

Subject: Annual Report for the Fiscal Year Ending 31st December 2023

We are pleased to present to you the Annual Report for Systems Limited for the fiscal year concluded on December 31, 2023. This document encapsulates our financial performance, achievements, and strategic direction over the past year.

For stakeholders interested in a more detailed examination, a high-resolution version of the Annual Report is accessible on our official website. You can download it using the following link: <https://www.systemsltd.com/financial-reports#financial>.

For and on behalf of Systems Limited,

Ali Ahmed Iftikhar
Company Secretary

Headquarters

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Lahore

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systems

ANNUAL REPORT 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. Zubyr Soomro Director | Independent |
| Mr. Omar Saeed Director | Independent |
| Ms. Maheen Rahman Director | Independent |
| Ms. Romana Abdullah Director | Independent |



Human Resource & Compensation committee

Mr. Omar Saeed
Chairman

Ms. Maheen Rahman
Member

Mr. Arshad Masood
Member

Audit Committee

Mr. Zubyr Soomro
Chairman

Ms. Maheen Rahman
Member

Ms. Romana Abdullah
Member

Chief Financial Officer

Ms. Roohi Khan

Head of Internal Audit

Mr. Salman Naveed

Internal Auditors

Uzair Hammad Faisal & Co.

Tax Advisors

A.F.Ferguson & Co
Chartered Accountants

External Auditors

A.F.Ferguson & Co
Chartered Accountants

Legal Advisors

Hassan & Hasan Advocates
Ahmad & Pansota

Company Secretary

Mr. Ali Ahmed Iftikhar

Share Registrar

Central Depository Company
CDC House, 99-B, Block B,
S.M.C.H.S., Main Shakra-e-Faisal,
Karachi – 74400.
Tel: (92-21) 111-111-500 Fax: (92-21)
34326034

Registered Address

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Lahore Cantt
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F: +92 42 3 636 8857

Banks

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

Board of Directors



Mr. Aezaz Hussain

Chairman/Non Executive Director

Mr. Aezaz Hussain founded Systems Limited in 1977 as the first software house in Pakistan. His professional acumen provided the overall direction for turnkey computer projects involving systems design, hardware selection and installation, and the planning and management of large-scale industrial projects. Within the organization, he has been responsible for the internal restructuring needed to respond to periodic shifts in the company's strategy.

Mr. Hussain was the CEO of Visionet Systems, Inc. in New Jersey, USA till 2008 and he is currently the Chairman for both Visionet Systems and Systems Limited. His main role is the development of enterprise strategy. He was a member of Pakistan's Information Technology Commission, which advised the President of Pakistan on IT-related matters and national policies. He has been a member of a number of committees and advisory bodies set up by the government on Information Technology strategies and on the development of public-sector information systems. He was a founding member and the founding President of Pakistan Software Houses Association (P@SHA). He served as a member of the Economic Advisory Board, Government of Pakistan, the Information Technology Commission of Pakistan, and the Council of Computer Society of Pakistan.



Mr. Asif Peer

CEO & Managing Director

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

Mr. Peer has been associated with Systems Group for 28+ years in various Senior Management positions, executing company growth strategy in line with the vision and mission. Under his leadership, the company has won several accolades, including Forbes Asia's Best Under a Billion 2020, 2021, 2022, and 2023, Microsoft Country Partner of the Year Pakistan & UAE, 2021/2022, 2022/2023, 2023/2024 Inner Circle award for Microsoft Business Applications, Pakistan Top IT Export Award, multiple PSEB IT Export Awards since 2016, membership of Microsoft Dynamics President's Club in 2014 and 2015, and many more.



Mr. Arshad Masood

Non Executive Director

Mr. Arshad Masood started his career with IBM Corporation in the US and held various professional and managerial positions, including Sales Manager. He was a consistent top performer and his primary objective was to enhance customer relationships, protect their revenue base, and identify new revenue opportunities. In 1994, Mr. Arshad Masood founded Visionet Systems, Inc., USA, and is currently the CEO of the company.

As founder, Mr. Arshad Masood envisioned and executed a strategy to create a generalpurpose consulting and solutions company. As CEO, Mr. Arshad Masood is responsible for long-term strategic planning and providing guidance to operations across the enterprise. He helped Visionet Systems build a strategy and value proposition for products and services in the mortgage industry. Mr. Arshad Masood holds a BSc (Engineering) degree from Engineering University, Lahore, an MSc degree from University of Guelph, Canada, and an MBA degree from Baruch College, New York.



Ms. Maheen Rehman

Independent Director

With over twenty years of experience in investment banking, research, and asset management, Ms. Maheen Rahman is currently the CEO of InfraZamin Pakistan, a key player catalyzing private sector investment in infrastructure projects. In her prior role as CEO of Alfalah GHP Investment Management, she led the company to become one of Pakistan's largest asset management firms. Ms. Rahman's achievements include being featured on Fortune's "40 Under 40's Women to Watch" list in 2015.

Currently serving as an Independent Director at GlaxoSmithKline Pakistan, Director for the British Overseas School, and Director of Nasra Public Schools, Ms. Rahman is actively involved in various roles, including advising KatalystLabs and directing the Centre for Economic Research in Pakistan. She holds a Bachelor of Science (Hons) in Economics from the Lahore University of Management Sciences and a Master of Science in Finance and Economics from Warwick Business School. Ms. Rahman is also certified by the New York Stock Exchange (Series 7) and holds an independent director certification from the Pakistan Institute of Corporate Governance.



Ms. Romana Abdullah

Independent Director

Ms. Romana Abdullah is CEO of Highpoint Ventures (Pvt) Ltd and leads Hopscotch, a kids wear brand she co-founded in 2014. Prior to becoming an entrepreneur, Romana led the strategic planning and transformation functions at MCB Bank and Soneri Bank. Earlier, Romana spent significant time at The Boston Consulting Group (Management Consulting) and Merrill Lynch (Investment Banking) in New York, where she focused on strategic, financial, and operational assignments for Fortune 500 financial services and consumer clients. Ms. Romana is also on the board of Karandaaz, a DFID and Gates Foundation funded company that promotes access to capital for small businesses and digital financial inclusion for individuals in Pakistan. She also mentors young start-ups, incubators, and accelerators in her free time. Ms. Romana has a BSc in Financial Engineering from Princeton University and an MBA from the Harvard Business School.



Mr. Omar Saeed

Independent Director

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

Mr. Omar has served as the Chief Executive Officer of Service Industries Limited (SIL) from 2011 to 2018. Under his stewardship, SIL won the highly prestigious Pakistan Stock Exchange Top 25 Companies Award for the years 2011, 2013, 2014 and 2015. Prior to that, Omar was responsible for building Servis into Pakistan's largest footwear retailer, with 500 stores and more than PKR 12 Billion in annual revenues. He founded Ovex Technologies (Private) Limited in 2004, which went on to become one of Pakistan's leading call center companies before the business was sold in 2011.

He has served on the Boards of various private and public companies in the past. Omar has also been an adjunct faculty member of LUMS where he taught entrepreneurship.



Mr. Zubyr Soomro

Independent Director

Mr. Zubyr Soomro is a distinguished figure with over three decades of experience in international banking, having held senior roles at Citibank across the globe. Recognized for his leadership in the privatization and restructuring of United Bank Ltd (UBL) in Pakistan, he was awarded the Quaid-e-Azam Centenary Gold Medal by the State Bank of Pakistan in 2004. Mr. Soomro has played a crucial role in financial inclusion and poverty alleviation, leading the Pakistan Microfinance Investment Company and earning a Lifetime Achievement Award from the Pakistan Microfinance Network in 2023.

He has been invited to speak on bank restructuring projects by the World Bank, IMF, and IFC, and held the chairmanship of the National Bank of Pakistan (NBP) and the United National Bank, UK. Mr. Soomro's influence extends to policy-making, education, and philanthropy, serving on the boards of all three financial services regulators in Pakistan, the Economic Advisory Council of Pakistan and on the boards of prestigious educational institutions.

Mr. Soomro holds a BSc Hons from the London School of Economics and a Masters from the School of Oriental and African Studies, with executive education from Harvard Business School and the Harvard Kennedy School. Currently, he chairs the Board of the Indus Valley School of Art and Architecture and contributes to the boards of Acumen Pakistan and other notable trusts, while also managing his family's agricultural interests in Jacobabad.

Our Leadership





Asif Peer

Group CEO & Managing Director

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



Roohi Khan

Group CFO

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



Toima Asghar

Group CHRO

Ms. Toima Asghar has been associated with the HR fraternity for approximately two decades and leads the human resource function in large organizations operating in the banking, wholesale, broadband, academia, and IT industries. As an HR strategist, she leads the organization's Human Capital function to build a sustainable competitive advantage through its human resource by collaborating with the teams for the right selections and development of the existing talent while focusing on talent management and providing careers to the human resource of the organization.



Asif Akram

Group COO

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



Khurram Majeed

General Manager, Systems MEA

Khurram Majeed serves as General Manager for Middle East and Africa at Systems Limited. He is a technology evangelist and global change maker with 20+ years of experience. His strategic initiatives have positioned the company as a go-to partner for large telco, banking, and public sector clients. Under his guidance, Systems MEA has consistently delivered innovative solutions, driving digital transformation and contributing to the success of organizations across various sectors.



Rao Hamid Khan

General Manager, Systems KSA

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



Faisal Tajammal

General Manager, Systems APAC

Mr. Faisal Tajammal has over 22 years of experience in the IT industry. Over time he has fulfilled different roles in IT in the USA, Middle East, Pakistan, and APAC. For the last ten years he is working in leadership and customer-facing roles and is responsible for regional business growth, operations, team building, presales, solution delivery, and process management.



M. Mairaj Yousuf

General Manager Banking & Non-Telco

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



Ammara Masood

General Manager BFS

Global Industries GM Banking and Financial Services, Systems Limited, Ms. Ammara Masood, has a career spanning three decades in entrepreneurship and running successful companies. She brings rich global experience across continents in multiple markets in IT Strategy, Consulting, and Digital Transformations for the banking and financial sector. She is responsible for overseeing the company's strategic direction, expansion, and delivering value-added IT services in banking.



Salman Wajid

Chief Process Outsourcing Officer

Mr. Salman Wajid Mian is a dynamic leader in customer experience and one of the pioneers in outsourcing services in Pakistan, with over 20 years of experience. As Chief Process Outsourcing Officer in Systems Limited, he is responsible for steering large-scale culture-transformation initiatives and process re-engineering programs across diverse industry verticals while optimizing operations and resources, and driving success.



Tariq Rasheed

Senior VP - Telco Growth Leader

Dynamic telecommunications leader with 25+ years of experience in Telco Operations, products and services development, pre-sales, marketing, and ecosystem building. Proven ability to drive innovation and growth. As an SEVP Telco Growth he is currently responsible for delivery of services to key Telco accounts, Telco pre-sales and strategic product and services development.



Imran Soofi

General Manager, Telco

Mr. Imran Soofi leads the global Telecom vertical at Systems Limited and helps our clients in solving their business challenges through technology solutions that have a high ROI, optimal TCO, and efficient turnaround time. He is responsible for strategy, revenue and offerings to ensure long-term, profitable, and sustainable growth of Systems Telco footprint.



Javeria Fahad

Head of Marketing

Ms. Javeria Fahad boasts over 15 years of seasoned expertise in strategic creative thinking, digital, and marketing domains. Leading as the head of Digital Marketing at Systems Limited, she steers the company's B2B strategy and oversees its digital marketing operations, showcasing adept leadership and a profound understanding of the digital realm. Javeria is a dynamic and creative marketing and communications senior leader responsible for conceptualising, developing, and directing innovative campaigns that fuel reinvention, drive growth and differentiation, and deliver enduring value for clients.

has context menu



Tahir Saeed

Chief Investment Officer

Mr. Tahir Saeed is an accomplished investment professional with over a decade of experience in equity research, fund management, risk management, strategy, and client & corporate relationships. As the Chief Investment Officer of Systems Limited, he is responsible for devising investment strategies, identifying new opportunities, leading M&A transactions, conducting due diligence, and managing group investments globally.

Chairman's Message

Nurturing Talent

Dear Shareholders

As you are aware, we are primarily a people-driven company, and attracting and retaining the best talent is key to our success.

The complex political and economic turmoil in Pakistan over the last two years has had a tremendous social impact. Given the growing international demand for IT talent and the socioeconomic issues in Pakistan, primarily driven by the high inflation rate, the retention of talent has been a major challenge for your company, particularly in 2023.

However, I am happy to share that the management of Systems faced this challenge well. Despite the troubling conditions, we experienced a revenue growth of 68% in 2023. The impact of inflation, which was historically partly offset by the PKR/USD parity, was substantial. Nevertheless, profits grew by 31% after a major effort to improve productivity. Even in this harsh environment, your company has continued to thrive.

Nurturing talent will continue to be our major focus in the new year as we have an ambitious growth plan. Key factors of our talent attraction and retention plan include:

1. A wider management bandwidth to absorb growth through our aggressive stock option plan, which incentivizes senior and mid management through shareholding
2. an intensive training program which retools our engineers in new technologies like AI, and
3. A clear career path for our talent pool so they can align their personal goals with the company.

The engine of our growth continues to be our strong customer-centric culture, which has resulted historically in consistent customer retention. We are thankful to our clients worldwide for giving us the opportunity to continue to service their IT needs.

I congratulate the management team on achieving these excellent results and wish them Godspeed for the future.

Finally, I am grateful for the guidance we have received from our board members and thank them for their commitment and support to the company.

Sincerely,



Aezaz Hussain
Chairman



CEO's Message

Charting a Path of Growth, Innovation, and Excellence

I am delighted to present the CEO report for the financial year 2023, a year characterized by remarkable achievements, robust financial performance, and strategic advancements that have positioned us for sustained growth and success.

Our financial results for FY23 underscore our continued growth trajectory with 68% revenue growth and 59% adjusted EBITDA growth showing resilience in the face of macroeconomic challenges. The double-digit growth even in dollar terms, signifies our unwavering commitment to delivering value to our stakeholders and capitalize on growth opportunities across all geographies and verticals.

I am proud to share that our dedication to excellence has been recognized through various prestigious awards and accolades. Notably, we were honored to receive the Microsoft Country Partner of the Year for UAE and Pakistan, a testament to our commitment to delivering exceptional solutions and services in collaboration with industry leaders. Furthermore, our consistent performance was acknowledged by Forbes Asia, where we were listed among the top 200 companies for four consecutive years with an additional recognition as the fastest growing company in the region for 2023.

Our relentless focus on digital transformation and innovation has propelled us to the forefront of the industry. We have continued to invest in building our expertise in emerging technologies such as AI, cloud computing, data analytics, and automation, empowering our clients to navigate the complexities of the digital landscape with confidence and agility. Our collaborations with industry leaders such as Microsoft, Temenos, SAP, Informatica, and others have enabled us to offer cutting-edge solutions and services to our valued clients, further enhancing our competitive advantage.

Our investment in our workforce remains a top priority, as we recognize that our employees are the driving force behind our success. We continued to proactively hire good talent, focusing on training, re-skilling, and upskilling our existing talent pool to ensure they are equipped with the latest technologies and prepared for future challenges. We continue to partner with Academia for re-skilling and upskilling of IT talent pool in the country. ITM program continues to thrive by providing learning opportunity to both the computer science and non-computer science graduates who want to excel in a career in tech. Additionally, we have strengthened our regional teams and built a robust bench to support our growth objectives. We are proud to have welcomed ~ 2200 new employees into our team this year, each bringing unique perspective and contribution to our collective success. With our retention strategy, we successfully reduced the attrition rate to 17% from 24% last year.

Looking ahead, we remain steadfast in our commitment to delivering exceptional value to our clients, driving innovation. We are optimistic about the opportunities that lie ahead and remain committed to driving sustainable growth and value creation for all our stakeholders. Our strategic investments in new markets such as Saudi Arabia, APAC, and Africa position us well to capitalize on emerging opportunities and diversify our revenue streams. Furthermore, our focus on verticals such as BFS, Telco, and Public Sector, combined with our relentless pursuit of innovation and value driven strategy, will continue to drive our growth trajectory.

We remain committed to the community we live and operate in by prioritizing corporate social responsibility, particularly in education, health, sustainability, and women empowerment. We believe in empowering youth through technology-focused initiatives, aiming to shape the future of the nation.

In conclusion, I extend my heartfelt gratitude to employees, board members, shareholders, partners and customers for their unwavering support and commitment. Together, we have achieved remarkable success, and I am confident that with our collective efforts, we will continue to chart a path of growth, innovation, and excellence.

Warm regards,



Asif Peer
Group CEO
Systems Limited



Directors' Report

TO THE SHAREHOLDERS 2023

The Directors of the Company take pleasure in presenting the Annual Report of your Company, together with the Unconsolidated and Consolidated Financial Statements for the year ended 31 December 2023.



Group Overview:

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

Activities:

The Company's revenue comes primarily from Digital/Data/Cloud Services, Managed Services, Consulting Services, IT outsourcing and Business Process Outsourcing/Contact Center. The Company generates over 84% of its revenue from export of Services to various geographies such as North America, Europe, Asia Pacific and Middle East and 16% from domestic market. The Company is well diversified into various business verticals such as Banking and Finance, Telco, Retail & CPG, Pharma, and Public sector.

FINANCIAL PERFORMANCE OF THE COMPANY AND THE GROUP DURING 2023

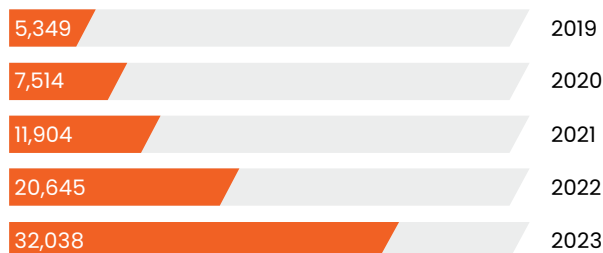
Unconsolidated:

The Company's financial results for FY23 have maintained a strong trajectory. Operating revenues for the year in local currency were Rs. 32,037.99 million showing a growth of 55% over the previous year. Profit after tax for the year was Rs. 8,559.16 million showing a growth of 36%. Gross profit and operating profit increased by 42% and 46% respectively. Since FY19, the Company has delivered a Compounded Annual Growth Rate (CAGR) in revenues of 56%. The revenue growth has been mainly driven by IT services and profitability growth has been driven by demand and growth across all geographies and all verticals.

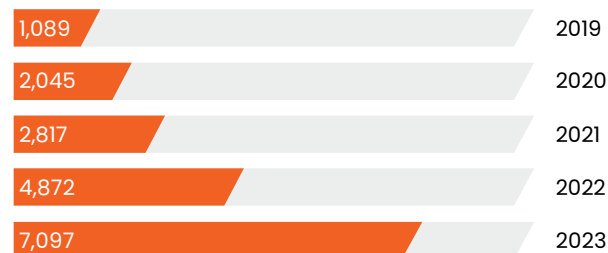
Unconsolidated

| Particulars | FY 2023 | FY 2022 | Y/Y |
|------------------------------|----------------|----------------|-----|
| Revenue | 32,037,995,164 | 20,644,764,716 | 55% |
| Gross profit | 9,616,693,532 | 6,755,105,438 | 42% |
| Operating Profit | 7,096,705,165 | 4,871,976,394 | 46% |
| Profit before taxation | 9,008,771,728 | 6,624,487,917 | 36% |
| Profit after taxation | 8,559,160,491 | 6,299,836,945 | 36% |
| Earnings per share (basic) | 29.41 | 22.44 | 31% |
| Earnings per share (diluted) | 29.22 | 22.29 | 31% |

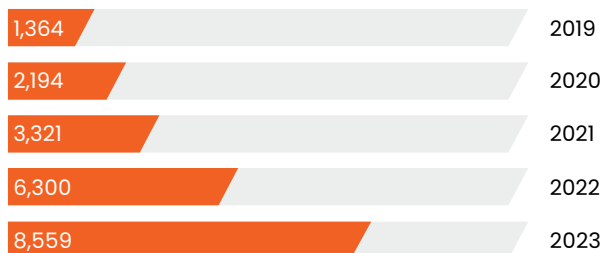
Unconsolidated Revenue
(PKR Million) CAGR 56%



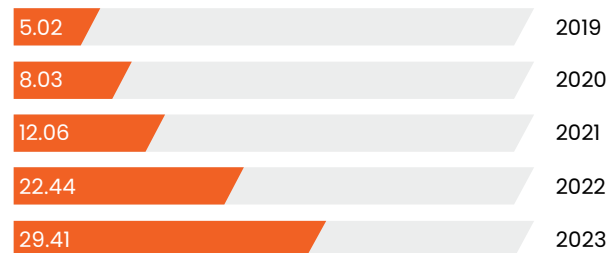
Unconsolidated Operating Profit
(PKR Million) CAGR 60%



Unconsolidated Net Profit
(PKR Million) CAGR 58%



Unconsolidated Basic EPS
(PKR) CAGR 56%



Consolidated:

During year ended 31 December 2023, operating revenues of the Company were Rs 53,435.48 million in 2023 compared to Rs. 31,759.92 million in 2022. Current period showed a significant increase by PKR 24,608.19 million after normalizing the last year reported revenue by one-off sale of license of CLOS, a product developed by NDC which was sold for an upfront payment of \$8 million and subsequent royalty of ~ \$7 million over five years and recognized at present value. Cost of \$15 million had also been adjusted against the revalued intangibles at the time of acquisition neutralizing the P&L. The normalized growth in the revenues for 2023 is 85% and with the one-off revenue in 2022, the reported growth is 68%. Gross profit grew by 58%.

Operating profit from ordinary course of business amounts to Rs 7,887.02 million showing a growth of 47.06%. The reported number includes one off impairment loss on remeasurement of investment in Jomo Technologies (Pvt) Limited amounting to Rs. 154.46 million bringing the reported growth down to 44.19%. During the year ended December 31, 2022, the management had acquired 9% 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 fair value loss on investment.

The net profit from ordinary business stands at Rs 9,620.89 million and with one-off adjustments, the reported number stands at Rs 8,688.89 million. The adjustments include

- A proportionate share of loss on EP Systems B.V, netted off with the share of profit from Retailistan arising from a one-off notional gain from disposal of Jugnu Technologies (Pvt) Limited and
- The impairment losses pertaining to Sales Flo due to the value in use of the company being less than the carrying value of the investments. The carrying value of investment was adjusted upwards with the notional gain on disposal of Jugnu Technologies (Pvt) Limited as stated above. The impairment loss is adjusting the same notional gain.
- The impairment losses pertaining to EP Systems B.V due to the value in use of the company being less than the carrying value of the investments. In 2021, the Company had to record a one-time notional gain in the financial statements amounting to Rs 816,226,74 million arising from conversion of E-Processing Systems B.V. from a subsidiary to associate on account of dilution of voting rights resulting from investment of Gates Foundation in irredeemable preference shares. On revaluation, the same notional value has been written down. After the share of loss and impairment, the remaining carrying value is Rs 201.55 million only. With this adjustment, all the investments in the Company's books have been written off.

Basic and diluted earnings per share increased by 26% over the same period.

Growth in revenue is contributed by both the Company and its subsidiaries.

| Consolidated | | | |
|---|----------------|----------------|-----|
| Particulars | FY 2023 | FY 2022 | Y/Y |
| Revenue* | 53,435,483,177 | 31,759,927,263 | 68% |
| Gross profit | 13,656,685,787 | 8,636,279,367 | 58% |
| Operating Profit** | 7,732,547,097 | 5,362,828,298 | 44% |
| Share of loss from associate*** | (48,069,294) | (323,899,362) | |
| Impairment loss on investment in associates**** | (729,463,249) | - | |
| Profit before taxation | 9,279,622,243 | 6,981,169,335 | 33% |
| Profit after taxation | 8,688,889,893 | 6,629,661,309 | 31% |
| Earnings per share (basic) | 29.86 | 23.61 | 26% |
| Earnings per share (diluted) | 29.66 | 23.45 | 26% |

* Consolidated revenue includes one-off revenue from sale of license of CLOS in FY 2022.

** The operating profit includes one off fair value loss on remeasurement of investment in Jomo Technologies (Pvt) Limited amounting to Rs. 154.46 million.

*** The share of loss is proportionate share EP Systems B.V netted off with the share of profit from Retailistan due to the gain from disposal of Jugnu Technologies (Pvt) Limited.

**** This includes impairment losses pertaining to EP Systems B.V and Sales Flo due to the value in use of the company being less than the carrying value of the investments.

Consolidated Revenue (PKR Million) CAGR 63%

| | |
|--------|------|
| 7,536 | 2019 |
| 9,877 | 2020 |
| 15,304 | 2021 |
| 31,760 | 2022 |
| 53,435 | 2023 |

Consolidated Operating Profit (PKR Million) CAGR 55%

| | |
|-------|------|
| 1,330 | 2019 |
| 2,114 | 2020 |
| 3,169 | 2021 |
| 5,363 | 2022 |
| 7,733 | 2023 |

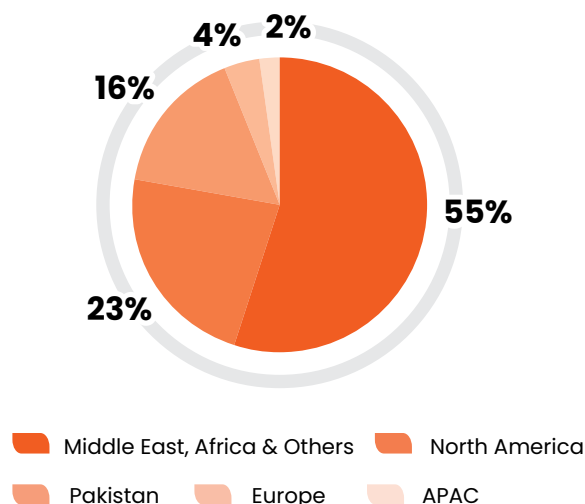
Consolidated Net Profit (PKR Million) CAGR 53%

| | |
|-------|------|
| 1,568 | 2019 |
| 2,164 | 2020 |
| 4,380 | 2021 |
| 6,630 | 2022 |
| 8,689 | 2023 |

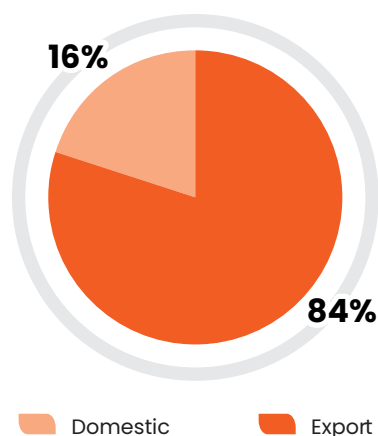
Consolidated Basic EPS (PKR Million) CAGR 50%

| | |
|-------|------|
| 5.84 | 2019 |
| 8.08 | 2020 |
| 16.21 | 2021 |
| 23.61 | 2022 |
| 29.86 | 2023 |

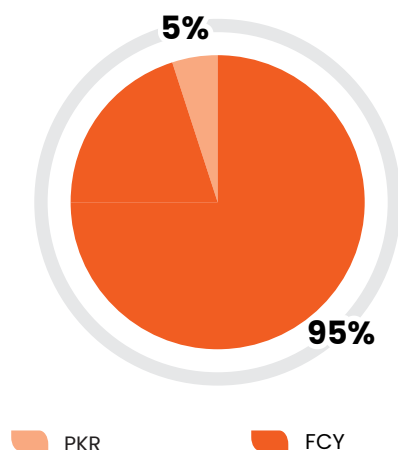
Revenue by Geography



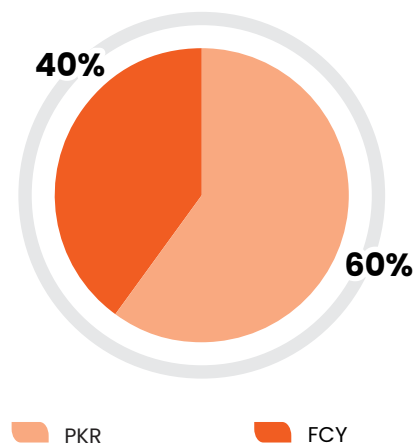
Export Contribution



Revenue by Currency



Cost by Currency



PERFORMANCE BY SEGMENT (CONSOLIDATED)

Vertical Segment:

The Company 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 Company to leverage its expertise and capabilities more effectively across various sectors, increasing operational efficiency.

The Company 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 Company will continue to use geographical segments as well in addition to vertical segments. However, the four primary segments now 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.
- **Retail & CPG (Consumer Packaged Goods):** This segment encompasses retail operations and consumer goods.
- **Telco (Telecommunications):** This segment involves telecommunications services and technologies.

- **Technology:** This segment includes technology related solutions, products and services.
- **Others:** This catch-all category may include any remaining segments that don't fall into the specific verticals mentioned above.

| | BFSI | | Retail & CPG | | Technology | | Telco | | Others | | Total | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Rupees in Millions | | | | | | | | | | | | |
| Revenue | 15,266 | 10,581 | 5,716 | 4,519 | 7,393 | 4,498 | 11,809 | 5,156 | 13,252 | 7,007 | 53,435 | 31,760 |
| Cost of revenue | (12,906) | (8,773) | (3,367) | (2,509) | (4,669) | (2,851) | (8,687) | (3,918) | (10,150) | (5,072) | (39,778) | (23,124) |
| Gross profit | 2,360 | 1,808 | 2,349 | 2,009 | 2,724 | 1,647 | 3,122 | 1,238 | 3,102 | 1,934 | 13,657 | 8,636 |
| Distribution expenses | (448) | (196) | (168) | (116) | (217) | (116) | (347) | (132) | (389) | (180) | (1,570) | (741) |
| Administrative expenses | (1,138) | (659) | (426) | (389) | (551) | (388) | (880) | (444) | (988) | (604) | (3,983) | (2,484) |
| | (1,586) | (856) | (594) | (505) | (768) | (503) | (1,227) | (577) | (1,377) | (784) | (5,552) | (3,224) |
| Profit / (loss) before taxation and unallocated income and expenses | 774 | 952 | 1,755 | 1,504 | 1,955 | 1,144 | 1,895 | 661 | 1,725 | 1,151 | 8,104 | 5,412 |

Geographical Segment

The Company is showing a strong growth across all four segments, with Middle East region taking the lead, followed by Pakistan and North America. Export sales of the Company are approximately 84% of total sales, taking another 16% from the domestic sales, with the Company's target being to further increase the export component going forward. Diversification into new regions and new markets will support this objective as the company is actively looking to expand in the new markets.

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

| | North America | | Europe | | Middle East Africa | | APAC | | Pakistan | | Total | |
|--|---------------|--------------|------------|------------|--------------------|--------------|------------|------------|--------------|------------|---------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Rupees in Millions | | | | | | | | | | | | |
| Revenue | 12,262 | 9,342 | 1,891 | 4,367 | 29,309 | 12,092 | 1,328 | 456 | 8,645 | 5,502 | 53,435 | 31,760 |
| Cost of revenue | (8,005) | (5,940) | (1,171) | (3,813) | (21,264) | (8,288) | (854) | (227) | (8,486) | (4,855) | (39,778) | (23,124) |
| Gross profit | 4,258 | 3,403 | 720 | 554 | 8,045 | 3,804 | 474 | 229 | 159 | 647 | 13,657 | 8,636 |
| Distribution expenses | (33) | (9) | (19) | (1) | (1,257) | (472) | (139) | (12) | (121) | (247) | (1,570) | (741) |
| Administrative expenses | (1,265) | (966) | (195) | (175) | (2,132) | (1,048) | (62) | (16) | (328) | (279) | (3,983) | (2,484) |
| | (1,298) | (975) | (214) | (176) | (3,389) | (1,520) | (201) | (28) | (450) | (526) | (5,552) | (3,224) |
| Profit / (loss) before taxation and unallocated income and expenses | 2,960 | 2,428 | 506 | 378 | 4,656 | 2,283 | 273 | 201 | (290) | 121 | 8,104 | 5,412 |
| Profit for the year | | | | | | | | | | | | |

North America & Europe

Margins of North America region are 35% GP and 24% OP. Similarly, for Europe region the margins are 38% GP and 27% OP. The normalized margins of Europe for 2022 is 39% GP and 26% OP. The Company is expecting to see modest growth in these segments in future.

Middle East Africa

In the Middle Eastern region, TVS and Systems Arabia in UAE are leading the growth trajectory contributing about 83% to the total revenue. Qatar is also expecting to gain momentum and will be become a sizeable business in near future.

APAC

APAC has also become a significant vertical where the company is seeing significant growth specially in the Technology and BFSI sector.

Pakistan

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

Dividend & Appropriations

For the year 2023, the Directors recommended a payment of final cash dividend @ 6 per share (2022: Rs. 5 per share).

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

| | Un-appropriated profit (PKR) |
|--|------------------------------|
| Balance as at 31 December 2022 | 12,283,429,147 |
| Total comprehensive income for the year | 8,559,160,491 |
| Less: Final dividend for the year ended 31 December 2022 at the rate of PKR Rs 5 per share | (1,455,268,500) |
| Balance as at 31 December 2023 | 19,387,321,138 |

Earnings Per share

Basic and diluted earnings per share for the year ended 31 December 2023 for the Company are Rs. 29.41 and Rs. 29.22 (31 December 2022: Rs. 22.44 and Rs. 22.29) per share. Similarly, the basic and diluted earnings per share for the Group are Rs. 29.86 and Rs. 29.66 (31 December 2022: Rs. 23.61 and Rs. 23.45) per share.

Awards and Accolades

The Company is proud to receive the Microsoft Country Partner of the year for UAE and Pakistan. In UAE the Company competes with all the big firms globally and this recognition is helping the Company establishing a good credibility in regional markets and in business acquisition.

Further strengthening the business creditability, the Company has won the Microsoft Inner Circle award for the last 3 years. This confirms the stability, continuity and sustainability of the skillset which has been recognized by the Microsoft. This is a testimony of the Company's consistent performance.

The Company has been recognized by Forbes Asia Best Under A Billion as top 200 company for 4 years in a row. In addition the Company also won the fastest growing company in Asia. The Company is leveraging this recognition in making inroads in the regional markets.

Temenos has also recognized the Company as the best regional delivery partner of the year in 2023. This award confirms the success of NDC acquisition and integration with the Company's current business.

People's Update

The Company is investing in its workforce by proactively hiring and focusing on training, re-skilling, and upskilling existing employees. The Company is continuing to reskill and upskill the workforce on the newer technology stacks and the upcoming technologies like AI and Gen AI. This approach indicates a commitment to staying ahead of industry trends and ensuring the workforce is prepared for future challenges and opportunities. The Company has invested in hiring key resources for the regional markets as well. In order to increase retention of skilled resources and manage iteration, the Company has built a bench strength for future growth as well.

Infrastructure

The Company has sufficient infrastructure to support future growth. Company is planning to invest in solar in 2024 to optimize electricity cost and reduce the carbon footprint. Moreover Company will be investing in a parking plaza at the Head Office at Lahore to support parking of additional 750 vehicles.

Corporate Social Responsibility(CSR)

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

- Education,
- Health &
- Climate Change.

The Company has spent about PKR 70 M on donation in cash and in kind during the financial year. The company continued to support the IT Mustakbil training program, focusing on reskilling the talent by expanding its footprint. The program is dedicated to providing equal opportunity to everyone to gain skills in IT related technologies and ultimately use them to explore the land of opportunities in the corporate world.

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

Environment, Social, Governance (ESG)

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

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

Be kind to the Environment

- Water Conservation through awareness programs
- Tracking of energy consumption
- Adopting reuse and recycle practices to reduce waste

Be kind to the Employees

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

Giving back to the Society

- Allocation of CSR budget and planned CSR initiatives
- Initiated Digital Inclusion through IT Mustakbil Program
- Laptop Donations
- Helping employees in times of difficulties.

