبوں میں اپنی مہارت اور صلاحیتوں کو زیادہ مؤثر طریقے سے استعمال کرنے کی اجازت دیتا ہے جس سے آپریشنل کارکردگی میں اضافہ ہوتا ہے۔

صنعتی ورینیکلز کی طرف منتقل ہونے کی وجہ سے کمپنی کو ہر ورینیکل کی مخصوص ضروریات اور نمونہ صلاحیت کے مطابق اپنے عالمی وسائل کا دوبارہ جائزہ کی جانب اشارہ کرتا ہے۔ اس سے مراد یہ ہے کہ کمپنی ہنر، بینکار اور سرمایہ کاری کی باقاعدہ حکمت عملی کے تحت اپنے وسائل مختص کرے گی تاکہ ہر شعبہ میں ترقی کے مواقعوں کو مؤثر طریقے سے استعمال میں لایا جاسکے۔

ڈائریکٹرز کی جائزہ رپورٹ - بمورخہ 30 جون 2023ء

ہمارے لئے بورڈ آف ڈائریکٹرز کی جانب سے مورخہ 30 جون 2023ء کو ختم ہونے والی چھ ماہ کی مدت پر مبنی منظم اور غیر منظم مالی سٹیٹمنٹ پیش کرنا باعث فخر اور امتیاز ہے۔

مالی نتائج

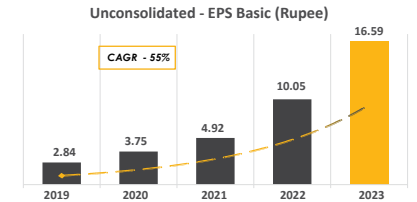
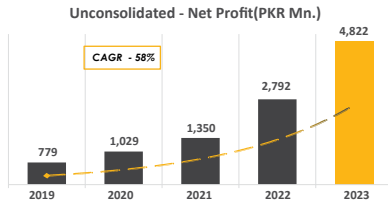
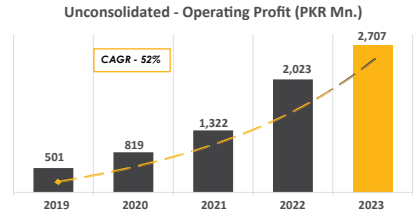
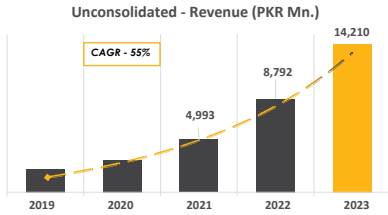
غیر منظم

زیر جائزہ مدت کے دوران آزاد آمدنی پچھلے سال اسی عرصہ کے مقابلہ میں 62% اضافہ کے ساتھ 8,791,854.85 ملین روپے سے بڑھ کر 14,210.44 ملین روپے ہو گئی۔ اس کے نتیجے میں مجموعی منافع اور آپریٹنگ منافع میں بالترتیب 34% سے 41% اضافہ ہوا۔ مقامی مارکیٹ میں مہنگائی کے نمایاں دباؤ کی وجہ سے منافع بدستور دباؤ کا شکار ہے، پاکستانی روپے کی قدر میں مسلسل کمی کے نتیجے میں جون 2022ء کے مبلغ 664.67 ملین زرمبادلہ منافع کے مقابلہ میں اس مدت کے دوران منافع 2355.52 ملین رہا اور نیٹ منافع مبلغ 2,792.16 ملین سے مبلغ 4,821.90 ملین کے حساب سے 73% فیصد رہا۔ منافع کے مطابق فی شیئر بنیادی اور قریبی آمدن میں اس مدت کے دوران 65% فیصد اضافہ ہوا۔ آمدنی میں اضافہ، آپریٹنگ نفع کے اثرات کے 11% ہے۔

آمدنی میں ریاضافہ مشرق وسطیٰ کی قیادت میں ہوا ہے۔

تبدیلی	2022 جون (غیر آڈٹ شدہ)	2023 جون (غیر آڈٹ شدہ)	تفصیلات
62%	8,791,854,416	14,210,447,645	آمدنی
41%	2,835,226,671	4,011,486,229	مجموعی منافع
34%	2,023,289,539	2,707,023,072	آپریٹنگ منافع
73%	2,792,160,432	4,821,907,671	مدت کے منافع
34%	2,286,894,366	3,064,140,484	انٹرسٹ بیکس اور ناقابل استعمال ہونے سے پہلے آمدن
65%	10.05	16.59	کمائی فی شیئر (بنیادی)
65%	10.00	16.45	کمائی فی شیئر (رقیبی)

2022 جون (غیر آڈٹ شدہ)	2023 جون (غیر آڈٹ شدہ)	دیگر آمدنی
348,401,808	290,685,500	زرمبادلہ کا فائدہ (انقصان)
664,672,534	2,355,516,203	
1,013,074,342	2,646,201,703	



منظم

غیر منظم نتائج کے مقابلہ میں منظم آمدن 102 فیصد یعنی مبلغ 11,463.24 ملین سے مبلغ 23,189.16 ملین تک بڑھی ہے۔ مجموعی منافع اور آپریٹنگ منافع میں بالترتیب 77% اور 41% اضافہ ہوا۔ ماتحت اداروں میں زیادہ سرمایہ کاری اور مقامی مارکیٹ میں مہنگائی کے دباؤ نے منافع پر اثرات مرتب کئے ہیں البتہ آمدنی اور اخراجات کی اصلاح



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

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed unconsolidated interim statement of financial position of Systems Limited as at June 30, 2023 and the related condensed unconsolidated interim statement of profit or loss, condensed unconsolidated interim statement of comprehensive income, condensed unconsolidated interim statement of changes in equity, and condensed unconsolidated interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed unconsolidated interim statement of profit or loss and condensed unconsolidated interim statement of comprehensive income for the three-month period ended June 30, 2023 and June 30, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2023.

Scope of Review

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

Conclusion

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

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

A.F. Ferguson & Co.,
Chartered Accountants
Lahore

Date: August 29, 2023

UDIN: RR20231012868VSsuG1x



SYSTEMS LIMITED
STANDALONE
FINANCIAL
STATEMENTS

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

AS AT JUNE 30, 2023

	Note	Un-audited June 30 2023	Audited December 31, 2022
		Rupees	Rupees
ASSETS			
Non-current assets			
Property and equipment	5	3,432,988,713	2,763,406,669
Intangibles		8,440,151	13,503,017
Long term investments	6	8,200,742,043	6,739,908,701
Right-of-use assets		587,963,830	512,738,929
Long term loans		466,147,052	298,036,906
Deferred employee benefits		154,001,941	86,938,319
Long term deposits		75,340,713	34,749,904
Deferred taxation - net		26,241,687	13,465,206
		12,951,866,130	10,462,747,651
Current assets			
Contract assets - unsecured		1,471,371,964	1,029,444,687
Trade debts - unsecured	7	12,047,962,022	8,818,580,572
Loans, advances and other receivables		1,364,570,395	976,727,988
Current portion of deferred employee benefits		53,073,169	29,892,702
Trade deposits and short term prepayments		780,391,626	327,193,963
Income tax refunds due from the Government		202,554,103	172,923,163
Short term investments	8	382,703,322	4,430,978,169
Interest accrued		3,140,097	1,521,649
Cash and bank balances		4,107,258,041	588,569,946
		20,413,024,739	16,375,832,839
TOTAL ASSETS		33,364,890,869	26,838,580,490
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 400,000,000 (December 31, 2022: 400,000,000) ordinary shares of Rs 10 each		4,000,000,000	4,000,000,000
Issued, subscribed and paid-up share capital		2,912,786,989	2,904,076,989
Capital reserves		5,271,352,743	4,994,930,422
Revenue reserve: Un-appropriated profit		15,650,068,323	12,283,429,147
		23,834,208,055	20,182,436,558
Non-current liabilities			
Long term advances		9,407,637	6,767,044
Lease liabilities		520,182,157	454,684,688
		529,589,794	461,451,732
Current liabilities			
Trade and other payables		4,108,833,339	2,694,812,394
Unclaimed dividend		33,685,124	13,536,152
Contract liabilities		254,064,508	263,944,365
Short term borrowings - secured	9	4,320,000,000	3,050,000,000
Accrued mark-up on borrowings		166,280,079	82,126,318
Current portion of long term advances		1,960,699	3,234,396
Current portion of lease liabilities		116,269,271	87,038,575
		9,001,093,020	6,194,692,200
TOTAL EQUITY AND LIABILITIES		33,364,890,869	26,838,580,490
CONTINGENCIES AND COMMITMENTS	10		

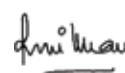
The annexed notes 1 to 21 form an integral part of these condensed unconsolidated interim financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

**CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF
PROFIT OR LOSS (UN-AUDITED)**
FOR THE SIX MONTHS AND THREE MONTHS PERIODS ENDED JUNE 30, 2023

	Note	Six Months Ended		Three Months Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Rupees					
Revenue from contracts with customers - net	11	14,210,447,645	8,791,854,416	7,337,587,741	4,720,207,340
Cost of revenue		(10,198,961,416)	(5,956,627,745)	(5,256,453,870)	(3,110,880,162)
Gross profit		4,011,486,229	2,835,226,671	2,081,133,871	1,609,327,178
Selling and distribution expenses		(156,652,596)	(121,333,010)	(93,481,363)	(50,983,958)
Administrative expenses		(1,024,576,181)	(692,324,124)	(561,696,079)	(353,361,047)
Impairment losses on financial assets		(123,234,380)	1,720,002	(144,132,102)	30,497,452
		(1,304,463,157)	(811,937,132)	(799,309,544)	(373,847,553)
Operating profit		2,707,023,072	2,023,289,539	1,281,824,327	1,235,479,625
Other income	12	2,646,201,703	1,013,074,342	233,394,869	678,328,642
Finance costs		(298,313,543)	(79,124,114)	(195,385,064)	(49,580,799)
Profit before taxation		5,054,911,232	2,957,239,767	1,319,834,132	1,864,227,468
Taxation		(233,003,561)	(165,079,335)	(137,453,064)	(140,115,463)
Profit for the year		4,821,907,671	2,792,160,432	1,182,381,068	1,724,112,005
Earnings per share	13				
-Basic		16.59	10.05	4.06	6.19
-Diluted		16.45	10.00	4.03	6.16

The annexed notes 1 to 21 form an integral part of these condensed unconsolidated interim financial statements.