Governance

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

Sustainable Financial Growth

- 5 year revenue CAGR over 63%
- Consistent dividend payouts and capitalization gains
- Global expansion to reduce concentration risk

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

Future Outlook and Prospects for Growth

- The Company has made significant investments during 2023 in new markets such as Saudi Arabia, APAC and Africa in 2023 to stimulate the growth momentum for the next few years. The Company will now be working to mature these markets to get robust and sustainable growth and a healthy return on these investments.
- The Company had to face significant inflationary pressure on costs during 2023 and this pressure is going to carry forward to 2024 as well in the form of wage inflation. Historically devaluation of rupee which is expected to be around 8-10% for Pakistan had been compensating the inflation but in 2024, it has been only around 3% so far, creating a further pressure on margins.
- BFS-Temenos acquisition has matured now and NDC brand has been completely merged with Systems Brand. The Company is focusing to develop the Banking and Finance services and Temenos is one of the core offering. The Company sees a healthy pipeline in this vertical.
- Regional update:
 - » Saudi market is booming with Vision 2030 Initiatives, expo 2030 and the FIFA 2034 worldcup, and this is giving traction and opportunities to the Company to scale the business and the Company has made the required investment to support the growth and the Company is hoping a good growth momentum based on the current opportunities pipeline.
 - » Similarly UAE and other GCC countries are showing a continued growth momentum and the Company continues to successfully compete with the leading Tech brands to acquire customers and new business opportunities.
 - » The Company has acquired a couple of good business opportunities in the Europe segment and expecting this segment to develop.
 - » North American segment is expected to be more stable in 2024. The Company is re-strategizing the business development approach in this segment and taking steps to grow business.
 - » In the domestic market, the Company expects post election stability. The Company is entering into more dollarized contracts in the local market to hedge against currency fluctuations. ~95% of the Company's revenue is generated from FCY contracts and only ~5% is in local currency.
 - » The development center in Egypt is not only a cost center but has secured healthy contracts and is contributing to the group revenue and is funding its cashflows.
- Considering the demand of resources, the Company is exploring a couple of new geographies to open another supply center to support future growth and expansion.
- Considering the wave of AI and robust application of AI, company has setup AI innovation lab and investing heavily on upskilling and reskilling of resources in AI as the Company believes there is huge market opportunity. There is a high demand of AI as compared to the supply and the Company is making sure to train sufficient resources. The Company has also made significant investment in building the assets/products//solutions in banking AI space and these accelerators are helping the Company to win new deals. Company will continue to invest in leading technologies and any other new tech where principals (Microsoft, Google, Amazon, and Salesforce) are investing.

- During 2023, the Company signed another major deal with Temenos to obtain preferred Country Model Bank (CMB) rights for 15 years in the APAC region. This has provided healthy business opportunities in the APAC region. Moreover, MEA deal signed in 2022 has also been extended for 10 years.
- The Company started the vertical focused strategy in 2022 and key focus verticals are BFS, Telco, and Public Sector, these verticals are showing great progress and business opportunities.
- The Company is actively lobbying with the Government to allow investment in new markets and acquisition of similar businesses that will contribute to the expansion plans of the Company. With the new Government, the Company is hopeful that this will open new doors for business.
- The Company plans to continue pursuing inorganic growth opportunities, not just in Pakistan but globally as well. The Company is evaluating businesses that are aligned with the strategy, structure and culture of the Company.

Principal Risk and Uncertainties Facing the Company

Risk Factors

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

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

Changes during financial year concerning the nature of the business of the company or of its subsidiaries and joint operation

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

Incorporation of New Subsidiaries

Systems Holdings (Pvt) Limited is private limited company incorporated under Companies Act 2017 in Pakistan. The company is a wholly owned subsidiary of Systems Limited.

Sys Bahrain for Information Technology W.L.L, a limited liability company was incorporated in Bahrain. The company is a wholly owned subsidiary of Systems International IT Pte Ltd.

Sys information Technology Malaysia SDN. BHD. is a 100% owned subsidiary of Systems International IT Pte. Ltd. incorporated in Malaysia.

Systems for information Technology QFZ LLC, is a 100% owned subsidiary of Systems International IT Pte. Ltd. incorporated in Qatar.

TechVista Systems East Africa Limited is a 100% owned subsidiary of Systems International IT Pte Ltd., incorporated in Kenya for providing consultancy and data processing software development services and to run data processing centers, computer centers, software development centers and offices.

Main trends and factors likely to affect the future development, performance and position of the company business

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

Adequacy of Internal Financial Controls

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

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

Corporate Governance and Financial Reporting Framework

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

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

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

Composition of the Board

In line with the requirements of the CCG, the Company encourages representation of Independent and Non-Executive Directors, as well as gender diversity, on its Board. During the financial period ended 31st December 2023, the composition of the Board was as follows:

Total Number of Directors

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

Composition

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

Board Committees

The Board of Directors has constituted Audit Committee and Human Resource & Compensation Committee.

The names of members of Board Committees and number of meetings attended by each member is as follows:

Audit Committee

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

HR & Compensation Committee

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

During the period under review, six(6) Board meetings, four (04) Audit Committee meetings and two (02) Human Resource and Compensation Committee (HRCC) meetings were held. Attendance by each Director of the respective Board/Sub – Committees meetings was as follows:

| Board of Directors | | | |
|---------------------------------|----------------|-----------------|------|
| Name of Director | Board Meetings | Audit Committee | HRCC |
| Mr. Aezaz Hussain | 6 | - | - |
| Mr. Arshad Masood | 6 | - | 2 |
| Mr. Asif Peer | 6 | - | 2 |
| Mr. Asif Jooma | 6 | 4 | 2 |
| Mr. Syed Muhammad Shabbar Zaidi | 6 | 4 | - |
| Mr. Omer Saeed | 5 | - | 2 |
| Ms. Romana Abdullah | 5 | 3 | 2 |

Changes to the Board

The current term of the directors was completed on 5th December 2023 and fresh elections were conducted for the appointment of directors through extra ordinary general meeting held on 26th December 2023. The Board would like to record its appreciation for the invaluable contributions rendered by the outgoing directors Mr. Syed Mohammad Shabbar Zaidi and Mr. Asif Jooma.

The Board also extends warm welcome to Mr. Zubyr Soomro and Ms. Maheen Rahman as new fellow members. The Board is confident that the team would operate cohesively for the benefit of the company and that new members shall lend a fresh perspective and spirit towards the progress of the Company.

The term of the new board will stand completed on 26th December 2026.

Composition of the new board & committees after elections

| Board of Directors | | | | |
|---------------------|---------------|---------------|-----------------|----------------|
| Name of Director | Category | Status | Audit Committee | HRCC Committee |
| Mr. Aezaz Hussain | Non-Executive | Re-elected | × | × |
| Mr. Asif Peer | Executive | Re-elected | × | × |
| Mr. Arshad Masood | Non-Executive | Re-elected | × | ✓ |
| Ms. Romana Abdullah | Independent | Re-elected | ✓ | × |
| Mr. Omar Saeed | Independent | Re-elected | × | ✓ |
| Ms. Maheen Rahman | Independent | Newly elected | ✓ | ✓ |
| Mr. Zubyr Soomro | Independent | Newly elected | ✓ | × |

Formal Orientation at Induction

Detailed orientation is conducted upon induction of each new Board member, appraising them on business operations, environment and long-term strategy of the Company. Extensive training programs are offered to the directors for enhancement of managerial and governance skills

Directors' Remuneration

The Board of Directors has approved a formal Directors' Remuneration Policy which includes a transparent procedure for the remuneration of Directors, in accordance with the Companies Act, 2017 and CCG. As per the said policy, NonExecutive and Independent Directors are paid an after-tax remuneration of PKR 100,000/- for attending each meeting of the Board or its Sub-Committee.

Appropriate disclosure for remuneration paid during the year to Directors and the Chief Executive has been provided in note 39 to the financial statements.

Board Evaluation

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

Directors' Training

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

Key Operating and Financial Data

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

Investments of Provident Fund

The value of provident fund operated by the Company, based on the un-audited accounts of the fund as on 31 December 2023 amounts to Rs 2,318.76 million (31 December 2022: PKR 1668.05 million)

Pattern of Shareholding

The Pattern of Shareholding as at 31 December 2023 of Systems Limited is annexed in the annual report.

Trading by Directors, Executives and their spouses and minor children

The Company's Directors, executives and their spouses and minor children did not trade in the Company's shares during the year ended 31 December 2023 other than those disclosed on Pakistan Stock Exchange.

Review of Related Parties Transactions

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

Quarterly and annual financial statements

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

Auditors

A.F. Ferguson & Co. has completed its tenure for the year 2023 and retire at the conclusion of the 47th Annual General Meeting. Being eligible, they have offered themselves for re-appointment for the financial year ending December 31st, 2024.

Upon recommendation of the Audit Committee, the Board recommends appointing M/s A.F. Ferguson & Co. as the statutory auditors of the Company for the year ending December 31st, 2024, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

Consolidated Financial Statements

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

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

Subsequent Events

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

Acknowledgement

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

On behalf of the Board



Asif Peer
Chief Executive Officer



Aezaz Hussain
Chairman

Date: 22-March-2024
Lahore

اعتراف

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

حسب الحکم بورڈ



آصف پیر

چیف ایگزیکٹو آفیسر



اعزاز حسین

چیئر مین

تاریخ 22 مارچ 2024ء

لاہور

سہ ماہی اور سالانہ مالیاتی گوشوارے

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

آڈیٹرز

اے۔ ایف۔ فرگوسن اینڈ کمپنی نے سال 2023ء کیلئے اپنی معیاد مکمل کر لی ہے اور 47 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہوئے ہیں۔ اہل ہونے کے ناطے انہوں نے مورخہ 31 دسمبر 2024ء کو ختم ہونے والے مالی سال کیلئے خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی کی سفارش پر بورڈ 31 دسمبر 2024ء کو ختم ہونے والے سال کیلئے میسرز فرگوسن اینڈ کمپنی کو شیئر ہولڈرز کے آئندہ منعقد ہونے والے سالانہ اجلاس عام سے مشروط کمپنی کے قانونی آڈیٹرز کے طور پر مقرر کرنے کی سفارش کرتا ہے۔

مجموعی مالیاتی گوشوارے

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

- ٹیک وٹا سسٹمز ایف زیڈ ایل سی، یو اے ای
- ٹیک وٹا انفارمیشن ٹیکنالوجی ڈبلیو۔ ایل۔ ایل، قطر
- ایس یو ایس (پرائیویٹ) لمیٹڈ (بلوچستان لینڈ ریکارڈ پراجیکٹ کیلئے شامل کردہ) پاکستان
- سسٹمز عربیہ برائے انفارمیشن ٹیکنالوجی، کے ایس اے
- سسٹمز وینچرز (پرائیویٹ) لمیٹڈ، پاکستان
- ایس وائے ایس مصر برائے انفارمیشن ٹیکنالوجی سروسز، مصر
- سسٹمز افریقا برائے انفارمیشن ٹیکنالوجیز (پرائیویٹ) لمیٹڈ، ساؤتھ افریقا
- نیشنل ڈیٹا کنسلٹنٹس (پرائیویٹ) لمیٹڈ، پاکستان
- ایسوسی ایٹڈ کمپنی۔ سیلز فلو (پرائیویٹ) لمیٹڈ۔ (سابقہ ریٹالسٹن پرائیویٹ لمیٹڈ)
- ایسوسی ایٹڈ کمپنی۔ ای۔ پراسینگ سسٹمز بی۔ وی، نیدر لینڈ
- سسٹمز انٹر نیشنل آئی ٹی پرائیویٹ لمیٹڈ

ضمنی واقعات

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

شفافیت کے طریقہ کار شامل ہیں کو منظور کر رکھا ہے۔ اس پالیسی کے مطابق نان ایگزیکٹو اور خود مختار ڈائریکٹران کو بورڈ یا اس کی سب کمیٹیوں کے ہر اجلاس میں شمولیت کیلئے مبلغ 1 لاکھ روپے ادا کئے جائیں گے۔ ڈائریکٹرز اور چیف ایگزیکٹو کو دوران سال ادا کئے جانے والے معاوضہ کا مناسب نمونہ مالی سٹیٹمنٹ کے نوٹ 39 میں ملاحظہ کیا جاسکتا ہے۔

بورڈ کا جائزہ

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

ڈائریکٹرز کی تربیت

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

کلیدی آپریٹنگ اور مالی اعداد و شمار

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

پراویڈنٹ فنڈ کی سرمایہ کاری

کمپنی کے ذریعے چلائے جانے والے پراویڈنٹ فنڈ کی مالیت، فنڈ کے غیر آڈٹ شدہ کھاتوں کی بنیاد پر 31 دسمبر 2023ء کو 2,318.76 ملین (31 دسمبر 2022ء: پاکستانی روپوں میں 1668.05 ملین)

شیئر ہولڈنگ کا نمونہ

سسٹمز لیڈ اور اس کے ذیلی اداروں کے شیئر ہولڈنگ کا نمونہ بمطابق 31 دسمبر 2023ء سالانہ رپورٹ کیساتھ منسلک ہے۔

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

کمپنی کے ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات اور نابالغ بچوں نے 31 دسمبر 2023ء کو ختم ہوئے سال کے دوران کمپنی کے شیئرز میں کوئی ٹریڈنگ نہیں کی ماسوائے اس کے جسے پاکستان سٹاک ایکسچینج میں ظاہر کیا گیا ہے۔

متعلقہ فریقین کے لین دین کا جائزہ

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

زیر غور سال کے دوران بورڈ کے 6 اجلاس، آڈٹ کمیٹی کے چار اجلاس اور ہیومن ریسورس اینڈ کمپنیشن کمیٹی کے دو اجلاس منعقد ہوئے۔ متعلقہ بورڈ اور سب کمیٹیوں کے اجلاس میں ہر ڈائریکٹر کی حاضری کا احوال ذیل میں ملاحظہ فرمائیں۔

| بورڈ آف ڈائریکٹرز | | | |
|-----------------------|------------|-----------|-----------|
| ڈائریکٹر کا نام | بورڈ اجلاس | آڈٹ کمیٹی | ایچ آر سی |
| مسٹر اعجاز حسین | 6 | - | - |
| مسٹر ارشد مسعود | 6 | - | 2 |
| مسٹر آصف پیر | 6 | - | 2 |
| مسٹر آصف جمعہ | 6 | 4 | 2 |
| مسٹر سید محمد شہزیدی | 6 | 4 | - |
| مسٹر عمر سعید | 5 | - | 2 |
| محترمہ رومانہ عبداللہ | 5 | 3 | 2 |

بورڈ میں تبدیلیوں بارے معلومات

ڈائریکٹرز کی موجودہ مدت مورخہ 5 دسمبر 2023ء کو مکمل ہوئی اور 26 دسمبر 2023ء کو منعقد ہونے والے غیر معمولی اجلاس عام کے ذریعے ڈائریکٹرز کی تقرری کیلئے نئے انتخابات کرائے گئے۔ بورڈ سبکدوش ہونے والے ڈائریکٹرز جناب سید محمد شہزیدی اور جناب آصف جمعہ تعاون اور شمولیت کا تہہ دل سے مشکور ہے۔

بورڈ جناب زیر سومرو اور محترمہ مہین رحمان کو نئے ساتھی ممبران کے طور پر خوش آمدید کہتا ہے۔ بورڈ کو یقین ہے کہ ٹیم کمپنی کے فائدہ کیلئے ہم آہنگی سے کام کرے گی اور نئے ممبران کمپنی کی ترقی کیلئے ایک نیا نقطہ نظر اور جذبہ کا مظاہرہ کریں گے۔

نئے بورڈ کی مدت 26 دسمبر 2026ء کو مکمل ہو جائے گی۔

ایکشن کے بعد نئے بورڈ اور کمیٹیوں کی تشکیل

| بورڈ آف ڈائریکٹرز | | | |
|-----------------------|--------------|----------------|-----------|
| ڈائریکٹر کا نام | کیٹگری | وضاحت | آڈٹ کمیٹی |
| مسٹر اعجاز حسین | نان ایگزیکٹو | دوبارہ منتخب | × |
| مسٹر آصف پیر | ایگزیکٹو | دوبارہ منتخب | × |
| مسٹر ارشد مسعود | نان ایگزیکٹو | دوبارہ منتخب | × |
| محترمہ رومانہ عبداللہ | خود مختار | دوبارہ منتخب | ✓ |
| مسٹر عمر سعید | خود مختار | دوبارہ منتخب | × |
| محترمہ مہین رحمان | خود مختار | نئی منتخب کردہ | ✓ |
| مسٹر زیر سومرو | خود مختار | نئی منتخب کردہ | ✓ |

تقرری پر رسی جانکاری کا حصول

بورڈ کے ہر نئے ممبر کی تقرری کے وقت اُس سے متعلقہ رسی جانکاری حاصل کی جاتی ہے جس میں اُس کے کاروباری جانچ پڑتال، ماحول اور کمپنی کی طویل المدتی حکمت عملی جیسی معلومات شامل ہوتی ہیں۔ انتظامی اور گورننس کی مہارتوں کو بڑھانے کیلئے ڈائریکٹرز کو وسیع تربیتی پروگراموں کی پیشکش بھی کی جاتی ہے۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز کی جانب سے کمپنیز ایکٹ 2017ء اور سی سی جی کے تحت ڈائریکٹرز کی رسی مشاہرہ پالیسی جس میں ڈائریکٹران کے معاوضہ سے متعلق

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

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

بورڈ کی تشکیل

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

(الف) مرد - 6

(ب) خواتین - 1

i خود مختار ڈائریکٹرز - 4

محترم جناب سید محمد شہزیدی

محترم جناب آصف جمعہ

محترمہ رومانہ عبداللہ

محترم جناب عمر سعید

ii نان ایگزیکٹو ڈائریکٹرز - 2

محترم جناب اعجاز حسین

محترم جناب ارشد مسعود

iii ایگزیکٹو ڈائریکٹرز - 1

محترم جناب آصف پیر سی ای او

بورڈ کمیٹیاں

بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی اور ہیومن ریسورس اینڈ کمپنیشن کمیٹی تشکیل دی ہے۔

بورڈ کمیٹیوں کے ممبران اور ہر ممبر کی جانب سے اجلاس میں کی جانے والی شمولیت کی تعداد ذیل میں دی جا رہی ہے۔

آڈٹ کمیٹی ایچ آر اینڈ کمپنیشن کمیٹی (ایچ آر سی)

مسٹر سید محمد شہزیدی - چیئر مین

مسٹر آصف جمعہ - چیئر مین

محترمہ رومانہ عبداللہ - ممبر

مسٹر ارشد مسعود - ممبر

- ایس وائے ایس بحریں برائے انفارمیشن ٹیکنالوجی ڈبلیو ایل ایل ایک محدود ذمہ دار کمپنی ہے جو بحریں میں مورخہ 15 فروری 2023ء سے کام کر رہی ہے۔ یہ کمپنی بھی سسٹمز انٹرنیشنل آئی ٹی پرائیویٹ لمیٹڈ کا مکمل ملکیتی ادارہ ہے۔
- ملائیشیاء میں سسٹمز انفارمیشن ٹیکنالوجی ملائیشیاء ایس ڈی ایس۔ بی ایچ ڈی سسٹمز انٹرنیشنل آئی ٹی پرائیویٹ لمیٹڈ کا ایک مکمل طور پر ذیلی ملکیتی ادارہ ہے۔
- سسٹمز برائے انفارمیشن ٹیکنالوجی کیو ایف زیڈ ایل ایل سی قطر میں سسٹمز انٹرنیشنل پرائیویٹ لمیٹڈ کا ایک مکمل طور پر ذیلی ملکیتی ادارہ ہے۔
- ٹیک ویسٹا سسٹمز شمالی افریقا لمیٹڈ کینیا میں سسٹمز انٹرنیشنل آئی ٹی پرائیویٹ لمیٹڈ کا ایک مکمل طور پر ملکیتی ذیلی ادارہ ہے جو مشاورتی اور ڈیٹا پراسیسنگ سافٹ ویئر ڈویلپمنٹ کی خدمات فراہم کرنے کے علاوہ ڈیٹا پراسیسنگ سنٹرز، کمپیوٹر سینٹرز، سافٹ ویئر ڈویلپمنٹ سنٹرز اور دفاتر کو فعال رکھنے کی خدمات بہم پہنچا رہا ہے۔

کمپنی کے کاروبار کی پوزیشن، کارکردگی اور مستقبل کی ترقی پر اثر انداز ہونے والے بنیادی رجحانات اور عوامل

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

اندرونی مالیاتی کنٹرول کی قابلیت

- ایک گروپ کی حیثیت سے گروپ کو درپیش خطرات کی نشاندہی اور انتظام کیلئے سسٹمز لمیٹڈ کی انتظامیہ کمپنی اور گروپ کے اندرونی کنٹرول کے سسٹم کے قیام اور دیکھ بھال کیلئے ذمہ دار ہے۔ یہ سسٹم اگرچہ مطلق نہیں لیکن معقول یقین دہانی کراتا ہے کہ:
- غیر مجاز استعمال یا برتاؤ کے خلاف اثاثوں کی حفاظت کی جاتی ہے؛
- کاروبار کے اندر استعمال کیلئے درست اور قابل اعتماد اکاؤنٹنگ ریکارڈ دستیاب ہیں؛
- آپریشنل برنسز کے اندر مناسب کنٹرول میکانیزم قائم کیا گیا ہے اور
- کمپنی کے اندر لگائے گئے انٹرئل فنانشل کنٹرولز پورے سال کے دوران تسلی بخش رہے ہیں

کارپوریٹ گورننس اور مالی رپورٹنگ کا ڈھانچہ

- جیسا کہ کوڈ آف کارپوریٹ گورننس کی ضرورت ہے ڈائریکٹرز کو اس بات کی تصدیق کرتے ہوئے خوشی ہے کہ
- کمپنی اور گروپ کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اس کی صورتحال، اس کی کارروائیوں کے نتائج، نقد بہاؤ اور ایکویٹی میں بدلاؤ کو منصفانہ طور پر پیش کرتے ہیں۔
- کمپنی اور اس کے ذیلی اداروں میں سے ہر ایک کے اکاؤنٹس کی مناسب بکس برقرار رکھی گئی ہیں
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئی ہیں اور اکاؤنٹ کے تخمینے معقول اور محتاط فیصلے پر مبنی ہیں۔

رہی ہے۔ کمپنی نے بینکنگ کے شعبہ میں اے آئی پر مبنی اثاثوں/مصنوعات/سلوٹن کی شمولیت پر سرمایہ کاری کی ہے اور یہ اقدامات کمپنی کو نئے معاہدے بنانے میں مددگار ثابت ہوں گے۔ کمپنی نے اعادہ کیا ہے کہ وہ نئی اور بنیادی ٹیکنالوجیوں اور دیگر کوئی بھی نئی ٹیکنالوجی (مائیکروسافٹ، گوگل، ایمازون اور سیلز فورس) جہاں سرمایہ کاری کی ضرورت ہو کے حوالے سے سرمایہ کاری کریں گی۔

« کمپنی نے سال 2023ء کے دوران اے پی اے سی ریجن میں 15 سال ترجیحی کٹری ماڈل بینک کے حقوق حاصل کرنے کیلئے ٹیمپوز کے ساتھ ایک بڑا معاہدہ کیا ہے۔ اس سے اے پی اے سی ریجن میں بڑے کاروباری مواقعے میسر آئیں گے۔ اس کے علاوہ سال 2022ء میں ای اے ڈیل پر ہونے والے دستخط کو 10 سال کیلئے توسیع دے دی گئی ہے۔

« کمپنی نے سال 2022ء میں ورٹیکل فوکس کا آغاز کیا اور ان بنیادی ورٹیکلز میں بی ایف ایس، ٹیلی کمیونیکیشن اور پبلک سیکٹر شامل تھا اور ان ورٹیکلز میں شاندار ترقی اور کاروباری مواقعے حاصل ہوئے ہیں۔

« کمپنی نئی منڈیوں میں سرمایہ کاری اور اسی طرح کے کاروباروں کے حصول کی اجازت دینے کیلئے حکومت کے ساتھ فعال طور پر لا بنگ کر رہی ہے جو کمپنی کے توسیعی منصوبوں میں حصہ ڈالیں گے۔ نئی حکومت کے ساتھ کمپنی کو اُمید ہے کہ اس سے کاروبار کیلئے نئے دروازے کھلیں گے۔

« کمپنی نہ صرف پاکستان بلکہ عالمی سطح پر بھی غیر نامیاتی ترقی کے مواقعوں کی تلاش جاری رکھنے کا ارادہ رکھتی ہے۔ کمپنی ان کاروباری مواقعوں کا جائزہ لے رہی ہے جو کمپنی کی حکمت عملی، ساخت اور ثقافت سے ہم آہنگ ہیں۔

کمپنی کو درپیش بنیادی خطرات اور غیر یقینی صورتحال

خطرے کے عوامل

ذیل میں کچھ خطرات ہمارے کاروبار اور مالیاتی نتائج کو متاثر کر سکتے ہیں:

- سیاسی خطرہ۔ موجودہ مقامی اور عالمی سیاسی ماحول کاروبار کو متاثر کر سکتا ہے اگر صورت حال خراب ہو جاتی ہے۔
- ٹریول ایڈوائزری کا خطرہ۔ کسی بھی سفری ایڈوائزری کی صورت میں سرمایہ کار اور خریدار ملک کا سفر نہیں کر سکیں گے۔ اگرچہ گزشتہ چند سالوں میں آف شورنگ میں اضافہ ہوا ہے، تاہم کاروباری سفر اب بھی آن سائٹ مراکز کیلئے ضروری ہے اور سفری پابندیاں کاروبار پر اثر انداز ہوں گی کیونکہ وسائل غیر ملکی گاہکوں سے ملنے کے قابل نہیں ہوں گے۔
- اندرونی خطرات۔ سیاسی عدم استحکام، افراط زر اور شرح سود کاروبار کو متاثر کر سکتی ہے۔
- شرح مبادلہ کا خطرہ۔ متعلقہ کرنسیوں کے درمیان شرح مبادلہ میں اتار چڑھاؤ کے نتیجے میں سرمایہ کاری کی قدر میں کمی کا امکان۔
- عالمی کساد بازاری۔ جمود کی وجہ سے پیدا ہوا جس کے نتیجے میں عالمی سطح پر معاشی سرگرمیاں سست ہو گئیں۔

کمپنی یا اس کے ذیلی اداروں اور مشترکہ عملدرآمدیوں کے کاروبار کی نوعیت سے متعلق مالی سال کے دوران تبدیلیاں۔

کمپنی یا اس کے ذیلی اداروں کے کاروبار کی نوعیت میں کوئی تبدیلی رونما نہیں ہوئی ہے۔ کمپنی نے سال کے دوران درج ذیل اداروں کو شامل کیا ہے

نئے اکسابات

- سسٹر ہولڈنگز (پرائیویٹ) لمیٹڈ کمپنیز ایکٹ 2017ء کے تحت تشکیل 2023ء سے پاکستان میں کام کر رہی ہے۔
- کمپنی سسٹم لمیٹڈ کا ایک مکمل ملکیتی ادارہ ہے۔

• کمپنی نے ترقی کی رفتار کو برقرار رکھنے کیلئے سال 2023ء کے دوران نئی مارکیٹوں جیسا کہ سعودی عرب، اے پی اے سی اور افریقا میں نمایاں سرمایہ کاری کی ہے۔ اب کمپنی مضبوط اور پائیدار ترقی کے حصول کیلئے ان مارکیٹوں کو منظم کر رہی ہے تاکہ کی جانے والی سرمایہ کاری سے فائدہ حاصل ہو سکے۔

• کمپنی نے سال 2023ء کے دوران اخراجات پر مہنگائی کے نمایاں دباؤ کا سامنا کیا اور یہ دباؤ 2024ء تک اجرت کی افراط زر کی صورت میں برقرار ہے گا۔ روپے کی قدر میں تاریخی کمی جو کہ پاکستان کیلئے 8 سے 10 فیصد کے لگ بھگ ہونے کی توقع ہے، افراط زر کی تلافی کر رہی تھی لیکن 2024ء میں یہ اب تک صرف 3 فیصد رہی ہے، جس سے مارجن پر مزید دباؤ پیدا ہو رہا ہے۔

• بی ایف ایس۔ ٹیمینوس اب پختہ ہو چکا ہے اور این ڈی سی برانڈ کو سسٹمز برانڈ کے ساتھ مکمل طور پر ضم کر دیا گیا ہے۔ کمپنی بینکنگ اور مالیاتی خدمات کی ترقی پر توجہ مرکوز کر رہی ہے اور ٹیمینوس بنیادی پیشکشوں میں سے ایک ہے۔ کمپنی کو اس ورٹیکل میں منافع بخش امکانات نظر آ رہے ہیں۔

تازہ ترین علاقائی معلومات

« سعودی مارکیٹ 2030ء کے اقدامات، ایکسپو 2030 اور فیفہ 2034ء ورلڈ کپ کے ویژن کے ساتھ آگے بڑھ رہی ہے اور یہ کمپنی کو آگے بڑھانے اور ترقی کے مواقع فراہم کرنے میں مددگار ثابت ہوگا، کمپنی اس ترقی کو سپورٹ کرنے کیلئے مطلوبہ سرمایہ کاری بھی کر رہی ہے اور یہ اُمید کرتی ہے کہ تازہ ترین مواقعوں کی بنیاد پر کمپنی گراں قدر ترقی کرے گی۔

« اسی طرح یو اے ای اور دیگر جی سی سی ممالک مسلسل ترقی کا مظاہرہ کر رہے ہیں اور کمپنی صارفین کے حصول اور نئے کاروباری مواقعوں کے حوالے سے مقابلہ جاتی ٹیکنیکل برانڈز کے مقابلہ میں کامیابی کی راہ پر گامزن ہے۔

« کمپنی نے یورپ میں کاروبار کے اچھے مواقع حاصل کئے ہیں اور لحاظ سے ترقی کی توقع بھی کی جا رہی ہے۔

« توقع کی جا رہی ہے کہ 2024ء میں نارتھ امریکن سیکٹر میں زیادہ استحکام رہے گا۔ کمپنی اس حصہ میں بزنس ڈویلپمنٹ آپروچ کی حکمت عملی پر نظر ثانی کرتے ہوئے کاروباری فروغ پر توجہ دے رہی ہے۔

« مقامی مارکیٹ کے حوالے سے کمپنی توقع کر رہی ہے کہ حالیہ الیکشنوں کے بعد بہتری دیکھنے میں آسکتی ہے۔ کمپنی کوشش کر رہی ہے کہ مقامی مارکیٹ میں زیادہ سے زیادہ ڈالرز کی کرنسی پر مبنی معاہدے کئے جائیں تاکہ کمپنی کو کرنسی کے اتار چڑھاؤ سے بچایا جاسکے۔ اس ضمن میں کمپنی کی 95 فیصد آمدن ایف سی و اے سے حاصل کی جا رہی ہے اور صرف 5 فیصد مقامی کرنسی میں کام کیا جا رہا ہے۔

« مصر کا ترقیاتی مرکز نہ صرف لاگت کا مرکز ہے بلکہ یہ فائدہ مند معاہدے کر رہا ہے اور گروپ کی آمدن میں حصہ ڈالنے کے علاوہ اس کے کیش فلو کو بھی فنڈ فراہم کر رہا ہے۔

« وسائل کی طلب کو سمجھتے ہوئے کمپنی نئے مواقع تلاش کر رہی ہے تاکہ نئے سپلائی سنٹرز کو لے جاسکیں اور ترقی اور توسیع حاصل کی جاسکے۔

« آرٹیفیشل انٹیلی جنس اور اس کی شاندار اپیلی کیشن کی مانگ کو دیکھتے ہوئے کمپنی نے اے آئی انویشن لیب کی تشکیل دی ہے اور اے آئی میں وسائل کی مہارتوں میں اضافے اور نئی مہارتوں کی آموزش پر بھاری سرمایہ کاری کی ہے کیونکہ کمپنی یہ سمجھتی ہے کہ اس سیکٹر میں بڑی مارکیٹ بن سکتی ہے۔ سپلائی کے مقابلہ میں اے آئی کی طلب زیادہ ہے اور کمپنی بہترین اور موزوں وسائل کی تشکیل کو یقینی بنا

مقاصد کی پیش رفت کی اطلاع دی جاتی ہے۔

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

ماحول کا خیال

- آگاہی پروگراموں کے ذریعے پانی کی بچت
- توانائی کی کھپت کی قریب سے نگرانی
- ویسٹ کو کم کرنے کیلئے دوبارہ استعمال اور ری سائیکل کے طریقوں کو اپنانا

ملازمین کے ساتھ حسن سلوک

- مزید مہارت یافتہ ملازمین کی تعیناتی
- ٹاؤن ہالز اور میجنٹ اجلاسوں کے ذریعے ملازمین کی رابطہ کاری میں اضافہ
- خواتین کی خود مختاری پر خصوصی توجہ

ملازمین کے ساتھ حسن سلوک

- ٹریننگز اور سرٹیفیکیشنز میں واضح اضافہ
- کام کی جگہ پر تحفظ کو یقینی بنانا

سماج کو واپس دینا

- سی ایس آر بجٹ مختص کرنا اور منصوبہ بندی ایس آر اقدامات
- آئی ٹی مستقبل پروگرام کے ذریعے ڈیجیٹل شمولیت میں اضافہ
- سکولوں، ہسپتالوں اور دیگر عطیاتی تنظیموں کی عطیات میں اضافہ
- ملازمین کی مشکلات میں اُن کی مدد کرنا

گورننس

- جی آر سی کو فروغ دینے والا آزاد بورڈ اور اس کی کمیٹیاں
- ذمہ دارانہ ٹیکس کے طریقے۔
- ضابطہ اخلاق/کاروباری اخلاقیات
- سائبر سیکورٹی اور ڈیٹا کی رازداری
- تمام متعلقہ پارٹی ٹرانزیکشنز کا انکشاف

پائیدار معاشی ترقی

- 5 سال کی آمدنی سی اے جی آر 63 فیصد سے زائد
 - ڈیویڈنڈ کی مسلسل ادائیگی اور کپٹل تزیین کے فوائد
 - ارتکاز کے خطرے کو کم کرنے کیلئے عالمی توسیع
- مخصوص اثرات پر مزید تفصیلات کیلئے سالانہ رپورٹ کے صفحہ 83 سیکشن میں ایک پائیدار/مستقل ڈیش بورڈ شامل کیا گیا ہے۔

کے استحکام، تسلسل اور پائیداری کی تصدیق کرتا ہے جسے مائیکروسافٹ نے تسلیم کیا ہے۔ یہ کمپنی کی مسلسل کارکردگی کا منہ بولتا ثبوت ہے۔ کمپنی کو فوربز ایشیا پیسیفک انڈیا میں 200 سالوں سے ٹاپ 4 سالوں سے ٹاپ 200 کمپنی کے طور پر تسلیم کیا ہے۔ اس کے علاوہ کمپنی نے ایشیا میں سب سے تیزی سے ترقی کرنے والی کمپنی کا اعزاز بھی حاصل کیا ہے۔ کمپنی علاقائی مارکیٹوں میں سرٹیکس بنانے کے حوالے سے پہچان کا فائدہ اٹھا رہی ہے۔ ٹیمینوز نے کمپنی کو 2023ء میں سال کے بہترین علاقائی ڈیوری پارٹنر کے طور پر بھی تسلیم کیا ہے۔ یہ ایوارڈ این ڈی سی کے حصول اور کمپنی کے موجودہ کاروبار کے ساتھ انضمام کی کامیابی کی تصدیق کرتا ہے۔

افراد قوت کی مہارتوں میں اضافہ

کمپنی موجودہ ملازمین کی تربیت، اُن کی مہارتوں میں اضافے اور نئی مہارتوں کی تربیت پر توجہ مرکوز کرتے ہوئے اپنی افرادی قوت میں سرمایہ کاری کر رہی ہے۔ کمپنی اپنے افرادی قوت پر مبنی وسائل کی نئی ٹیکنالوجیوں اور مستقبل کی ٹیکنالوجیوں جیسا کہ آرٹیفیشل انٹیلی جنس (ای آئی) اور جی ای این اے آئی پر تربیت کر رہی ہے۔ یہ نقطہ نظر صنعت کے رجحانات سے آگے رہنے اور افرادی قوت کو مستقبل کے چیلنجوں اور موقع کیلئے تیار کرنے کے عزم کی نشاندہی کرتا ہے۔ کمپنی نے علاقائی منڈیوں کے لئے بھی کلیدی وسائل کی خدمات حاصل کرنے میں سرمایہ کاری کی ہے۔ ہنرمندی وسائل کو برقرار رکھنے، بڑھانے اور تکرار کو منظم کرنے کیلئے کمپنی نے مستقبل کی ترقی کے لئے بھی ایک پیچ تشکیل دیا ہے۔

انفراسٹرکچر

کمپنی مزید ترقی کیلئے موزوں انفراسٹرکچر کی حامل ہے۔ اس ضمن میں کمپنی سال 2024ء میں بجلی کے بلوں میں کمی کیلئے سولر پاور پلانٹس پر سرمایہ کاری کرنے میں دلچسپی رکھتی ہے۔ اس کے علاوہ کمپنی ہیڈ آفس لاہور میں اضافی 750 وہیکلوں کی پارکنگ کیلئے پارکنگ پلازہ تعمیر کرنے کا بھی ارادہ رکھتی ہے۔

کارپوریٹ سماجی ذمہ داری (سی ایس آر)

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

- تعلیم
- صحت اور
- ماحولیاتی تبدیلی

کمپنی نے اس سلسلے میں مالی سال کے دوران تقریباً 70 ملین روپے خرچ کئے ہیں۔ کمپنی نے آئی ٹی مستقبل کے تربیتی پروگرام کا آغاز کیا، جس کے تحت ٹیلنٹ کی حامل افرادی قوت کی از سر نو جدید خطوط پر تربیت پر بھرپور توجہ دی جا رہی ہے۔ یہ پروگرام آئی ٹی سے متعلقہ ٹیکنالوجیوں میں مہارت حاصل کرنے اور بالآخر کارپوریٹ دنیا میں مواقع تلاش کرنے کیلئے ہر ایک کو یکساں مواقع فراہم کرنے کے حوالے سے وقف ہے۔

کیونٹی کو دستیاب صحت اور طبی خدمات کی مجموعی حیثیت اعلیٰ کارپوریٹ سماجی ذمہ داریوں میں شامل ہے۔ کمپنی اس مقصد کیلئے تعاون، عطیات اور کفالت کے ذریعے سماج کو صحت کی دیکھ بھال کی سہولیات فراہم کرنے میں معاونت اور مدد کرتی رہتی ہے۔

انوائٹمنٹ، سوشل، گورننس (ای ایس جی)

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

شمالی امریکا اور یورپ

شمالی امریکہ کے علاقے کے مارجن 35 فیصد جی پی اور 24 فیصد او پی ہیں۔ یورپ کے خطے کا مارجن 38 فیصد جی پی اور 27 فیصد او پی ہے۔ سال 2022ء میں سی ایل ایل او ایس کی ایک طرفہ فروخت کو یورپ کے حصہ کے طور پر کلاسیفائیڈ کیا گیا تھا۔ چونکہ پی اینڈ ایل ٹرانزیکشن میں غیر جانبدار ہے، اس لئے یورپ کے خطے کا نارمل مارجن 39 فیصد جی پی اور 26 فیصد او پی تھا۔ کمپنی مستقبل کے اندر اس سیگمنٹ میں مناسب ترقی کی توقع کر رہی ہے۔

مشرقی وسطی افریقہ

مشرقی وسطی افریقہ کے خطے میں متحدہ عرب امارات کے اندر ٹی وی ایس اور سسٹمز عربیہ ترقی کی رفتار کو آگے بڑھاتے ہوئے مجموعی آمدنی میں تقریباً 83 فیصد حصہ ڈال رہا ہے۔ قطر بھی کاروباری رفتار میں بہتری لانے کی کوشش کر رہا ہے اور توقع ہے کہ مستقبل قریب میں یہ ایک بڑے کاروبار کا پیش خیمہ ثابت ہوگا۔

اے پی اے سی

اے پی اے سی بھی ایک اہم ورٹیکل بن گیا ہے جہاں کمپنی خاص طور پر ٹیکنالوجی اور بی ایف ایس آئی کے شعبے میں نمایاں ترقی دیکھ رہی ہے۔

پاکستان

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

منافع اور تخصیص

سال 2023ء کیلئے ڈائریکٹرز نے حتمی نقد منافع بحساب -6/- روپے فی شیئر (2022: مبلغ 5 روپے فی شیئر) سال کے دوران منافع کی مد میں درج ذیل تخصیص کی گئی:-

غیر مختص شدہ منافع (پاکستانی روپوں میں)

| | |
|-----------------|--|
| 12,283,429,147 | 31 دسمبر 2022ء کو بقایا |
| 8,559,160,491 | سال کیلئے کل مجموعی آمدن |
| (1,455,268,500) | کی: 31 دسمبر 2022ء کو ختم ہوئے سال کیلئے حتمی نقد منافع بحساب 5 روپے فی شیئر |
| 19,387,321,138 | 31 دسمبر 2023ء کو بقایا |

فی شیئر آمدن

کمپنی کیلئے 31 دسمبر 2023ء کو ختم ہوئے سال کیلئے فی شیئر بنیادی اور رقیق آمدنی 29.41 روپے اور 29.22 روپے (31 دسمبر 2022ء - مبلغ 22.44 روپے اور مبلغ 22.29 روپے) تھی۔ اسی طرح گروپ کیلئے فی شیئر بنیادی اور رقیق آمدنی مبلغ 29.86 اور 29.66 (31 دسمبر 2022ء - مبلغ 23.61 اور مبلغ 23.45 روپے) تھی۔

ایوارڈز اور اعزازات

کمپنی کو متحدہ عرب امارات اور پاکستان کیلئے مائیکروسافٹ کنٹری پارٹنر آف دی ایئر حاصل کرنے پر فخر ہے۔ متحدہ عرب امارات میں کمپنی عالمی سطح پر تمام بڑی فرموں کے ساتھ مقابلہ کرتی ہے اور یہ پہچان کمپنی کو علاقائی منڈیوں اور کاروباری کے حصول میں اچھی ساکھ قائم کرنے میں مدد دے رہی ہے۔ کمپنی کا اعزاز ہے کہ کاروباری اعتبار کو مزید مضبوط کرتے ہوئے کمپنی پچھلے تین سالوں سے مائیکروسافٹ انر سیکل ایوارڈ کی حقدار ٹھہر رہی ہے۔ یہ سیکل سیٹ

- بینکنگ فنانشل سروسز اینڈ انشورنس (بی ایف ایس آئی): اس حصہ میں بینکنگ، فنانشل سروسز اور انشورنس سے متعلقہ سرگرمیاں شامل ہیں۔
- ریٹیل اینڈ سی پی جی (صارف پیکیج مصنوعات): یہ حصہ ریٹیل آپریشنز اور اشیا کے صرف پر مشتمل ہے۔
- ٹیلی کوم (ٹیلی کمیونیکیشن): اس حصہ میں ٹیلی کمیونیکیشن سروسز اور ٹیکنالوجیز شامل ہیں
- ٹیکنالوجی: اس حصہ میں ٹیکنالوجی سے متعلقہ سلوشنز، مصنوعات اور خدمات شامل ہیں
- دیگر: اس میں تمام کیٹگریز شامل ہیں جس میں وہ تمام باقیات حصے شامل ہو سکتے ہیں جو مذکورہ بالا مخصوص حصوں میں شامل نہ ہوں

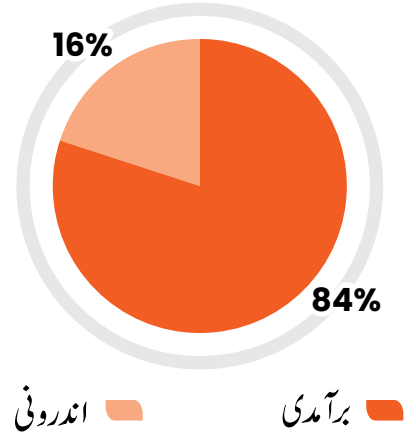
| بی ایف ایس آئی | | ریٹیل اور سی پی جی | | ٹیکنالوجی | | ٹیلی کام | | دیگر | | کل | |
|--|----------|--------------------|---------|-----------|---------|----------|---------|---------|----------|---------|----------|
| 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| ملین روپے | | | | | | | | | | | |
| ریونیو | 15,266 | 10,581 | 5,716 | 4,519 | 7,393 | 4,498 | 11,809 | 5,156 | 13,252 | 7,007 | 53,435 |
| ریونیو کی لاگت | (12,906) | (8,773) | (3,367) | (2,509) | (4,669) | (2,851) | (8,687) | (3,918) | (10,150) | (5,072) | (39,778) |
| کل منافع | 2,360 | 1,808 | 2,349 | 2,009 | 2,724 | 1,647 | 3,122 | 1,238 | 3,102 | 1,934 | 13,657 |
| تقسیم کے اخراجات | (448) | (196) | (168) | (116) | (217) | (116) | (347) | (132) | (389) | (180) | (1,570) |
| انتظامی اخراجات | (1,138) | (659) | (426) | (389) | (551) | (388) | (880) | (444) | (988) | (604) | (3,983) |
| | (1,586) | (856) | (594) | (505) | (768) | (503) | (1,227) | (577) | (1,377) | (784) | (5,552) |
| منافع / (تقصان) قبل از ٹیکس اور غیر مختص اکم اور اخراجات | 774 | 952 | 1,755 | 1,504 | 1,955 | 1,144 | 1,895 | 661 | 1,725 | 1,151 | 8,104 |

جغرافیائی حصہ

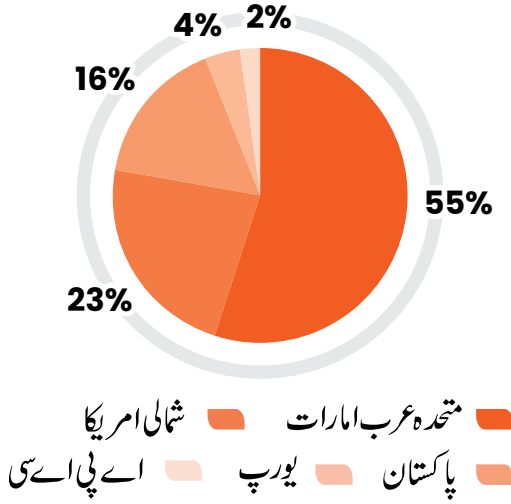
کمپنی چاروں حصوں میں بہتر ترقی کو ظاہر کرتی ہے، جس میں مشرق وسطیٰ کا علاقہ سب سے آگے رہا، اس کے پیچھے پاکستان اور شمالی امریکہ رہا۔ کمپنی کی برآمدگی فروخت کل فروخت کا تقریباً 84 فیصد ہے، ڈومیسٹک سیلز کا حصہ 16 فیصد ہے، آنے والے برسوں میں برآمدات کے جزو کو مزید بڑھانا کمپنی کا ہدف ہے۔ نئے علاقوں اور نئی مارکیٹوں میں تنوع اس مقصد کے حصول میں معاون ہوگا کیونکہ کمپنی فعال انداز میں نئے علاقوں میں توسیع کیلئے کوشاں ہے۔ سال کے دوران کمپنی نے موجودہ صارفین سے دوبارہ کاروبار حاصل کرنے میں نمایاں پیش رفت کی اور نئے صارفین کو کراس سیلنگ اور آپ سیلنگ کے علاوہ دونوں حصوں کے ذریعے موصول ہونے والے صارفین کے ذریعے اپنے کاروبار میں اضافہ کیا۔

| شمالی امریکا | | یورپ | | مڈل ایسٹ افریقا | | اے پی اے سی | | پاکستان | | کل | |
|--|---------|---------|---------|-----------------|----------|-------------|-------|---------|---------|---------|----------|
| 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| ملین روپے | | | | | | | | | | | |
| ریونیو | 12,262 | 9,342 | 1,891 | 4,367 | 29,309 | 12,092 | 1328 | 456 | 8,645 | 5,502 | 53,435 |
| ریونیو کی لاگت | (8,005) | (5,940) | (1,171) | (3,813) | (21,264) | (8,288) | (854) | (227) | (8,486) | (4,855) | (39,778) |
| کل منافع | 4,258 | 3,403 | 720 | 554 | 8,045 | 3,804 | 474 | 229 | 159 | 647 | 13,657 |
| تقسیم کے اخراجات | (33) | (9) | (19) | (1) | (1,257) | (472) | (139) | (12) | (121) | (247) | (1,570) |
| انتظامی اخراجات | (1,265) | (966) | (195) | (175) | (2,132) | (1,048) | (62) | (16) | (328) | (279) | (3,983) |
| | (1,298) | (975) | (214) | (176) | (3,389) | (1,520) | (201) | (28) | (450) | (526) | (5,552) |
| منافع / (تقصان) ٹیکس کوٹی سے قبل اور غیر مختص آمدن اور اخراجات | 2,960 | 2,428 | 506 | 378 | 4,656 | 2,283 | 273 | 201 | 290 | 121 | 8,104 |

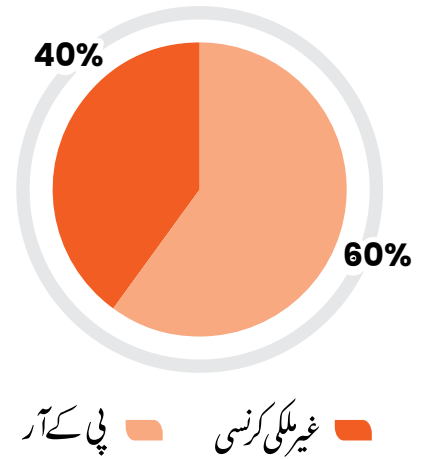
برآمدی شراکت



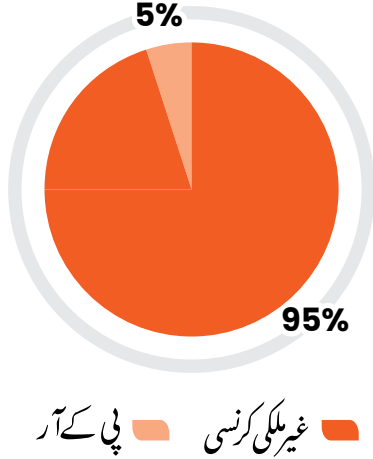
جغرافیائی لحاظ سے آمدنی



کرنسی کے لحاظ سے لاگت



کرنسی کے لحاظ سے ریونیو



حصہ کے لحاظ سے کارکردگی (منظم)

ورٹیکل حصہ

کمپنی نے ترقی کیلئے اپنی حکمت عملی کو دوبارہ ترتیب دیا اور جغرافیائی حصوں کے ساتھ صنعتی ورٹیکلز کی بنیاد پر کارکردگی کی نگرانی شروع کی ہے۔ اس سے مختلف ورٹیکلز میں ٹیکنالوجیوں اور سروسز کی متقابل 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۔

کمپنی ہر ورٹیکل کے اندر اپنے مقابل قوتوں کو بہتر طور پر سمجھ سکتی ہے اور ان علاقوں کی نشاندہی کرتی ہے جہاں وہ اپنی قوت سے فائدہ اٹھا سکتی ہے۔ مزید برآں یہ کہ صنعتی ورٹیکلز پر زور دینے سے ان شعبوں کے اندر توسیع کی اہمیت کو اجاگر کرتی ہے جو زیادہ مارجن پیش کرتے ہیں، جو کہ آمدنی پیدا کرنے اور منافع کیلئے حکمت عملی کے نقطہ نظر کی نشاندہی کرتا ہے۔

کمپنی ورٹیکل حصوں کے ساتھ ساتھ جغرافیائی حصوں کے استعمال کو جاری رکھے گی۔ تاہم اس وقت صنعتی ورٹیکلز کے ارد گرد گردش کرنے والے چار بنیادی حصے کمپنی کی حکمت عملی کی تبدیلی کی نشاندہی کرتے ہیں۔

کمپنی سے پیدا ہوتا ہے۔ دوبارہ تشخیص پر وہی نوٹیشنل ویلیو لکھی گئی ہے۔ نقصان کے شیئر کے بعد بقایا کیرنگ ویلیو مبلغ 201.55 ملین ہے۔ اس ایڈجسٹمنٹ کے ساتھ کمپنی کی کُتب میں تمام سرمایہ کاری کورسٹ آف کر دیا گیا ہے۔ اس مدت کے دوران فی شیئر کی بنیادی اور رقیق آمدنی میں 26 فیصد اضافہ ہوا۔ آمدنی میں اضافہ کمپنی اور اس کے ماتحت اداروں دونوں کے ذریعے ہوتا ہے۔

منظم

| تفصیلات | سال بہ سال | مالی سال 2022ء | مالی سال 2023ء |
|--|------------|----------------|----------------|
| ریونیو* | 68% | 31,759,927,263 | 53,435,483,177 |
| مجموعی منافع | 58% | 8,636,279,367 | 13,656,685,787 |
| آپریٹنگ منافع** | 44% | 5,362,828,298 | 7,732,547,097 |
| ایسوسی ایٹ سے نقصان کا حصہ*** | - | (323,899,362) | (48,069,294) |
| ایسوسی ایٹس میں سرمایہ کاری پر نقصان**** | - | - | (729,463,249) |
| ٹیکس سے پہلے منافع | 33% | 6,981,169,335 | 9,279,622,243 |
| ٹیکس کے بعد منافع | 31% | 6,629,661,309 | 8,688,889,893 |
| فی شیئر آمدن (بنیادی) | 26% | 23.61 | 29.86 |
| فی شیئر آمدن (رقیق) | 26% | 23.45 | 29.66 |

* منظم آمدن میں سی ایل او ایس کے لائسنس کی فروخت سے ہونے والی ایک طرفہ آمدن شامل ہے۔

** آپریٹنگ منافع میں جو موٹیکینالوجیز (پرائیویٹ) لمیٹڈ میں سرمایہ کاری کی دوبارہ پیمائش پر ایک عدد نقصان شامل ہے جس کی رقم 154.46 ملین روپے بنتی ہے۔

*** نقصان کا حصہ متناسب حصہ ہے اور یہ کہ ای پی سسٹمز بی۔ وی کو جگنوٹیکینالوجیز (پرائیویٹ) لمیٹڈ کے تصرف سے حاصل ہونے والے منافع کی وجہ سے ریڈیستان کے منافع کے حصے سے بند کیا گیا ہے۔

**** اس میں ای پی سسٹمز بی وی اور سیلز فلو سے متعلق خرابی کے نقصانات شامل ہیں کیونکہ کمپنی کے استعمال میں قیمت سرمایہ کاری کی کیئرنگ ویلیو سے کم ہے۔

منظم۔ ریونیو (پاکستان روپوں میں کم از کم)
سی اے جی آر 63 فیصد

| | |
|------|--------|
| 2019 | 7,536 |
| 2020 | 9,877 |
| 2021 | 15,304 |
| 2022 | 31,760 |
| 2023 | 53,435 |

منظم۔ آپریٹنگ منافع (پاکستان روپوں میں کم از کم)۔
سی اے جی آر 55 فیصد

| | |
|------|-------|
| 2019 | 1,330 |
| 2020 | 2,114 |
| 2021 | 3,169 |
| 2022 | 5,363 |
| 2023 | 7,733 |

منظم۔ خالص منافع (پاکستانی روپوں میں کم از کم)۔
سی اے جی آر 53 فیصد

| | |
|------|-------|
| 2019 | 1,568 |
| 2020 | 2,164 |
| 2021 | 4,380 |
| 2022 | 6,630 |
| 2023 | 8,689 |

منظم۔ ای پی ایس۔ بیک (روپے)
سی اے جی آر 50 فیصد

| | |
|------|-------|
| 2019 | 5.84 |
| 2020 | 8.08 |
| 2021 | 16.21 |
| 2022 | 23.61 |
| 2023 | 29.86 |

| | | | |
|------|-------|------|-------|
| 2019 | 1,364 | 2019 | 5.02 |
| 2020 | 2,194 | 2020 | 8.03 |
| 2021 | 3,321 | 2021 | 12.06 |
| 2022 | 6,300 | 2022 | 22.44 |
| 2023 | 8,559 | 2023 | 29.41 |

منظم

مورخہ 31 دسمبر 2023ء کو ختم ہوئے سال کے دوران کمپنی کا آپریٹنگ ریونیو سال 2022ء کے آپریٹنگ ریونیو یعنی 31,759.92 کے مقابلہ میں مبلغ 53,435.48 ملین ہوا۔ حالیہ مدت ظاہر کرتی ہے کہ CLOS جو کہ این ڈی سی کی جانب سے تیار کی جانے والی ایک ایسی پراڈکٹ ہے جسے 7 ملین امریکی ڈالر کی پیشگی ادائیگی اور پانچ سال کی مدت کیلئے موجودہ قیمت پر تسلیم شدہ 8 ملین امریکی ڈالر کی رائلٹی پر فروخت کیا گیا کی ون آف سیل لائسنس کی فروخت کے ذریعے گزشتہ برس کے رپورٹ کردہ ریونیو کے معمول پر آنے سے مبلغ 24,608.19 ملین کا نمایاں اضافہ ہوا۔ پی اینڈ ایل کو بے اثر کرنے کے وقت 15 ملین امریکی ڈالر کی لاگت کو دوبارہ قابل قدر غیر محسوس چیزوں کے مقابلے میں ایڈجسٹ کیا گیا تھا۔ سال 2023ء میں محصولات کے اندر معمول کے مطابق اضافہ 85 فیصد رہا اور سال 2022ء میں یک طرفہ آمدنی کے ساتھ رپورٹ کردہ نمو 68 فیصد رہی جبکہ مجموعی منافع میں 58 فیصد اضافہ ہوا۔

عمومی کاروبار سے آپریٹنگ منافع 7,887.02 ملین روپے ہے جو کہ 47.06 فیصد اضافہ کو ظاہر کرتا ہے۔ رپورٹ کردہ نمبر میں جو موٹیکنا لوجیز (پرائیویٹ) لمیٹڈ میں سرمایہ کاری کی دوبارہ پیمائش پر ہونے والا ایک نقصان شامل ہے جس کی رقم 154.46 ملین روپے بنتی ہے، رپورٹ شدہ نمو کو 44.19 فیصد تک لایا ہے۔ 31 دسمبر 2022ء کو ختم ہونے والے سال کے دوران، انتظامیہ نے ایک اسٹریٹجک سرمایہ کاری کے طور پر پاکستان کے سب سے تیزی سے بڑھتے ہوئے فیشن ای کامرس برانڈ جو مو میں 9 فیصد حصص حاصل کئے۔ تاہم، ملک میں معاشی بد حالی اور متوقع فنڈنگ میں تاخیر کے نتیجے میں برینڈ کی لیکویڈیٹی اور مالیاتی کارکردگی کو مد نظر رکھتے ہوئے، انتظامیہ کا خیال ہے کہ 154.46 ملین روپے کی سرمایہ کاری کی قیمت صحیح معنوں میں اس کی مناسب قیمت کی عکاسی نہیں کرتی ہے۔ اس لیے انتظامیہ نے دانشمندی کے پیش نظر سرمایہ کاری کی مطلوبہ خرابی کو دور کیا ہے۔

عمومی کاروبار سے نیٹ پرافٹ مبلغ 9,620.89 ملین پر کھڑا ہے اور ایک ون آف ایڈجسٹمنٹ سے رپورٹ کردہ نمبر مبلغ 8,688.89 پر کھڑے ہوتے ہیں ایڈجسٹمنٹ درج ذیل کے تحت ہے:

- ای پی سسٹمز بی۔ وی پر نقصان کا ایک مناسب حصہ جو جگنوٹیکنا لوجیز (پرائیویٹ) لمیٹڈ کے تصرف سے یک طرفہ تصوراتی فائدہ سے پیدا ہونے والے ریٹیلستان کے منافع کے حصہ کے ساتھ ملا تھا۔
- سبزن فلو سے متعلقہ امپیرمنٹ لاسز جو ویلیو کی وجہ سے کمپنی کے استعمال میں رہے انوسٹمنٹ کی کیرنگ ویلیو سے کم ہونے چاہئیں۔ جیسا کہ اوپر بتایا گیا ہے کہ جگنوٹیکنا لوجیز (پرائیویٹ) لمیٹڈ کے تصرف پر نوٹیشنل فائدہ کے ساتھ سرمایہ کاری کی قیمت کو اوپر کی طرف ایڈجسٹ کیا گیا۔ امپیرمنٹ لاس اسی نوٹیشنل فائدہ کو ایڈجسٹ کر رہا ہے۔

- سال 2021ء میں کمپنی کو فنانشل سیسٹمز میں مبلغ 816.227 ملین کا ون ٹائم نوٹیشنل گین ریکارڈ کرنا پڑا جو ای۔ پراسینگ سسٹمز بی وی کی تبدیلی اور گیس فائونڈیشن کی جانب سے قابل تلافی ترجیحی حصص میں سرمایہ کاری کے نتیجے میں ووٹنگ کے حقوق میں کمی کی وجہ سے ایسوسی ایٹ کیلئے ذیلی

ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز 2023ء

کمپنی کے ڈائریکٹرز کو مورخہ 31 دسمبر 2023ء کو ختم ہوئے سال کے غیر منظم اور منظم مالیاتی گوشواروں کیساتھ آپ کی کمپنی کی سالانہ رپورٹ پیش کرنے پر خوشی ہے۔

گروپ کا جائزہ

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

سرگرمیاں

کمپنی کو بنیادی طور پر ڈیجیٹل / ڈیٹا / کلاؤڈ سروسز، مینیجڈ سروسز، کنسلٹنگ سروسز، آئی ٹی سروسز اور بزنس پرائسز آؤٹ سورسنگ / کونٹیکٹ سنٹر سے آمدن ہوتی ہے۔ کمپنی کو 84 فیصد آمدنی مختلف جغرافیائی خطوں جیسے شمالی امریکا، یورپ، ایشیا پیسیفک اور مشرق وسطیٰ میں اپنی خدمات کی برآمد اور 16 فیصد مقامی مارکیٹ سے حاصل ہوتی ہے۔ کمپنی مختلف کاروباری شعبوں جیسے ٹیلیکوم، ریٹیل، سی پی جی، فارما، بینکاری اور پبلک سیکٹر میں پھیلی ہوئی ہے۔

سال 2023ء کے دوران کمپنی اور گروپ کی مالیاتی کارکردگی

غیر منظم

مالی سال 2023ء کے دوران کمپنی کے مالیاتی نتائج کی رفتار موزوں رہی۔ زیر غور سال کے دوران مقامی کرنسی میں آپریٹنگ ریونیوز مبلغ 32,037.99 ملین روپے تھے جو کہ پچھلے سال کے مقابلے میں 55 فیصد اضافہ کی نشاندہی کرتے ہیں۔ زیر غور سال کا بعد از ٹیکس منافع مبلغ 8,559.16 ملین روپے تھا جو کہ 36 فیصد نمو کی نشاندہی کرتا ہے۔ مجموعی منافع اور آپریٹنگ منافع میں بالترتیب 42 فیصد اور 46 فیصد کا اضافہ ہوا۔ مالی سال 2019ء کے بعد سے، کمپنی نے 56 فیصد کی آمدنی میں کمپاؤنڈڈ اینول گروتھ ریٹ (سی اے جی آر) فراہم کیا ہے۔ آمدنی میں اضافہ بنیادی طور پر آئی ٹی خدمات کے ذریعے ہوا ہے اور منافع میں اضافہ تمام جغرافیوں اور تمام عمودی علاقوں میں مانگ اور ترقی کی وجہ سے ہوا ہے۔

غیر منظم

| تفصیلات | سال بہ سال | مالی سال 2022ء | مالی سال 2023ء |
|-----------------------|------------|----------------|----------------|
| ریونیوز | 55% | 20,644,764,716 | 32,037,995,164 |
| مجموعی منافع | 42% | 6,755,105,438 | 9,616,693,532 |
| آپریٹنگ منافع | 46% | 4,871,976,394 | 7,096,705,165 |
| ٹیکس سے پہلے منافع | 36% | 6,624,487,917 | 9,008,771,728 |
| ٹیکس کے بعد منافع | 36% | 6,299,836,945 | 8,559,160,491 |
| فی شیئر آمدن (بنیادی) | 31% | 22.44 | 29.41 |
| فی شیئر آمدن (رقیق) | 31% | 22.29 | 29.22 |

غیر منظم۔ ریونیوز (پاکستانی روپوں میں کم از کم)

سی اے جی آر 56 فیصد

| | |
|------|--------|
| 2019 | 5,349 |
| 2020 | 7,514 |
| 2021 | 11,904 |
| 2022 | 20,645 |
| 2023 | 32,038 |

غیر منظم۔ آپریٹنگ منافع (پاکستانی روپوں میں کم از کم)

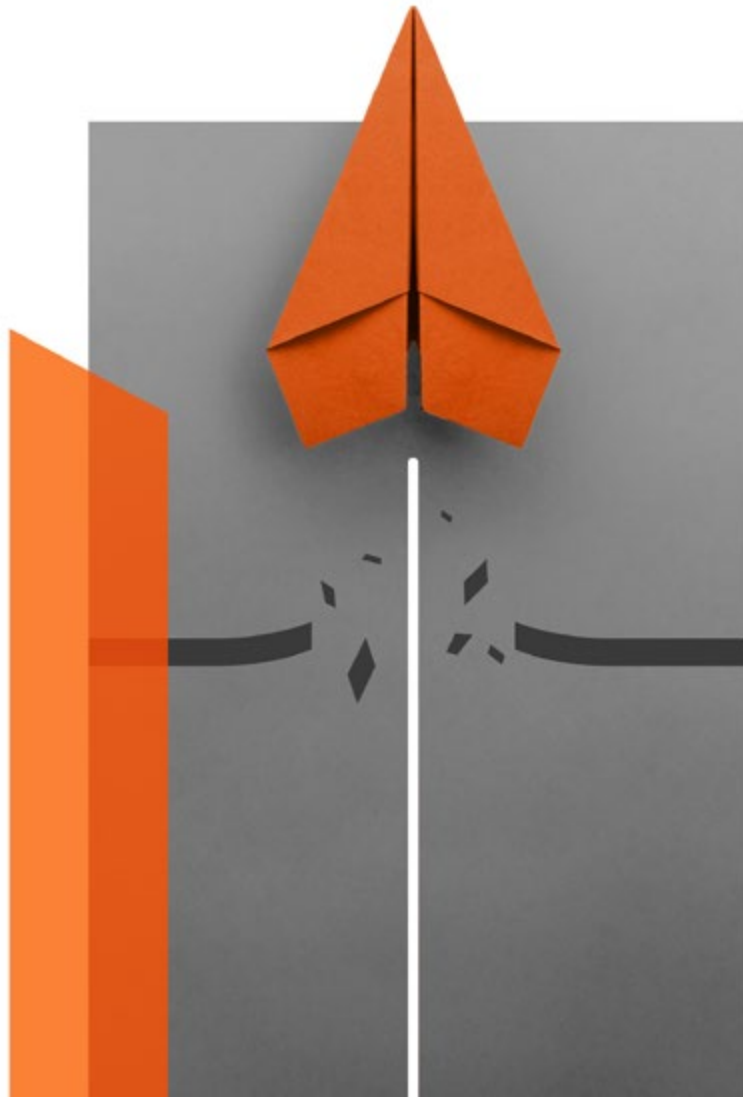
سی اے جی آر 60 فیصد

| | |
|------|-------|
| 2019 | 1,089 |
| 2020 | 2,045 |
| 2021 | 2,817 |
| 2022 | 4,872 |
| 2023 | 7,097 |

About Us

Systems Limited, Forbes Asia's Best Under A Billion & Asia's Fastest Growing Company of 2023, is a global leader in digital transformation, IT consulting & services, empowering organizations to navigate the transformative power of digital. We operate at the forefront of innovation, guiding enterprises across industries and continents as they embrace cloud, digital, and data & AI. Our team of seasoned strategists, architects, and technologists bring a rich tapestry of global experience and technical prowess. Systems Limited collaborates seamlessly with partners and leverage leading-edge technologies to craft bespoke solutions that unlock your unique potential.

Being the first and only IT company in Pakistan to cross a market value of PKR 100 billion with operations in 16+ countries, we serve hundreds of corporate customers including Fortune 500 companies across numerous industry verticals. We believe in a world where technology empowers everyone, not just a select few, and actively contribute to initiatives that drive positive change. This helps us build the right culture, nurturing leaders within the company, and foster the growth of export-driven IT businesses across the globe. Moving forward, we aim to continue to embrace the power of innovation, seize new prospects, provide comprehensive value, and ensure operational excellence to benefit everyone.



Reimagining
the future

systems
UNLIMITED



What sets us apart



Culture of innovation

- 7000+ global talent pool
- More than 50% company equity is owned by its employees
- Fail Fast, Fall Forward is the primary course of action



Robust customer portfolio

- Fortune 500 companies across industries
- 93% of existing customers contribute to recurring revenue
- Top 5 of our customer have been with us for 5+ years



Strong partner ecosystem

- 3250+ resources certified in Microsoft, Temenos, IBM, SAP, and AWS products and services
- Credible representation as technology partner in 5+ continents



Operational excellence

- Lean and agile processes backed by data-driven decisions
- Project Management Community Portal for cross-organizational collaboration

Values in action: Spearheading impactful growth

Courage

Leading with decisiveness, taking calculated risks for impactful outcomes

Integrity

Maintaining the highest ethical standards in all interactions, building trust and loyalty

Empathy

Respond to needs and challenges with empathy and genuineness, fostering stronger relationships and collaboration.

Vision

As a leading digitally native company, we leverage our business acumen, consistent service delivery excellence, customer-centric focus, and enduring alliances with strategic partners. We are committed to continuous innovation, empowering people, and delivering great value to our clients and stakeholders.

Mission

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



A tale of courage & success

1977

- Founded as the first software company of Pakistan

1997

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

2003

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

2005

- Public Limited (unlisted) from Private

2018

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

2019

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

2020

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

2021

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



2007

- Added BPO

2013

- Launched operations in the UAE

2015

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

2022

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

2023

- Microsoft 2023 Country/Region Partner of the Year for Pakistan & UAE
- 2023/2024 Inner Circle Microsoft Business Applications award
 - Forbes Asia's Best Under A Billion and Fastest Growing Company in Asia
- Best Core Banking Implementation award 2023 – IBS Intelligence
- Asian Technology Excellence Award for Digital IT Services in Banking –2023
- Temenos Best Delivery Partner 2023 – MEA
- e& Value Creation Award 2023
- Most Outstanding Company at ASIAMONEY 2023
- P@SHA ICT Top Exporter Award 2023
- Among top 3 companies on PSX

Global recognition and awards

| | | | |
|--|--|---|--|
|  | Forbes Asia's Best Under A Billion & The Fastest Growing Company | Among top 3 on PSX Top 25 Companies |  |
|  | MSFT Partner of the Year UAE and Pakistan | 2023/2024 MSFT Inner Circle for Microsoft Business Applications |  |
|  | Temenos MEA Delivery Partner of the Year | SAP Top New Partner & Service Excellence Awards |  |
|  | Asiamoney's Most Outstanding Company 3 times in a row | P@ASHA Top IT Exporter Award |  |

Partnerships

| | | | |
|---|---|--|---|
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|  |  |  |  |
|  |  |  |  |

Our offerings

Our global strategy is focused on three key pillars of digital, data, and cloud and it has been steering the wheel of our work across different industry sectors.



Additional Offerings

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

We can help you **reimagine** your business through a digital lens

With sheer dedication and constant reinvention, our global team of technology veterans tackle industry challenges head-on, reshaping landscapes and forging a new path for disruptive change.

Technology for tomorrow

The Cyber-Human Fusion

46% of organizations are planning to invest in human-computer interfaces (HCIs) in the next two years to facilitate seamless human-machine interaction, another crucial element of cyber-human fusion.

Source: International Data Corporation

A new age of programming

By 2026, the no-code/low-code development market is forecast to reach \$45 billion, empowering developers and non-technical professionals to build AI-powered applications without extensive coding.

Source: Gartner

Generative AI will take over

By 2025, the global market for generative AI is expected to reach \$26.8 billion, driven by its capabilities in content creation, personalized experiences, and automation

Source: International Data Corporation

Sustainable tech is here to stay

They estimate that the global market for green data centers will reach \$64.1 billion by 2028, growing at a CAGR of 13.4%.