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)


(CHIEF FINANCIAL OFFICER)

**CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE SIX MONTHS AND THREE MONTHS PERIODS ENDED JUNE 30, 2023

	Six months ended		Three months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	Rupees			
Profit for the period	4,821,907,671	2,792,160,432	1,182,381,068	1,724,112,005
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>	-	-	-	-
<i>Items that will not be reclassified subsequently to profit or loss</i>	-	-	-	-
	-	-	-	-
Total comprehensive income for the period	4,821,907,671	2,792,160,432	1,182,381,068	1,724,112,005

The annexed notes 1 to 21 form an integral part of these condensed unconsolidated interim financial statements.


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)


(CHIEF FINANCIAL OFFICER)

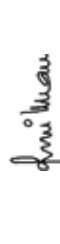
CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Issued, subscribed and paid-up share capital	Capital reserves		Employee compensation reserve	Revenue reserve		Total equity
		Share premium			Un-appropriated profit		
-----Rupees-----							
Balance as at January 01, 2022 (audited)	1,384,989,120	820,263,357	200,220,759	8,067,856,280	10,473,329,516		
Profit for the period	-	-	-	2,792,160,432	2,792,160,432		
Other comprehensive income	-	-	-	-	-		
Transactions with owners							
Exercise of share options	6,836,870	32,880,376	(40,896,932)	-	(1,179,686)		
Share based payments	-	-	66,129,847	-	66,129,847		
100% Bonus shares issued	1,391,826,000	-	-	(1,391,826,000)	-		
Final dividend for the year ended December 31, 2021 at the rate of Rs 5 per share	-	-	-	(695,913,000)	(695,913,000)		
Balance as at June 30, 2022 (unaudited)	1,398,662,870	32,880,376	25,232,915	(2,087,739,000)	(630,962,839)	8,772,277,712	12,634,527,109
	2,783,651,990	853,143,733	225,453,674				
Balance as at January 01, 2023 (audited)	2,904,076,989	4,671,279,664	323,650,758	12,283,429,147	20,182,436,558		
Profit for the period	-	-	-	4,821,907,671	4,821,907,671		
Other comprehensive income	-	-	-	-	-		
Transactions with owners							
Exercise of share options	8,710,000	178,693,271	(69,580,696)	-	117,822,575		
Share based payments	-	-	191,716,770	-	191,716,770		
Forfeited share options	-	-	(24,407,024)	-	(24,407,024)		
Final dividend for the year ended December 31, 2022 at the rate of Rs 5 per share	-	-	-	(1,455,268,495)	(1,455,268,495)		
Balance as at June 30, 2023 (unaudited)	8,710,000	178,693,271	97,729,050	(1,455,268,495)	(1,170,136,174)	15,650,068,323	23,834,208,055
	2,912,786,989	4,849,972,935	421,379,808				

The annexed notes 1 to 21 form an integral part of these condensed unconsolidated interim financial statements.


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)


(CHIEF FINANCIAL OFFICER)

CONDENSED UNCONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Note	Six Months Ended	
		June 30, 2023	June 30, 2022
CASH GENERATED FROM OPERATIONS			
		Rupees	
Cash generated from operations	15	2,023,415,644	828,653,631
Finance costs paid		(149,882,857)	(22,737,632)
Taxes paid		(247,738,133)	(106,650,863)
Increase / (decrease) in long term advances		4,601,292	(3,616,252)
		(393,019,698)	(133,004,747)
Net cash generated from operating activities		1,630,395,946	695,648,884
INVESTING ACTIVITIES			
Purchase of property and equipment		(938,212,138)	(968,099,701)
Sale proceeds from disposal of property and equipment		19,155,848	42,513,751
Short term investments - net		4,215,710,870	(580,428,353)
Increase in long term investment		(1,407,183,000)	(232,389,701)
Profit received on bank deposits		26,516,957	20,402,941
Profit received on short term investment		32,649,187	22,239,424
Interest received on loan to related parties		25,273,442	-
Net cash generated from / (used in) investing activities		1,973,911,166	(1,695,761,639)
FINANCING ACTIVITIES			
Disbursements against short term borrowings		1,270,000,000	800,000,000
Repayment of long term loans		-	(26,644,112)
Proceeds from exercise of share options		117,822,575	51,510,734
Payments in respect of leases		(95,559,599)	(63,088,320)
Dividend paid		(1,435,119,523)	(688,812,707)
Net cash (used in) / generated from financing activities		(142,856,547)	72,965,595
Net increase / (decrease) in cash and cash equivalents		3,461,450,565	(927,147,160)
Net foreign exchange difference		57,237,530	30,480,480
Cash and cash equivalents at beginning of the period		588,569,946	1,652,613,846
Cash and cash equivalents at end of the period		4,107,258,041	755,947,166

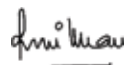
The annexed notes 1 to 21 form an integral part of these condensed unconsolidated interim financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

NOTES TO THE CONDENSED UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE SIX MONTHS AND THREE MONTHS PERIOD ENDED JUNE 30, 2023

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Systems Limited ('the Company') is a public limited Company incorporated in Pakistan under the Companies Act, 2017 ('the Act') and is listed on the Pakistan Stock Exchange. The Company is principally engaged in the business of software development, trading of software, hardware 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.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Act; and
- Provisions of and directives issued under the Act.

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

- 2.2 These condensed unconsolidated interim financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2022.
- 2.3 These condensed unconsolidated interim financial statements are the separate condensed unconsolidated interim 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, SYS Egypt for Information Technology Services, SUS-JV (Private) Limited, National Data Consultant (Private) Limited, Systems Africa for Information Technologies Pty. Ltd. and Systems Holdings (Private) Limited and associated company namely E-Processing Systems B.V have been accounted for at cost less accumulated impairment losses, if any.
- 2.4 These condensed unconsolidated interim financial statements have been prepared under the historical cost convention and are presented in Pak rupee, which is also the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed unconsolidated interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended December 31, 2022.

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

Certain standards, amendments and interpretations to International Financial Reporting Standards ('IFRS') are effective for accounting periods beginning on January 1, 2023, 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 condensed unconsolidated interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed unconsolidated interim financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited financial statements of the Company for the year ended December 31, 2022, except for estimate of provision for taxation as referred to in note 4.1

4.1 Taxation

The provision for taxation for the six months and three months ended June 30, 2023 has been made using the tax rate that would be applicable to expected total annual earnings.

	Note	Un-audited June 30, 2023	Audited December 31, 2022
(Rupees)			
5. PROPERTY AND EQUIPMENT			
Operating fixed assets	(5.1)	3,254,129,923	2,519,968,031
Capital work in progress	(5.2)	178,858,790	243,438,638
		3,432,988,713	2,763,406,669
5.1 Operating fixed assets			
Opening balance - net book value		2,519,968,031	1,983,978,164
Additions during the period / year - cost	(5.1.1)	1,002,791,986	1,155,030,152
		3,522,760,017	3,139,008,316
Less:			
Disposals during the period / year - net book value	(5.1.2)	(19,844,001)	(187,860,383)
Depreciation during the period / year		(248,786,093)	(431,179,902)
Net book value at the end of the period / year		3,254,129,923	2,519,968,031
5.1.1 Additions during the period / year			
Freehold land		-	198,196,635
Building		158,620,890	3,497,401
Computers		460,209,016	433,077,128
Computer equipment and installations		283,704,209	142,980,116
Other equipment and installations		32,131,513	121,515,708
Generators and transformer		8,878,876	36,222,623
Furniture and fittings		8,175,655	92,229,569
Vehicles		-	15,982,920
Office equipment		2,800,290	5,070,017
Leasehold building improvements		48,271,537	106,258,035
		1,002,791,986	1,155,030,152

Cost	Accumulated Depreciation	Net book value
------	--------------------------	----------------

5.1.2 Disposals during the period / year

	(Rupees)	
June 30, 2023: (Un-audited)		
Computers	20,708,682	14,582,526
Computer equipment and installations	5,564,974	4,963,270
Furniture and fittings	425,540	298,205
	26,699,196	19,844,001
December 31, 2022: (Audited)		
Building on freehold land	4,214,000	4,214,000
Computers	46,462,287	30,875,633
Computer equipment and installations	8,554,948	1,414,854
Other equipment and installations	2,401,587	708,741
Furniture and fittings	5,087,477	3,203,485
Vehicles	242,775,540	147,416,196
Office equipment	32,994	27,474
	309,528,833	187,860,383

	Note	Un-audited	Audited
		June 30, 2023	December 31, 2022
(Rupees)			
5.2 Capital work in progress			
Civil Works			
Balance at the beginning of the period / year		161,020,955	22,812,942
Additions during the period / year		193,475,711	244,466,048
Transfer to operating fixed assets during the period / year		(206,892,427)	(106,258,035)
		147,604,239	161,020,955
Advance against purchase of property and equipment		31,254,551	82,417,683
		178,858,790	243,438,638