Source: Gartner

Inside Pakistan's tech scene

- **2,000+ tech startups** over the past five years
- A total funding of over **\$400 million** for IT development
- **350,000 IT graduates** enter the job market annually
- **\$98 million** in foreign direct investment attracted by Pakistan's tech industry
- **5 million+ students** across online learning platforms
- **\$2.6 billion*** annual IT exports revenue
- **13% growth** in IT & ITES exports in last 4 months

Sources: Pakistan Venture Capital Association (PVCA), State Bank of Pakistan (SBP), Higher Education Commission of Pakistan, Pakistan Telecom Authority (PTA), P@SHA, Ministry of IT and Telco, Pakistan.

Marketing marvels

Innovation in action: Fueling our impact journey with transformative global and domestic events



Microsoft Inspire

A story of partner channel excellence

Systems Limited was recognized as the 2023 Microsoft Country/Region Partner of the Year for Pakistan and the UAE at Microsoft Inspire – the largest partner community conference of the year. Asif Peer and Khurram Majeed accepted the honor and engaged with key personnel at Microsoft and the partner community.

GITEX GLOBAL

On the cutting edge of technology

Showcasing digital solutions on the biggest technology roadshow of the year reaching global audiences, and exploring all things in tech, from AI marvels to blockchain breakthroughs.



LEAP

Into New Worlds!

Four eventful days of insightful discourse, engaging discussions, and exciting sessions at LEAPandInnovate. Exploring the disruptive potential of technology and forging valuable alliances on the global front.

Gartner IT Symposium

Underscoring on the APAC front

Actively participating in the world's most important gathering for CIOs that offers global tech leaders everything under a 360-degree umbrella of IT to accelerate business growth.





Japan IT Week

Systems' debut in Japan

Connecting with Japan's IT fraternity and showcasing our latest tech to the community. A first-of-its kind experience for our team exhibiting on the highly sought-after technology roadshow.

GITEX AFRICA

One Africa, limitless opportunities

Delving into the vast possibilities of digital technologies in reshaping Africa's technology arena, embracing innovation, revolutionizing across industries, and forging a more digitally sound tomorrow. .



TechCrunch Disrupt

Where founders shine

Inspiring conversations and networking at the global startup battlefield where the most motivated and ambitious founder, investors, and tech builders converge to shape the future.

Temenos Community Forum

Spearheading banking innovation

Making history at our very first Temenos Community Forum, connecting and exploring potential banking solutions with industry veterans.



Temenos Kick-Off

Evolutionary Leap, Revolutionary Impact

Exchanging insightful discourses with industry leaders and partners from all over the world, particularly the Temenos team at the Temenos Kick-Off 2023 in Spain.

MWC Barcelona

The future of connectivity innovation

Spearheading a groundbreaking transformation with competitive business solutions at the Mobile World Congress in Barcelona. Disrupting traditional models and unleashing new potential in the connectivity industry.



AWS Summit ASEAN

Accelerating the drumbeat of retail

Systems Limited experts represented the company on the global retail front at AWS Summit ASEAN, connecting with FSI industry professionals in the Singapore technology market.

Bank of the Future Forum

Building the future of banking

A one-of-its-kind high-profile event graced by the top leadership from Amazon Web Services (AWS) exploring growth mindset at large.



Xcelerate 2.0

A digital transformation journey

Systems Limited and Microsoft's flagship event, bringing together the top brass of industry professionals under one roof to explore transformative change in technology innovation.

Amazon Culture of Innovation

Exploring the growth mindset

A one-of-its-kind high-profile event graced by the top leadership from Amazon Web Services (AWS) exploring growth mindset at large.



Leading from the front: Championing success & inspiring change on the global stage

In a fast-paced year defined by AI and digital transformation, our thought leaders seized the global stage, shaping the future of technology with bold ideas and decisive action. By embracing a forward-thinking mindset, they have consistently demonstrated the true meaning of authentic leadership by leading with transparency, integrity and purpose.

From speaking on highly prestigious forums like the Forbes Annual Dinner & the OPEN Silicon Valley Annual Forum, to attending top-tier partner community events like Microsoft Inspire, GITEX GLOBAL, flagship Temenos events, they have left an indelible mark on the global front. Also, worth mentioning are them interviewing with the top brass of technology veterans and featuring headlines on popular newspapers like the Khaleej Times to garnering recognitions including the CEO Excellence Award and Tech Leadership - Software & Services Provider award at FinTech Futures Banking Tech Awards.

Our executive leadership team, empowered by their deep industry expertise and visionary foresight, became sought-after voices on some of the world's most influential platforms. Their efforts are a powerful testament to Systems Limited's commitment to driving meaningful progress on a global scale.



Human Capital Strategic Pillars



Toima Asghar

Group CHRO, Systems Limited

As we reflect on 2023, I am thrilled to share a journey of success and perseverance, that shaped our company into a hub of creativity, collaboration and unparalleled growth. We have perpetuated a balance between flexibility and stability through our people-centric approach and commitment to innovation.

Our keen focus on continuous learning and development of our people, enabled our teams to take up advanced and exciting technological challenges and stay ahead of the curve. We have also embarked on a journey of elevating and enabling our society through our Corporate Social Responsibility initiatives with a special focus on health, education and skill development.

I want to express my sincere gratitude to the people of Systems Group, who contributed towards achieving multiple milestones throughout this incredible year.

Talent Acquisition

Recruited 2,191 personnel, with a hiring pipeline of 110 resources for 2024.
Strengthened our leadership tier by onboarding 50+ new hires for strategic and key roles.
233 resources have been hired in senior tier (Grade 2, 3A and 3).

Inducted around 60 exceptionally talented University graduates through the fresh talent drive.

Hiring for our ROW entities, from international markets including Australia, Singapore, South Africa, KSA and Qatar. Managed crucial and time-sensitive hiring for significant projects.

Conducted extensive market researches for scarce skill set and related market dynamics, locally and internationally including Eastern Europe, APAC, MEA, and other countries.

Conducted thorough analysis, skill-set profiling, and research for specific technologies and domains to meet both current and future requirements.

2191

Talent Onboarded

15 Days

Average Hiring Turnaround



Talent Management & OD

House of Learning – Technical Trainings

There was a plethora of online trainings organized this year, namely; Django, NestJs, Magento, Web Automation, Kubernetes, SQL, API Automation, IBM Cognos Analytics, IOT Testing, Selenium Java, Digital Corporate Portal-Domain, Branchless Banking Agency Module, Open Financial Services (OFS), planned and executed by the TM & OD team in coordination with all competencies.

14,514

Learning Hours

492

Sessions

259

Trainings

Temenos Technical Trainings

Trainings were held throughout the year for Temenos Transact business consultants, Transact technical consultants and Infinity Digital Consultants. Total 83 trainings were conducted covering 150 sessions throughout the Temenos domain. In Business, the trainings focused on upskilling of new hires in the areas of customer onboarding and Arrangement Architecture. Trainings were also held in the new area of Financial Inclusion to upskill the team for upcoming projects and target the Financial Inclusion Partner Certification.

On the Technical front, the trainings focused on development and consolidation of core technical skills such as Customization, Java and Arrangement Architecture. Participants were also introduced to new areas such as Financial Inclusion Technical, Extensibility Framework and Branchless Banking. In the Digital space, trainings focus on the development of core skills on products such as Visualizer and Fabric. Business trainings give participants a strong understanding of Temenos products such as Spotlight, Customer Onboarding and Retail Banking. These trainings help us tremendously in upskilling of our consultants and keeping abreast of all the developments in Temenos' domain.

Let's L-earn

Let's Learn Technical Training Series launched to upskill and reskill our teams on technology tracks. It provides a unique learning experience through a combination of weekly interactive sessions, quizzes, assignments, projects, presentations, competitions and continuous evaluation mechanism. A major distinctive feature of this technical training program is promoting self-learning culture through a regularly maintained repository of recorded sessions in order to cater a large audience.

This year we trained nearly 200 team members on Dynamics Commerce, Artificial Intelligence and Mobility from Pakistan and India with the help of 26 internal trainers. It results in providing a diversified cross-functional exposure to all participants from multiple teams.



Learning Rally – Soft Skills Interventions

In continuation of our ongoing commitment to fostering soft and leadership skills development, we have expanded our training offerings throughout the year. Our goal remains to enhance the capabilities and confidence of our resources, enabling them to achieve targeted business outcomes with a total of 3172 hours dedicated to training. The TM & OD team has meticulously planned and executed around 40 soft skills series, ensuring that our employees are well-equipped to excel in their roles.



LUMS – Sysvistech Leadership University

With an unwavering commitment to shaping the future of leadership, Systems Group is has continued its partnership with REDC LUMS in the establishment of the SysVisTech Leadership University. This exclusive program is tailored for high-potential executives who possess the strategic acumen to steer their organizations toward success. Comprising three modules – Leadership for Performance Excellence, Team Communication & Collaboration for Results, and Decision Making & Negotiation – this customized intervention is designed to equip participants with the skills and knowledge necessary to lead with confidence and drive results. To date, around 200 employees have successfully graduated from the program across seven cohorts, with Cohort 9 scheduled to commence in the first quarter of 2024.



LUMS – Future Leaders Program

In continuation of the ongoing Future Leaders Program, a total of 9 batches have been completed with 282 graduates in Lahore and Karachi in 2023. The program is designed for mid-career People Managers from Grade 5-3A, focusing on the development of personal leadership skills and competencies. It consists of two days of learning sessions that assess leadership style for improving team performance, build collaboration, trust, and constructive engagement, and teach effective conflict handling and decision-making. The program continues to make a significant impact on the professional growth of its participants, contributing to the development of strong leadership capabilities within the organization.



Language & Communication Program

The Language & Communication Program has been an ongoing success, with a strong focus on enhancing communication and building robust client relationships. Over the past year, we have continued to impact a large number of participants, with 286 individuals across 14 batches benefiting from our comprehensive approach. Through a series of interactive sessions, discussions, debates, and continuous evaluation and feedback, we have consistently strengthened the existing communication skills of our participants, making a significant and lasting impact.



Employee Engagement

Employee Wellness Program

An initiative aimed at promoting health and well-being of employees, focusing on Physical Health, Mental Health and Emotional Well-Being. The program contributes to a positive workplace culture and employee engagement. Activities conducted were 'Mental Health Awareness' and 'Decoding Personality'.



Positive Pulse Program

(Humanistic Values): A program designed around work values that serve as a framework for a professional and positive work culture fostering team synergy, e.g., Mutual Trust, Togetherness, Teamwork, and Winning Mindset.



Employee Experience is at the heart of Systems Culture. Our positive work environment is the result of a Positive Work Environment, Employee Wellness and Engagement Programs, Rewards and Recognition Programs. As a result of continuous engagement, employees feel valued, engaged and motivated to contribute their best.

30

Engagement Activities

95

Connects & Townhalls

31

Awards & Recognition

20

Systalks & Tech Workshops

8

Leadership Connects with New Joiners

People

Branding Activities

8,000+

New Followers on LinkedIn

10,000+

New Followers on LinkedIn

49,000+

Page Views

15,000+

Unique Visitors

1,000+

Reposts/Shares

Systems believe in building a reputation as an employer of choice and a great place to work. We ensure this through the mantra of people branding. This year, under the umbrella of HCD Systems, Team EBU is bringing people branding to life by creating engaging experiences by creatively communicating Systems core culture, values, leadership, and commitment to innovation through various initiatives and activities.

The EBU team has curated and fostered the company's digital community across various social media channels, including LinkedIn, Facebook, Instagram, and Twitter. Through vibrant storytelling, we spotlight a myriad of offline and online initiatives at Systems Limited, ranging from MTO Batches and Fresh Graduates Week to Women's Day, CEO talks, Leadership Townhalls, and the IT Mustakbil Training Program. Moreover, we intricately weave the fabric of the company's culture by showcasing exclusive events like Women's Day, Breast Cancer Awareness Week, and InfoSec Awareness Week, thereby exemplifying our unwavering dedication to diversity, inclusion, and social responsibility.



International Women's Day Celebration



Pakistan Independence Day Celebration

We have envisioned and brought to life an avant-garde work environment and cutting-edge facilities through people branding, encapsulating the essence of our brand, both at the Systems HQ and its global offices.

Over the past year, we have consistently emphasized the unwavering dedication of our company towards ensuring that our employees remain fully engaged and informed, as evidenced by the quarterly bulletin "People@Systems" all while championing our brand an innovative, diverse, and inclusive workplace.



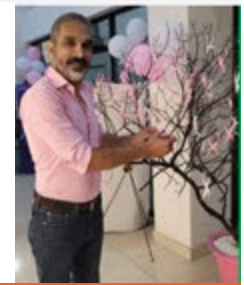
UAE National Day Celebration



Blood Donation Drive



Father's Day Celebration



Breast Cancer Awareness (Pinktober)



Celebration of Festivities (Eid – Deewali – Christmas)



Taken 7 Game Tournament

Mother's Day Celebration



Leadership Connect



Infosec Awareness Week



Celebrating Abilities of Team



SysTalks Sessions



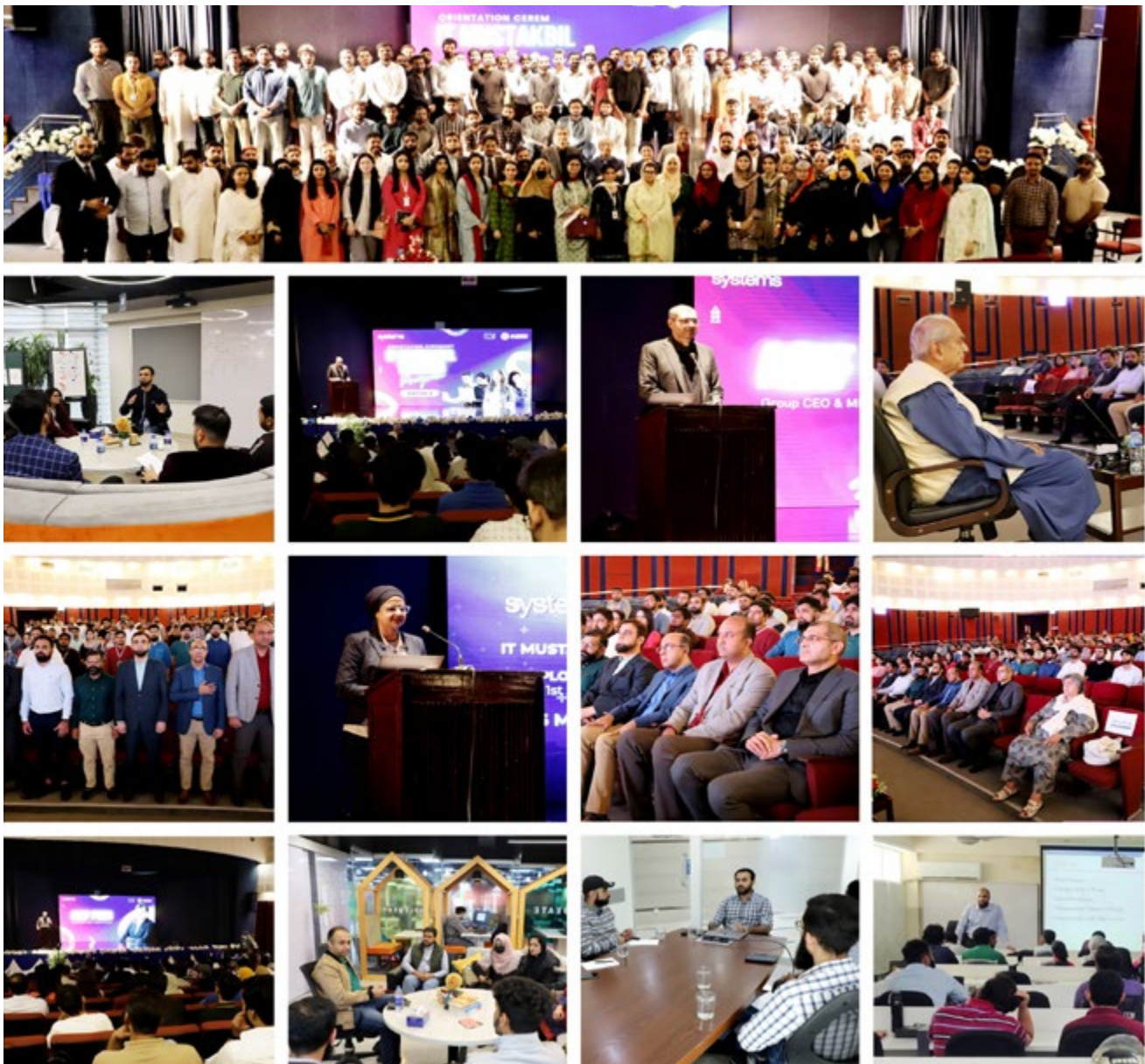
Stars of the Quarter – Recognition

Industrial & Academia Linkages

IT Mustakbil Training Program External Technical Trainings

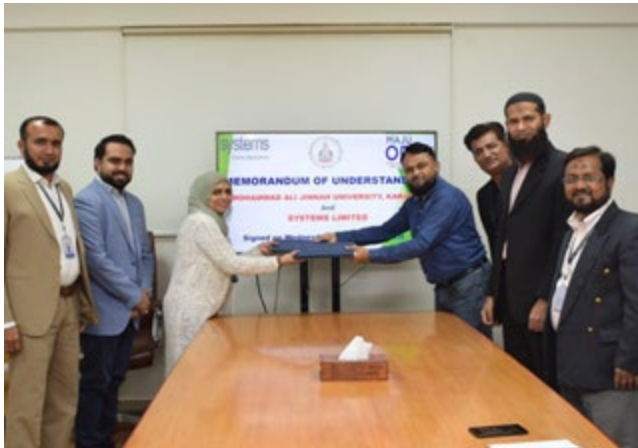
The participants of IT Mustakbil (ITM) Training Program Batch 1 that started in 2022 passed out in February 2023. Successful graduates were interviewed and offered placements in Cloud & Infrastructure, Integrations, Business Process Automation, Banking Financial Solutions, QA and Data Engineering in Systems. Our graduates were also offered positions in the IT sector i.e. BrainX, Techlogix, Vantadev, Tekrevol, Avanceon, Marham, ITT, Kingdom Valley, Sapphire, Allied Power & Control, Nayyar Technologies and other companies.

The participants of ITM Batch 2 will graduate in first quarter of 2024 with specializations in DevOps & Serverless, Business Process Automation and Flutter.



Collaborations with Universities for Training & Development of Students

Systems Limited collaborated with various Universities in Pakistan and Kingdom of Saudi Arabia in order to enhance knowledge base and provide technical training opportunities to their students. These collaborations will cater technical workshops, training sessions, facilitation in Final Year Projects, Co-teaching elective courses, providing internship opportunities to the graduating students and suggesting improvements in existing curriculum of CS programs.



Muhammad Ali Jinnah University (MAJU)



Taibah Valley, Madinah KSA



NED University of Engineering & Technology



UIT University

Co-Teaching Technical Courses, in Universities



The co-teach course «Software Construction & Development» with a brief closing ceremony at UIT University



QA Automation Course Completed at UIT Karachi and certificate distribution ceremony held in UIT for 25 students.



The co-teach course on «Software Quality Assurance» concluded with a remarkable closing ceremony at DHA Suffa University.

Guest Speaker Sessions, Advisory Board Meetings and Panel Discussions

Toima Asghar, Group CHRO and Tariq Rashid, SVP Global Telco Growth Leader participated in ECONFEST organized by PIDE.



Mr. Asif Bilgrami, Mr. Bilal Ahmad, discussed the significance of Web 3.0 and its impact on various industries, including finance, healthcare, education, and entertainment at Hamdard University.

Ms. Naureen Anwar, SVP – Special Projects at Systems Limited, evaluated tech startups as distinguished judge for the Karachi round of She Loves Tech.



Toima Asghar, Group CHRO, Systems Limited participated in panel discussion on HR – Tech Fusion at LUMS.

Mr. Arsalan Rashid was invited for panel discussion on the topic «Tips for Final Year Projects in CS and How to Choose a Relevant and Impactful Topic.»



Mr. Tariq Rashid participated in Panel Discussion on HR Skills, Ecosystem and Marketing at National IT Exports Strategy Launching Ceremony.

CCL Pharmaceuticals invited Toima Asghar, Group CHRO – Systems Limited as a guest speaker on account of In light of International Women's Day.





Babar Zahoor participated in the Industrial Advisory Board Meeting of Riphah International University - Islamabad.

Mr. Usman Rafat was invited as a guest speaker for the «Introduction to Data Science» course at Muhammad Ali Jinnah University.



Mr. Intisar Ali Zaidi interacted with the BSCS students of FAST – Karachi where he shared business analytical techniques in light of a real life scenario.

Toima Asghar, Group CHRO – Systems Limited joined panel discussion on Building an Effective Ecosystem: Digital Technologies, Innovation and Startups organized by ACCA.



Mr. Babar Zahoor – AVP DIS conducted a seminar on Devops at Bahria University Islamabad.

Mr. Asif Bilgrami was invited as an industry guest to a stakeholder meeting held under Pak-UK gateway mobility partnership at NED University.



TCF team visited Systems Limited to introduce their flagship volunteer programs; Baghbaan and Rahbar.

Corporate Social Responsibility

Education



Health

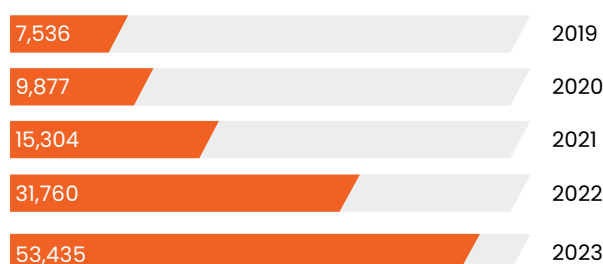


General

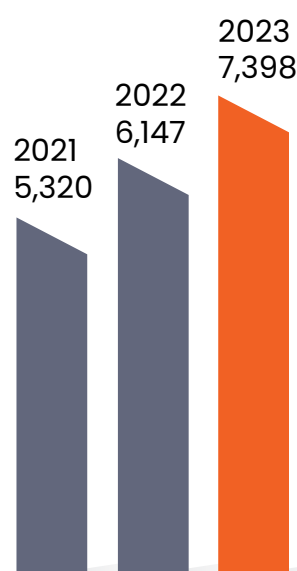


Key Financial & Business Highlights

Revenue Trajectory (PKR Million) CAGR 63%



Number of employees



Group Financials at a Glance

PKR 53.44 BN
FY'23 Revenue

63%
CAGR Revenue Growth

68%
YOY Revenue Growth

31%
YOY PAT
Growth

7,398
Total Employees As At
December 31st, 2023

26%
FY'23 Gross
Profit Margin

16%
FY'23 Net
Profit Margin

14%
FY'23 Operating
Profit Margin

18%
FY'23 EBITDA
Margin

236
FY'23 Total Active
Customers Served

38
Customers With
Over \$1M Revenue

108
Days Sales
Outstanding

29.86
FY'23 Earnings
Per Share

29%
FY'23 Return
On Capital Employed

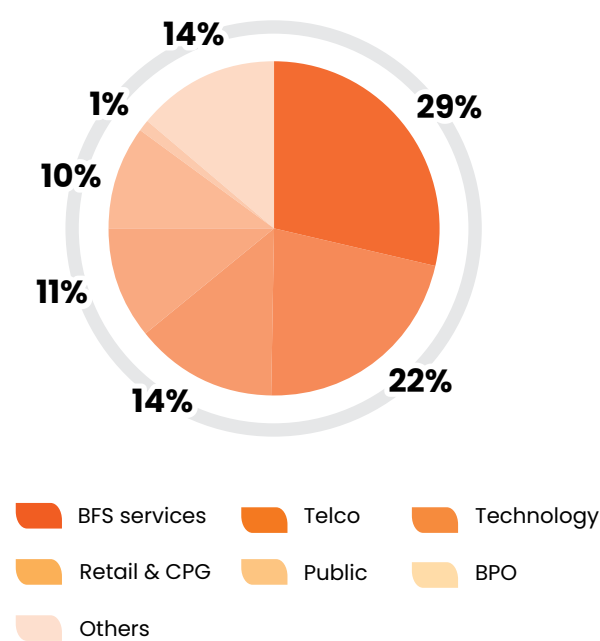
27%
FY'23 Return
On Equity

PKR 9.58 BN
Cash & Cash
Equivalents
(incl. short terms investments)

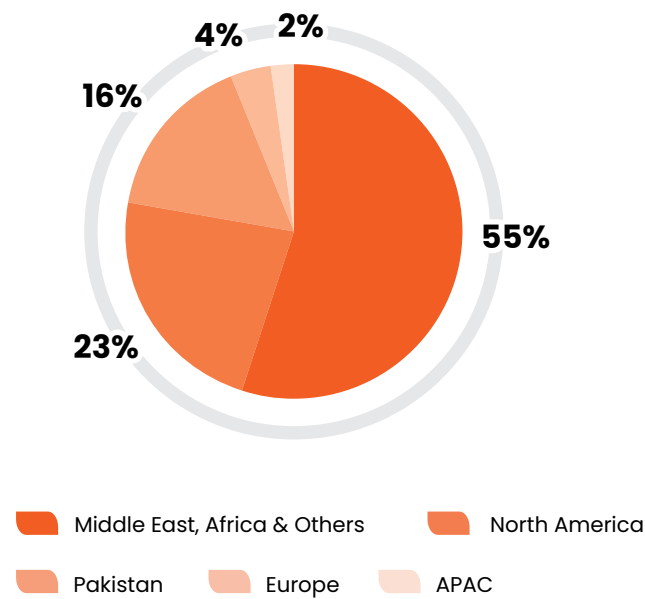
PKR 6.46 BN
FY'23 Cashflows
From Operations

PKR 6.20 BN
FY'23 Free
Cashflows

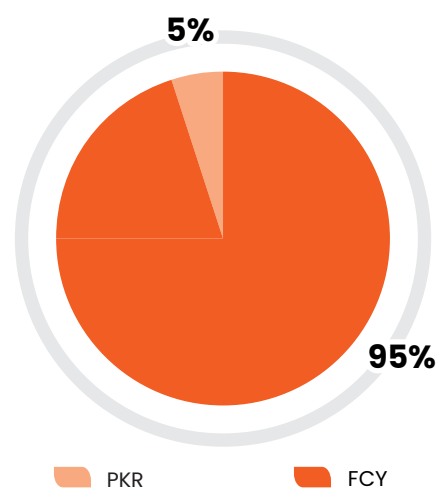
Revenue by Sectors



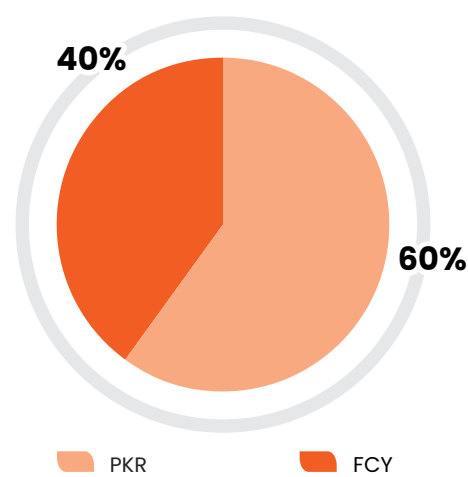
Revenue by Geography



Revenue by Currency



Cost by Currency



Key Financial Highlights

Profit and loss summary for the last six years (amounts in pkr)

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|------------------------|------------------------|------------------------|----------------------|----------------------|----------------------|
| | Rupees | | | | | |
| Revenue | 32,037,995,164 | 20,644,764,716 | 11,903,583,911 | 7,513,766,845 | 5,348,568,742 | 3,761,155,759 |
| Cost of revenue | (22,421,301,632) | (13,889,659,278) | (7,912,442,628) | (4,715,786,027) | (3,572,188,527) | (2,582,618,930) |
| Gross profit | 9,616,693,532 | 6,755,105,438 | 3,991,141,283 | 2,797,980,818 | 1,776,380,215 | 1,178,536,829 |
| Distribution expenses | (392,255,261) | (270,588,626) | (188,926,692) | (118,654,595) | (99,693,155) | (46,585,985) |
| Administrative expenses | (2,085,697,629) | (1,520,716,072) | (981,346,043) | (499,987,819) | (448,471,106) | (377,384,516) |
| Reversal of impairment losses / (impairment losses) on financial assets | (33,473,891) | (2,497,969) | 12,563,431 | (128,851,408) | (88,323,142) | (107,186,848) |
| Other operating expenses | (8,561,586) | (89,326,377) | (16,919,184) | (5,889,010) | (50,702,061) | (11,180,134) |
| | (2,519,988,367) | (1,883,129,044) | (1,174,628,488) | (753,382,832) | (687,189,464) | (542,337,483) |
| Operating profit | 7,096,705,165 | 4,871,976,394 | 2,816,512,795 | 2,044,597,986 | 1,089,190,751 | 636,199,346 |
| Other income | 2,645,199,791 | 1,977,050,375 | 620,344,533 | 272,645,254 | 342,646,042 | 437,742,627 |
| Impairment loss on long term investment | (68,953,239) | - | - | - | - | - |
| Finance costs | (664,179,989) | (224,538,852) | (84,291,698) | (49,914,195) | (39,164,417) | (18,834,198) |
| Profit before taxation | 9,008,771,728 | 6,624,487,917 | 3,352,565,630 | 2,267,329,045 | 1,392,672,376 | 1,055,107,775 |
| Taxation | (449,611,237) | (324,650,972) | (31,874,154) | (73,414,103) | (28,540,667) | (45,624,604) |
| Profit for the year | 8,559,160,491 | 6,299,836,945 | 3,320,691,476 | 2,193,914,942 | 1,364,131,709 | 1,009,483,171 |

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|----------------------|
| | Rupees | | | | | |
| Revenue | 53,435,483,177 | 31,759,927,263 | 15,304,037,567 | 9,876,827,710 | 7,535,648,069 | 5,323,922,442 |
| Cost of revenue | (39,778,797,390) | (23,123,647,896) | (10,314,365,850) | (6,619,640,203) | (5,166,301,606) | (3,795,122,571) |
| Gross profit | 13,656,685,787 | 8,636,279,367 | 4,989,671,717 | 3,257,187,507 | 2,369,346,463 | 1,528,799,871 |
| Distribution expenses | (1,569,563,845) | (740,518,496) | (385,600,533) | (201,024,729) | (178,002,387) | (90,539,319) |
| Administrative expenses | (3,982,646,207) | (2,483,965,304) | (1,426,803,958) | (722,310,556) | (698,066,995) | (572,629,509) |
| Reversals of impairment losses / (impairment losses) on financial assets | (205,137,108) | 40,359,108 | (8,131,032) | (214,246,515) | (137,482,470) | (118,857,365) |
| Other operating expenses | (166,791,530) | (89,326,377) | - | (5,889,010) | (26,049,546) | (19,490,427) |
| | (5,924,138,690) | (3,273,451,069) | (1,820,535,523) | (1,143,470,810) | (1,039,601,398) | (801,516,620) |
| Operating profit | 7,732,547,097 | 5,362,828,298 | 3,169,136,194 | 2,113,716,697 | 1,329,745,065 | 727,283,251 |
| Other income | 3,193,598,145 | 2,230,060,151 | 653,030,134 | 235,201,038 | 318,491,575 | 408,460,653 |
| Gain on disposal of investment | - | - | 816,226,748 | - | - | - |
| Finance costs | (868,990,456) | (287,819,752) | (121,404,658) | (66,659,676) | (47,022,121) | (27,073,044) |
| Share of loss of Associate | (48,069,294) | (323,899,362) | (83,384,503) | - | - | - |
| Impairment loss on investment in associates | (729,463,249) | - | - | - | - | - |
| Profit before taxation | 9,279,622,243 | 6,981,169,335 | 4,433,603,915 | 2,282,258,059 | 1,601,214,519 | 1,108,670,860 |
| Taxation | (590,732,350) | (351,508,026) | (53,944,635) | (117,960,376) | (33,281,698) | (47,387,580) |
| Profit for the year | 8,688,889,893 | 6,629,661,309 | 4,379,659,280 | 2,164,297,683 | 1,567,932,821 | 1,061,283,280 |

Dupont Analysis

2023

| | | | | | |
|---------------|----------------|-----------------|----------------|-------------------|----------------|
| Profit | 8,688,889,893 | Revenue | 53,435,483,177 | Total assets | 50,666,211,799 |
| Revenue | 53,435,483,177 | Total assets | 50,666,211,799 | Equity | 32,331,619,066 |
| Profit margin | 16% | Assets turnover | 105% | Equity multiplier | 157% |

ROE
27%

2022

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

ROE
29%

Key Ratios

Standalone

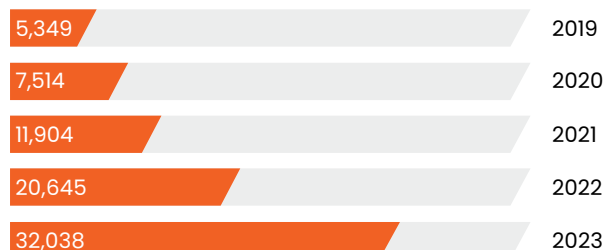
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------------|-------|-------|-------|-------|-------|-------|
| Profitability Ratios | | | | | | |
| Gross Profit Ratio | 30% | 33% | 34% | 37% | 33% | 31% |
| Net Profit Ratio | 27% | 31% | 28% | 29% | 26% | 27% |
| Return on Equity | 31% | 31% | 32% | 30% | 26% | 25% |
| Return on Capital Employed | 34% | 24% | 26% | 27% | 20% | 16% |
| Return on Assets | 24% | 23% | 22% | 22% | 20% | 20% |
| Capital Structure | | | | | | |
| Debt to Equity | 0.08 | 0.15 | 0.27 | 0.20 | 0.13 | 0.11 |
| Interest Coverage | 10.68 | 21.70 | 33.41 | 40.96 | 27.81 | 33.78 |
| Liquidity Ratios | | | | | | |
| Current Ratio | 2.87 | 2.64 | 2.55 | 3.49 | 3.54 | 4.21 |
| Quick Ratio | 2.31 | 2.45 | 2.42 | 3.16 | 3.07 | 3.62 |
| Cash to Current Liabilities | 0.18 | 0.10 | 0.37 | 0.71 | 0.81 | 0.44 |
| Investment | | | | | | |
| EPS Basic | 29.41 | 22.44 | 12.06 | 8.03 | 5.02 | 4.10 |
| EPS Diluted | 29.22 | 22.29 | 11.98 | 7.95 | 5.00 | 4.09 |
| Dividend Payout | 20% | 22% | 20% | 20% | 20% | 24% |

Consolidated

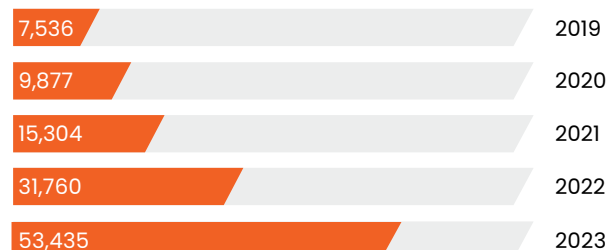
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|-----------------------------|-------|-------|-------|-------|-------|-------|
| Profitability Ratios | | | | | | |
| Gross Profit Ratio | 26% | 27% | 33% | 33% | 31% | 29% |
| Net Profit Ratio | 16% | 21% | 29% | 22% | 21% | 20% |
| Return on Equity | 27% | 29% | 36% | 27% | 28% | 25% |
| Return on Capital Employed | 29% | 29% | 36% | 26% | 27% | 25% |
| Capital Structure | | | | | | |
| Debt to Equity | 0.07 | 0.14 | 0.23 | 0.21 | 0.12 | 0.11 |
| Interest Coverage | 8.9 | 18.6 | 26.1 | 31.71 | 28.28 | 26.86 |
| Liquidity Ratios | | | | | | |
| Current Ratio | 2.18 | 1.81 | 2.52 | 3.06 | 3.29 | 3.48 |
| Quick Ratio | 1.45 | 1.60 | 2.35 | 2.79 | 2.85 | 2.85 |
| Cash to Current Liabilities | 0.52 | 0.43 | 0.54 | 0.96 | 0.91 | 0.65 |
| Investment | | | | | | |
| EPS Basic | 29.86 | 23.61 | 16.21 | 8.08 | 5.84 | 4.36 |
| EPS Diluted | 29.66 | 23.45 | 16.10 | 8.01 | 5.82 | 4.35 |