6. LONG TERM INVESTMENTS

Investment in subsidiaries - at cost - unquoted:

Tech Vista Systems FZ-LLC	(6.1)	343,119,550	343,119,550
Systems Ventures (Private) Limited	(6.2)	721,100,000	721,100,000
TechVista Information Technology W.L.L.	(6.3)	144,568,884	144,568,884
Systems Arabia for Information Technology	(6.4)	-	-
SYS Egypt for Information Technology Services	(6.5)	113,125,000	113,125,000
Systems Africa for Information Technologies (Pty.) Ltd	(6.6)	-	-
National Data Consultant (Private) Limited	(6.7)	4,254,636,725	4,254,636,725
SUS - JV (Private) Limited	(6.8)	94,990	94,990
Systems Holdings (Private) Limited	(6.9)	-	-
		5,576,645,149	5,576,645,149
Advance against issuance of shares	(6.10)	2,225,191,000	818,009,000
Share options issued to employees of subsidiaries		124,011,067	70,360,725
Subscription money payable		4,394,600	4,393,600
		7,930,241,816	6,469,408,474
Investment In associate - at cost - unquoted			
E-Processing Systems B.V.	(6.11)	270,500,227	270,500,227
		8,200,742,043	6,739,908,701

- 6.1 This represents 7,400 fully paid ordinary shares of AED 1,000/- each, representing 100% (December 31, 2022: 7,400 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.
- 6.2 This represents 72,100,000 fully paid ordinary shares of Rs 10/- each, representing 100% (December 31, 2022: 72,100,000 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.
- 6.3 Techvista Information Technology W.L.L. ('TVSQ') is a limited liability company incorporated in the State of Qatar. The Company owns 34% (December 31, 2022: 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.
- 6.4 This represents 2,500 ordinary shares of SAR 10/- each, representing 100% (December 31, 2022: 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.
- 6.5 This represents 4,950 ordinary shares of USD 100/- each, representing 99% (December 31, 2022: 4,950 ordinary shares of USD 100/- each, representing 99%) 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.
- 6.6 This represents 100 ordinary shares of South African Rand 1/- each, representing 100% (December 31, 2022: 100 ordinary shares of South African Rand 1/- each, representing 100%) 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. As of reporting date, no payment has been made against its share capital.
- 6.7 This represents 500,000 fully paid ordinary shares of Rs 10/- each, representing 100% (December 31, 2022: 500,000 fully paid ordinary shares of Rs 10/- each, representing 100%) shares in the Company's subsidiary, National Data Consultant (Private) Limited, 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.
- 6.8 This represents 9,499 full paid ordinary shares of Rs 10/- each, representing 94.99% (December 31, 2022: 9,499 full paid ordinary shares of Rs 10/- each, representing 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.
- 6.9 This represents 100 ordinary shares of Rs. 10/- each, representing 100% (December 31, 2022: Nil) shares in the Company's subsidiary, Systems Holdings (Private) Limited, a limited liability company incorporated in Pakistan on April 14, 2023, for the purpose of establishing and running data processing centers, computer centers, software development centers and to provide consultancy and data processing software development services. As of reporting date, no payment has been made against its share capital.
- 6.10 This represents the advances provided to following entities against issuance of shares:

	Note	Un-audited	Audited
		June 30, 2023	December 31, 2022
		(Rupees)	
To subsidiaries			
- Systems International IT Pte. Ltd.	(6.10.1)	-	818,009,000
- Systems Ventures (Private) Limited	(6.10.1) & (6.10.2)	2,225,191,000	-
		2,225,191,000	818,009,000

- 6.10.1 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 was a wholly owned subsidiary of Systems Limited, incorporated on May 11, 2022. This represented an advance of USD 3.7 million, amounting to Rs 818.01 million, against which 5,002,890 shares had been issued on January 19, 2023 in the name of Systems Limited.

However, on April 25 2023, the Company entered into an arrangement with its wholly owned subsidiary; Systems Ventures (Private) Limited 'SVPL' for transfer of 5,002,890 shares of Systems International IT Pte Ltd to SVPL. Thereafter, Systems International IT Pte. Ltd. is a wholly owned subsidiary of SVPL whereas the Company continues to be the ultimate parent company. The Company is to receive shares of equivalent value of its cost of investment in Systems International IT Pte. Ltd. from SVPL.

- 6.10.2 This includes an amount of USD 4.9 million, amounting to Rs 1,427.18 million, (December 31, 2022: Nil) paid to Systems International IT Pte. Ltd on behalf of SVPL. The Company is to receive shares from SVPL of equivalent value of its payment to Systems International IT Pte. Ltd.

- 6.11 This represents 179,507 fully paid ordinary shares at USD 0.01/- each representing 44.60% shares (December 31, 2022: 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.

	Note	Un-audited June 30, 2023	Audited December 31, 2022
(Rupees)			
7. TRADE DEBTS - UNSECURED			
Export		10,489,743,030	7,317,008,915
Local		1,890,844,394	1,734,547,353
		12,380,587,424	9,051,556,268
Less: Allowance for expected credit losses		(332,625,402)	(232,975,696)
		12,047,962,022	8,818,580,572
8. SHORT TERM INVESTMENTS			
At fair value through profit or loss			
- Mutual fund units		703,322	4,253,978,169
At amortized Cost			
- Term deposits receipts (TDRs)		382,000,000	177,000,000
		382,703,322	4,430,978,169
9. SHORT TERM BORROWINGS - SECURED			
MCB Bank Limited	(9.1)	1,250,000,000	850,000,000
Habib Metropolitan Bank Limited		1,400,000,000	1,400,000,000
Habib Bank Limited	(9.2)	570,000,000	200,000,000
Meezan Bank Limited		100,000,000	100,000,000
Faysal Bank Limited		200,000,000	200,000,000
Allied Bank Limited	(9.3)	800,000,000	300,000,000
		4,320,000,000	3,050,000,000

- 9.1 This increase represents export refinance of Rs 400 million availed against aggregate sanctioned limit of Rs 1,400 million. The rate of mark up is SBP rate plus 0.5%. These borrowings are secured against first pari passu charge over current assets of the Company with 25% margin and first exclusive hypothecation and equitable mortgage charge over plant, machinery, furniture, fixtures and land.
- 9.2 This increase represents export refinance of Rs 370 million availed against aggregate sanctioned limit of Rs 700 million. The rate of mark up is SBP rate plus 0.5%. These borrowings are secured against first pari passu charge over current assets of the Company with 25% margin.
- 9.3 This increase represents export refinance of Rs 500 million availed against aggregate sanctioned limit of Rs 800 million. The rate of mark up is SBP rate plus 0.5%. These borrowings are secured against first pari passu charge over present and future current assets of the Company with 25% margin.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There is no significant change in the contingencies since the date of preceding published annual financial statements except for the following:

10.1.1 Tax Year 2018 – under section 122(5A)

The Additional Commissioner Inland Revenue ('ACIR') issued an order dated May 03, 2023 under section 122(5A) of the Income Tax Ordinance, 2001 (the 'Ordinance') for the tax year 2018, on the basis of wrong proration of expenses and created an income tax demand of Rs 45.24 million. Being aggrieved, the Company filed an appeal before CIR(A) which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

10.1.2 Tax Year 2017 – under section 122(1)/(5)

The Assistant Commissioner Inland Revenue ('ACIR') issued an order dated June 27, 2023, under section 122(5) of the Income tax Ordinance, 2001 (the 'Ordinance') for tax year 2017 through which the income tax refund was reduced from Rs 36.22 million to Rs 10.01 million. Being aggrieved, the Company filed an appeal before CIR(A) which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

10.2 Commitments

10.2.1 Guarantees issued by the financial institutions on behalf of the Company amount to Rs. 480.69 million (December 31, 2022: Rs 433.35 million). This includes guarantees of Rs 77.38 million (December 31, 2022: Rs 77.38 million) given on behalf of UUS Joint Venture (Private) Limited, a joint operation of the Company.

10.2.2 Guarantees issued by the Company on behalf of E-Processing Systems (Private) Limited to National Bank of Pakistan amount to Rs 100 million (December 31, 2022: 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 (December 31, 2022: Rs 134 million).

10.2.3 The Company has commitments in respect of short-term lease rentals against properties of Rs 25.49 million (December 31, 2022: Rs 26.37 million).

11. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

11.1 Disaggregated Revenue Information

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

	Un-audited Six Months Ended June 30, 2023		
	Export	Local	Total
11.1.1 Type of goods or services:	(Rupees)		
Outsourcing services:			
Business process outsourcing	548,897,402	141,109,619	690,007,021
IT services	9,927,804,452	1,037,031,309	10,964,835,761
Software and hardware trading	82,010,067	1,319,951,049	1,401,961,116
Software implementation	761,842,929	650,344,133	1,412,187,062
Less: Sales tax	-	(258,543,315)	(258,543,315)
Total revenue from contracts with customers	11,320,554,850	2,889,892,795	14,210,447,645

Un-audited Six Months Ended June 30, 2022		
Export	Local	Total

(Rupees)

Type of goods or services:

Outsourcing services:

Business process outsourcing	528,515,061	92,173,628	620,688,689
IT services	6,024,678,069	740,495,133	6,765,173,202
Software and hardware trading	24,053,400	429,355,806	453,409,206
Software implementation	473,301,003	609,531,241	1,082,832,244
Less: Sales tax	-	(130,248,925)	(130,248,925)
Total revenue from contracts with customers	7,050,547,533	1,741,306,883	8,791,854,416

Un-audited Three Months Ended June 30, 2023		
Export	Local	Total

(Rupees)

Type of goods or services:

Outsourcing services:

Business process outsourcing	284,211,355	68,009,422	352,220,777
IT services	5,238,220,387	495,420,446	5,733,640,833
Software and hardware trading	69,797,305	495,108,745	564,906,050
Software implementation	420,279,143	385,886,716	806,165,859
Less: Sales tax	-	(119,345,778)	(119,345,778)
Total revenue from contracts with customers	6,012,508,190	1,325,079,551	7,337,587,741

Un-audited Three Months Ended June 30, 2022		
Export	Local	Total

(Rupees)

Type of goods or services:

Outsourcing services:

Business process outsourcing	282,765,434	44,346,139	327,111,573
IT services	3,177,336,261	405,581,801	3,582,918,062
Software and hardware trading	13,599,450	308,866,670	322,466,120
Software implementation	266,649,008	303,338,546	569,987,554
Less: Sales tax	-	(82,275,969)	(82,275,969)
Total revenue from contracts with customers	3,740,350,153	979,857,187	4,720,207,340

11.12 Timing of revenue recognition

Un-audited Six Months Ended June 30, 2023		
Export	Local	Total

(Rupees)

Goods and services transferred at a point in time	82,010,067	1,020,234,294	1,102,244,361
Goods and services transferred over time	11,238,544,783	1,869,658,501	13,108,203,284
Total revenue from contracts with customers	11,320,554,850	2,889,892,795	14,210,447,645

Un-audited Six Months Ended June 30, 2022		
Export	Local	Total

(Rupees)

Timing of revenue recognition

Goods and services transferred at a point in time	24,053,124	399,772,741	423,825,865
Goods and services transferred over time	7,026,494,409	1,341,534,142	8,368,028,551
Total revenue from contracts with customers	7,050,547,533	1,741,306,883	8,791,854,416

Un-audited Three Months Ended June 30, 2023		
Export	Local	Total

(Rupees)

Timing of revenue recognition

Goods and services transferred at a point in time	69,797,305	207,888,397	277,685,702
Goods and services transferred over time	5,942,710,885	1,117,191,154	7,059,902,039
Total revenue from contracts with customers	6,012,508,190	1,325,079,551	7,337,587,741

Un-audited Three Months Ended June 30, 2022		
Export	Local	Total

(Rupees)

Timing of revenue recognition

Goods and services transferred at a point in time	13,599,450	284,940,946	298,540,396
Goods and services transferred over time	3,726,750,703	694,916,241	4,421,666,944
Total revenue from contracts with customers	3,740,350,153	979,857,187	4,720,207,340

Un- Audited		Un- Audited	
Six months ended		Three months ended	
June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022

Rupees

12. Other Income

Income from financial assets:

Profit on deposit accounts	26,516,958	21,312,308	16,781,676	11,341,291
Profit on short term investments	195,108,872	205,479,803	70,011,143	118,242,102
Exchange gain	2,355,516,203	664,672,534	114,428,512	515,068,733
Effect of discounting of long term loans	38,676,191	-	19,507,518	-
Interest on loan to related parties	25,273,442	31,365,352	21,269,951	27,676,100
	2,641,091,666	922,829,997	241,998,800	672,328,226
Income from non-financial assets:				
Gain on disposal of property and equipment	(688,153)	79,765,005	(688,153)	7,535,844
Others	5,798,190	10,479,340	(7,915,778)	(1,535,428)
	5,110,037	90,244,345	(8,603,931)	6,000,416
	2,646,201,703	1,013,074,342	233,394,869	678,328,642

Un-audited		Un-audited	
Six Months Ended		Three Months Ended	
30 June 2023	30 June 2022	30 June 2023	30 June 2022

13. EARNINGS PER SHARE

Profit for the period (rupees)	4,821,907,671	2,792,160,432	1,182,381,068	1,724,112,005
Weighted-average number of ordinary shares outstanding during the period	290,709,544	277,798,607	291,093,259	278,365,199
Basic (rupees)	16.59	10.05	4.06	6.19
Diluted earnings per share:				
Profit for the period (rupees)	4,821,907,671	2,792,160,432	1,182,381,068	1,724,112,005
Weighted-average number of ordinary shares - basic	290,709,544	277,798,607	291,093,259	278,365,199
Effect of share options	2,481,887	1,475,541	1,960,584	1,695,989
	293,191,431	279,274,148	293,053,843	280,061,188
Diluted (rupees)	16.45	10.00	4.03	6.16

14. 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. All transactions with related parties have been carried out on mutually agreed terms and conditions. Transactions with related parties are as follows:

Undertaking	Relation	Basis of relationship	Nature of transaction	Un-audited	
				Six Months Ended	
				June 30, 2023	June 30, 2022
				(Rupees)	
TechVista Systems FZ- LLC	Subsidiary	Wholly owned	Revenue	2,606,679,859	1,453,615,106
			Expenses incurred on behalf of the party by the Company	18,123,463	-
			Expenses incurred on behalf of the Company by the party	284,740,954	532,514,650
			Share options issued to employees of the subsidiary	43,043,708	-
			Consultancy fee by the party	60,108,726	-
			Payment of licenses made by the party on behalf of the Company	312,636,456	-
E Processing Systems (Private) Limited.	Associated company	Wholly owned by Associate: E-Processing Systems B.V.	Disbursements against loan	24,672,524	71,302,858
			Receipts against loan	50,878,219	68,112,374
			Finance income on loan	24,582,181	16,252,649
			Property and equipment sold to the party during the period	4,420,480	-
SUS-JV (Private) Limited.	Subsidiary	94.99% owned subsidiary	Disbursement against loan	14,178,652	12,319,845
			Receipts against loan	16,102,056	17,538,016
			Finance income on loan	691,261	1,263,749
Visionet Systems Incorporation - USA	Associated company	Common shareholding of directors	Revenue	5,520,962,738	4,332,948,264
			Expenses incurred on behalf of the party by the Company	58,885,050	31,294,954
			Expenses incurred on behalf of the Company by the party	98,796,204	-
Visionet Deutschland GMBH	Associated company	Common shareholding of directors	Revenue	303,011,160	481,306,151
			Expenses incurred on behalf of the party by the Company	14,270,521	9,630,277
Systems Ventures (Private) Limited	Subsidiary	Wholly owned	Expenses incurred on behalf of the party by the Company	1,454,078	1,515,860
			Advance given to the party for issuance of shares	-	241,000,000
			Ownership interest in Systems International IT Pte. Ltd. transferred to the party	818,009,000	-
			Payment made on behalf of the party to Systems International IT Pte. Ltd.	1,407,182,000	-
TechVista Systems Pty. Ltd.	Sub-Subsidiary	Wholly owned by subsidiary: TechVista Systems FZ LLC	Revenue	4,245,950	-
			Expenses incurred on behalf of the party by the Company	2,667,959	-
Systems Limited Employees' Provident Fund	Staff retirement fund	Staff retirement fund	Contribution	441,749,494	286,913,861
			Payments made on behalf of the party by the Company	429,074,703	-
TechVista Information Technology W.L.L.	Subsidiary	Management Control	Revenue	271,068,190	156,808,106
			Share options issued to employees of the subsidiary	912,283	-
			Expenses incurred on behalf of the party by the Company	39,902,960	10,720,281
			Expenses incurred on behalf of the Company by the party	6,774,641	-

Undertaking	Relation	Basis of relationship	Nature of transaction	Un-audited	
				Six Months Ended	
				June 30, 2023	June 30, 2022
(Rupees)					
Visionet EMEA Limited	Associated company	Common shareholding of directors	Revenue	413,293,531	199,886,724
			Expenses incurred on behalf of the party by the Company	2,223,247	4,094,930
			Expenses incurred on behalf of the party by the Company	117,723	-
National Data Consultant (Private) Limited	Subsidiary	Wholly owned	Share options issued to employees of the subsidiary	5,796,246	-
			Expenses incurred on behalf of the party by the Company	467,992,322	-
			Expenses incurred on behalf of the Company by the party	398,500	-
Systems Arabia for Information Technology	Subsidiary	Wholly owned	Revenue	532,169,023	41,334,925
			Share options issued to employees of the subsidiary	3,303,168	-
			Expenses incurred on behalf of the party by the Company	34,633,021	124,961,002
			Expenses incurred on behalf of the Company by the party	62,952,395	-
Treehouse Consultancy LLC	Sub-Subsidiary	Wholly owned by subsidiary: TechVista Systems FZ LLC	Revenue	35,530,128	-
Systems Africa for Information Technologies Pty. Ltd.	Subsidiary	Wholly owned	Revenue	47,572,729	-
			Expenses incurred on behalf of the party by the Company	2,503,022	-
			Share options issued to employees	198,312	-
Systems APAC for Information Technology Pte. Ltd.	Sub-Subsidiary	Wholly owned by sub-subsidiary: Systems International IT Pte. Ltd.	Revenue	31,178,368	-
			Expenses incurred on behalf of the party by the Company	8,469,181	1,124,663
Systems International IT Pte. Ltd.	Subsidiary	Wholly owned by subsidiary: Systems Ventures (Private) Limited	Expenses incurred on behalf of the party by the Company	1,002,242	1,193,639
SYS Egypt for Information Technology Services	Subsidiary	Wholly owned	Expenses incurred on behalf of the party by the Company	392,845	8,796,073
			Expenses incurred on behalf of Company by the party	1,284,806	-
			Advance against services	-	51,110,875
			Share options issued to employees of the subsidiary	198,312	-
National Data Consultancy FZE	Sub-Subsidiary	Wholly owned by sub-subsidiary: Systems International IT Pte. Ltd.	Revenue	415,953,584	-
Key Management Personnel		Employees	Salaries and other benefits	948,966,958	489,814,355
Directors		Directors	Fee	3,200,000	2,700,000