Financial Analysis

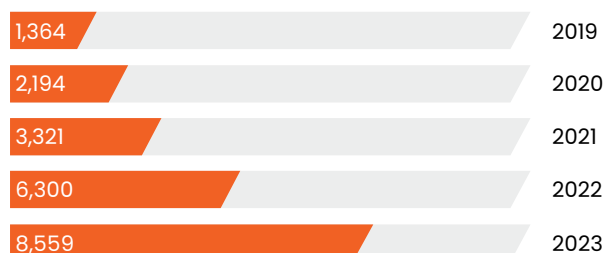
Unconsolidated Revenue (PKR Million) CAGR 56%



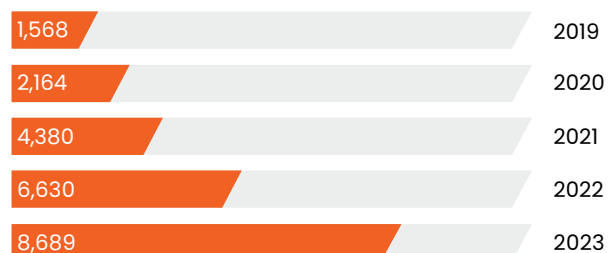
Consolidated Revenue (PKR Million) CAGR 63%



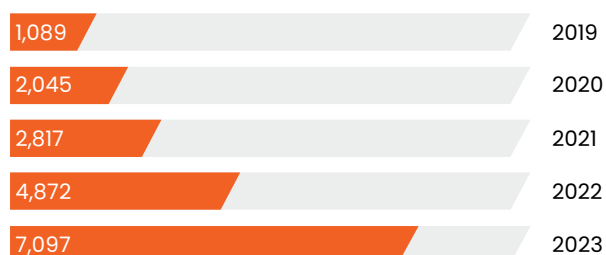
Unconsolidated Net Profit (PKR Million) CAGR 58%



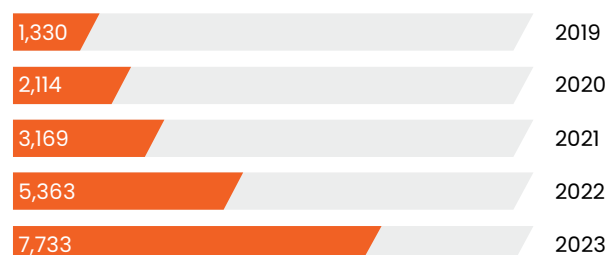
Consolidated Net Profit (PKR Million) CAGR 53%



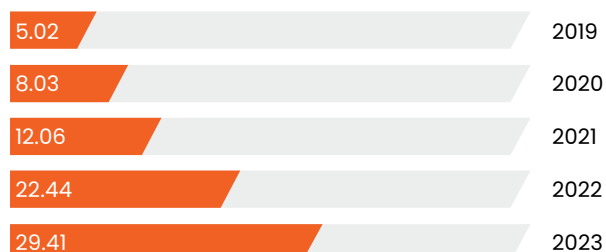
Unconsolidated Operating Profit (PKR Million) CAGR 60%



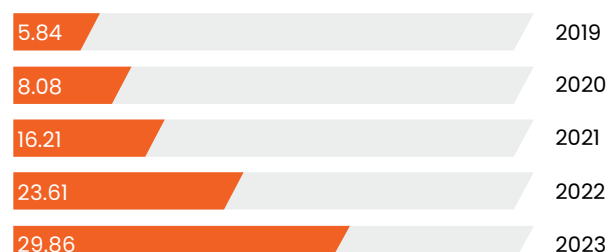
Consolidated Operating Profit (PKR Million) CAGR 55%



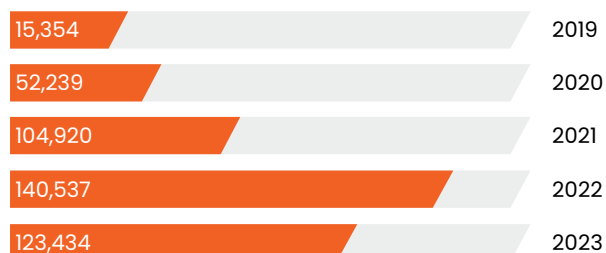
Unconsolidated Basic Eps (PKR) CAGR 56%



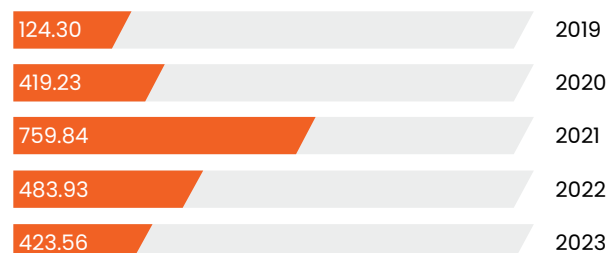
Consolidated Basic Eps (PKR Million) CAGR 50%



Market Capitalization (PKR million)



Closing Share Price (PKR)



SHARE PRICE SENSITIVITY ANALYSIS



Sustainability Framework

What Sustainability means To Us



Be Kind with the Environment

Key Indicators:

- Water Conservation through awareness programs
- Tracking of energy consumption
- Adopting reuse and recycle practices to reduce waste



Ensure Sustainable Financial Growth

Key Indicators:

- 63% increase in revenue
- 55% increase in operating profit
- 50% increase in EPS
- 27% Return on Equity
- 5 year revenue CAGR over 63%
- Consistent dividend payout ratio
- Global expansion to reduce concentration risk



Governance

Key Indicators:

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



Giving Back to the Society

Key Indicators:

- Allocation of CSR budget and planned CSR initiatives
- Initiated Digital Inclusion through IT Mustakbil Program
- Laptop Donations
- Helping employees in times of difficulties



Be Kind to Employees

Key Indicators:

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

Policies & Processes Covering Sustainability Areas

| | Be kind to Environment | Be kind to employees | Giving back to the society | Governance | Sustainable financial growth |
|----------------------|---|--|--|--|---|
| Sustainability Areas | Clean Water and Sanitation Energy Consumption Carbon Emissions | Diversity & inclusion Employee engagement Safety First Employee personal growth and development | CSR initiatives Adding value to economy by creating job opportunities | Independent Board & its committees promoting GRC Responsible tax practices Code of Conduct/ Business Ethics Related party transactions Cybersecurity and Data privacy | Financial & Operational Shareholders Transparency & Value Addition |
| | Policies, Rules & Guidedlines | | | | |
| Processes | Code of Conduct, Internal Audit Policy, Code of Corporate Governance 2019, Procurement Policy, Environmental Policy, Information Security Policies, HR Policy, Health & Safety Policy, Whistle Blowing Policy | | | | |
| Policies | Internal and external audits (1, 2), Governance, risk and compliance management (2,3), Sourcing to pay (4), Supplier self assessment (4), Environmental management process (EMS) ISO14001 (4, 5, 6), ISO27001 (3), SOC 1 & SOC 2 (3), Information and cyber security audits and assessments (3), HR processes (1, 7, 8), Employee engagement survey (8) | | | | |

Sustainability Pillars

Be kind to Environment

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

| | 2023 | 2022 |
|---|--------|--------|
| Printing & Advertising Cost Per Employee* | 3,514 | 5,142 |
| Energy Consumption Cost Per Employee* | 32,900 | 26,257 |

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

Be kind to Employees

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

| | 2023 | 2022 |
|---|--------|--------|
| No. of Employees | 7,398 | 6,147 |
| Male to Female Ratio | 86:14 | 86:14 |
| Female Employees on Senior Management Positions | 25 | 16 |
| Employee Insurance Cost | 407 MN | 192 MN |
| No. of Training sessions | 492 | 275 |
| Spent on Trainings & Certifications | 115 MN | 46 MN |

Giving Back to the Society

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

| | 2023 | 2022 |
|---|---|---|
| Management Trainee Officers Hired* | 56 | 25 |
| Laptops' Donations | 30 | 211 |
| colaborative agreements with educational institutes | <ul style="list-style-type: none"> • Fast – Karachi • IQRA University – Karachi • Fast – Lahore • IBA – Karachi | <ul style="list-style-type: none"> • Fast – Karachi • IQRA University – Karachi • Fast – Lahore • IBA – Karachi |

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

Governance

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

| | 2023 | 2022 |
|---------------------------------|---|---|
| Audit Committee Meetings | 4 | 5 |
| Board Meetings | 6 | 6 |
| Remuneration Committee Meetings | 2 | 2 |
| Key Governance Certifications | <ul style="list-style-type: none"> • SOC1 – SOC2 • ISO 9001:2015 • ISO 27001:2013 • ISO 20000-1:2018 • ISO 45001:2018 • ISO 14001:2015 • ISO 18295-1:2017 • ISO 27701:2019 • HIPAA | <ul style="list-style-type: none"> • SOC1 – SOC2 • ISO 9001:2015 • ISO 27001:2013 • ISO 20000-1:2018 • ISO 45001:2018 • ISO 14001:2015 • ISO 18295-1:2017 • ISO 27701:2019 • HIPAA |





Sustainable Financial Growth







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









Financial Growth Highlights







| | 2023 | 2022 |
|--------------------------------|--------|--------|
| Revenue (PKR MILLION) | 53,435 | 31,759 |
| Profit After Tax (PKR MILLION) | 8,689 | 6,629 |
| Gross Profit Margin | 26% | 27% |
| Net Profit Margin | 16% | 21% |
| Return on Equity | 27% | 29% |
| Dividend Payout | 20% | 22% |

Environmental, Social & Governance Self Assessment Dashboard

| ESG | | | | | |
|----------------------------|---|---|---|---|---|
| Be kind to Environment | | | | | |
| SDG Target | Aim | Status 2023 | Performance Indicator | Quantitative Impact | UN sustainability goals |
| Efficient waste management | Reduce, reuse and recycle to minimize waste, including e-waste. | <ul style="list-style-type: none"> Increased emphasis on paper-less operations Placement of separate recycle bins for paper, plastic & others at office premises Emphasis on using double side printing whenever practical. Using more cloud services thus reducing investment in on-premises data centers reducing our waste further. Implementation of password control on use of printers to further reduce printing. | Paper consumption tracking Repair & maintenance of printers | Per Employee Cost 2022: PKR 5,142 per employee 2023: PKR 3,514 per employee |  |
| Clean Water and Sanitation | <ul style="list-style-type: none"> Support and strengthen the participation of local communities in improving water and sanitation management. Ensure clean water and sanitation availability to everyone Substantially increase water-use efficiency and ensure sustainable withdrawals and supply of freshwater to address water scarcity. | <ul style="list-style-type: none"> Emphasis on using less water in the form of 'save water' signs in the rest rooms Collecting and using water from air conditioning in non drinking activities like watering plants. | Water Consumptions reduced | Conducted save water roadshows |  |
| Energy Consumption | Reduce our energy consumption and bring renewable energy sources in use. | <ul style="list-style-type: none"> Implementing a hybrid working model that strategically integrates both office-based and remote work, thereby contributing to a discernible reduction in energy consumption. Greater emphasis by the administrative team towards installation of energy efficient equipment like led lights. Mandatory day off for designated departments, to foster employees well being along with saving energy. Carpooling initiative, aims to reduce carbon emission and fuel consumption by promoting shared commuting among employees. | <ul style="list-style-type: none"> Tracking electricity consumption Monitoring fuel consumption in generators | Per Employee Cost 2022 – PKR 26, 257 2023 – PKR 32,900 |   |

| ESG | | | | | |
|--|--|--|---|--|---|
| Be kind to Environment | | | | | |
| SDG Target | Aim | Status 2023 | Performance Indicator | Quantitative Impact | UN sustainability goals |
| Responsible sourcing | <ul style="list-style-type: none"> Transparent and competitive process for vendor selection Promoting local vendors Managing conflict of interest Integrating environmental friendly vendor selection criteria | <ul style="list-style-type: none"> Comprehensive procurement manual to ensure transparency and adherence to the principles of responsible and competitive sourcing. Conflict of Interest Policy Not associating with suppliers that aren't in compliance with minimum wage Act and/or employment of underage employees. | <ul style="list-style-type: none"> Review of Supplier Master Data & Vendor Evaluation of top 20 vendors | N/A |  |
| Be kind to Employees | | | | | |
| Non Discrimination, Diversity & goal inclusion | Establishing a gender-diverse workforce and leveraging global talent resources to ensure equitable hiring opportunities, free from discrimination based on ethnic or religious origin. | <ul style="list-style-type: none"> Fostering workplace gender equality to eliminate disparities and promoting the inclusion of individuals of all genders across all departments. 2 Female director nomination on our Board of Directors & C-levels Harassment policy in place Enhancing the work-life balance for our employees by introducing a complimentary day care facility (available at our Lahore & Karachi locations) Diversity Day celebrated, to foster inclusivity through engaging activities, insightful discussion and initiatives. Fully equipped office GYM, meticulously designed to prioritize and enhance the well being and health of our valued employees. Complimentary Van services for our female employees to facilitate safe and smoother commuting experience. | <ul style="list-style-type: none"> Ratio of male to female employees Female employees on grade 1A, 1, 2A, 2, 3A Dedicated shuttle service for female employees Region wise employee count | Male to female ratio: 2022: 86:14 2023: 86:14 Female Employees on senior management positions 2023: 25 2022: 16 |   |
| Employee engagement | Dedicated to ensuring fulfilling and enriching career experiences for our employees. | <ul style="list-style-type: none"> Creating decent work and stable income for thousands of people, contributing to sustainable livelihoods and fostering economic well being. Ensuring a fair and lawful treatment towards our employees by upholding strict compliance with minimum wage requirements and labour law requirements. | No of employee engagement activities conducted | Employee Engagement Activities: 30 Connects & Townhalls: 95 Awards & Recognition: 31 Systalks & Tech Workshops: 20 Leadership Connects with new joiners: 8 |  |
| Safety First | Creating a safe working environment for our employees and the environment as whole. | <ul style="list-style-type: none"> Installation and maintenance for fire extinguishers throughout the premises. Trainings and drills to ensure that the workforce is well-prepared to adeptly handle emergency situations. Installation of electricity safety equipment like miniature circuit breakers, fuses etc. Temperature checks on entry to employee premises along with placement of multiple hand sanitizers across all the floors. All employees have health and life insurance. Provision for OPD requirements for employees and their families. | <ul style="list-style-type: none"> Zero injuries / accidents reported No incident of fire during the last three years | Insurance Cost: 2022: PKR 192.4M 2023: PKR 407.3M Fortnightly safety drills are conducted. Fire extinguishers are checked on quarterly basis |   |

| ESG | | | | | |
|---|---|--|--|--|---|
| Be kind to Employees | | | | | |
| SDG Target | Aim | Status 2023 | Performance Indicator | Quantitative Impact | UN sustainability goals |
| | | <ul style="list-style-type: none"> Policy to wear facemask at all times in office premises. Installation of First aid boxes, Hand sanitizers in all offices. | | | |
| Growth and development | To improve technical skills of resources to ensure competitive edge and familiarisation with new disruptive technologies | <ul style="list-style-type: none"> Annual resource wise training calendar approved by HRCC Policy for cost reimbursements for technical/professional certifications. Free-of-cost soft skills training sessions focused on formal English writing and communication, underscoring our commitment to enhancing professional development for our employees. | <ul style="list-style-type: none"> 300+ training sessions conducted 77 Systemers graduated from SysVistech Leadership University | Spending on Trainings & Certifications: 2022: PKR 46M 2023: PKR 115M Total Training Hours: 14,514 Total Training: 259 Total Sessions: 492 |  |
| Fraud prevention & ethical conduct | To ensure all employees follow the highest level of ethical standards and act as an agent of fraud prevention at all levels. | <ul style="list-style-type: none"> A comprehensive code of conduct policy, anti fraud and anti bribery policy exists and implemented for managing conflict of interest and promote ethics at all levels. | Survey results | N/A |  |
| Disability inclusion | Creating a safe working environment for employees with disabilities across all departments. | <ul style="list-style-type: none"> Workplace adjustments across all departments Hiring of specially-abled employees. | No. of specially-abled employees hired | Specially-abled employees 2023: 18 2022 : 12 |  |
| Giving back to the society | | | | | |
| Digital Inclusion | To ensure a IT skills are transferred to a more wider group of people in the society thus creating a sustainable work force to support the needs of the IT Industry | <ul style="list-style-type: none"> Donated laptops to Ali Institute, MOU signed with FAST and ITU DOST FUND established to help employees in times of difficulty MOU Agreement with FAST Chiniot/Faisalabad Campuses Habib University for scholarships Systems inclusion on Advisory Boards of Fast | Agreements with universities and educational institutes | N/A |  |
| CSR initiatives | <ul style="list-style-type: none"> Increase donations to schools, hospitals and other charity organizations. Helping employees in times of difficulty. Collaborating universities to improve talent. | <ul style="list-style-type: none"> Significant increase in donations to schools and charity organizations Provided IT Trainings to 110+ students Significant increase in donation to hospitals Sponsored treatment of 10 children Contributed to the construction of hospitals. Helping Employees in times of difficulties | Donations in terms of monetary units and assets | 2022: PKR 70M 2023: PKR 70M |   |
| Adding value to economy by creating job opportunities & improvise education | Create sustainable job opportunities for fresh graduates and experience employees adding value to the economy | <ul style="list-style-type: none"> Launched IT Mustakbil Program a 6 months comprehensive diploma in computer science and IT related technologies to bring a more diverse group of non-cs graduates in the IT industry. Hiring fresh graduates under the MTO program to develop the technical skills of qualified students | No. of Fresh graduates hired | Fresh Graduates Hired 2023: 56 2022: 25 |   |

| ESG | | | | | |
|----------------------------------|--|--|---|-----------------------------|---|
| Governance | | | | | |
| SDG Target | Aim | Status 2023 | Performance Indicator | Quantitative Impact | UN sustainability goals |
| Responsible tax practices | Ensure that the company is duly discharging its tax liability | <ul style="list-style-type: none"> Ensuring that the company is working with vendors and suppliers who are registered with tax authorities and also responsible tax citizens Engaging good tax consultants to ensure that the company is compliant with the tax laws | <ul style="list-style-type: none"> Reduce tax notices and penalties Procurement policy in place to ensure transparency and competitive bidding | N/A |  |
| Code of Conduct/ Business Ethics | To ensure that our business and employees act with honesty and integrity. | <ul style="list-style-type: none"> The company has a code of conduct which covers Conflicts of interest, ethical conduct at workplace The company has implemented a complete policy and mechanism of Whistleblowing. | No cases reported | N/A |  |
| Related party transactions | Disclose all the related party transactions to ensure compliance with the applicable laws. | All related party disclosures are made in quarterly and annual accounts of the company. | <ul style="list-style-type: none"> Quarterly approval of related party transactions by Audit Committee & the Board Audit report on compliance with code of corporate governance and there is no non-compliance. | N/A |  |
| Cybersecurity and Data privacy | Ensure the safety of stakeholder data. | The Company is certified under ISO-27000 which is inline with the ITIL best practice framework over IT controls and information retention. Further, the company is following NIST security protocols for the protection of data related to all stakeholders. | <p>The company is certified with the following:</p> <ul style="list-style-type: none"> ISO 27000 ISO 9001 ISO 20001 ISO 18295 <p>Further, the company also have independent SOC1 and SOC 2 reports.</p> <ul style="list-style-type: none"> Zero incident of breach of security protocols The company has invested in IBM SIEM | N/A |  |
| Sustainable Financial Growth | | | | | |
| Stakeholder Value addition | Ensure sustainable financial growth | <ul style="list-style-type: none"> 63% increase in revenue 55% increase in operating profit 50% increase in EPS 27% return on equity Consistent dividend payout ratio Continuous development in products and services | <ul style="list-style-type: none"> Revenue growth Profitability growth Dividend payouts | Respective reported results |  |
| | Transparent reporting to shareholders and addressing any grievances | <ul style="list-style-type: none"> All results and material facts are timely disclosed on PSX and SECP to ensure transparency To address shareholders concerns a dedicated email for investors have been established | <ul style="list-style-type: none"> No Penalties/ notices from PSX and SECP for non-disclosure | N/A |  |

Stakeholders Engagement

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

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



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

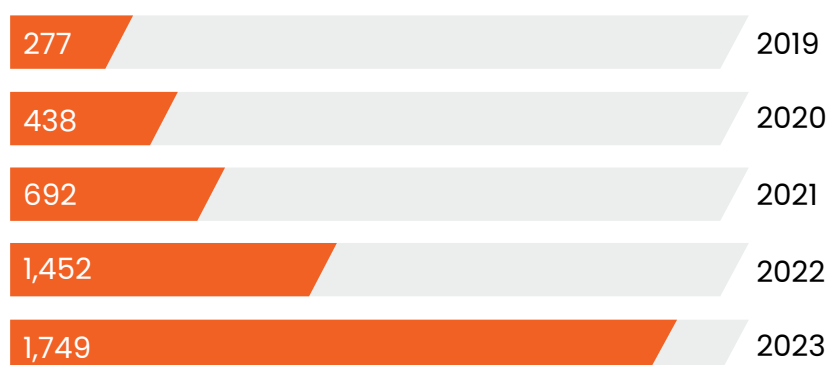
Share Holders' Key Information

Equity & shareholding information

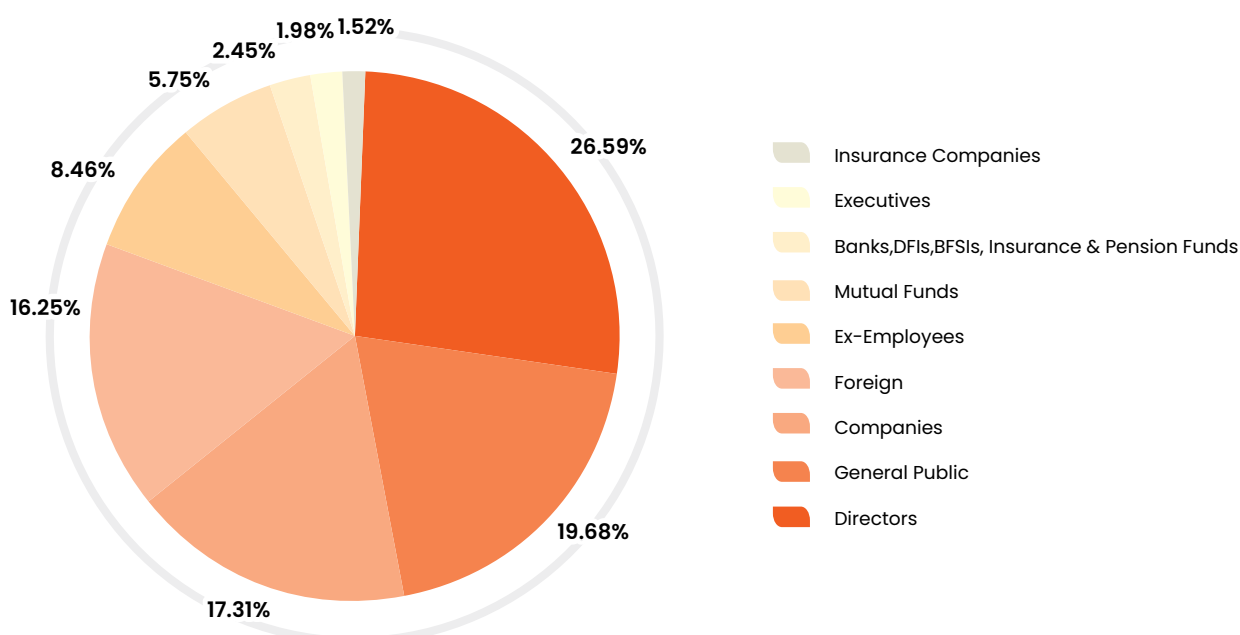
Equity & Stock Information

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

Divident payout (PKR MILLION)



Shareholding Breakup



Pattern of shareholding – Systems Limited

The Shareholding in the Company as at 31 December 2023 is as follows:

| Shareholder Category | Number of Shareholders | Shareholding Breakup | Number of Shares |
|---|------------------------|----------------------|--------------------|
| Directors | 15 | 26.59% | 77,484,067 |
| Companies | 230 | 17.31% | 50,451,669 |
| Foreign | 52 | 16.25% | 47,370,457 |
| Ex-Employees | 17 | 8.46% | 24,641,905 |
| Executives | 25 | 1.98% | 5,773,732 |
| General Public | 7,647 | 19.68% | 57,358,986 |
| Mutual Funds | 80 | 5.75% | 16,754,083 |
| Banks, DFIs, BFSIs, Insurance & Pension Funds | 10 | 2.45% | 7,145,835 |
| Insurance Companies | 18 | 1.52% | 4,440,666 |
| Total | 8,094 | 100% | 291,421,400 |

Pattern of Shareholding for the year 31 December 2023

| Number of Shareholders | From | Shareholding | To | Total Shares Held | Percentage |
|------------------------|--------|--------------|--------|-------------------|------------|
| 3,141 | 1 | | 100 | 112,967 | 0.039% |
| 2,151 | 101 | | 500 | 559,251 | 0.192% |
| 698 | 501 | | 1000 | 554,859 | 0.190% |
| 1,333 | 1001 | | 5000 | 2,787,055 | 0.956% |
| 210 | 5001 | | 10000 | 1,553,355 | 0.533% |
| 112 | 10001 | | 15000 | 1,368,448 | 0.470% |
| 68 | 15001 | | 20000 | 1,212,577 | 0.416% |
| 38 | 20001 | | 25000 | 877,893 | 0.301% |
| 24 | 25001 | | 30000 | 682,062 | 0.234% |
| 16 | 30001 | | 35000 | 528,224 | 0.181% |
| 14 | 35001 | | 40000 | 533,300 | 0.183% |
| 18 | 40001 | | 45000 | 767,355 | 0.263% |
| 15 | 45001 | | 50000 | 715,500 | 0.246% |
| 9 | 50001 | | 55000 | 465,883 | 0.160% |
| 16 | 55001 | | 60000 | 924,116 | 0.317% |
| 17 | 60001 | | 65000 | 1,058,107 | 0.363% |
| 9 | 65001 | | 70000 | 608,383 | 0.209% |
| 7 | 70001 | | 75000 | 512,269 | 0.176% |
| 8 | 75001 | | 80000 | 625,801 | 0.215% |
| 8 | 80001 | | 85000 | 659,919 | 0.226% |
| 4 | 85001 | | 90000 | 348,876 | 0.120% |
| 5 | 95001 | | 100000 | 485,300 | 0.167% |
| 4 | 100001 | | 105000 | 405,078 | 0.139% |
| 2 | 105001 | | 110000 | 213,057 | 0.073% |
| 3 | 110001 | | 115000 | 338,524 | 0.116% |
| 3 | 115001 | | 120000 | 356,381 | 0.122% |
| 5 | 120001 | | 125000 | 610,574 | 0.210% |
| 2 | 125001 | | 130000 | 256,870 | 0.088% |
| 5 | 130001 | | 135000 | 664,029 | 0.228% |
| 1 | 135001 | | 140000 | 139,980 | 0.048% |
| 1 | 140001 | | 145000 | 140,300 | 0.048% |
| 3 | 145001 | | 150000 | 444,772 | 0.153% |
| 1 | 155001 | | 160000 | 157,500 | 0.054% |
| 2 | 160001 | | 165000 | 324,704 | 0.111% |
| 5 | 165001 | | 170000 | 835,726 | 0.287% |
| 2 | 170001 | | 175000 | 343,662 | 0.118% |
| 5 | 175001 | | 180000 | 891,650 | 0.306% |
| 1 | 180001 | | 185000 | 184,102 | 0.063% |

| Number of Shareholders | From | Shareholding | To | Total Shares Held | Percentage |
|------------------------|--------|--------------|--------|-------------------|------------|
| 3 | 185001 | | 190000 | 559,000 | 0.192% |
| 1 | 190001 | | 195000 | 192,000 | 0.066% |
| 1 | 200001 | | 205000 | 203,600 | 0.070% |
| 1 | 210001 | | 215000 | 213,759 | 0.073% |
| 2 | 220001 | | 225000 | 448,301 | 0.154% |
| 2 | 230001 | | 235000 | 460,791 | 0.158% |
| 1 | 235001 | | 240000 | 235,570 | 0.081% |
| 2 | 245001 | | 250000 | 499,682 | 0.171% |
| 1 | 250001 | | 255000 | 253,840 | 0.087% |
| 1 | 265001 | | 270000 | 266,200 | 0.091% |
| 1 | 270001 | | 275000 | 270,579 | 0.093% |
| 1 | 275001 | | 280000 | 280,000 | 0.096% |
| 1 | 280001 | | 285000 | 280,808 | 0.096% |
| 2 | 285001 | | 290000 | 573,652 | 0.197% |
| 1 | 290001 | | 295000 | 294,253 | 0.101% |
| 3 | 295001 | | 300000 | 896,462 | 0.308% |
| 2 | 305001 | | 310000 | 615,021 | 0.211% |
| 2 | 310001 | | 315000 | 625,500 | 0.215% |
| 1 | 315001 | | 320000 | 320,000 | 0.110% |
| 1 | 325001 | | 330000 | 328,400 | 0.113% |
| 1 | 330001 | | 335000 | 333,900 | 0.115% |
| 1 | 335001 | | 340000 | 339,781 | 0.117% |
| 2 | 355001 | | 360000 | 715,532 | 0.246% |
| 2 | 375001 | | 380000 | 753,332 | 0.259% |
| 1 | 385001 | | 390000 | 385,172 | 0.132% |
| 1 | 390001 | | 395000 | 394,744 | 0.135% |
| 2 | 395001 | | 400000 | 798,700 | 0.274% |
| 1 | 405001 | | 410000 | 405,708 | 0.139% |
| 1 | 420001 | | 425000 | 421,226 | 0.145% |
| 1 | 425001 | | 430000 | 427,649 | 0.147% |
| 1 | 430001 | | 435000 | 435,000 | 0.149% |
| 1 | 445001 | | 450000 | 448,250 | 0.154% |
| 2 | 470001 | | 475000 | 942,710 | 0.323% |
| 1 | 535001 | | 540000 | 539,505 | 0.185% |
| 1 | 550001 | | 555000 | 551,016 | 0.189% |
| 1 | 555001 | | 560000 | 555,465 | 0.191% |
| 1 | 570001 | | 575000 | 572,807 | 0.197% |
| 2 | 575001 | | 580000 | 1,152,168 | 0.395% |
| 2 | 580001 | | 585000 | 1,166,361 | 0.400% |
| 1 | 585001 | | 590000 | 585,102 | 0.201% |
| 2 | 590001 | | 595000 | 1,184,520 | 0.406% |
| 1 | 595001 | | 600000 | 595,670 | 0.204% |
| 2 | 610001 | | 615000 | 1,225,712 | 0.421% |
| 1 | 615001 | | 620000 | 617,210 | 0.212% |
| 2 | 635001 | | 640000 | 1,274,502 | 0.437% |
| 2 | 665001 | | 670000 | 1,332,421 | 0.457% |
| 1 | 690001 | | 695000 | 692,808 | 0.238% |
| 1 | 700001 | | 705000 | 704,181 | 0.242% |
| 1 | 715001 | | 720000 | 715,003 | 0.245% |
| 1 | 730001 | | 735000 | 732,160 | 0.251% |
| 1 | 750001 | | 755000 | 751,000 | 0.258% |
| 1 | 765001 | | 770000 | 767,121 | 0.263% |
| 2 | 775001 | | 780000 | 1,552,417 | 0.533% |
| 1 | 795001 | | 800000 | 798,560 | 0.274% |
| 1 | 800001 | | 805000 | 802,206 | 0.275% |
| 1 | 805001 | | 810000 | 806,663 | 0.277% |
| 1 | 825001 | | 830000 | 829,592 | 0.285% |

| Number of Shareholders | From | Shareholding | To | Total Shares Held | Percentage |
|------------------------|----------|--------------|----------|-------------------|------------|
| 1 | 840001 | | 845000 | 842,339 | 0.289% |
| 1 | 845001 | | 850000 | 847,457 | 0.291% |
| 1 | 875001 | | 880000 | 876,916 | 0.301% |
| 1 | 910001 | | 915000 | 910,876 | 0.313% |
| 1 | 935001 | | 940000 | 940,000 | 0.323% |
| 1 | 995001 | | 1000000 | 998,962 | 0.343% |
| 1 | 1115001 | | 1120000 | 1,119,820 | 0.384% |
| 1 | 1165001 | | 1170000 | 1,169,071 | 0.401% |
| 1 | 1270001 | | 1275000 | 1,271,810 | 0.436% |
| 1 | 1370001 | | 1375000 | 1,373,525 | 0.471% |
| 2 | 1480001 | | 1485000 | 2,964,976 | 1.017% |
| 1 | 1495001 | | 1500000 | 1,498,067 | 0.514% |
| 1 | 1530001 | | 1535000 | 1,533,248 | 0.526% |
| 1 | 1625001 | | 1630000 | 1,625,376 | 0.558% |
| 1 | 1665001 | | 1670000 | 1,669,207 | 0.573% |
| 1 | 1735001 | | 1740000 | 1,736,472 | 0.596% |
| 1 | 1775001 | | 1780000 | 1,777,592 | 0.610% |
| 1 | 1835001 | | 1840000 | 1,838,528 | 0.631% |
| 1 | 1915001 | | 1920000 | 1,917,581 | 0.658% |
| 1 | 1930001 | | 1935000 | 1,930,823 | 0.663% |
| 1 | 2065001 | | 2070000 | 2,069,570 | 0.710% |
| 1 | 2245001 | | 2250000 | 2,248,886 | 0.772% |
| 1 | 2285001 | | 2290000 | 2,285,354 | 0.784% |
| 1 | 2455001 | | 2460000 | 2,457,922 | 0.843% |
| 1 | 2495001 | | 2500000 | 2,500,000 | 0.858% |
| 1 | 2525001 | | 2530000 | 2,526,752 | 0.867% |
| 1 | 2595001 | | 2600000 | 2,597,500 | 0.891% |
| 1 | 2645001 | | 2650000 | 2,645,190 | 0.908% |
| 1 | 2775001 | | 2780000 | 2,776,718 | 0.953% |
| 1 | 2850001 | | 2855000 | 2,853,383 | 0.979% |
| 1 | 3320001 | | 3325000 | 3,324,000 | 1.141% |
| 1 | 3680001 | | 3685000 | 3,683,449 | 1.264% |
| 1 | 3745001 | | 3750000 | 3,747,204 | 1.286% |
| 1 | 3795001 | | 3800000 | 3,797,498 | 1.303% |
| 1 | 3895001 | | 3900000 | 3,899,981 | 1.338% |
| 1 | 4265001 | | 4270000 | 4,268,648 | 1.465% |
| 1 | 5990001 | | 5995000 | 5,994,375 | 2.057% |
| 1 | 6160001 | | 6165000 | 6,162,158 | 2.115% |
| 1 | 6665001 | | 6670000 | 6,665,793 | 2.287% |
| 1 | 7605001 | | 7610000 | 7,609,654 | 2.611% |
| 1 | 7885001 | | 7890000 | 7,888,984 | 2.707% |
| 2 | 8590001 | | 8595000 | 17,186,818 | 5.898% |
| 1 | 10135001 | | 10140000 | 10,135,038 | 3.478% |
| 1 | 10495001 | | 10500000 | 10,500,000 | 3.603% |
| 1 | 12105001 | | 12110000 | 12,107,780 | 4.155% |
| 1 | 15830001 | | 15835000 | 15,830,332 | 5.432% |
| 1 | 17375001 | | 17380000 | 17,376,186 | 5.963% |
| 1 | 38065001 | | 38070000 | 38,067,880 | 13.063% |
| 8,094 | | | | 291,421,400 | 100% |