	Un-audited	
	Six Months Ended	
	June 30, 2023	June 30, 2022
	(Rupees)	

15. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation		5,054,911,232	2,957,239,767
Adjustments for:			
Depreciation of property and equipment	(5.1)	248,786,093	199,532,298
Depreciation of right-of-use asset		75,504,968	51,266,051
Amortization of intangibles		5,062,866	5,179,281
Amortization of deferred employee benefits		27,763,485	7,627,197
Share based payment expense		51,769,062	66,129,847
Impairment loss / (Reversal of impairment loss) on financial assets			
- Contract assets - unsecured		23,584,680	(3,021,900)
- Trade debts - unsecured		99,649,700	1,301,898
Security deposits written off		171,033	-
Finance costs		298,313,543	79,124,114
Effect of discounting of long term loans		(38,399,860)	(13,461,233)
Exchange gain		(2,355,516,203)	(664,672,534)
Profit on short term investments		(195,108,872)	(205,479,803)
Profit on bank deposits		(26,516,958)	(21,312,308)
Interest on loan to related parties		(25,273,442)	(31,365,352)
Loss / (Gain) on disposal of property and equipment		688,153	(79,765,005)
		(1,809,521,752)	(608,917,449)
Working capital changes		3,245,389,480	2,348,322,318
Long term deposits		(40,590,809)	84,516,589
Contract Assets - unsecured		(465,511,957)	(139,065,426)
Trade debts - unsecured		(1,031,254,228)	(944,510,341)
Loans paid to employees - net		(247,717,860)	(222,239,457)
Advances and other receivables		(387,842,407)	(197,381,003)
Trade deposits and short term prepayments		(453,197,663)	(82,221,095)
Trade and other payables		1,414,020,945	30,444,806
Contract liabilities		(9,879,857)	(49,212,760)
		(1,221,973,836)	(1,519,668,687)
Cash generated from operations		2,023,415,644	828,653,631

16. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with those disclosed in the preceding annual audited financial statements for the year ended December 31, 2022.

16.1 Fair values of financial assets and liabilities

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

16.2 Financial instruments by categories

Un-audited June 30, 2023		
At fair value through profit or loss	At amortized cost	Total

(Rupees)

Financial assets

Interest free loans to employees	-	609,341,223	609,341,223
Contract assets - unsecured	-	1,471,371,964	1,471,371,964
Trade debts - unsecured	-	12,047,962,022	12,047,962,022
Trade deposits	-	236,902,957	236,902,957
Loans to related parties	-	253,880,539	253,880,539
Other receivables	-	785,727,482	785,727,482
Short term investments	703,322	382,000,000	382,703,322
Interest accrued	-	3,140,097	3,140,097
Cash and bank balances	-	4,107,258,041	4,107,258,041
	703,322	19,897,584,325	19,898,287,647

Financial liabilities

Lease liabilities	-	636,451,428	636,451,428
Mark-up accrued on short term borrowings	-	166,280,079	166,280,079
Short term borrowings - secured	-	4,320,000,000	4,320,000,000
Unclaimed dividend	-	33,685,124	33,685,124
Trade and other payables	-	4,108,833,339	4,108,833,339
	-	9,265,249,970	9,265,249,970

Audited December 31, 2022		
At fair value through profit or loss	At amortized cost	Total

(Rupees)

Financial assets

Interest free loans to employees	-	398,150,748	398,150,748
Contract assets - unsecured	-	1,029,444,687	1,029,444,687
Trade debts - unsecured	-	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

Financial liabilities

Lease liabilities	-	541,723,263	541,723,263
Mark-up accrued on short term borrowings	-	1,606,411,434	1,606,411,434
Short term borrowings - secured	-	3,050,000,000	3,050,000,000
Unclaimed dividend	-	13,536,152	13,536,152
Trade and other payables	-	82,126,318	82,126,318
	-	5,293,797,167	5,293,797,167

17. Fair value hierarchy

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

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

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

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

	Level 1	Level 2	Level 3	Total
	(Rupees)			
As at June 30, 2023 (Un-audited)				
Fair value through profit and loss				
- Mutual Fund units	-	703,322	-	703,322
As at December 31, 2022 (Audited)				
Fair value through profit and loss				
- Mutual Fund units	-	4,253,978,169	-	4,253,978,169

18. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There are no subsequent events subsequent to the reporting date.

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed unconsolidated interim financial statements were authorized for issue on 28 August 2023 by the Board of Directors of the Company.

20. CORRESPONDING FIGURES

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

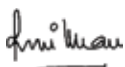
	Rupees
- Cash flows pertaining to 'Loans paid to employees' previously classified as investing activities in the unconsolidated condensed interim financial statements have now been classified as 'Loans paid to employees - net' in cashflows from operating activities	(222,239,457)

21. GENERAL

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


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)


(CHIEF FINANCIAL OFFICER)



SYSTEMS LIMITED
CONSOLIDATED
FINANCIAL
STATEMENTS

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023 (UNAUDITED)

	Note	Unaudited 30 June 2023 Rupees	Audited 31 December 2022 Rupees
ASSETS			
Non-current assets			
Property and equipment	6	3,675,704,718	2,942,599,349
Intangible		8,554,243,827	7,963,673,553
Long term investments	7	191,980,972	243,023,912
Investment in Associates		727,538,623	951,034,316
Right-of-use asset		657,218,425	580,144,739
Long term loans		466,147,052	298,036,906
Deferred taxation - net		26,241,687	12,157,378
Deferred employee benefits		154,001,941	86,938,319
Long term receivable - unsecured		1,151,081,906	909,097,001
Long term deposits		102,359,195	63,844,710
		15,706,518,344	14,050,550,183
Current assets			
Contract assets		3,852,713,273	2,591,990,933
Trade debts	8	10,739,307,676	8,494,847,010
Current portion of long term receivable - unsecured		154,947,723	194,200,634
Loans, advances and other receivables		1,421,618,548	1,434,826,075
Trade deposits and short term prepayments		3,946,842,395	1,094,819,779
Interest accrued		3,140,097	1,521,649
Short term investments	9	382,703,322	4,430,978,169
Tax refunds due from the Government		305,203,743	187,443,226
Current portion of deferred employee benefits		53,073,169	29,892,702
Cash and bank balances		7,619,045,197	5,814,496,232
		28,478,595,144	24,275,016,409
TOTAL ASSETS		44,185,113,489	38,325,566,592
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 400,000,000 (2022: 400,000,000) ordinary shares of Rs. 10 each		4,000,000,000	4,000,000,000
Issued, subscribed and paid up share capital		2,912,786,990	2,904,076,990
Capital and reserves		7,278,297,318	5,917,212,743
Unappropriated profits		17,943,479,131	14,104,886,266
		28,134,563,439	22,926,175,999
		2,434,667	2,103,542
		28,136,998,106	22,928,279,541
Non-controlling interest			
Non-current liabilities			
Long term advances		37,497,367	6,767,044
Lease Liability		520,182,157	491,701,794
Other long term liability - unsecured		1,350,351,627	1,040,158,349
Provision for gratuity		588,223,934	455,978,209
		2,496,255,085	1,994,605,396
Current liabilities			
Trade and other payables		5,911,201,697	5,937,289,453
Unclaimed Dividend		33,685,124	13,536,152
Contract Liability		2,065,227,069	3,025,704,894
Mark-up accrued on short term borrowings		166,773,229	83,638,647
Short term borrowings		4,380,000,000	3,110,000,000
Current Portion of lease liability		189,163,853	112,996,863
Current portion of other long term liability		803,848,627	1,116,281,250
Current portion of long term advances		1,960,699	3,234,396
		13,551,860,299	13,402,681,655
TOTAL EQUITY & LIABILITIES		44,185,113,489	38,325,566,592
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.


(CHAIRMAN)


(CHIEF EXECUTIVE OFFICER)


(CHIEF FINANCIAL OFFICER)

CONSOLIDATED CONDENSED INTERIM PROFIT OR LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

	Note	Six Months Ended		Three Months Ended	
		June 30, 2023 Rupees	June 30, 2022 Rupees	June 30, 2023 Rupees	June 30, 2022 Rupees
Revenue from contract with customers - net		23,189,163,398	11,463,245,291	12,490,424,144	6,130,430,381
Cost of sales		16,930,536,067	7,808,798,515	9,022,154,087	4,074,517,756
Gross profit		6,258,627,331	3,654,446,776	3,468,270,057	2,055,912,625
Distribution expenses		835,417,628	264,926,345	488,620,965	137,313,406
Administrative expenses		1,843,693,101	985,799,849	1,058,691,170	551,476,465
Impairment losses on financial assets	12	220,530,590	20,439,229	269,511,700	(16,146,348)
		2,899,641,319	1,271,165,423	1,816,823,835	672,643,522
Operating profit		3,358,986,012	2,383,281,352	1,651,446,222	1,383,269,103
Other income	13	2,838,286,831	981,645,354	285,957,523	647,254,836
Share of loss from associate		223,495,692	149,092,734	113,054,927	74,555,185
Finance cost		408,141,675	84,353,239	251,137,273	51,512,231
Profit before taxation		5,565,635,476	3,131,480,733	1,573,211,545	1,904,456,523
Taxation		271,774,116	166,043,510	158,777,247	139,435,909
Profit after taxation		5,293,861,360	2,965,437,224	1,414,434,297	1,765,020,613
Attributable to:					
Equity holders of the parent		5,293,530,235	2,965,410,608	1,414,251,865	1,765,012,595
Non-controlling interest		331,125	26,616	182,433	8,018
		5,293,861,360	2,965,437,224	1,414,434,298	1,765,020,613
Earnings per share:					
Basic earnings per share	14	18.21	10.67	4.86	6.34
Diluted earnings per share		18.05	10.62	4.83	6.30

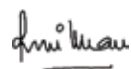
The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

	Six Months Ended		Three Months Ended	
	30 Jun 2023	30 Jun 2022	30 Jun 2023	30 Jun 2022
	Rupees	Rupees	Rupees	Rupees
Profit for the period	5,293,861,360	2,965,437,224	1,414,434,297	1,765,020,613
Other comprehensive income				
Exchange difference on translation of foreign operations	1,084,662,320	273,878,390	-	182,212,105
Total comprehensive income for the period	6,378,523,680	3,239,315,614	1,414,434,297	1,947,232,718
Attributable to:				
Equity holders of the parent	6,378,192,555	3,239,288,998	1,414,251,864	1,947,224,700
Non-controlling interest	331,125	26,616	182,433	8,018
	6,378,523,680	3,239,315,614	1,414,434,297	1,947,232,718

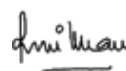
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(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

	Issued, subscribed and paid up share capital	Capital reserve		Foreign currency translation reserve	Revenue reserve		Total equity attributable to shareholders of parent company	Non-controlling interest	Total
		Share capital premium	Employee compensation reserve		Unappropriated profit				
Balance as at 01 January 2022 (Audited)	1,384,889,120	820,263,291	200,220,759	127,823,350	9,528,306,407	12,061,604,927	1,169,928	12,062,774,855	
Final Dividend @ Rs. 5 per share for the year ended 31 December 2021	-	-	-	-	(695,913,000)	(695,913,000)	-	(695,913,000)	
Total comprehensive income for the period	-	-	-	-	2,965,410,608	2,965,410,608	26,616	2,965,437,224	
Revenue reserve of subsidiary	-	-	-	-	101,191,814	101,191,814	-	101,191,814	
Other comprehensive income for the year	-	-	-	273,878,390	-	273,878,390	-	273,878,390	
Exercise of share options	6,836,870	32,880,442	(40,886,932)	(1,179,620)	-	(1,179,620)	-	(1,179,620)	
Share based payments	-	-	66,129,847	-	-	66,129,847	-	66,129,847	
Balance as at 30 June 2022 (Un-audited)	2,783,651,990	853,143,733	225,453,674	401,703,740	10,507,169,630	14,771,122,966	1,196,544	14,772,319,510	
Balance as at 31st December 2022 (Audited)	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	
Total comprehensive income for the period	-	-	-	-	5,293,861,360	5,293,861,360	331,125	5,294,192,485	
Other comprehensive income for the year	-	-	-	1,084,662,320	-	1,084,662,320	-	1,084,662,320	
Forfeiture of employee stock options	-	-	(24,407,024)	-	-	(24,407,024)	-	(24,407,024)	
Final Dividend @ Rs. 5 per share for the year ended 31 December 2022	-	-	(69,680,696)	-	(1,455,268,495)	(1,455,268,495)	-	(1,455,268,495)	
Exercise of Share Options	8,710,000	178,693,205	(69,680,696)	-	-	117,822,509	-	117,822,509	
Share based payments	-	-	191,716,770	-	-	191,716,770	-	191,716,770	
Balance as at 30 June 2023 (Un-audited)	2,912,786,990	4,849,972,803	421,379,808	2,006,944,707	17,943,479,131	28,134,563,439	2,434,667	28,136,998,106	

The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.

Asif

(CHAIRMAN)

S. J. W.

(CHIEF EXECUTIVE OFFICER)

Amir Khan

(CHIEF FINANCIAL OFFICER)

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

	Note	Six Months Ended	
		30 June	30 June
		2023	2022
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from/(used in) operations	16	(569,188,430)	1,170,630,771
Finance costs paid		(285,449,198)	(49,510,804)
Gratuity paid		(22,973,447)	(13,408,490)
Taxes paid		(403,618,943)	(114,545,016)
		(712,041,587)	(177,464,310)
Net cash flows from/(used in) operating activities		(1,281,230,017)	993,166,461
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(1,061,600,351)	(1,001,359,456)
Proceeds from the disposal of property and equipment		19,155,848	228,338,163
(Increase) / Decrease in long term deposits		(38,514,485)	15,364,877
Disposal / investment of short term investments - net		4,048,274,847	(758,186,352)
Loans paid to employees		-	(276,160,859)
Revenue reserve of subsidiary		-	101,191,814
Increase in long term investment		(103,425,972)	55,106,630
Profit received on short term investment		193,490,425	214,445,019
Interest received on loan from related parties		25,273,441	-
Profit received on bank deposits		27,480,508	21,312,308
Net cash flows used in/from investing activities		3,110,134,261	(1,399,947,856)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		117,822,509	51,510,734
Decrease/Increase in short term borrowings		1,270,000,000	800,000,000
Increase /Decrease in long term loan		(168,110,146)	(25,623,926)
Increase in Lease Liability		(87,489,195)	1,833,623
Dividend paid		(1,475,417,467)	(688,812,707)
Increase in long term advances		29,456,626	(76,811,950)
Net cash flows used in financing activities		(313,737,674)	62,095,773
Net (decrease) in cash and cash equivalents		1,515,166,571	(344,685,622)
Net foreign currency exchange difference		289,382,394	273,878,390
Cash and cash equivalents at beginning of the period		5,814,496,232	2,978,863,741
Cash and cash equivalents at closing of the period		7,619,045,197	2,908,056,509

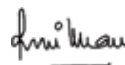
The annexed notes from 1 to 20 form an integral part of this condensed interim financial information.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2023 (UNAUDITED)

1. THE GROUP AND ITS OPERATIONS

1.1 Holding company

The Company is a public limited Company incorporated in Pakistan under the repealed Companies Ordinance 1984 (now Companies Act 2017), and is listed on the Pakistan Stock Exchange. The Company is principally engaged in the business of software development, trading of software and business process outsourcing services. The head office of the Company is situated at E-1, Sehjal 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% (2022: 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% (2022: 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% (2022: 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% (2022: 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% (2022: 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% (2022: 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 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 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 National Data Consultant (Private) Limited ('NdcTech'). 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 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 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 NDC Tech APAC Pte. Ltd., is a limited liability company, 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** National Data Consultancy FZE, is a limited liability company in 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** Techvista Information Technology W.L.L. ("TVSQ"), a limited liability company was incorporated in the State of Qatar on February 27, 2022. The Holding Company has 100% control and management of TVSQ.
- 1.2.17** Techvista Systems East Africa Limited, a limited liability company was incorporated in Kenya on 24th May 2023. The company is a wholly owned subsidiary of Systems International IT Pte Ltd.
- 1.2.18** Systems Holdings (Pvt) Limited is private company incorporated in Pakistan on 13 April 2023. The company is a wholly owned subsidiary of Systems Limited.

1.3 Associated Companies

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.

E-Processing Systems B.V, a private limited Company, incorporated on October 08, 2021 in Netherlands, is a 44.60% (2022: 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.

2. STATEMENT OF COMPLIANCE

- 2.1** This consolidated condensed interim financial information of the Group for the six months period ended 30 June 2023 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.
- 2.2** This interim financial information is un-audited and is being submitted to shareholders, as required by section 237 of the Companies Act, 2017.

3. BASIS OF PREPARATION

This consolidated condensed interim financial information is not audited and has been prepared in condensed form and does not include all the information as is required to be provided in full set of annual financial statements. This condensed interim consolidated financial information should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2022.

3.1 Consolidated financial statements

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

3.2 Basis of measurement

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

4. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Group for the year ended 31 December 2022.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended 31 December 2022.

	Note	Unaudited 30 June 2023	Audited 31 December 2022
----- (Rupees) -----			
6. PROPERTY AND EQUIPMENT			
Operating fixed assets	6.1	3,514,683,763	2,699,160,711
Capital work in progress	6.2	161,020,955	243,438,638
		3,675,704,718	2,942,599,349
6.1 Operating fixed assets:			
Opening balance - net book value		2,699,160,711	2,028,987,092
Additions during the period / year - cost	6.1.1	1,144,018,034	1,259,220,479
Acquisition of subsidiary		-	70,878,437
		3,843,178,745	3,359,086,008
Less:			
Disposals during the period / year	6.1.2	19,844,001	188,183,810
Depreciation during the period / year		308,650,981	471,741,487
Book value at the end of the period / year		3,514,683,763	2,699,160,711
6.1.1 Additions during the period / year-cost			
Land		-	198,196,635
Building		158,620,890	3,497,401
Computers		559,311,237	451,285,599
Computer equipment and installations		283,704,209	165,835,329
Other equipment and installations		32,131,513	119,986,658
Generator		8,878,876	36,222,623
Furniture and fittings		8,175,655	114,213,394
Vehicles		-	15,982,920
Office equipment		2,800,290	5,173,932
Leasehold Improvements		48,271,537	108,912,405
Exchange gain / (loss)		42,123,827	39,913,583
		1,144,018,034	1,259,220,479
6.1.2 Disposals during the period / year - WDV			
Building on freehold land		-	4,214,000
Computers		14,582,526	30,875,633
Computer equipment and installations		4,963,270	1,671,326
Other equipment and installations		-	708,741
Furniture and fittings		298,205	3,270,440
Vehicles		-	147,416,196
Office equipment		-	27,474
		19,844,001	188,183,810
6.2 CAPITAL WORK IN PROGRESS			
Civil works	6.2.1	161,020,955	161,020,955
Advance against purchase of property and equipment		-	82,417,683
		161,020,955	243,438,638
6.2.1 Balance at the beginning of the period / year			
Balance at the beginning of the period / year		161,020,955	22,812,942
Additions during the period / year		-	244,466,048
Transfer to operating fixed assets during the period / year		-	(106,258,035)
Balance at the end of the period / year		161,020,955	161,020,955

7. Long Term Investments

	Note	30 June 2023	31 December 2022
----- (Rupees) -----			
Jugnu Private Limited		191,980,972	88,555,000
Jomo Technologies (Private) Limited	7.1	-	154,468,912

7.1 During the financial year ended 31 December 2022 the Company purchased 25,000,000 fully paid ordinary shares in Jomo Technologies (Pvt.) Ltd ("JOMO"). This represented 8.83% investment in the company.