1. MUTUAL FUNDS

Information of shareholding as at 31 December 2023 as required under the Code of Corporate Governance is as follows:

| Name | Number of Shares Held | Percentage% |
|--|-----------------------|-------------|
| CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND | 398,700 | 0.14% |
| CDC - TRUSTEE HBL INVESTMENT FUND | 89,765 | 0.03% |
| CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND | 280,000 | 0.10% |

| Name | Number of Shares Held | Percentage% |
|---|-----------------------|-------------|
| CDC – TRUSTEE ATLAS STOCK MARKET FUND | 595,670 | 0.20% |
| CDC – TRUSTEE MEEZAN BALANCED FUND | 146,049 | 0.05% |
| CDC – TRUSTEE ALFALAH GHP VALUE FUND | 8,950 | 0.00% |
| CDC – TRUSTEE AKD INDEX TRACKER FUND | 52,299 | 0.02% |
| CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND | 80,600 | 0.03% |
| CDC – TRUSTEE AL MEEZAN MUTUAL FUND | 777,049 | 0.27% |
| CDC – TRUSTEE MEEZAN ISLAMIC FUND | 3,683,449 | 1.26% |
| CDC – TRUSTEE FAYSAL ASSET ALLOCATION FUND | 15,750 | 0.01% |
| CDC – TRUSTEE UBL STOCK ADVANTAGE FUND | 270,579 | 0.09% |
| CDC – TRUSTEE ATLAS ISLAMIC STOCK FUND | 357,614 | 0.12% |
| CDC – TRUSTEE AL-AMEEN SHARIAH STOCK FUND | 775,368 | 0.27% |
| CDC – TRUSTEE NBP STOCK FUND | 1,373,525 | 0.47% |
| CDC – TRUSTEE NBP BALANCED FUND | 64,919 | 0.02% |
| CDC – TRUSTEE MEEZAN TAHAFUZ PENSION FUND – EQUITY SUB FUND | 798,560 | 0.27% |
| CDC – TRUSTEE APF-EQUITY SUB FUND | 36,000 | 0.01% |
| CDC – TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND | 55,177 | 0.02% |
| CDC – TRUSTEE HBL – STOCK FUND | 13,841 | 0.00% |
| CDC – TRUSTEE NBP ISLAMIC SARMAYA IZAFI FUND | 165,341 | 0.06% |
| CDC – TRUSTEE APIF – EQUITY SUB FUND | 68,500 | 0.02% |
| CDC – TRUSTEE ALFALAH GHP STOCK FUND | 23,442 | 0.01% |
| CDC – TRUSTEE ALFALAH GHP ALPHA FUND | 7,724 | 0.00% |
| CDC – TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND | 180,000 | 0.06% |
| CDC – TRUSTEE ABL STOCK FUND | 148,723 | 0.05% |
| CDC – TRUSTEE LAKSON EQUITY FUND | 223,311 | 0.08% |
| CDC – TRUSTEE NBP SARMAYA IZAFI FUND | 50,029 | 0.02% |
| CDC-TRUSTEE HBL ISLAMIC STOCK FUND | 6,477 | 0.00% |
| CDC – TRUSTEE KSE MEEZAN INDEX FUND | 572,807 | 0.20% |
| MCBFSL – TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND | 14,356 | 0.00% |
| MCBFSL – TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND | 12,050 | 0.00% |
| MCBFSL – TRUSTEE ABL ISLAMIC STOCK FUND | 170,462 | 0.06% |
| CDC – TRUSTEE UBL ASSET ALLOCATION FUND | 8,410 | 0.00% |
| CDC – TRUSTEE FIRST CAPITAL MUTUAL FUND | 10,000 | 0.00% |
| BRR GUARDIAN LIMITED | 200 | 0.00% |
| CDC – TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND | 35,400 | 0.01% |
| CDC – TRUSTEE AWT ISLAMIC STOCK FUND | 15,040 | 0.01% |
| CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND | 139,980 | 0.05% |
| CDC – TRUSTEE UBL RETIREMENT SAVINGS FUND – EQUITY SUB FUND | 45,644 | 0.02% |
| CDC – TRUSTEE ABL ISLAMIC PENSION FUND – EQUITY SUB FUND | 8,309 | 0.00% |
| CDC – TRUSTEE ABL PENSION FUND – EQUITY SUB FUND | 6,428 | 0.00% |
| CDC – TRUSTEE NBP ISLAMIC STOCK FUND | 357,918 | 0.12% |
| CDC – TRUSTEE AWT STOCK FUND | 10,270 | 0.00% |
| CDC – TRUSTEE NIT ISLAMIC EQUITY FUND | 471,006 | 0.16% |
| CDC-TRUSTEE NITPF EQUITY SUB-FUND | 28,654 | 0.01% |
| CDC-TRUSTEE NITPF EQUITY SUB-FUND | 14,000 | 0.00% |
| CDC – TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND | 5,850 | 0.00% |
| CDC – TRUSTEE FAYSAL MTS FUND – MT | 38,200 | 0.01% |
| CDC – TRUSTEE MEEZAN ASSET ALLOCATION FUND | 44,609 | 0.02% |
| CDC – TRUSTEE LAKSON TACTICAL FUND | 15,466 | 0.01% |
| CDC – TRUSTEE LAKSON ISLAMIC TACTICAL FUND | 19,311 | 0.01% |
| MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND | 10,987 | 0.00% |
| CDC – TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND | 4,148 | 0.00% |
| CDC TRUSTEE – MEEZAN DEDICATED EQUITY FUND | 78,221 | 0.03% |
| CDC – TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND | 55,500 | 0.02% |
| CDC – TRUSTEE FAYSAL ISLAMIC DEDICATED EQUITY FUND | 18,697 | 0.01% |
| CDC – TRUSTEE NIT ASSET ALLOCATION FUND | 27,500 | 0.01% |
| CDC – TRUSTEE NIT PAKISTAN GATEWAY EXCHANGE TRADED FUND | 8,880 | 0.00% |
| CDC – TRUSTEE UBL PAKISTAN ENTERPRISE EXCHANGE TRADED FUND | 8,224 | 0.00% |

| Name | Number of Shares Held | Percentage% |
|--|-----------------------|--------------|
| CDC - TRUSTEE FAYSAL ISLAMIC STOCK FUND | 78,288 | 0.03% |
| CDC - TRUSTEE MEEZAN PAKISTAN EXCHANGE TRADED FUND | 18,990 | 0.01% |
| CDC - TRUSTEE NBP PAKISTAN GROWTH EXCHANGE TRADED FUND | 10,317 | 0.00% |
| CDC - TRUSTEE HBL INCOME FUND - MT | 1,300 | 0.00% |
| CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT | 9,800 | 0.00% |
| CDC - TRUSTEE PAK-QATAR ISLAMIC STOCK FUND | 50,539 | 0.02% |
| CDC - TRUSTEE PAK QATAR IPF - EQUITY SUB FUND | 921 | 0.00% |
| CDC TRUSTEE - PUNJAB PENSION FUND TRUST | 539,505 | 0.19% |
| CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT | 67,495 | 0.02% |
| CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT | 175,330 | 0.06% |
| CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND | 33,600 | 0.01% |
| CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND | 44,800 | 0.02% |
| CDC - TRUSTEE AGIPF EQUITY SUB-FUND | 5,480 | 0.00% |
| CDC - TRUSTEE AGPF EQUITY SUB-FUND | 2,274 | 0.00% |
| CDC - TRUSTEE PUNJAB GENERAL PROVIDENT INVESTMENT FUND | 130,000 | 0.04% |
| CDC - TRUSTEE FAYSAL PENSION FUND-EQUITY SUB FUND | 4,000 | 0.00% |
| CDC - TRUSTEE FAYSAL ISLAMIC PENSION FUND-EQUITY SUB FUND | 3,200 | 0.00% |
| CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST | 288,452 | 0.10% |
| FIRST DAWOOD INVESTMENT BANK LIMITED | 500 | 0.00% |
| B.R.R. GUARDIAN LIMITED | 2,285,354 | 0.78% |
| | 16,754,083 | 5.75% |

2. DIRECTORS, SPOUSES AND THEIR CHILDREN

| Name | Number of Shares Held | Percentage% |
|------------------------|-----------------------|---------------|
| AEZAZ HUSSAIN | 8,706,359 | 2.99% |
| DR. NEELAM HUSSAIN | 8,823,575 | 3.03% |
| RIAZ HUSSAIN | 585,102 | 0.20% |
| SEHR KHALIQ | 876,916 | 0.30% |
| MUHAMMAD ASIF PEER | 20,098,980 | 6.90% |
| MUHAMMAD ARSHAD MASOOD | 38,353,080 | 13.16% |
| ROMANA ABDULLAH | 3,825 | 0.00% |
| HARRIS HASAN SYED | 33,030 | 0.01% |
| OMER SAEED | 2,200 | 0.00% |
| MR. ZUBYR SOOMRO | 500 | 0.00% |
| MAHEEN RAHMAN | 500 | 0.00% |
| | 77,484,067 | 26.59% |

3. EX-EMPLOYEES **24,641,905** **8.46%**

4. EXECUTIVES **5,773,732** **1.98%**

5. COMPANIES **50,451,669** **17.31%**

6. BANKS, DFIS, NBFIS, INSURANCE COMPANIES & PENSION FUNDS **7,145,835** **2.45%**

7. INSURANCE COMPANIES **4,440,666** **1.52%**

8. FOREIGN COMPANIES

| Name | Number of Shares Held | Percentage% |
|--|-----------------------|-------------|
| EATON VANCE COLLECTIVE INV TRT FOR EMP BENEFIT PLANS | 27,223 | 0.01% |
| MORGAN STANLEY INSTITUTION FND INC.- FRONTIER MKTS PORTFOLIO | 715,003 | 0.25% |
| PARAMETRIC EMERGING MARKETS FUND | 85,000 | 0.03% |
| PARAMETRIC TAX-MANAGED EMERGING MARKETS FUND | 213,759 | 0.07% |
| EATON VANCE TRT CO CM TRT FUND | 56,742 | 0.02% |

| Name | Number of Shares Held | Percentage% |
|--|-----------------------|---------------|
| DEUTSCHE BANK SUISSE S.A | 17,797 | 0.01% |
| GALAXY FUND | 1,498,067 | 0.51% |
| GLOBAL MACRO CAPITAL OPPORTUNITIES PORTFOLIO | 134,319 | 0.05% |
| FRONTIER MARKET OPPORTUNITIES MASTER FUND, LP | 400,000 | 0.14% |
| SILK INVEST NEW HORIZONS FRONTIER FUND | 253,840 | 0.09% |
| VANGUARD FTSE ALL-WORLD EX-US SMALL CAP INDEX FUND | 305,021 | 0.10% |
| GLOBAL X FUNDS-GLOBAL X MSCI PAKISTAN ETF | 802,206 | 0.28% |
| CHIMERA S&P PAKISTAN UCITS ETF | 63,516 | 0.02% |
| J.P. MORGAN SECURITIES PLC | 294,253 | 0.10% |
| EATON VANCE INTL IRLND F.P-EATN V.INTL IRLND PRAMTRIC E.M.F | 63,271 | 0.02% |
| ASHMORE SICAV EMERGING MARKET FRONTIER EQUITY FUND | 829,592 | 0.28% |
| ASHMORE EMERGING MARKETS FRONTIER EQUITY FUND | 767,121 | 0.26% |
| INFINITI UNIVERSAL CORP | 62,000 | 0.02% |
| ARISTEA SICAV NEW FRONTIERS EQUITY FUND | 280,808 | 0.10% |
| LEGAL AND GENERAL ICAV | 637,502 | 0.22% |
| EAST CAPITAL | 3,899,981 | 1.34% |
| GLOBEFLEX FRONTIER ALL CAP L.P. | 1,169,071 | 0.40% |
| MCKINLEY CAPITAL MEASA FUND OEIC LIMITED | 732,160 | 0.25% |
| THE FAR EAST VALUE MASTER FUND LIMITED | 173,200 | 0.06% |
| PEDDER STREET ASIA ABSOLUTE RETURN MASTER FUND LIMITED | 179,720 | 0.06% |
| AZIMUT PAKISTAN EQUITY FUND (OEIC) PLC | 97,940 | 0.03% |
| RUSSELL INVESTMENTS EMERGING MARKETS EQUITY POOL | 119,561 | 0.04% |
| VANGUARD TOTAL WORLD STOCK INDEX FUND | 111,174 | 0.04% |
| RUSS INV TR CO COMM EMP BEN FNDS TR | 665,061 | 0.23% |
| ISHARES FRONTIER AND SELECT EM ETF | 842,339 | 0.29% |
| AL MEHWAR COMMERCIAL INVESTMENTS LLC | 6,665,793 | 2.29% |
| AL MEHWAR COMMERCIAL INVESTMENTS LLC | 940,000 | 0.32% |
| Morgan Stanley Investment Funds (975-6) | 806,663 | 0.28% |
| T. ROWE PRICE FUNDS SICAV - FRONTIER MKTS EQ F[000912600018] | 611,454 | 0.21% |
| VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND | 592,657 | 0.20% |
| VANGUARD EMERGING MARKETS STOCK INDEX FUND | 421,226 | 0.14% |
| TCM INVESTMENT FUNDS LUX - TCM GLOB FRONTR HI DIVDEND EQUITY | 83,969 | 0.03% |
| GREYHOUND ASIA FUND LIMITED | 6,162,158 | 2.11% |
| VANGUARD ESG INTERNATIONAL STOCK ETF | 16,462 | 0.01% |
| ROBECO CAPITAL GROWTH FUNDS | 32,995 | 0.01% |
| VANGUARD FIDUCIARY TRST CO INST TOTAL INTL STCK MRKT IND TRU | 44,578 | 0.02% |
| EVLI EMERGING FRONTIER FUND | 2,500,000 | 0.86% |
| VANGUARD FIDUCIARY TRUST CO INST TTL INTL STK MK INDX TRU II | 297,722 | 0.10% |
| VANG INV SER PLC-VANG ESG EMG MKTS ALL CAP EQUITY INDEX FUND | 20,015 | 0.01% |
| COELI SICAV I - FRONTIER MARKETS FUND | 2,645,190 | 0.91% |
| T. ROWE PRICE GLOBAL ALLOCATION FUND INC. | 40,274 | 0.01% |
| REDWHEEL FRONTIER MARKETS EQUITY MASTER FUND LIMITED | 584,220 | 0.20% |
| TUNDRA SUSTAINABLE FRONTIER FUND | 7,888,984 | 2.71% |
| FOURTON SILKKITIE ASIA EQUITY INVESTMENT FUND | 394,744 | 0.14% |
| EFG HERMES UAE L.L.C | 1,119,820 | 0.38% |
| VAN F PLC - VANGUARD ESG EMERGING MARKETS ALL CAPS UCITS ETF | 746 | 0.00% |
| Noor Financial Invest Co. | 3,540 | 0.00% |
| | 47,370,457 | 16.25% |

9. GENERAL PUBLIC/OTHERS

57,358,986

19.68%

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

| Name | Number of Shares Held | Percentage% |
|-------------------------------|-----------------------|---------------|
| MUHAMMAD ARSHAD MASOOD | 38,353,080 | 13.16% |
| AEZAZ HUSSAIN IRRV GRANTOR TR | 17,376,186 | 5.96% |
| MUHAMMAD ASIF PEER | 20,098,980 | 6.90% |
| | 75,828,246 | 26.02% |

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to all the members of Systems Limited (the "Company") that 47th Annual General Meeting of the Company is scheduled to be held on the 19th of April, 2024 at 11 am, in-person and through video-link to transact the following business:

Ordinary Business:

1. To confirm the minutes of the last Extraordinary General Meeting held on 26th December 2023.
2. To, receive, consider and adopt the Audited Accounts of the Company for the year ended 31 December 2023 together with the Board of Directors' and Auditors' report thereon.
3. To approve and declare cash dividend @ 60 % i.e. PKR 6 per share, for the year ended 31 December 2023.
4. To appoint Auditors and fix their remuneration for the year ending 31 December 2024. The Board of Directors upon recommendation of Audit Committee has recommended A.F. Ferguson and Co., being eligible for appointment as auditors of the Company for the year ending 31 December 2024.

Special Business

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

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

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

Other Business:

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

By Order of the Board

Ali Ahmed Iftikhar
Company Secretary

29th March, 2024
Lahore

Notes:

1. The Share Transfer books of the Company will be closed from 08th April 2024 to 19th April 2024 (both days inclusive). Transfer received at the address of. M/s CDC Share Registrar Services Limited situated at CDC House, 99-B, Block B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi – 74400, Pakistan at the close of business on 05th April 2024 will be treated in time for the purpose of above entitlement to the transferees.

2. Online participation in the Annual General Meeting:

Shareholders who wish to participate in the Annual General Meeting online are advised to register with the Company on or before 10:45 a.m., April 19rd, 2024, by completing the registration process through the following link: (<https://systemsltd.zoom.us/meeting/register/tZwoceiurD0iHdwb8GI-caHlzo2COlcYJzPu>). Login facility will open thirty minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after completing all the formalities required for the identification and verification of the shareholders.

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

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

4. Pursuant to the directive of the Securities & Exchange Commission of Pakistan, CNIC numbers of shareholders are mandatorily required to be mentioned on Dividend Warrants. Shareholders are, therefore, requested to submit a copy of their CNIC (if not already provided) to the Company Share Registrar, M/s CDC House, 99-B, Block B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi – 74400, Pakistan. Pakistan.

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

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

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

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

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

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

7. To facilitate the resident companies, the Securities Exchange Commission of Pakistan, through its S.R.O. 389 (I)/2023, dated 21st March, 2023, has authorized the dissemination of annual audited financial statements, encompassing balance sheets, profit and loss accounts, auditor's reports, directors' reports, and other relevant financial information, to its members via QR-enabled codes and weblinks. The Annual Report of the Company for the year ended 31st December 2023, will be available on the Company Website:

www.systemsltd.com through the following QR enabled code:



8. The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 amended through Notification dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), wherein, SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

Accordingly, members of Systems Limited (the "Company") will be allowed to exercise their right to vote through electronic voting facility or voting by post for the special business in its forthcoming Annual General Meeting to be held on 19th April 2024, at 11.00 AM, in accordance with the requirements and subject to the conditions contained in the aforesaid Regulations.

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

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

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

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

12. Procedure for E – Voting:

(a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business of 05th April 2024.

(b) The web address, login details, will be communicated to members via email. The security codes will be communicated to members through SMS from web portal of CDC Share Registrar Services Limited (being the e-voting service provider).

(c) Identity of the Members intending to cast vote through e-Voting shall be authenticated through electronic signature or authentication for login.

(d) E-Voting lines will start from 15th April 2024, 09:00 a.m. and shall close on 18th April 2024 at 5:00 p.m. Members can cast their votes any time in this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

13. Procedure for Voting Through Postal Ballot:

The members shall ensure that duly filled and signed ballot paper along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post on the Company's registered address E-1, Sehjpal Road, Near DHA Phase-8 (Ex-Air Avenue), Lahore or email at corporate@systemsltd.com one day before the Annual General Meeting on 18th April 2024, during working hours. The signature on the ballot paper shall match with the signature on CNIC.

For the convenience of the Members, ballot paper is annexed to this notice and the same is also available on the Company's website at www.systemsltd.com for download.

Scrutinizer

In accordance with the Regulation 11 of the Regulations, the Board of the Company has appointed M/s Junaidy Shoaib Asad, Chartered Accountants, a QCR rated audit firm, to act as the Scrutinizer of the Company for the special business to be transacted in the meeting and to undertake other responsibilities as defined in Regulation 11A of the Regulations.

Statement under section 134 (3) of the companies act, 2017

This statement set out the material facts concerning the special business to be transacted at the annual general meeting of the Company to be held on 19 April 2024.

Agenda item no.6 (A)

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

| Ref. No. | Requirement | Relevant Information | |
|--|---|--|------------|
| • Disclosures for all types of investments:- (A) Regarding associated company or associated undertaking:- | | | |
| i | name of the associated company | SUS Joint Venture (Private) Limited | |
| ii | basis of relationship | 95 % shareholding / Common directorship | |
| iii | earnings per share for the last three years | N/A | |
| iv | break-up value per share, based on latest audited financial statements; | N/A | |
| v | financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and | Statement of Financial Position – 31 December 2023 | |
| | | Non-current assets | - |
| | | Current assets | 56,181,807 |
| | | Shareholders' equity | 49,274,709 |
| | | Non-current liabilities | - |
| Current liabilities | 6,907,098 | | |
| | | Profit & Loss A/C – 31 December 2023 | |
| | | Revenue | 43,249,793 |
| | | Cost of revenue | 31,850,359 |
| | | Gross profit | 11,399,434 |
| | | Profit for the year | 6,872,235 |
| vi | in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,- | N/A | |

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

(B) General Disclosures

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

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

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

Agenda item no.6 (B)

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

| Ref. No. | Requirement | Relevant Information | |
|--|--|--|---------------|
| • Disclosures for all types of investments:- (A) Regarding associated company or associated undertaking:- | | | |
| i | name of the associated company | UUS Joint Venture (Private) Limited | |
| ii | basis of relationship | 49.99 % shareholding / Common directorship | |
| iii | earnings per share for the last three years | N/A | |
| iv | break-up value per share, based on latest audited financial statements; | N/A | |
| v | financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,- | N/A | |
| | | Statement of Financial Position – 31 December 2023 | |
| | | Non-current assets | - |
| | | Current assets | 272,745,360 |
| | | Shareholders’ equity | (213,291,260) |
| Non-current liabilities | - | | |
| Current liabilities | 486,036,620 | | |
| | | Profit & Loss A/C – 31 December 2023 | |
| | | Revenue | 14,152,532 |
| | | Cost of revenue | 23,189,615 |
| | | Gross profit | (9,037,083) |
| | | Loss for the year | (48,678,401) |
| vi | i description of the project and its history since conceptualization; | N/A | |
| | ii starting date and expected date of completion of work; | | |
| | iii time by which such project shall become commercially operational; | | |
| | iv expected time by which the project shall start paying return on investment; and | | |
| | v funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts; | | |

(B) General Disclosures

| | | |
|-----|--|--|
| i | maximum amount of investment to be made; | Rs. 200 million |
| ii | purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment; | <p>Purpose: To meet working capital requirements of UUS Joint Venture (Private) Limited and to give guarantee to Pakistan Civil Aviation Authority.</p> <p>Benefit: The completion of project will results in distribution of profits by UUS Joint Venture (Pvt.) Limited to Systems Limited.</p> <p>Period of Investment: The period of investment shall be one (1) year.</p> |
| iii | sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds,- | Loan shall be from own funds while guarantee shall be issued by the banker of Systems Limited. |
| | i. justification for investment through borrowings; | UUS Joint Venture (Private) Limited is only a special purpose vehicle for executing Pakistan Civil Aviation Authority (PCAA) project awarded to consortium of Systems Limited and Beijing UniStrong Science & Technology Co. It is Systems Limited liability to issue guarantee to (PCAA). |
| | ii. detail of collateral, guarantees provided and assets pledged for obtaining such funds; and | Building |
| | iii. cost benefit analysis; | N/A |
| iv | salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment; | None. Agreement shall be executed in line with section 199 of Companies Act, 2017 and resolution of shareholders to be passed in annual general meeting. |
| v | direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration; | Mr. Asif Peer, CEO of Systems Limited is also member and director in UUS Joint Venture (Pvt.) Limited. |
| vi | in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and | <p>Under the terms of the Project Agreement executed between UUS-JV and Civil Aviation Authority ("CAA"), UUS-JV was entitled to 5 (five) payments in total for the provision of services against the decided milestones. Till date, UUS-JV has received 4 (Four) payments and 01 remaining partial and is yet awaiting the remaining for balance payments from the CAA against outstanding milestones. After the completion of the said milestones, CAA shall release the performance guarantees provided for the Project. In order to meet the working capital requirements for the remaining milestones / stages of the Project, the Company wishes to renew Rs. 200 million.</p> <p>There is no impairment or write-off.</p> |
| vii | any other important details necessary for the members to understand the transaction; | N/A |

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

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

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

Agenda item no.6 (C)

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

| Ref. No. | Requirement | Relevant Information | | |
|---|---|--|-------------------------------|-------------------------------|
| •Disclosures for all types of investments:- (A) Regarding associated company or associated undertaking:- | | | | |
| i | name of the associated company | E-Processing Systems (Private) Limited | | |
| ii | basis of relationship | 30.9% shareholding through EPS-BV/Associate Company/ Common directorship | | |
| iii | earnings per share for the last three years | 31 Dec 2023 (Rs.) ((1,962.85)) | 31 Dec 2022 (Rs.) (385.90) | 31 Dec 2021 (Rs.) (504.65) |
| iv | break-up value per share, based on latest audited financial statements; | Rs. 1,653 | | |
| v | financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and | Statement of Financial Position – 31 December 2023 | | |
| | | Non-current assets | 597,113,075 | |
| | | Current assets | 590,715,983 | |
| | | Shareholders’ equity | 694,433,829 | |
| | | Non-current liabilities | 31,711,100 | |
| | Current liabilities | 461,684,129 | | |
| | | Profit & Loss A/C – 31 December 2023 | | |
| | | Revenue | 276,814,979 | |
| | | Cost of revenue | 151,917,656 | |
| | | Gross profit | 124,897,323 | |
| | | Loss for the year | (824,382,896) | |
| vi | in case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely,- | N/A | | |
| | i description of the project and its history since conceptualization; | | | |
| | ii starting date and expected date of completion of work; | | | |
| | iii time by which such project shall become commercially operational; | | | |
| | iv expected time by which the project shall start paying return on investment; and | | | |
| | v funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts; | | | |

| Ref. No. | Requirement | Relevant Information |
|-------------------------|--|---|
| (B) General Disclosures | | |
| i | maximum amount of investment to be made; | Rs. 340 million |
| ii | purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment; | <p>Purpose: To meet increased working capital requirement of E-Processing Systems (Private) Limited arising due to expansion of operations, expected launch of new feature its product OneLoad and a new EMI product.</p> <p>Benefit: The investment would support E-Processing Systems (Private) Limited in smoothly meeting growing working capital requirements due to expansion of operations, launching of new features in its product OneLoad and a new EMI product. Expansion in operations and new features would generate profit for shareholders including investing company.</p> <p>Period of Investment: The period of investment shall be one (1) year with 1 year roll over. convertible into equity at the discretion of the investor.</p> |
| iii | sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds;- | Own Funds |
| | i justification for investment through borrowings; | |
| | ii detail of collateral, guarantees provided and assets pledged for obtaining such funds; and | |
| | iii cost benefit analysis; | N/A |
| iv | salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment; | Agreement is executed in line with section 199 of Companies Act, 2017. |
| v | direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration; | <p>Mr. Aezaz Hussain, Chairman and Mr. Asif Peer, CEO of Systems Limited are also directors of E-Processing (Private) Limited.</p> <p>Mr. Aezaz Hussain, Chairman, Mr. Arshad Masood, Director and Mr. Asif Peer, CEO of Systems Limited are also member in E-Processing Systems (Private) Limited either directly or through direct relatives.</p> |
| vi | in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and | <p>With this investment, E-Processing Systems (Private) Limited was able to develop its product OneLoad, launch its commercial operations in 2016 and met its working capital requirements. Since launch of commercial operation, E-Processing Systems (Private) Limited is able to multiply its revenues, number of transactions and number of retailers each month. Currently, OneLoad product is executing 7 million transactions per month while number of retailers using OneLoad product are around 50,000. The company is preparing for pilot operations of EMI.</p> <p>During the year, there was an impairment as disclosed in the financial statements due to notional gain on dilution of interest in 2021. The company is on cost carrying value right now as it was before the gain on dilution.</p> |
| vii | any other important details necessary for the members to understand the transaction; | NA |

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

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

Shareholders' information

REGISTERED OFFICE

E-1, Sehjpal Near DHA Phase VIII (Ex.-Air Avenue), Lahore Cantt.

T: +92 42 111-797-836

F: +92 42 3 636 8857

SHARE REGISTRAR

Central Depository Company
CDC House, 99-B, Block B,
S.M.C.H.S., Main Shahra-e-Faisal,
Karachi – 74400.

Tel: (92-21) 111-111-500

Fax: (92-21) 34326034

LISTING ON STOCK

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

STOCK CODE / SYMBOL

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

STATUTORY COMPLIANCE

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

DIVIDEND

The Board of Directors in their meeting held on 22 March 2024 has proposed a dividend on ordinary shares at Rs. 6.00 per ordinary share and Nil bonus shares issue.

BOOK CLOSURE DATES

Share Transfer Books of the Company will remain closed from 08 April 2024 to 19 April 2024 (both days inclusive).

DIVIDEND REMITTANCE

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

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

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

WITHHOLDING OF TAX & ZAKAT ON ORDINARY DIVIDEND

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

DIVIDEND WARRANTS

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

GENERAL MEETINGS & VOTING RIGHTS

Pursuant to section 158 of repealed Companies Ordinance 1984 (now, section 132 of Companies Act, 2017) Systems Limited holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad. Shareholders having holding of at least 10% of voting rights may also apply to the Board of Directors to call for meeting of shareholders, and if the Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

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

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

INVESTOR'S GRIEVANCES

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

Proxies

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

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

Service standards

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

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

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

Web presence

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

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

JamaPunji
www.jamapunji.pk

Be aware, Be alert, Be safe
Learn about investing at www.jamapunji.pk

Key features:

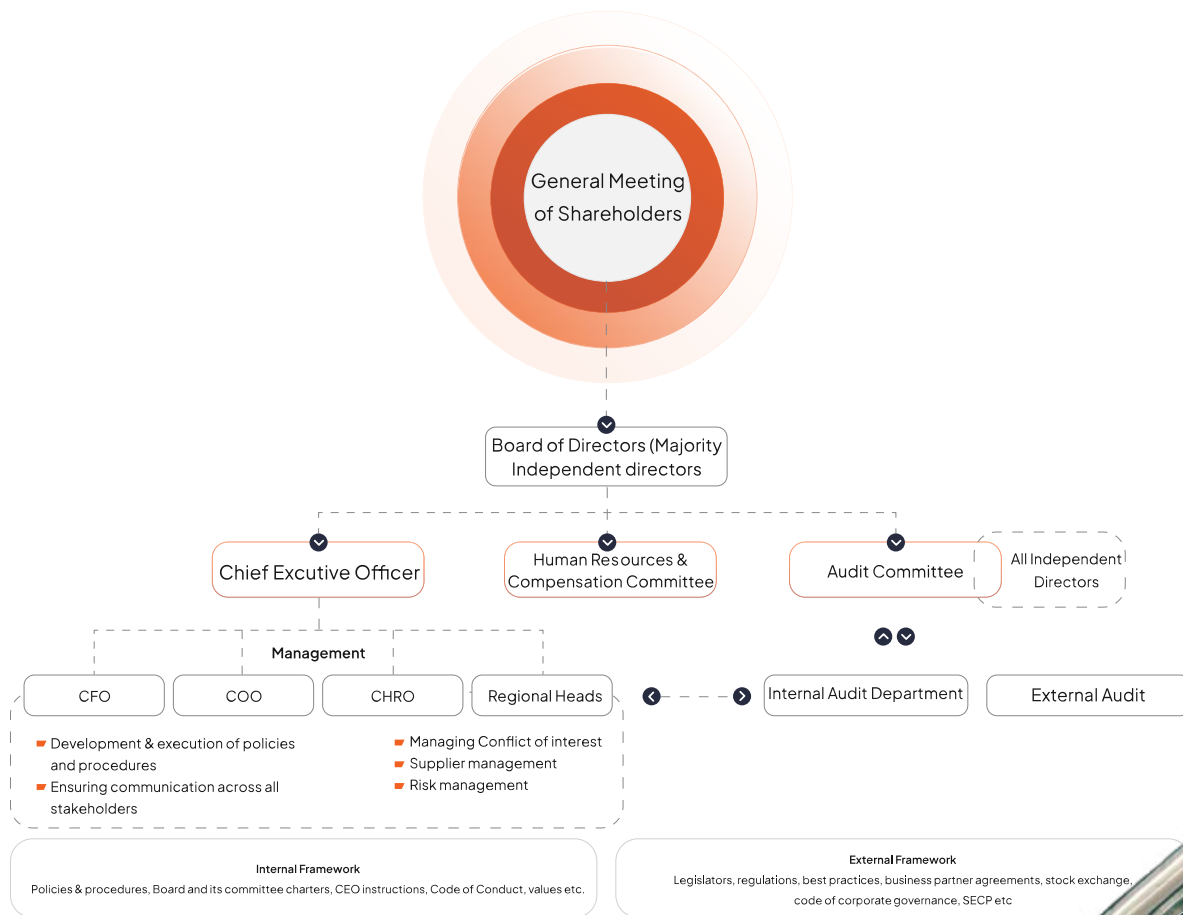
- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

www.jamapunji.pk @jamapunji_pk

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

Code of Conduct

Governance Structure



Annual evaluation of the board & committees

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

Equal treatment of shareholders

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

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

BOD's responsibilities

In 2023, Systems Limited BOD has actively complied with all the applicable laws and regulations to ensure value addition of the shareholders. Some key responsibilities of the Board are as follow:

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

Audit committee responsibilities

In 2023, Systems Limited Audit Committee has actively supported the Board in all material aspects and has fulfilled its responsibilities as per the applicable laws and regulations. Some key responsibilities of the Audit Committee are as follows:

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

Human resource & compensation committee

In 2023, Systems Limited Human Resource and Compensation Committee has actively supported the Board in carrying out its duties and responsibilities regarding the compensation of management and ensuring appropriate policies are in place. Some key responsibilities are as below:

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



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

**Review report on the statement of compliance contained in listed companies
(Code of corporate governance) regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Systems Limited for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2023.

A. F. Ferguson & Co.
Chartered Accountants

Lahore

Date: 28 March 2024
UDIN: CR202310128yhBQ0r5sT

Statement of compliance with listed companies (code of corporate governance) regulations, 2019

Name of company: **Systems Limited**

Year ending : **December 31, 2023**

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

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

- a. Male: five (5)
- b. Female: two (2)

2. The composition of the Board is as follows:

- i. Independent Directors: Mr. Zubyr Soomro*
Mr. Omar Saeed
- ii. Female Independent Directors: Ms. Maheen Rahman**
Ms. Romana Abdullah
- iii. Other Non-executive Director: Mr. Aezaz Hussain (Chairman)
Mr. Arshad Masood
- iv. Executive Directors: Mr. Asif Peer

**Elected unopposed and replaced Mr. Syed Muhammad Shabbar Zaidi (Independent Director) as an Independent Director on the Board of Directors on 26th December 2023.*

***Elected unopposed and replaced Mr. Asif Jooma (Independent Director) as a Female Independent Director on the Board of Directors on 26th December 2023.*

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

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

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

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

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

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

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

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

a. Audit Committee:

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

**Retired from the Board of Directors on the 5th of December 2023 and subsequently replaced by Mr. Zubyr Soomro (Independent Director) as the Chairman of the Audit Committee on the 8th of January 2024.*

***Retired from the Board of Directors on the 5th of December 2023 and subsequently replaced by Ms. Maheen Rahman (Female Independent Director) as a Member of the Audit Committee on the 8th of January 2024.*

b. HR, Remuneration and Compensation Committee:

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

**Retired from the Board of Directors on the 5th of December 2023 and subsequently replaced by Mr. Omar Saeed (Independent Director) as the Chairman of the HR, Remuneration and Compensation Committee on the 8th of January 2024.*

***Replaced by Ms. Maheen Rahman (Female Independent Director) as Member of the HR, Remuneration and Compensation Committee on the 8th of January 2024.*

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

| | |
|---|-------------------------------|
| a. Audit Committee: | Quarterly Meetings |
| b. HR, Remuneration and Compensation Committee: | 2 Meetings in the 2nd quarter |

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

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

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

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

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

| Requirement | Explanation for Non-Compliance | Reg. No. |
|--|---|----------|
| Nomination Committee: The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances. | Currently, the board has not constituted a separate Nomination Committee and the functions are being performed by the Human Resource & Remuneration Committee. | 29(1) |
| Risk Management: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board. | Currently, the board has not constituted a separate Risk Management Committee and the Company's Audit Committee performs the requisite functions and apprises the board accordingly. | 30(1) |
| Executives training under DTP: Companies are encouraged to arrange training for at least one female executive and at least one head of department every year under the Directors' Training program. | During the current year, neither any female executive nor any head of department have completed training under Directors' Training Program. However, their trainings are planned in the ensuing year. | 19(3) |



MR. AEZAZ HUSSAIN
Chairman

Systems Limited

Standalone

Financial Statements





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYSTEMS LIMITED

Report on the audit of the unconsolidated financial statements

Opinion

We have audited the annexed unconsolidated financial statements of Systems Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2023, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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

Following is the Key audit matter:

| S.No. | Key Audit Matter | How the matter was addressed in our audit |
|-------|--|--|
| 1. | <p>Revenue recognition</p> <p>The Company's revenue is derived from multiple revenue streams, as referred to in Note 29 to the accompanying unconsolidated financial statements, including business processes outsourcing, IT services, software and hardware trading and software implementation. Each stream has its own revenue recognition policies based on the nature of revenue and underlying contractual arrangements as referred to in Note 4.8.</p> <p>We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Company with multiple revenue streams, inherent risk of material misstatement and significant increase in revenue from last year.</p> | <p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> - Understood and evaluated the accounting policies with respect to revenue recognition; - Understood and evaluated management controls over revenue recognition; - Assessed the contracts on sample basis to identify distinct performance obligations; - Performed testing of sample of revenue transactions with underlying documentation including sales invoices and where relevant, underlying time costs, licensing agreements and other supporting documents; - Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period; - Agreed the revenue to related receipts on sample basis as evidence of collectability; and - Assessed the adequacy of disclosures made in the unconsolidated financial statements related to revenue. |

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss,

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

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

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

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: 28th March, 2024
UDIN: AR202310128aAomOYGcj

Unconsolidated Statement of Financial Position

As at December 31, 2023

| ASSETS | Note | 2023 Rupees | 2022 Rupees |
|---|------|-----------------------|-----------------------|
| Non-current assets | | | |
| Property and equipment | 6 | 3,509,622,717 | 2,763,406,669 |
| Intangibles | 7 | 3,377,286 | 13,503,017 |
| Long term investments | 8 | 8,112,953,916 | 6,739,908,701 |
| Right-of-use assets | 9 | 510,157,034 | 512,738,929 |
| Long term loans | 10 | 528,345,079 | 298,036,906 |
| Deferred employee benefits | 11 | 182,065,727 | 86,938,319 |
| Long term deposits | 12 | 71,792,327 | 34,749,904 |
| Deferred taxation - net | 37 | 36,096,850 | 13,465,206 |
| | | 12,954,410,936 | 10,462,747,651 |
| Current assets | | | |
| Contract assets - unsecured | 13 | 1,856,838,544 | 1,029,444,687 |
| Trade debts - unsecured | 14 | 16,198,145,227 | 8,818,580,572 |
| Loans, advances and other receivables | 15 | 2,164,085,964 | 976,727,988 |
| Current portion of deferred employee benefits | | 67,157,471 | 29,892,702 |
| Trade deposits and short term prepayments | 16 | 356,576,667 | 327,193,963 |
| Income tax refunds due from the government | | 115,592,551 | 172,923,163 |
| Short term investments | 17 | 1,159,419,112 | 4,430,978,169 |
| Interest accrued | 18 | 3,096,777 | 1,521,649 |
| Cash and bank balances | 19 | 1,441,973,473 | 588,569,946 |
| | | 23,362,885,786 | 16,375,832,839 |
| TOTAL ASSETS | | 36,317,296,722 | 26,838,580,490 |
| 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 | 20 | 2,914,213,989 | 2,904,076,989 |
| Capital reserves | 21 | 5,411,992,547 | 4,994,930,422 |
| Revenue reserve: Un-appropriated profit | | 19,387,321,138 | 12,283,429,147 |
| | | 27,713,527,674 | 20,182,436,558 |
| Non-current liabilities | | | |
| Long term advances | 22 | 4,281,065 | 6,767,044 |
| Long term loan - secured | 23 | - | - |
| Lease liabilities | 24 | 449,798,210 | 454,684,688 |
| | | 454,079,275 | 461,451,732 |
| Current liabilities | | | |
| Trade and other payables | 25 | 5,700,927,809 | 2,694,812,394 |
| Unclaimed dividend | | 18,659,407 | 13,536,152 |
| Contract liabilities | 26 | 76,108,859 | 263,944,365 |
| Short term borrowings - secured | 27 | 2,119,000,000 | 3,050,000,000 |
| Accrued mark-up on borrowings | | 96,093,532 | 82,126,318 |
| Current portion of long term advances | 22 | 8,395,243 | 3,234,396 |
| Current portion of lease liabilities | 24 | 130,504,923 | 87,038,575 |
| | | 8,149,689,773 | 6,194,692,200 |
| TOTAL EQUITY AND LIABILITIES | | 36,317,296,722 | 26,838,580,490 |
| CONTINGENCIES AND COMMITMENTS | 28 | | |

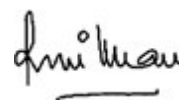
The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Unconsolidated Statement of Profit or Loss

For the Year Ended December 31, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|---|------|------------------------|------------------------|
| Revenue from contracts with customers - net | 29 | 32,037,995,164 | 20,644,764,716 |
| Cost of revenue | 30 | (22,421,301,632) | (13,889,659,278) |
| Gross profit | | 9,616,693,532 | 6,755,105,438 |
| Selling and distribution expenses | 31 | (392,255,261) | (270,588,626) |
| Administrative expenses | 32 | (2,085,697,629) | (1,520,716,072) |
| Impairment losses on financial assets | 33 | (33,473,891) | (2,497,969) |
| Other operating expenses | 34 | (8,561,586) | (89,326,377) |
| | | (2,519,988,367) | (1,883,129,044) |
| Operating profit | | 7,096,705,165 | 4,871,976,394 |
| Other income | 35 | 2,645,199,791 | 1,977,050,375 |
| Impairment loss on investment in associate | 8.14 | (68,953,239) | - |
| Finance costs | 36 | (664,179,989) | (224,538,852) |
| Profit before taxation | | 9,008,771,728 | 6,624,487,917 |
| Taxation | 37 | (449,611,237) | (324,650,972) |
| Profit for the year | | 8,559,160,491 | 6,299,836,945 |
| Earnings per share | | | |
| -Basic | 40 | 29.41 | 22.44 |
| -Diluted | 40 | 29.22 | 22.29 |

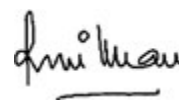
The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Unconsolidated Statement of Comprehensive Income

For the Year Ended December 31, 2023

| | 2023 | 2022 |
|--|---------------|---------------|
| | Rupees | Rupees |
| Profit for the year | 8,559,160,491 | 6,299,836,945 |
| Other comprehensive income: | | |
| Items that may be reclassified subsequently to profit or loss | - | - |
| Items that will not be reclassified subsequently to profit or loss | - | - |
| Total comprehensive income for the year | 8,559,160,491 | 6,299,836,945 |

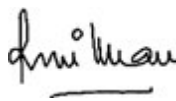
The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Unconsolidated Statement of Changes in Equity

For the year Ended December 31, 2023

| | Issued, subscribed and paid-up share capital | Capital reserves | | Revenue reserve | Total equity |
|--|--|----------------------|-------------------------------------|---------------------------|-----------------------|
| | | Share premium | Employee compensation reserve | Un-appropriated profit | |
| Rupees | | | | | |
| Balance as at January 1, 2022 | 1,384,989,120 | 820,263,357 | 200,220,759 | 8,067,856,280 | 10,473,329,516 |
| Profit for the year | - | - | - | 6,299,836,945 | 6,299,836,945 |
| Other comprehensive income | - | - | - | - | - |
| Transactions with owners | | | | | |
| Exercise of share options | 9,036,869 | 60,604,582 | (57,376,937) | - | 12,264,514 |
| Share based payments | - | - | 213,626,091 | - | 213,626,091 |
| Deferred tax on share based payments | - | - | (29,344,233) | - | (29,344,233) |
| Forfeited share options | - | - | (3,474,922) | 3,474,922 | - |
| 100% Bonus shares issued | 1,391,826,000 | - | - | (1,391,826,000) | - |
| Issue of shares for acquisition of National Data Consultant (Private) Limited | 118,225,000 | 3,790,411,725 | - | - | 3,908,636,725 |
| Final dividend for the year ended December 31, 2021 at the rate of Rs 5 per share" | - | - | - | (695,913,000) | (695,913,000) |
| | 1,519,087,869 | 3,851,016,307 | 123,429,999 | (2,084,264,078) | 3,409,270,097 |
| Balance as at December 31, 2022 | 2,904,076,989 | 4,671,279,664 | 323,650,758 | 12,283,429,147 | 20,182,436,558 |
| Profit for the year | - | - | - | 8,559,160,491 | 8,559,160,491 |
| Other comprehensive income | - | - | - | - | - |
| Transactions with owners | | | | | |
| Exercise of share options | 10,137,000 | 233,196,703 | (93,380,867) | - | 149,952,836 |
| Share based payments | - | - | 386,906,936 | - | 386,906,936 |
| Forfeited share options | - | - | (109,660,647) | - | (109,660,647) |
| Final dividend for the year ended December 31, 2022 at the rate of Rs 5 per share | - | - | - | (1,455,268,500) | (1,455,268,500) |
| | 10,137,000 | 233,196,703 | 183,865,422 | (1,455,268,500) | (1,028,069,375) |
| Balance as at December 31, 2023 | 2,914,213,989 | 4,904,476,367 | 507,516,180 | 19,387,321,138 | 27,713,527,674 |

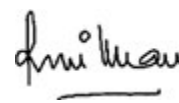
The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Unconsolidated Statement of Cash Flows

For the Year Ended December 31, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|---|-------|----------------------|------------------------|
| OPERATING ACTIVITIES | | | |
| Profit before taxation | | 9,008,771,728 | 6,624,487,917 |
| Adjustments to reconcile profit before tax to net cash flows: | | | |
| Depreciation on property and equipment | 6.1.3 | 629,810,393 | 431,179,902 |
| Depreciation on right-of-use assets | 9.1 | 152,142,832 | 118,580,902 |
| Amortization of intangibles | 7.4 | 10,125,731 | 10,214,687 |
| Amortization of deferred employee benefits | 11 | 53,010,107 | 20,539,740 |
| Gain on derecognition of lease | 24.1 | - | (13,873,401) |
| Loss on derivative financial instruments | 34 | - | 87,966,377 |
| Impairment loss on investment in associate | 8.14 | 68,953,239 | - |
| Share based payment expense | | 234,192,261 | 90,560,801 |
| (Impairment losses) / Reversals of impairment losses on financial assets | | | |
| - contract assets - unsecured | 33 | 3,984,527 | (17,035,350) |
| - trade debts - unsecured | 33 | 17,149,018 | 19,533,319 |
| - others | 33 | 12,340,346 | - |
| Security deposits written off | 34 | 171,033 | 1,360,000 |
| Finance costs | 36 | 664,179,989 | 224,538,852 |
| Loss / (Gain) on investments classified as fair value through profit or loss | 35.1 | 28,917,136 | (47,000,841) |
| Exchange gain | 35 | (2,175,797,785) | (1,195,718,409) |
| Other Income (other than exchange gain and loss / (gain) on investments classified as fair value through profit or loss): | | | |
| - Profit on deposit accounts | 35 | (61,268,186) | (34,423,843) |
| - Profit on term deposit receipts and sukuks | 35 | (69,634,100) | (30,405,695) |
| - Dividend income on mutual funds | 35.1 | (220,627,522) | (492,377,873) |
| - Interest on loan to related parties | 35 | (52,168,947) | (12,108,728) |
| - Loss / (Gain) on disposal of property and equipment | 34 | 79,231 | (82,844,279) |
| - Liability written back | 35 | - | (27,983,317) |
| - Effect of discounting of long term loans | 35 | (82,935,220) | (33,789,390) |
| - Effect of discounting of long term security deposits | 35 | (3,139,937) | (1,630,628) |
| | | (489,694,681) | (715,563,753) |
| | | (790,515,854) | (984,717,174) |
| Working capital changes | | | |
| Long term deposits | | (41,298,523) | 99,568,664 |
| Loans paid to employees - net | | (416,428,262) | (318,691,959) |
| Contract Assets | | (831,152,029) | (680,420,638) |
| Trade debts | | (4,956,418,559) | (4,534,721,960) |
| Advances and other receivables | | (1,128,357,259) | (135,281,621) |
| Trade deposits and short term prepayments | | (29,553,737) | (79,965,143) |
| Trade and other payables | | 2,732,921,579 | 1,424,849,651 |
| Contract Liabilities | | (187,835,506) | (114,430,541) |
| | | (4,858,122,296) | (4,339,093,547) |
| Cash generated from operations | | 3,360,133,578 | 1,300,677,196 |
| Finance costs paid | | (573,672,840) | (86,764,595) |
| Taxes paid | | (414,912,269) | (185,641,196) |
| Long term advances | | 2,674,868 | (12,788,941) |
| Net cash generated from operating activities | | 2,374,223,337 | 1,015,482,464 |
| INVESTING ACTIVITIES | | | |
| Purchase of property and equipment | | (1,404,399,019) | (1,375,655,848) |
| Sale proceeds from disposal of property and equipment | | 28,293,347 | 94,340,713 |
| Short term investments - net | | 3,463,269,443 | 902,770,823 |
| Increase in long term investment | | (1,407,182,000) | (1,320,869,260) |
| Profit received on deposit accounts | | 61,268,186 | 34,406,491 |
| Profit received on short term investments | | 68,058,972 | 31,034,229 |
| Interest received on loan to subsidiaries and associated undertakings | | 52,168,947 | 40,897,999 |
| Net cash generated from/(used in) investing activities | | 861,477,876 | (1,593,074,853) |
| FINANCING ACTIVITIES | | | |
| Disbursements against short term borrowings | | 3,800,824,334 | 1,200,000,000 |
| Repayment of short term borrowings | | (4,731,824,334) | (900,000,000) |

Cont.

Unconsolidated Statement of Cash Flows

For the Year Ended December 31, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|---|-----------|------------------------|------------------------|
| Repayment of long term loan | | - | (79,477,093) |
| Proceeds from exercise of share options | | 158,192,836 | 64,954,935 |
| Payments in respect of leases | | (180,124,965) | (134,171,534) |
| Dividend paid | | (1,450,145,245) | (691,603,092) |
| Net cash used in financing activities | | (2,403,077,374) | (540,296,784) |
| Increase / (Decrease) in cash and cash equivalents | | 832,623,839 | (1,117,889,173) |
| Net foreign exchange difference | | 20,779,688 | 53,845,273 |
| Cash and cash equivalents at the beginning of the year | | 588,569,946 | 1,652,613,846 |
| Cash and cash equivalents at the end of year | 19 | 1,441,973,473 | 588,569,946 |

Refer note 23, 24 and 27 for reconciliation of liabilities arising from financing activities.

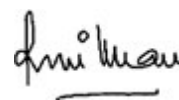
The annexed notes 1 to 46 form an integral part of these unconsolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Notes to the Unconsolidated Financial Statements

For the Year Ended December 31, 2023

1. Corporate information

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

These financial statements are the separate unconsolidated 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.

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

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

2. Basis of Preparation

2.1 Statement of compliance

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

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

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

2.2 Standards, interpretations and amendments to published approved accounting standards

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

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

There are certain amendments to the accounting and reporting standards which became applicable to the Company on January 1, 2023. However, these amendments do not have any significant impact on the Company's financial statements.

In addition to the above, the Company adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 'Making Materiality Judgements') from January 1, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that users need to understand other information in the unconsolidated financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 01, 2024 or later periods, but the Company has not early adopted them:

| Standards or Interpretation | Effective date Accounting periods beginning on or after: |
|---|--|
| Amendments to IFRS 16, 'Leases' related to sale and lease back after the date of transaction | January 01, 2024 |
| Amendments to IAS 1, 'Presentation of financial statements' related to non current liabilities with covenants | January 01, 2024 |
| Amendments to IAS 7, 'Statement of Cash Flows', IFRS 7, 'Financial Instruments: Disclosures' on changes regarding supplier finance arrangements | January 01, 2024 |
| Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' related to lack of exchangeability | January 01, 2025 |
| IFRS 17, 'Insurance Contracts' | January 01, 2026 |

2.2.3 The management anticipates that the adoption of above standards, interpretations and amendments in future periods will have no material impact on the unconsolidated financial statements other than in presentation / disclosures.

3 Basis of measurement

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

3.1 Functional and presentation currency

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

3.2 Use of estimates and judgements

The Company's material accounting policies are stated in Note 4. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these unconsolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where

assumptions and estimates are material to the unconsolidated financial statements are as follows:

3.2.1 Provision for taxation (Notes 4.1 and 37)

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

3.2.2 Useful lives and residual values of property and equipment and intangibles (Notes 4.2 and 6)

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

3.2.3 Expected credit losses (Notes 4.5.1 and 41.3.1)

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

The provision matrix is initially based on the Company's historical observed default rates. The Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information which includes forecast economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. For financial institutions with available credit ratings, provision is calculated on the basis of the available rating. For certain related parties for which provision matrix may not be considered suitable based on management's judgement, expected credit loss is recognized on the basis of their ability to pay or present value of projected cashflows based on a probability weighted estimate.

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

3.2.4 Revenue recognition (Notes 4.8 and 29)

3.2.4.1 Identification of distinct performance obligations

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

3.2.4.2 Estimating stand-alone selling prices of performance obligations

The Company determines stand-alone selling prices of all performance obligations in a bundled contract, which include sale of license, implementation, support, warranty and training.

3.2.4.3 Stage of completion

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

3.2.5 Determining the lease term of contracts with renewal options (Notes 4.9 and 24)

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

The Company has the option, under some of its leases to lease the assets for an additional term. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew i.e. it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

3.2.6 Provisions and contingencies (Notes 4.10, 25 and 28)

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

3.2.7 Share based payment (Notes 4.11.2 and 21)

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Company measures the fair value of equity-settled transactions with employees at the grant date using a Black Scholes Model. The assumptions used for estimating fair value for share-based payment transactions are disclosed in Note 21.2.5.

3.2.8 Impairment assessment of long term investments (Notes 4.3 and 8)

The carrying amounts of long term investments are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the investment's recoverable amount is estimated. The recoverable amount of an investment is the greater of its value in use or its fair value less costs to sell. Where the fair value less costs of disposal cannot be determined, the recoverable amount is determined by estimating the asset's value in use.

4 Material accounting policy information

The material accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements.

4.1 Taxation

4.1.1 Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed or changes in laws made during the year for such years.

4.1.2 Deferred

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

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

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

4.1.3 Sales tax

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

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

4.2 Property and equipment

4.2.1 Operating fixed assets

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

Depreciation on operating fixed assets is charged to unconsolidated statement of profit or loss by applying the straight line method on pro rata basis so as to write off the depreciable amount of the assets over their estimated useful lives at the rates given in Note 6.1. Depreciation charge commences from the month in which the asset is available for use and continues until the month of disposal.

The asset's residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its operating fixed assets as at December 31, 2023 has not required any adjustment as its impact is considered insignificant.

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

4.2.2 Capital work-in-progress

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

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

4.3 Investments

The management determines the classification of its investments at the time of purchase depending on the Company's business model for managing the financial assets and their contractual cash flow characteristics. Investments intended to be held for less than twelve months from the unconsolidated statement of financial position date or to be sold to raise operating capital are included in current assets as explained in note 4.7. All other investments are classified as non-current assets.

4.3.1 Investments in equity instruments of subsidiaries and associates

Investments in subsidiaries and associates where the Company has significant influence are measured at cost in the Company's separate financial statements in accordance with IAS-27 'Consolidated and separate financial statements'. However, at subsequent reporting dates, the Company reviews the carrying amount of the investment and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investment is adjusted to the extent of impairment loss. Impairment losses are recognized as an expense in the unconsolidated statement of profit or loss. Cost in relation to investments made in foreign

currency is determined by translating the consideration paid in foreign currency into Pak Rupees at exchange rate prevailing on the date of transaction.

4.4 Cash and cash equivalents

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

4.5 Trade debts

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

4.5.1 Expected credit losses

Expected credit losses are calculated as a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Company in accordance with the contract and cash flows that the Company expects to receive). (Refer to note 4.7.4 for detailed policy for impairment of financial assets).

4.6 Trade and other payables

Liabilities for trade and other payable are recognized initially at their fair value less transaction costs and subsequently measured at amortized cost.

4.7 Financial instruments – Initial recognition and subsequent measurement

4.7.1 Initial recognition

Regular way purchase and sale of financial assets and financial liabilities is accounted for at the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

4.7.2 Classification

4.7.2.1 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- at fair value through profit or loss ("FVTPL"),
- at fair value through other comprehensive Income ("FVTOCI"), or
- at amortized cost.

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

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

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

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

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

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

4.7.2.2 Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost.

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

4.7.3 Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortized cost

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

iii) Financial assets and liabilities at FVTPL

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

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

4.7.4 Impairment of financial assets

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

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

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

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

The Company considers that a financial asset is in default when contractual payments are 360 days past due except for trade debts from related parties for which default is evaluated on case to case basis. The definition is based on the Company's internal credit risk management policy. Financial assets are written off when there is no reasonable expectation of recovery. The Company categorizes a financial asset for write off when a counter party fails to make contractual payments for more than 360 days past due except for trade debts from related parties for which write off is evaluated on case to case basis

4.7.5 Derecognition

i) Financial assets

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

ii) Financial liabilities

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

4.7.6 Offsetting of financial assets and financial liabilities

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

4.8 Revenue recognition

Revenue recognized in any period is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. For contracts with multiple components to be delivered, management applies judgement to consider whether those promised goods or services are: (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is estimated, which is allocated to the identified performance obligations in proportion to their relative standalone selling prices and revenue is recognized when (or as) those performance obligations are satisfied.

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

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

the customer are satisfied.

Changes in estimates of measures of progress of performance obligations satisfied over time are recognized on a cumulative catch-up basis, which recognizes in the current period the cumulative effect of any changes on current and prior periods based on a performance obligation's percentage of completion.

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

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

4.8.1 Outsourcing services

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

a) BPO services

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

b) IT services

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

4.8.2 Hardware trading

Hardware trading represents the sale of hardware. Revenue is recognized at the point in time when obligations under the terms of the contract with the customer are satisfied; generally this occurs when the hardware is delivered to the customer.

4.8.3 Software trading and implementation

For software trading where no implementation is involved, revenue is recognized at the point in time when the software is delivered to the customer.

For contracts that involve both trading of software license and its implementation, the Company makes judgments in determining whether the software implementation and software license are distinct and thus separate performance obligations or part of the bundle and thus a single performance obligation depending upon the level of customization involved and other key factors surrounding each contract. Where software license and implementation are considered distinct and separate performance obligations, the trading license revenue is recognized at the point in time while the revenue relating to implementation is recorded over time during the implementation period. Where software license and implementation are considered a single performance obligation, the revenue relating to both trading license and implementation is recorded over time during the implementation period. Implementation generally comprise of customization of existing technology, development and integration of tech platforms and enabling digital transformation of companies through specific technologies.

The company uses input method for measuring percentage of completion (PoC) by taking into account the cost incurred to date as a percentage of total budgeted cost.

The Company has assessed that maintenance and support is a performance obligation that can be considered capable of being distinct and separately identifiable in a contract. These recurring services are substantially the same as the nature of the promise is for the Company to 'stand ready' to perform

maintenance and support when required by the customer. Time-based measure of progress is used for such services since it best reflects the Company's efforts in satisfying the performance obligation.

4.8.4 Contract assets

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

4.8.5 Contract liabilities

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

4.9 Leases

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

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

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

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

4.9.1 Right-of-use assets

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

4.9.2 Lease liabilities

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

Lease payments include fixed payments, variable lease payment that are based on an index or a rate

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

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

4.10 Provisions and contingencies

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

4.11 Staff benefits

The Company has the following plans for its employees:

4.11.1 Provident fund

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

4.11.2 Employees' share option scheme

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

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

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

4.11.3 Interest free loans to employees

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

4.12 Earnings per share

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

5 Summary of other Accounting Policies

Other than material accounting policies applied in the preparation of these unconsolidated financial statements are set out below for ease of user's understanding of these financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

5.1 Interests in joint operations

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

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

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

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

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

5.2 Intangibles

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

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

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

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

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the

management. Development costs not meeting the criteria for capitalization are expensed as incurred.

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using straight line method at the rate given in Note 7.1. Full month amortization is charged in month of acquisition and no amortization is charged in month of disposal.

5.3 Impairment of non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash generating unit, or CGU").

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

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

5.4 Foreign currency transactions

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

5.5 Advances and deposits

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

5.6 Other income

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

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

5.7 Finance costs

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

5.8 Dividends and appropriation reserves

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

6 Property and equipment

| | Note | 2023 | 2022 |
|--------------------------|-------|---------------|---------------|
| | | Rupees | |
| Operating fixed assets | (6.1) | 3,509,622,717 | 2,519,968,031 |
| Capital work in progress | (6.2) | - | 243,438,638 |
| | | 3,509,622,717 | 2,763,406,669 |

6.1 Operating fixed assets

| | Land - freehold | Building on freehold land | Computers | Computer equipment and installations | Other equipment and installations | Generators and transformer | Furniture and fittings | Vehicles | Office equipment | Leasehold Building - Improvements | Total |
|---|--------------------|---------------------------|----------------------|--------------------------------------|-----------------------------------|----------------------------|------------------------|-------------------|-------------------|-----------------------------------|----------------------|
| | Rupees | | | | | | | | | | |
| At December 31, 2023 | | | | | | | | | | | |
| Cost | 592,234,914 | 735,539,850 | 2,014,109,464 | 700,349,225 | 375,838,660 | 161,481,340 | 353,628,046 | 140,134,740 | 54,833,136 | 235,286,422 | 5,363,435,797 |
| Accumulated Depreciation | - | (86,437,850) | (932,104,006) | (281,922,583) | (177,664,252) | (59,395,347) | (107,367,684) | (85,063,040) | (31,700,747) | (92,157,571) | (1,853,813,080) |
| Net book value | 592,234,914 | 649,102,000 | 1,082,005,458 | 418,426,642 | 198,174,408 | 102,085,993 | 246,260,362 | 55,071,700 | 23,132,389 | 143,128,851 | 3,509,622,717 |
| For the year ended December 31, 2023 | | | | | | | | | | | |
| Opening net book value | 592,234,914 | 505,698,559 | 656,392,278 | 167,862,017 | 142,235,493 | 91,585,179 | 147,176,905 | 60,166,761 | 23,597,134 | 133,018,791 | 2,519,968,031 |
| Additions (at cost) | - | 160,120,890 | 750,001,007 | 406,294,033 | 110,163,624 | 24,723,737 | 122,579,968 | 18,080,710 | 4,218,725 | 51,654,963 | 1,647,837,657 |
| Disposal | - | - | (22,563,393) | (2,131,461) | (2,687,040) | - | (311,877) | (657,582) | (21,225) | - | (28,372,578) |
| Depreciation | - | (16,717,449) | (301,824,434) | (153,597,947) | (51,537,669) | (14,222,923) | (23,184,634) | (22,518,189) | (4,662,245) | (41,544,903) | (629,810,393) |
| Closing net book value | 592,234,914 | 649,102,000 | 1,082,005,458 | 418,426,642 | 198,174,408 | 102,085,993 | 246,260,362 | 55,071,700 | 23,132,389 | 143,128,851 | 3,509,622,717 |
| Rate of depreciation (%) | - | 2.5 | 33 | 33 | 20 | 10 | 10 | 20 | 10 | 10-33 | |
| At December 31, 2022 | | | | | | | | | | | |
| Cost | 592,234,914 | 575,418,959 | 1,302,295,043 | 300,907,749 | 272,820,578 | 136,757,604 | 231,743,754 | 125,640,878 | 50,650,709 | 183,631,460 | 3,772,101,648 |
| Accumulated Depreciation | - | (69,720,400) | (645,902,765) | (133,045,732) | (130,585,085) | (45,172,425) | (84,566,849) | (65,474,117) | (27,053,575) | (50,612,669) | (1,252,133,617) |
| Net book value | 592,234,914 | 505,698,559 | 656,392,278 | 167,862,017 | 142,235,493 | 91,585,179 | 147,176,905 | 60,166,761 | 23,597,134 | 133,018,791 | 2,519,968,031 |
| For the year ended December 31, 2022 | | | | | | | | | | | |
| Opening net book value | 394,038,279 | 520,764,464 | 480,572,479 | 81,965,464 | 65,419,282 | 67,751,563 | 73,786,755 | 220,984,297 | 22,865,600 | 55,829,981 | 1,983,978,164 |
| Additions (at cost) | 198,196,635 | 3,497,401 | 433,077,128 | 142,980,116 | 121,515,708 | 36,222,623 | 92,229,569 | 15,982,920 | 5,070,017 | 106,258,035 | 1,155,030,152 |
| Disposal | - | (4,214,000) | (30,875,633) | (1,414,854) | (708,741) | - | (3,203,485) | (147,416,196) | (27,474) | - | (187,860,383) |
| Depreciation | - | (14,349,306) | (226,381,696) | (55,668,709) | (43,990,756) | (12,389,007) | (15,635,934) | (29,384,260) | (4,311,009) | (29,069,225) | (431,179,902) |
| Closing net book value | 592,234,914 | 505,698,559 | 656,392,278 | 167,862,017 | 142,235,493 | 91,585,179 | 147,176,905 | 60,166,761 | 23,597,134 | 133,018,791 | 2,519,968,031 |
| Rate of depreciation (%) | - | 2.5 | 33 | 33 | 20 | 10 | 10 | 20 | 10 | 10-27 | |

6.1.1 The cost of operating fixed assets includes assets amounting to Rs 571.90 million (2022: Rs 478.07 million) with nil book value.

6.1.2 Immovable fixed assets include free-hold land and building situated at E-1, Sehjpai, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt. Total area of land is 21.42 kanals (2022: 21.42 kanals).

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

| | Note | 2023 | 2022 |
|-----------------------------------|------|-------------|-------------|
| | | Rupees | |
| Cost of revenue | (30) | 535,740,287 | 366,777,759 |
| Selling and distribution expenses | (31) | 7,270,621 | 3,655,531 |
| Administrative expenses | (32) | 86,799,485 | 60,746,612 |
| | | 629,810,393 | 431,179,902 |

6.1.4 Disposal of property and equipment

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

| Particulars | Cost | Accumulated depreciation | Written down value | Sale proceeds | Gain / (Loss) | Mode of disposal | Particulars of buyer |
|--|-------------------|--------------------------|--------------------|-------------------|-----------------|------------------|---|
| Rupees | | | | | | | |
| Laptop - Apple Macbook Pro | 682,500 | 145,981 | 536,519 | 536,519 | - | Company Policy | Techvista Systems FZLLC - Subsidiary |
| Laptop - Apple Macbook Pro | 682,500 | 92,897 | 589,603 | 589,603 | - | Company Policy | Techvista Systems FZLLC - Subsidiary |
| HVAC System | 2,338,133 | 1,754,886 | 583,247 | 64,300 | (518,947) | Scrap Sale | Amir Pasha - Third Party |
| Honda Civic | 3,586,850 | 2,929,268 | 657,582 | 4,400,000 | 3,742,418 | Insurance claim | IGI General Insurance Limited - Third Party |
| Aggregate of items of property and equipment with individual net book value below Rs 500,000 | 49,214,418 | 23,208,791 | 26,005,627 | 22,702,925 | (3,302,702) | | |
| 2023 | 56,504,401 | 28,131,823 | 28,372,578 | 28,293,347 | (79,231) | | |

| Particulars | Cost | Accumulated depreciation | Written down value | Sale proceeds | Gain / (Loss) | Mode of disposal | Particulars of buyer |
|-------------|------|--------------------------|--------------------|---------------|---------------|------------------|----------------------|
|-------------|------|--------------------------|--------------------|---------------|---------------|------------------|----------------------|