The outlay was envisaged as a strategic investment in JOMO, Pakistan's fastest-growing fashion eCommerce company at that time. As a technology partner and strategic investor, the management invested in the potential of JOMO to be a trendsetter for the eCommerce ecosystem in Pakistan.

As at 31 December 2022, since JOMO's ordinary shares were not listed, an independent valuer was engaged by the Company who estimated a fair value of Rs 6.18 per ordinary share at the financial year end. 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. Among other assumptions a principal assumption for long term loan injection amounting to Rs 1,510 million was assumed in the projections to finance the working capital requirement in the short to medium term.

Now, the management of the Company has conducted a thorough review of its investment considering the deteriorating cashflow position and other relevant factors affecting the company's financial performance. This assessment was conducted in accordance with the International Financial Reporting Standards (IFRS) guidelines on impairment of financial assets, including IFRS 9.

The management has identified several indicators that strongly suggest impairment of the company's assets, including but not limited to:

Significant Decline in Revenue

The company has been experiencing a significant decline in revenue and gross merchandise value for the current financial year. This adverse trend has raised considerable concerns about the operational viability of the business model in place.

Economic and Market Conditions:

The broader economic and market conditions, including an uncertain domestic economy and its planned contraction from the central bank, have negatively impacted the company's operations and sales performance.

Lack of funding

The company has been unable to arrange fresh sources of funding to keep its current business model afloat. The company is therefore facing negative cashflows which has raised concerns about the recoverability of the carrying amounts of various assets. The management initially maintained the view that the company would be able to secure the funding for working capital and there would be no significant change in their fair valuation of investment in JOMO. This funding was expected to be secured within the second half of financial year 2023. However, mounting macroeconomic challenges in the domestic market such as economic instability, inflation and currency devaluation have contributed to investor uncertainty and has created a situation where the originally planned sources of funding for the investment's future operations can not be secured.

Following a detailed assessment, it has been determined that the carrying value of the company's assets may not be recoverable based on the indicators mentioned above. As a result, an unrealized loss amounting to Rs. 154.468 million is recognized in the financial statements for the period ended 30 June 2023. This amount has been recognized as an expense in the Profit and Loss account for the period ended 30 June 2023. This expense has been accounted for in the determination of the Company's net income for the period.

8. TRADE DEBTS

	Unaudited 30 June 2023	Audited 31 December 2022
----- (Rupees) -----		
Considered good - unsecured		
Export	8,184,125,285	6,879,808,724
Local	2,833,629,841	1,975,980,356
	11,017,755,126	8,855,789,080
Less: Allowance for expected credit losses	(278,447,450)	(360,942,070)
	10,739,307,676	8,494,847,010

9. SHORT TERM INVESTMENTS

Fair value through profit and loss		
- Mutual fund units	703,322	4,253,978,169
Amortized cost		
- Term deposit receipts (TDRs)	382,000,000	177,000,000
	382,703,322	4,430,978,169

10. OPERATING SEGMENT INFORMATION

The Group has realigned its strategy for growth and has started monitoring performance based on industry verticals along with geographical segments. This helps to capture synergies through the cross-selling of technologies and solutions across different verticals. This approach allows the Group to leverage its expertise and capabilities more effectively across various sectors, increasing operational efficiency.

The Group can also better understand its competitive footprint within each vertical, identifying areas where it can capitalize on its strengths. Moreover, the emphasis on industry verticals highlights the importance of expanding within sectors that offer higher margins, indicating a strategic approach to revenue generation and profitability.

The Group will continue to use geographical segments as well in addition to vertical segments. However, the five primary segments now revolve around industry verticals, reflecting the Group's strategic shift:

- Banking Financial Services & Insurance (BFSI): This segment includes activities related to banking, financial services, and insurance.
- Retail & CPG (Consumer Packaged Goods): This segment encompasses retail operations and consumer goods.
- Technology: This segment includes technology-related solutions, products and services.
- Telco (Telecommunications): This segment involves telecommunications services and technologies.
- Others: This catchall category remaining segments that don't fall into the specific verticals mentioned above.

	BFSI			Telco			Technology			Retail & CPG			Others			Total		
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	
	2023	2022	2022	2023	2022	2022	2023	2022	2022	2023	2022	2022	2023	2022	2022	2023	2022	
Revenue - net	7,105,029,374	2,418,495,955	4,744,066,995	2,166,917,715	3,369,693,233	1,915,510,622	2,146,929,263	2,144,983,807	3,947,461,659	2,170,70,382	23,189,163,989	11,463,245,291	16,905,635,085	7,609,788,525	16,905,635,085	7,609,788,525	16,905,635,085	
Cost of sales	5,554,192,934	1,637,439,863	3,109,549,563	1,870,971,771	2,759,499,532	1,705,041,809	1,705,041,809	1,705,041,809	683,444,193	819,546,224	16,256,627,231	3,654,446,776	16,256,627,231	3,654,446,776	16,256,627,231	3,654,446,776	16,256,627,231	
Gross profit	1,550,836,440	778,975,093	1,434,821,932	516,284,601	609,193,701	209,468,813	441,887,454	209,468,813	664,017,466	1,361,157,158	6,932,536,758	3,954,798,515	6,932,536,758	3,954,798,515	6,932,536,758	3,954,798,515	6,932,536,758	
Distribution expenses	252,321,663	58,238,446	80,640,586	58,592,267	147,230,300	38,163,025	147,230,300	38,163,025	402,210,027	35,860,747	1,849,699,107	835,417,628	1,849,699,107	835,417,628	1,849,699,107	835,417,628	1,849,699,107	
Administrative expenses	526,040,198	188,690,508	369,295,793	182,281,006	357,962,607	149,227,174	357,962,607	149,227,174	174,627,527	402,161,009	2,919,736,634	1,509,799,849	2,919,736,634	1,509,799,849	2,919,736,634	1,509,799,849	2,919,736,634	
Profit / (loss) before taxation and unallocated income and expenses	805,978,638	532,027,139	884,885,523	275,411,327	1,099,848,902	488,890,346	623,524,072	488,890,346	652,797,037	453,520,734	3,579,516,603	2,403,720,569	3,579,516,603	2,403,720,569	3,579,516,603	2,403,720,569	3,579,516,603	
Other operating expenses																		
Other income (excluding exchange gain)																		
Exchange (loss) / gain																		
Share of loss from associates																		
Finance cost																		
Profit before taxation																		
Taxation																		
Profit after taxation																		

10.2 Geographical segments

	North America			Europe			Middle East & Africa			Asia Pacific			Pakistan & Others			Total		
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	
	2023	2022	2022	2023	2022	2022	2023	2022	2022	2023	2022	2022	2023	2022	2022	2023	2022	
Revenue - net	5,687,064,984	4,332,209,703	723,568,076	717,124,060	1,252,112,786	4,950,066,769	553,402,917	73,934,461	4,099,014,654	1,752,310,299	23,089,163,398	11,463,245,291	16,905,635,085	7,609,788,525	16,905,635,085	7,609,788,525	16,905,635,085	
Cost of sales	3,944,207,968	1,529,510,945	574,676,939	574,676,939	1,144,676,939	1,483,396,933	161,698,329	6,464,815	1,356,600,226	297,786,386	16,256,627,231	3,654,446,776	16,256,627,231	3,654,446,776	16,256,627,231	3,654,446,776	16,256,627,231	
Gross profit	1,742,857,016	2,802,698,758	148,891,137	682,447,121	1,107,435,847	1,466,669,836	481,726,588	1,032,645	2,742,414,428	1,454,523,913	6,932,536,758	3,954,798,515	6,932,536,758	3,954,798,515	6,932,536,758	3,954,798,515	6,932,536,758	
Distribution expenses	14,510,230	14,770,391	1,852,659	1,833,973	1,833,973	1,833,973	48,907,611	10,029	172,549,639	102,781,328	835,417,628	264,926,345	835,417,628	264,926,345	835,417,628	264,926,345	835,417,628	
Administrative expenses	653,997,064	450,257,616	98,264,949	41,430,449	806,646,472	452,710,274	39,537,047	5,612,023	244,245,569	35,789,488	1,843,693,101	985,799,850	1,843,693,101	985,799,850	1,843,693,101	985,799,850	1,843,693,101	
Profit / (loss) before taxation and unallocated income and expenses	1,245,700,674	1,064,782,939	98,962,024	287,883,464	2,443,005,415	886,555,935	73,253,670	15,320,654	49,968,281	149,210,570	3,579,516,603	2,403,720,569	3,579,516,603	2,403,720,569	3,579,516,603	2,403,720,569	3,579,516,603	
Other operating expenses																		
Other income (excluding exchange gain)																		
Exchange (loss) / gain																		
Share of loss from associates																		
Finance cost																		
Profit before taxation																		
Taxation																		
Profit after taxation																		

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

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

11.1.1 Tax Year 2018 – under section 122(5A)

The Additional Commissioner Inland Revenue ('ACIR') issued an order dated May 03, 2023 under section 122(5A) of the Income Tax Ordinance, 2001 (the 'Ordinance') for the tax year 2018, on the basis of wrong proration of expenses, others etc and created an income tax demand of Rs 45.24 million. Being aggrieved, the Group filed an appeal before CIR(A) which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

11.1.2 Tax Year 2018 – under section 122(5A)

The Assistant Commissioner Inland Revenue ('ACIR') issued an order dated June 27, 2023, under section 122(5) of the Income tax Ordinance, 2001 (the 'Ordinance') for tax year 2017 through which the income tax refund was reduced from Rs 36.22 million to Rs 10.01 million. Being aggrieved, the Group filed an appeal before CIR(A) which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

11.2 Commitments:

- 11.2.1 Guarantees issued by the financial institutions on behalf of the Group amount to Rs. 1,068.57 million (December 31, 2022: Rs 433.35 million). This includes guarantees of Rs 77.38 million (December 31, 2022: Rs 77.38 million) given on behalf of UUS Joint Venture (Private) Limited, a joint operation of the Group.
- 11.2.2 The Group has issued Performance Guarantee to National Bank of Pakistan Hong Kong against services contract amount USD 13,950 (2022: USD 13,950) and National Bank of Pakistan Kingdom of Saudi Arabia against services contract USD 25,000 (2022: 25,000).
- 11.2.3 Guarantees issued by the Group on behalf of E-Processing Systems (Private) Limited to National Bank of Pakistan amount to Rs 100 million (December 31, 2022: Rs 100 million). Guarantees issued by the Group on behalf of National Data Consultant (Private) Limited to Bank Al Habib Limited amount to Rs 134 million (December 31, 2022: Rs 134 million).
- 11.2.4 The Group has received credit facilities from banks to issue advance payment guarantees, performance guarantees and bid bonds for securing IT and software related projects upto a limit of AED 20 million. The credit facilities are secured against the margin account balance kept by the bank along with a counter guarantee collateral value of AED 20 million.
- 11.2.5 The Group has commitments in respect of short-term lease rentals against properties of Rs 25.49 million (December 31, 2022: Rs 26.37 million).

	Six Months Ended	
	Un-audited 30 June 2023	Un-audited 30 June 2022
	----- (Rupees) -----	
12. Impairment losses on financial assets		
Expected credit losses on contract assets & trade debtors	66,061,678	20,439,229
Impairment of Jomo investment	154,468,912	-
	220,530,590	20,439,229
13. Other Income		
Income from financial assets:		
Profit on deposit accounts	27,480,509	21,312,308
Profit on short term investments	195,108,872	205,479,803
Exchange gain / (loss)	2,546,637,780	664,672,534
Interest on loan to subsidiaries	25,273,442	-
Effect of discounting of long term loans	38,676,191	-
	2,833,176,794	891,464,645
Income from non-financial assets:		
Gain on disposal of property & equipment	(688,153)	79,765,005
Others	5,798,190	10,415,704
	5,110,037	90,180,709
	2,838,286,831	981,645,354
14. EARNINGS PER SHARE		
Basic earnings per share		
Profit for the period attributable to equity holder of parent	5,293,530,235	2,965,410,608
Weighted average number of ordinary shares in issue during the period	290,709,544	277,798,607
Basic - in Rupees	18.21	10.67
Diluted earnings per share		
Profit for the period attributable to equity holder of parent	5,293,530,235	2,965,410,608
Weighted-average number of ordinary shares (basic)	290,709,544	277,798,607
Effect of share options	2,481,887	1,475,541
	293,191,431	279,274,148
Diluted - in Rupees	18.05	10.62

15. TRANSACTIONS WITH RELATED PARTIES

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

Undertaking	Relation	Nature of transactions	Unaudited	
			Six Months Ended	
			30 June	
			2023	2022
			----- Rupees -----	
Visionet Systems Incorporation - USA	Common Directorship	Sales	5,520,962,738	4,332,948,264
		Expenses incurred on behalf of the party	58,885,050	31,294,954
		Expenses incurred on behalf of the Group by the party	98,796,204	-
Visionet Systems - UK	Associate	Sales	413,293,531	199,886,724
		Expenses incurred on behalf of the party	2,223,247	4,094,930
		Expenses incurred on behalf of the Group by th party	117,723	-
Visionet Deutschland GMBH - Germany	Associate	Sales	303,011,160	481,306,151
		Expenses incurred on behalf of the party	-	9,630,277
E-Processing Systems (Private) Limited	Associate	Disbursements against loan	24,672,524	71,302,858
		Receipts agains loan	50,878,219	68,112,374
		Interest income on loan	24,582,181	16,252,649
		Property & equipment sold	4,420,480	-
Staff retirement funds	Associate	Contribution	441,749,494	286,913,861
		Payments made on behalf of the party by the Company	429,074,703	-
Profit before taxation			5,565,635,476	3,131,480,733
Adjustments of reconcile profit before tax to meet cash flows:				
Depreciation on property and equipment			308,650,981	212,883,712
Depreciation on right-of-use asset			75,504,968	-
Amortization of intangible assets			421,879,894	5,176,151
Allowance for expected credit loss			220,530,590	20,439,229
Share based payment expense			51,769,062	66,129,847
Lease interest			39,557,895	-
Finance cost			368,583,780	84,353,239
Gratuity expense			155,219,172	58,508,583
Share of loss of associate			223,495,692	-
Interest on loan to subsidiaries			(25,273,442)	-
Exchange loss / (gain) on translation of export receivables			(2,546,637,780)	(664,672,534)
Effect of discounting of long term loans			(38,676,191)	-
Gain on disposal of property and equipment			688,153	(79,765,005)
Gain on short term investments			(195,108,872)	(205,479,803)
Profit on bank deposits			(27,480,509)	(21,312,308)
			(967,296,607)	(523,738,888)
Profit before working capital changes			4,598,338,869	2,607,741,846
Effect on cash flow due to working capital changes				
(Increase) / decrease in current assets:				
Contract assets - Net			(1,260,722,340)	(3,295,206)
Trade debts			175,115,014	(608,626,692)
Loans, advances and other receivables			13,207,527	92,589,636
Employee interest free loans			(51,567,898)	-
Long term receivable			(202,732,060)	-
Trade deposits and short term prepayments			(2,852,022,616)	(768,994,827)
			(4,178,722,374)	(1,288,327,090)
(Decrease) / increase in current liabilities:				
Trade and other payables			(26,087,756)	(184,731,907)
Long term liability			(2,239,344)	-
Contract Liability			(960,477,825)	35,947,922
			(5,167,527,299)	(1,437,111,074)
Net cash flows from operations			(569,188,430)	1,170,630,771

17. FINANCIAL RISK MANAGEMENT

17.1 Financial risk factors

There is no change in the Group's objectives, policies, procedures for measuring and managing the financial risks including capital management risk, since the preceding annual financial year ended 31 December 2022.

17.2 Fair values of financial assets and liabilities

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

Fair value hierarchy

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

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

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

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

- During the six months period ended 30 June 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

17.3 Financial instruments by categories

30 June 2023		
Financial Assets at fair value through P&L	Financial Assets at amortized cost	Total

Financial assets as per balance sheet

	(Rupees)	
Long Term Receivable	1,306,029,629	1,306,029,629
Contract assets	3,852,713,273	3,852,713,273
Trade debts	10,739,307,676	10,739,307,676
Loans, advances and other receivables	1,421,618,548	1,421,618,548
Security deposits	1,076,702,141	1,076,702,141
Interest accrued	3,140,097	3,140,097
Short term investments	703,322	382,000,000
Cash and bank balances	-	7,619,045,197
	703,322	26,400,556,562

31 December 2022		
Financial Assets at fair value through P&L	Financial Assets at amortized cost	Total

Financial assets as per balance sheet

	(Rupees)	
Long Term Receivable	1,103,297,635	1,103,297,635
Contract assets	2,591,990,933	2,591,990,933
Trade debts	8,494,847,010	8,494,847,010
Loans, advances and other receivables	820,058,468	820,058,468
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
Cash and bank balances	-	5,814,496,232
	4,253,978,169	19,574,015,230

Financial liabilities as per balance sheet

	30 June 2023	31 December 2022
	Financial Liabilities at amortized cost	
	(Rupees)	
Long term loan	-	-
Lease liabilities	709,346,010	604,698,657
Markup accrued on short term borrowing	166,773,229	83,638,647
Short term borrowing	4,380,000,000	3,110,000,000
Unclaimed Dividend	33,685,124	13,536,152
Trade and other payables	5,911,201,565	5,937,289,453
	11,201,005,928	9,749,162,909

18. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issuance on 28 August 2023 by the Board of Directors of the Group.

19. CORRESPONDING FIGURES

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

- Cash flows pertaining to 'Loans paid to employees' previously classified as investing activities in the unconsolidated condensed interim financial statements have now been classified as 'Loans paid to employees - net' in cashflows from operating activities Rupees
(222,239,457)

20. GENERAL















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



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systems

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-11 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

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Business Bay | P.O. Box: 500497
Dubai, UAE

404, Dubai Hills Business Park
3, Emaar Hills Estate | P.O. box:
500497 Dubai, UAE

Sharjah

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KSA

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Building B, 2nd Floor,
Al Malqa, Riyadh, Saudi Arabia

Qatar

Doha

Palm Towers, Floor 41
Westbay, Doha, Qatar

Egypt

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Road, Giza, Egypt

South-Africa

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