| | | | | | | | |
|-----------------|-----------|-------------|-----------|-----------|-----------|----------------|---------------------------|
| Rupees | | | | | | | |
| Vehicles | | | | | | | Employees |
| Honda Civic | 2,914,948 | (1,922,698) | 992,250 | 2,204,750 | 1,212,500 | Company Policy | Usman Mughal |
| Honda Civic | 3,134,310 | (2,120,367) | 1,013,943 | 2,896,980 | 1,883,037 | Company Policy | Usman Ahmad |
| Honda City | 1,703,000 | (936,632) | 766,368 | 1,703,040 | 936,672 | Company Policy | Saad Hasan Aslam |
| Honda Civic | 2,722,000 | (2,029,404) | 692,596 | 2,700,000 | 2,007,404 | Company Policy | Khurram Safdar |
| Honda Civic | 2,829,160 | (2,263,339) | 565,821 | 2,829,160 | 2,263,339 | Company Policy | Muhammad Amin |
| Honda City | 1,823,985 | (1,094,289) | 729,696 | 1,824,240 | 1,094,544 | Company Policy | Kashif Latif |
| Honda City | 1,784,160 | (1,213,161) | 570,999 | 1,713,000 | 1,142,001 | Company Policy | Ali Asjad Waheed |
| Toyota Corolla | 1,833,310 | (1,283,312) | 549,998 | 1,732,980 | 1,182,982 | Company Policy | Muh. Salman Arshad |
| Honda Brv | 1,797,702 | (1,198,476) | 599,226 | 1,732,980 | 1,133,754 | Company Policy | Khurram Saleem |
| Toyota Corolla | 2,506,000 | (1,712,443) | 793,557 | 1,525,560 | 732,003 | Company Policy | Farrukh Riyadh Ahmed |
| Honda Civic | 2,739,240 | (1,871,814) | 867,426 | 2,653,020 | 1,785,594 | Company Policy | Faisal Tajammal |
| Honda City | 1,813,000 | (1,206,457) | 606,543 | 1,732,980 | 1,126,437 | Company Policy | Imran Khan |
| Suzuki Swift | 1,450,900 | (918,272) | 532,628 | 1,412,880 | 880,252 | Company Policy | Faisal Ahmed |
| Honda Civic | 2,992,640 | (2,344,223) | 648,417 | 2,992,640 | 2,344,223 | Company Policy | Muh. Mushtaq Patni |
| Honda Civic | 2,758,450 | (1,773,224) | 985,226 | 2,686,980 | 1,701,754 | Company Policy | Khurram Fuad Khatlani |
| Honda City | 1,786,860 | (1,035,136) | 751,724 | 1,804,140 | 1,052,416 | Company Policy | Muh. Sohail Ahmed |
| Honda City | 1,786,860 | (977,610) | 809,250 | 1,867,500 | 1,058,250 | Company Policy | Adeel Ahmed Naseem |
| Toyota Corolla | 1,924,000 | (1,122,343) | 801,657 | 1,924,020 | 1,122,363 | Company Policy | Salman Malik |
| Toyota Corolla | 3,334,100 | (1,944,882) | 1,389,218 | 3,334,100 | 1,944,882 | Company Policy | Salman Wajid Mian |
| Toyota Corolla | 1,844,000 | (1,010,258) | 833,742 | 1,924,020 | 1,090,278 | Company Policy | Imran Suleman Khan |
| Toyota Corolla | 2,227,100 | (1,262,014) | 965,086 | 1,924,020 | 958,934 | Company Policy | Zunair Haseeb Khan |
| Honda City | 1,803,000 | (767,941) | 1,035,059 | 2,003,340 | 968,281 | Company Policy | Muh. Fahar Nouman |
| Honda City | 1,924,000 | (1,058,191) | 865,809 | 1,924,020 | 1,058,211 | Company Policy | Muh. Raheel Siddiqui |
| Toyota Corolla | 2,144,756 | (1,261,175) | 883,581 | 1,924,020 | 1,040,439 | Company Policy | Salman Amin Bhatti |
| Toyota Corolla | 2,010,110 | (1,139,067) | 871,043 | 1,924,020 | 1,052,977 | Company Policy | Abdul Ghaffar |
| Toyota Corolla | 2,108,249 | (1,184,840) | 923,409 | 1,250,613 | 327,204 | Company Policy | Omar Arif |
| Toyota Corolla | 2,420,170 | (1,210,080) | 1,210,090 | 2,314,980 | 1,104,890 | Company Policy | Hafiz Muh. Altaf |
| Honda Brv | 1,924,377 | (1,314,993) | 609,384 | 901,500 | 292,116 | Company Policy | Aamir Fahaad |
| Honda City | 1,839,810 | (1,134,564) | 705,246 | 1,794,000 | 1,088,754 | Company Policy | Muh. Umer |
| Honda City | 2,262,665 | (1,470,730) | 791,935 | 1,251,778 | 459,843 | Company Policy | Muh. Tanveer Musawar Alam |
| Suzuki Swift | 1,651,000 | (990,609) | 660,391 | 1,650,120 | 989,729 | Company Policy | Shahzad Tariq |
| Toyota Corolla | 1,915,050 | (1,212,881) | 702,169 | 1,865,280 | 1,163,111 | Company Policy | Karamat Ali |
| Honda Civic | 4,021,180 | (2,077,619) | 1,943,561 | 3,972,000 | 2,028,439 | Company Policy | Habib Ahmad |
| Toyota Corolla | 2,335,290 | (1,120,451) | 1,214,839 | 2,513,460 | 1,298,621 | Company Policy | Muh. Talha Mashkooor |
| Honda Civic | 3,504,000 | (1,810,400) | 1,693,600 | 3,565,168 | 1,871,568 | Company Policy | Abid Hanif |
| Toyota Corolla | 2,023,098 | (1,037,002) | 986,096 | 1,606,450 | 620,354 | Company Policy | Moh. Wasif Sheikh |
| Toyota Corolla | 2,586,150 | (1,666,002) | 920,148 | 2,586,150 | 1,666,002 | Company Policy | Pool Services |
| Honda City | 2,376,930 | (1,545,023) | 831,907 | 2,436,840 | 1,604,933 | Company Policy | Tauqeer Ahmed |
| Honda City | 2,376,930 | (1,223,965) | 1,152,965 | 2,314,980 | 1,162,015 | Company Policy | Usman Ur Rehman Ahmed |
| Honda Civic | 3,627,180 | (1,874,043) | 1,753,137 | 3,505,020 | 1,751,883 | Company Policy | Hammad Karamat Dar |
| Honda Civic | 3,793,080 | (1,732,345) | 2,060,735 | 3,505,020 | 1,444,285 | Company Policy | Ali Jawad Khalid |
| Toyota Corolla | 2,420,170 | (1,055,367) | 1,364,803 | 2,315,040 | 950,237 | Company Policy | Chaudary Mohsin Akram |
| Honda City | 2,391,400 | (993,203) | 1,398,197 | 2,326,980 | 928,783 | Company Policy | Muh. Raza Sufyan Khan |
| Toyota Corolla | 2,402,140 | (999,123) | 1,403,017 | 2,335,020 | 932,003 | Company Policy | Muh. Akram |
| Toyota Corolla | 2,407,530 | (959,482) | 1,448,048 | 2,335,020 | 886,972 | Company Policy | Muh. Salman Iqbal |
| Honda Civic | 2,612,900 | (866,218) | 1,746,682 | 2,335,020 | 588,338 | Company Policy | Ahsan Naseer |
| Honda City | 2,406,730 | (792,789) | 1,613,941 | 2,335,020 | 721,079 | Company Policy | Javeria Fahad |
| Honda City | 2,405,730 | (782,277) | 1,623,453 | 2,335,020 | 711,567 | Company Policy | Muzahir Ahmad |
| Kia Sportage | 2,410,730 | (773,647) | 1,637,083 | 2,335,020 | 697,937 | Company Policy | Faiz Muhammad |
| Honda City | 2,425,590 | (767,784) | 1,657,806 | 2,396,995 | 739,189 | Company Policy | Muh. Shariq |
| Honda City | 2,548,058 | (805,902) | 1,742,156 | 2,476,980 | 734,824 | Company Policy | Qurat Ul Ain |
| Toyota Corolla | 1,587,250 | (500,349) | 1,086,901 | 1,549,020 | 462,119 | Company Policy | Faraz Javed |
| Toyota Corolla | 2,923,000 | (876,886) | 2,046,114 | 2,923,020 | 876,906 | Company Policy | Ibrar Ahmad |
| Honda City | 2,429,314 | (724,016) | 1,705,298 | 2,267,760 | 562,462 | Company Policy | Noman Ikram |
| Suzuki Cultus | 1,828,880 | (487,378) | 1,341,502 | 1,780,020 | 438,518 | Company Policy | Saqib Amin |
| Toyota Yaris | 2,912,190 | (776,227) | 2,135,963 | 2,843,020 | 707,057 | Company Policy | Fareed Kamran |
| Toyota Corolla | 2,622,190 | (698,095) | 1,924,095 | 2,497,980 | 573,885 | Company Policy | Muh. Mateen Sajjad Dar |
| Honda Civic | 3,941,500 | (983,188) | 2,958,312 | 3,735,000 | 776,688 | Company Policy | Naveed Ali Tahir |

| Particulars | Cost | Accumulated depreciation | Written down value | Sale proceeds | Gain / (Loss) | Mode of disposal | Particulars of buyer |
|--|--------------------|--------------------------|--------------------|--------------------|-------------------|------------------|--------------------------|
| Vehicles | Rupees | | | | | | Employees |
| Kia Sportage | 2,573,500 | (621,996) | 1,951,504 | 2,545,440 | 593,936 | Company Policy | Nawaz Sarwar |
| Toyota Yaris | 2,576,790 | (558,977) | 2,017,813 | 2,503,020 | 485,207 | Company Policy | Tahir Idrees |
| Toyota Yaris | 2,552,963 | (553,137) | 1,999,826 | 2,467,020 | 467,194 | Company Policy | Muh. Faraz Baig |
| Toyota Yaris | 2,620,100 | (567,684) | 2,052,416 | 2,547,000 | 494,584 | Company Policy | Hamad Ur Rehman |
| Honda City | 2,524,730 | (545,865) | 1,978,865 | 2,455,020 | 476,155 | Company Policy | Nadeem Pathan |
| Toyota Yaris | 3,086,000 | (463,458) | 2,622,542 | 3,004,980 | 382,438 | Company Policy | Ashar Badar |
| Toyota Yaris | 2,552,000 | (467,049) | 2,084,951 | 2,467,020 | 382,069 | Company Policy | Imtiaz Ahmed |
| Toyota Yaris | 2,606,290 | (867,924) | 1,738,366 | 2,606,290 | 867,924 | Company Policy | Ali motors |
| Toyota Yaris | 2,538,300 | (467,905) | 2,070,395 | 2,467,020 | 396,625 | Company Policy | Hammad Zafar Malik |
| Toyota Corolla | 2,936,790 | (541,367) | 2,395,423 | 2,863,020 | 467,597 | Company Policy | Shoaib Ali |
| Honda Brv | 2,564,000 | (429,085) | 2,134,915 | 2,467,020 | 332,105 | Company Policy | Rizwan Hussain |
| Toyota Corolla | 2,515,000 | (420,889) | 2,094,111 | 2,455,020 | 360,909 | Company Policy | Muh. Awais |
| Kia Sportage | 3,348,865 | (560,435) | 2,788,430 | 3,225,000 | 436,570 | Company Policy | Arsalan Rashid |
| Honda Civic | 2,519,912 | (463,708) | 2,056,204 | 2,464,980 | 408,776 | Company Policy | Eraj Mehmood |
| Toyota Yaris | 2,542,750 | (383,731) | 2,159,019 | 2,467,020 | 308,001 | Company Policy | Wasim Ahmed |
| Kia Picanto | 2,092,500 | (315,787) | 1,776,713 | 2,053,980 | 277,267 | Company Policy | Asif Aziz Bilgrami |
| Honda Civic | 2,515,000 | (419,452) | 2,095,548 | 2,455,020 | 359,472 | Company Policy | Mujahid Naseer |
| Toyota Aqua | 3,457,800 | (518,010) | 2,939,790 | 3,343,980 | 404,190 | Company Policy | Saad Usmani |
| Toyota Yaris | 2,515,000 | (336,827) | 2,178,173 | 2,455,020 | 276,847 | Company Policy | Hasan Waleed Majal |
| Toyota Yaris | 2,533,000 | (338,129) | 2,194,871 | 2,467,020 | 272,149 | Company Policy | Zuhair Mamoon Mirza |
| Toyota Yaris | 2,538,000 | (338,800) | 2,199,200 | 2,467,020 | 267,820 | Company Policy | Muh. Junaid |
| Honda Civic | 3,487,000 | (465,025) | 3,021,975 | 3,369,000 | 347,025 | Company Policy | Abdullah Tayyab Farooqi |
| Kia Sportage | 2,515,000 | (335,822) | 2,179,178 | 2,455,020 | 275,842 | Company Policy | Muh. Shahid Aziz |
| Toyota Corolla | 2,515,000 | (335,822) | 2,179,178 | 2,455,020 | 275,842 | Company Policy | Waqar Ahmed Sher |
| Kia Sportage | 2,517,000 | (295,720) | 2,221,280 | 2,457,000 | 235,720 | | Umair Amir Mian |
| Toyota Yaris | 2,430,290 | (281,738) | 2,148,552 | 2,373,186 | 224,634 | | Imran Javed Zia |
| Honda Civic | 2,530,000 | (294,725) | 2,235,275 | 2,455,020 | 219,745 | | Syed Rizwan Hussain Agha |
| Toyota Corolla | 2,542,700 | (252,317) | 2,290,383 | 2,455,020 | 164,637 | | Nayyar Mashkoor Siddiqui |
| Toyota Corolla | 2,420,000 | (162,328) | 2,257,672 | 2,344,980 | 87,308 | | Gibran Akram |
| Honda City | 2,444,000 | (122,423) | 2,321,577 | 2,367,000 | 45,423 | | Anas Saghir |
| Kia Sportage | 5,687,000 | - | 5,687,000 | 5,687,000 | - | | Habib Ahmad |
| Honda City | 3,050,000 | - | 3,050,000 | 3,050,000 | - | | Muh> Khalid Ameer |
| Honda City | 2,460,000 | - | 2,460,000 | 2,460,000 | - | | Atif Faraz |
| Aggregate of items of property and equipment with individual book value below Rs 500,000 | 80,193,501 | (37,028,109) | 43,165,392 | 51,479,822 | 8,314,430 | | |
| Year ended | | | | | | | |
| December 31, 2022 | 309,528,833 | (121,668,450) | 187,860,383 | 270,704,662 | 82,844,279 | | |

6.2 Capital work in progress

| | Note | 2023 | 2022 |
|--|---------|--------|-------------|
| | | Rupees | |
| Civil work | (6.2.1) | - | 161,020,955 |
| Advance against purchase of property and equipment | | - | 82,417,683 |
| | (6.2.2) | - | 243,438,638 |

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

| | | |
|---------------------------------------|---------------|--------------------|
| Balance at the beginning of the year | 161,020,955 | 22,812,942 |
| Additions during the year | 115,360,238 | 244,466,048 |
| Transfer to operating fixed assets | (276,381,193) | (106,258,035) |
| Balance at the end of the year | - | 161,020,955 |

6.2.2 This represented the ongoing civil work in various offices of the Company and advance given against purchase of property and equipment.

7. Intangibles

| | 2023 | 2022 |
|--------------------------|------------------|-------------------|
| | Rupees | |
| Cost | 193,385,241 | 193,385,241 |
| Accumulated amortization | (190,007,955) | (179,882,224) |
| Net book value | 3,377,286 | 13,503,017 |

7.1 The reconciliation of net book value is as follows:

| | | 2023 | 2022 |
|-------------------------------|-------|------------------|-------------------|
| | | Rupees | |
| Opening net book value | | 13,503,017 | 23,717,704 |
| Amortization charge | (7.4) | (10,125,731) | (10,214,687) |
| Closing net book value | | 3,377,286 | 13,503,017 |
| Amortization rate % per annum | | 33 | 33 |

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

7.3 The cost of the intangibles includes assets amounting to Rs 163.01 million (2022: Rs 163.01 million) with nil book value.

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

| | Note | 2023 | 2022 |
|-----------------------------------|------|-------------------|-------------------|
| | | Rupees | |
| Cost of revenue | (30) | 9,144,659 | 9,040,897 |
| Selling and distribution expenses | (31) | 88,053 | 79,799 |
| Administrative expenses | (32) | 893,019 | 1,093,991 |
| | | 10,125,731 | 10,214,687 |

8. Long term investments

Investment In subsidiaries - unquoted

| | Note | 2023 | 2022 |
|---|--------|----------------------|----------------------|
| | | Rupees | |
| TechVista Systems FZ- LLC | (8.2) | 343,119,550 | 343,119,550 |
| Systems Ventures (Private) Limited | (8.3) | 721,100,000 | 721,100,000 |
| TechVista Information Technology W.L.L | (8.4) | 144,568,884 | 144,568,884 |
| Systems Arabia for Information Technology | (8.5) | - | - |
| SYS Egypt for Information Technology Services | (8.6) | 113,125,000 | 113,125,000 |
| Systems Africa for Information Technologies (Pty.) Ltd. | (8.7) | - | - |
| National Data Consultant (Private) Limited | (8.8) | 4,254,636,725 | 4,254,636,725 |
| SUS-JV (Private) Limited | (8.9) | 94,990 | 94,990 |
| Systems Holdings (Private) Limited | (8.10) | - | - |
| | | 5,576,645,149 | 576,645,149 |
| Advance against issuance of shares | (8.11) | 2,225,191,000 | 818,009,000 |
| Share options issued to employees of subsidiaries | (8.12) | 105,174,753 | 70,360,725 |
| Subscription money payable | (8.13) | 4,396,026 | 4,393,600 |
| | | 7,911,406,928 | 6,469,408,474 |
| Investment In associate - unquoted | | | |
| E-Processing Systems B.V. | (8.14) | 201,546,988 | 270,500,227 |
| | | 8,112,953,916 | 6,739,908,701 |

8.1 The shareholders of the Company and Systems Ventures (Private) Limited ("SVPL") in their extra ordinary general meetings held on September 18, 2023 approved a Scheme of Compromises, Arrangement and Reconstruction (the 'Scheme'). As required under the Companies Act 2017, the Scheme was submitted with the Honorable Lahore High Court (the "Court") for their approval and sanction of the Scheme. Consequently, the Court through its Order dated December 20, 2023, sanctioned the Scheme. The scheme stipulates the separation of ownership interests in TechVista Systems FZ- LLC, Systems Africa for Information Technologies (Pty.) Ltd., SYS Egypt for Information Technology Services and Systems Arabia for Information Technology (the 'Transferred Assets') from the Company and the merger, amalgamation and transfer to, and vesting in SVPL of the same. SVPL may at its discretion hold the Transferred Assets directly or through any nominee being its wholly owned subsidiary. SVPL shall allot and issue 66,860,284 fully paid up ordinary shares of Rs 10 each to the Company for the transferred assets. These unconsolidated financial statements do not include the impact of the Scheme as the Company is in the process of obtaining approvals of the change of shareholding from the respective corporate regulators as of the reporting date.

8.2 This represents 7,400 fully paid ordinary shares of AED 1,000/- each, representing 100% (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.

8.3 This represents 72,100,000 fully paid ordinary shares of Rs 10/- each, representing 100% (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.

8.4 Techvista Information Technology W.L.L. ('TVSQ') is a limited liability company incorporated in the State of Qatar. The Company owns 34% (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.

8.5 This represents 2,500 ordinary shares of SAR 10/- each, representing 100% (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.

8.6 This represents 5,000 ordinary shares of USD 100/- each, representing 100% (2022: 5,000 ordinary shares of USD 100/- each, representing 100%) 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.

8.7 This represents 100 ordinary shares of South African Rand 1/- each, representing 100% (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.

8.8 This represents 500,000 fully paid ordinary shares of Rs 10/- each, representing 100% (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.

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

8.10 This represents 100 ordinary shares of Rs. 10/- each, representing 100% (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.

| | | 2023 | 2022 |
|---|---------------------|---------------|-------------|
| | | Rupees | |
| 8.11 "This represents the advances provided to following entities against issuance of shares:" | | | |
| To subsidiaries | | | |
| - Systems Ventures (Private) Limited | (8.11.1) & (8.11.2) | 2,225,191,000 | - |
| - Systems International IT Pte. Ltd. | (8.11.1) | - | 818,009,000 |
| | | 2,225,191,000 | 818,009,000 |

8.11.1 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 818.09 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.

8.11.2 This includes an amount of USD 4.9 million, amounting to Rs 1,407.18 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.

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

| | 2023 | 2022 |
|---|-------------|------------|
| | Rupees | |
| - Tech Vista Systems FZ-LLC | 67,433,233 | 49,503,566 |
| - TechVista Information Technology W.L.L. | 1,297,730 | 148,588 |
| - Systems Arabia for Information Technology | 15,077,525 | 5,116,706 |
| - National Data Consultant (Private) Limited | 16,948,850 | 15,591,865 |
| - SYS Egypt for Information Technology Services | 723,277 | - |
| - Systems APAC for Info Tech PTE Ltd | 2,247,585 | - |
| - Systems Africa for Information Technologies (Pty.) Ltd. | 1,446,553 | - |
| | 105,174,753 | 70,360,725 |

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

| | 2023 | 2022 |
|---|-----------|-----------|
| | Rupees | |
| - Systems Arabia for Information Technology | 1,099,000 | 1,099,000 |
| - TechVista Information Technology W.L.L. | 3,294,600 | 3,294,600 |
| - Systems Holdings (Private) Limited | 1,000 | - |
| - Systems Africa for Information Technologies (Pty.) Ltd. | 1,426 | - |
| | 4,396,026 | 4,393,600 |

8.14 Investment in associate - unquoted

| | Note | 2023 | 2022 |
|-----------------------------|----------|--------------|-------------|
| E-Processing Systems B.V. | | Rupees | |
| Cost of investment | (8.14.1) | 270,500,227 | 270,500,227 |
| Accumulated impairment loss | (8.14.2) | (68,953,239) | - |
| | | 201,546,988 | 270,500,227 |

8.14.1 This represents 179,507 fully paid ordinary shares at USD 0.01/- each representing 30.9% shares (2022: 179,507 fully paid ordinary shares at USD 0.01/- each representing 44.60% shares) in E-Processing Systems B.V ('EPBV'), a company setup in Netherlands. During the year, due to conversion of preference shares to ordinary shares pertaining to Melinda & Gates Foundation in EPBV., the shareholding of Systems Limited has been diluted and the revised shareholding is 30.90%.

8.14.2 An impairment test has been carried out for EPBV by the management during the year due to the impairment indicators of decrease in the economic performance of EPBV and significant change in the economic conditions.

The Company reviewed the carrying amount of its investment in equity instruments of EPBV and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. The recoverable amount of investment in EPBV has been determined based on 'value in use' of E-Processing Systems Pakistan (Pvt) Limited, the only wholly owned subsidiary of EPBV. Since, EPBV does not have its own business operations, the assessment of value in use of E-Processing Systems Pakistan serves as a reflection of EPBV's value. The 'value in use' has been worked out by the management using income approach.

As the recoverable amount of the investment worked out is lower than its carrying value, therefore, an impairment loss has been recognized in these unconsolidated financial statements. The recoverable amount of the investment was determined to be lower than its carrying amount by Rs 384.13 per share and the carrying amount was accordingly reduced by Rs 68.95 million which has been recognised as an expense.

9. Right-Of-Use Assets

| | Note | 2023 | 2022 |
|--------------------------|-------|---------------|---------------|
| | | Rupees | |
| Cost | | 771,367,927 | 621,806,990 |
| Accumulated depreciation | | (261,210,893) | (109,068,061) |
| Net book value | (9.1) | 510,157,034 | 512,738,929 |

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

| | | | |
|---------------------------|-------|---------------|---------------|
| Opening net book value | | 512,738,929 | 288,981,476 |
| Additions | | 149,560,937 | 387,482,975 |
| Depreciation for the year | (9.2) | (152,142,832) | (118,580,902) |
| Derecognition | | - | (45,144,620) |
| Closing net book value | | 510,157,034 | 512,738,929 |
| Rate of depreciation (%) | | 10-25 | 10-25 |

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

| | Note | 2023 | 2022 |
|-----------------------------------|------|-------------|-------------|
| | | Rupees | |
| Cost of revenue | (30) | 126,263,225 | 96,730,120 |
| Selling and distribution expenses | (31) | 748,991 | 627,154 |
| Administrative expenses | (32) | 25,130,616 | 21,223,628 |
| | | 152,142,832 | 118,580,902 |

10. Long term loans

Considered good – secured

| | | | |
|---------------------|--------|-------------|-------------|
| Due from executives | (10.1) | 528,345,079 | 298,036,906 |
|---------------------|--------|-------------|-------------|

10.1 Due from executives

| | Note | | 2023 | 2022 |
|---------------------------------|------|--|---------------|---------------|
| | | | Rupees | |
| | | | Total | Total |
| As at 01 January | | Motor Vehicle 366,422,329 Other loans 31,728,419 | 398,150,748 | 36,796,454 |
| Loans disbursed during the year | | | | |
| Undiscounted amount paid | | 683,648,159 73,309,000 | 756,957,159 | 565,669,865 |
| Deferred employee benefits | (11) | (205,209,862) (11,122,985) | (216,332,847) | (126,682,244) |
| | | 478,438,297 62,186,015 | 540,624,312 | 438,987,621 |
| Loans settled during the year | | (106,454,793) (5,587,980) | (112,042,773) | (22,160,270) |
| Unwinding of discount | (35) | 75,219,404 7,715,816 | 82,935,220 | 33,789,390 |
| Repayments | | (167,655,927) (29,899,634) | (197,555,561) | (89,262,447) |
| | | 645,969,310 66,142,636 | 712,111,946 | 398,150,748 |
| Receivable within one year | (15) | (138,797,966) (44,968,901) | (183,766,867) | (100,113,842) |
| | | 507,171,344 21,173,735 | 528,345,079 | 298,036,906 |

10.2 These interest free loans are repayable between 18 to 60 (2022: 18 to 60) months and are granted to the executives of the Company, in accordance with their terms of employment. These are secured against post dated cheques. These loans were initially recognized at fair value using effective interest rates ranging from 9.54% to 17.51% (2022: 9.54% to 14.37%). The difference between cash paid and present value of cash inflows upon initial recognition has been recognized as deferred employee benefits which is amortized on a straight line basis over the period of the loan.

11. Deferred employee benefits

| | Note | 2023 | 2022 |
|---|--------|--------------|--------------|
| | | Rupees | |
| As at 01 January | | 116,831,021 | 13,234,193 |
| Additions during the year | (10.1) | 216,332,847 | 126,682,244 |
| Settlements during the year | | (30,930,563) | (2,545,676) |
| Amortization during the year | | (53,010,107) | (20,539,740) |
| | | 249,223,198 | 116,831,021 |
| Current portion of deferred employee benefits | | (67,157,471) | (29,892,702) |
| | | 182,065,727 | 86,938,319 |

12 Long term deposits

| | Note | 2023 | 2022 |
|------------------------------|------|-------------|--------------|
| | | Rupees | |
| Lease buildings | | | |
| Opening balance | | 19,349,849 | 5,708,578 |
| Additions: | | | |
| Undiscounted amount paid | | 8,764,470 | 22,386,180 |
| Effect of discounting | | (4,344,121) | (10,375,537) |
| Fair vale of additions | | 4,420,349 | 12,010,643 |
| Unwinding of discount | (35) | 3,139,937 | 1,630,628 |
| Closing Balance | | 26,910,135 | 19,349,849 |
| Others | | | |
| Utilities and other deposits | | 44,882,192 | 15,400,055 |
| | | 71,792,327 | 34,749,904 |

13 Contract assets – unsecured

| | Note | 2023 | 2022 |
|------------------|--------|---------------|---------------|
| | | Rupees | |
| Unbilled revenue | (13.1) | 1,801,921,973 | 965,690,635 |
| Retention money | | 54,916,571 | 63,754,052 |
| | | 1,856,838,544 | 1,029,444,687 |

13.1 Unbilled revenue

| | Note | 2023 | 2022 |
|-------------------------|----------|---------------|-------------|
| | | Rupees | |
| Export | | 536,976,626 | 116,001,995 |
| Local | | 1,274,126,981 | 854,885,747 |
| | | 1,811,103,607 | 970,887,742 |
| Less: Allowance for ECL | (13.1.2) | (9,181,634) | (5,197,107) |
| | (13.1.3) | 1,801,921,973 | 965,690,635 |

13.1.1 The maximum aggregate amount outstanding for these related parties by reference to month-end balances was as follows:

| | Note | 2023 | 2022 |
|---|------|------|------------|
| | | | Rupees |
| Visionet Systems Incorporation – USA | | - | 3,636,213 |
| TechVista Information Technology W.L.L. | | - | 1,208,705 |
| Systems Arabia for Information Technology | | - | 46,574,470 |

13.1.2 Allowance for ECL

| | 2023 | 2022 |
|---|------------------|------------------|
| | | Rupees |
| As at January 01 | 5,197,107 | 22,232,457 |
| Expense / (Reversal) for the year – net | 3,984,527 | (17,035,350) |
| Closing balance | 9,181,634 | 5,197,107 |

13.1.3 These represent unbilled debtors arising due to recognition of revenue as per IFRS 15 – Revenue from Contracts with Customers.

14. TRADE DEBTS – UNSECURED

| | Note | 2023 | 2022 |
|-------------------------|--------|----------------|---------------|
| | | | Rupees |
| Export | (14.1) | 14,248,389,307 | 7,317,008,915 |
| Local | | 2,176,592,717 | 1,734,547,353 |
| | | 16,424,982,024 | 9,051,556,268 |
| Less: Allowance for ECL | (14.3) | (226,836,797) | (232,975,696) |
| | | 16,198,145,227 | 8,818,580,572 |

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

| | 2023 | | | | | | |
|---|---------------|--------------------|----------------------|-----------------------|-----------------------|-----------------------------|----------------|
| | Rupees | | | | | | |
| | Not Past Due | Past due 0–90 days | Past due 91–180 days | Past due 181–270 days | Past due 271–360 days | Past due 361 days and above | Total |
| National Data Consultancy FZE | 611,453,442 | 352,338,515 | 307,355,233 | - | - | - | 1,271,147,190 |
| Systems Africa for Information Technologies | 38,439,651 | 44,948,193 | 32,452,263 | 964,541 | - | - | 116,804,648 |
| Systems APAC Pte. Ltd | 245,621,931 | 89,339,324 | 14,795,870 | - | - | - | 349,757,125 |
| Systems Arabia for Information Technology | 651,985,605 | 319,551,973 | 295,063,851 | 21,999,370 | - | 758,437 | 1,289,359,236 |
| Systems Australia for Information Technology PTY LTD. | 16,155,437 | - | - | - | - | - | 16,155,437 |
| TechVista Information Technology W.L.L. | 230,697,389 | 157,933,198 | 134,134,469 | 162,700,713 | 122,109,198 | 546,040,126 | 1,353,615,093 |
| TechVista Systems FZ-LLC – UAE | 2,097,185,074 | 1,440,422,991 | 1,155,734,692 | 671,217,346 | - | - | 5,364,560,103 |
| TreeHouse Consultancy LLC | 678,193 | 2,754,161 | 6,258,388 | 127,213,492 | 32,594,380 | 14,530,368 | 184,028,982 |
| AtClose LLC | 107,503,341 | 14,109,226 | - | - | - | - | 121,612,567 |
| PartnerLinQ Incorporation | 308,546,855 | - | - | - | - | - | 308,546,855 |
| Visionet Canada Incorporation | 3,159,546 | 4,099,773 | - | - | - | - | 7,259,319 |
| Visionet EMEA Limited | 313,981,548 | 76,115,373 | - | 789,782 | - | - | 390,886,703 |
| Visionet Systems Incorporation – USA | 2,651,891,528 | - | - | - | - | - | 2,651,891,528 |
| | 7,277,299,540 | 2,501,612,727 | 1,945,794,766 | 984,885,244 | 154,703,578 | 561,328,931 | 13,425,624,786 |

2022

Rupees

| | Not Past Due | Past due 0-90 days | Past due 91-180 days | Past due 181-270 days | Past due 271-360 days | Past due 361 days and above | Total |
|---|---------------|--------------------|----------------------|-----------------------|-----------------------|-----------------------------|---------------|
| Visionet Systems Incorporation - USA | 1,452,415,040 | 746,587,938 | - | - | - | - | 2,199,002,978 |
| TechVista Systems FZ-LLC - UAE | 1,441,699,927 | 932,181,344 | 487,226,765 | - | - | - | 2,861,108,036 |
| Visionet Deutschland GmbH | 133,336,741 | 84,789,297 | - | 15,642,639 | - | - | 233,768,677 |
| Visionet EMEA Limited | 176,057,768 | 147,491,997 | 86,982,675 | 1,229,315 | 16,918,245 | - | 428,680,000 |
| TechVista Information Technology W.L.L. | 109,655,872 | 140,369,101 | 95,306,538 | 97,204,636 | 64,295,941 | 237,224,129 | 744,056,217 |
| Systems Arabia for Information Technology | 121,761,687 | 28,402,872 | 45,514,496 | 3,855,484 | - | - | 199,534,539 |
| TreeHouse Consultancy LLC | 90,944,664 | 24,805,711 | - | - | - | - | 115,750,375 |
| | 3,525,871,699 | 2,104,628,260 | 715,030,474 | 117,932,074 | 81,214,186 | 237,224,129 | 6,781,900,822 |

14.2 The maximum aggregate amount outstanding for these related parties by reference to month-end balances was as follows:

| | Note | 2023 | 2022 |
|---|------|---------------|---------------|
| | | Rupees | |
| Visionet Systems Incorporation - USA | | 4,232,760,216 | 2,692,127,293 |
| Visionet Deutschland GmbH | | 445,948,684 | 465,287,639 |
| Visionet EMEA Limited | | 916,984,802 | 504,899,105 |
| AtClose LLC | | 121,612,567 | - |
| PartnerLinQ Incorporation | | 308,546,855 | - |
| Visionet Canada Incorporation | | 7,259,319 | - |
| Systems APAC Pte. Ltd | | 349,757,125 | - |
| Systems Africa for Information Technologies | | 116,804,648 | - |
| Systems Australia for Information Technology PTY LTD. | | 30,125,747 | - |
| National Data Consultancy FZE | | 1,271,147,190 | - |
| TechVista Systems FZ-LLC | | 5,864,044,470 | 2,861,108,036 |
| TechVista Information Technology W.L.L. | | 1,373,296,227 | 744,056,217 |
| Systems Arabia for Information Technology | | 1,289,359,236 | 199,534,539 |
| TreeHouse Consultancy LLC | | 198,782,976 | 142,824,582 |

14.3 Allowance for ECL

| | | |
|--------------------------------------|--------------|--------------|
| As at January 01 | 232,975,696 | 281,990,664 |
| Expense for the year | 17,149,018 | 19,533,319 |
| Balances written off during the year | (23,287,917) | (68,548,287) |
| Closing balance | 226,836,797 | 232,975,696 |

(14.3.1)

226,836,797

232,975,696

14.3.1 These include allowance for ECLs against receivables from related party, TechVista Information Technology (Qatar) amounting to Rs 99.18 million (2022: Rs 64.35 million).

15. Loans, advances and other receivables

| | Note | 2023 | 2022 |
|---|--------|---------------|---------------|
| | | Rupees | |
| Current maturity of long term loans | (10.1) | 183,766,867 | 100,113,842 |
| Advances to staff against: | | | |
| salary | (15.1) | 84,633,006 | 31,982,440 |
| expenses | | 82,572,410 | 46,386,643 |
| | | 167,205,416 | 78,369,083 |
| Advances to suppliers - against goods and services | | 120,427,859 | 24,641,341 |
| | | 471,400,142 | 203,124,266 |
| Loans to related parties | | 700,342,015 | 672,422,733 |
| Elimination on account of Joint Operation | (15.2) | (460,513,074) | (396,457,056) |
| | (15.3) | 239,828,941 | 275,965,677 |
| Other receivables: | | | |
| National Data Consultant (Private) Limited | | 983,407,109 | 141,207,446 |
| National Data Consultancy FZE | | 17,014,631 | - |
| Systems Ventures (Private) Limited | | 1,937,631 | 11,134,544 |
| Systems Africa for Information Technologies Pty. Ltd. | | 11,579,703 | 4,199,349 |
| Systems APAC for Information Technology Pte. Ltd. | | 34,024,749 | 1,344,694 |
| Systems Arabia for Information Technology | | 340,090,892 | 133,528,490 |
| SYS Egypt for Information Technology Services | | 2,729,767 | 1,074,482 |
| Visionet Deutschland GmbH | | 23,200,784 | 27,650,651 |
| Visionet EMEA Limited | | 2,513,354 | 8,362,255 |
| TechVista Information Technology W.L.L. | | - | 26,879,590 |

| | Note | 2023 | 2022 |
|---|--------|---------------|-------------|
| | | | Rupees |
| Tech Vista Systems FZ-LLC | | - | 21,885,253 |
| Systems Australia for Information Technology Pty. Limited | | 35,438,819 | - |
| Systems International IT Pte. Ltd. | | 919,442 | - |
| Systems Limited Employees' Provident Fund | | - | 120,371,291 |
| | (15.4) | 1,452,856,881 | 497,638,045 |
| | | 2,164,085,964 | 976,727,988 |

15.1 This included advance given to the chief operating officer of the Company amounting to Rs 4.6 million (2022: Rs 3.30 million).

15.2 This represents loan provided to UUS Joint Venture (Private) Limited for meeting working capital requirements. This amount is unsecured and carries interest at one-year KIBOR (2022: one-year KIBOR) on the outstanding loan balance at the end of each month.

15.3 This includes loans provided to the following related parties:

| | Note | 2023 | 2022 |
|--|----------|-------------|-------------|
| | | | Rupees |
| E-Processing Systems (Private) Limited | (15.3.1) | 236,257,805 | 265,510,608 |
| SUS JV (Private) Limited | (15.3.2) | 3,571,136 | 10,455,069 |
| | | 239,828,941 | 275,965,677 |

15.3.1 This represents loan provided to E-Processing Systems (Private) Limited for meeting working capital requirements of Rs 248.59 million netted of by expected credit loss of Rs 12.34 million (2022: Nil). The loan is unsecured and carries mark-up at one-month KIBOR (2022: one-month KIBOR) on the outstanding loan balance. Disbursements of principal are payable within one year and mark-up is payable on quarterly basis.

15.3.2 This represented loan provided to SUS JV (Private) Limited for meeting working capital requirements. The loan was unsecured and carried mark-up at one-month KIBOR (2022: one-month KIBOR) on the outstanding loan balance. Disbursements of principal were payable within one year and mark-up was payable on quarterly basis.

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

| | 2023 | 2022 |
|--|-------------|-------------|
| | | Rupees |
| E-Processing Systems (Private) Limited | 273,955,878 | 296,147,291 |
| SUS JV (Private) Limited | 16,459,772 | 11,834,894 |

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

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

| | 2023 | 2022 |
|---|---------------|-------------|
| | | Rupees |
| National Data Consultant (Private) Limited | 1,040,227,040 | 141,207,446 |
| Systems Ventures (Private) Limited | 12,604,862 | 11,134,544 |
| Systems Africa for Information Technologies Pty. Ltd. | 11,579,703 | 4,199,349 |
| Systems APAC for Information Technology Pte. Ltd. | 34,024,749 | 2,178,333 |
| Systems Arabia for Information Technology | 340,090,892 | 158,252,034 |
| SYS Egypt for Information Technology Services | 2,729,767 | 62,338,919 |
| Visionet Deutschland GmbH | 51,252,587 | 27,650,651 |
| Visionet EMEA Limited | 13,743,205 | 8,362,255 |
| National Data Consultancy FZE | 17,014,631 | - |
| Systems International IT Pte. Ltd. | 1,320,087 | - |
| Visionet Systems Incorporation | - | 44,226,240 |
| Systems Australia for Information Technology Pty. Limited | 35,438,819 | 21,885,253 |
| TechVista Information Technology W.L.L. | 33,325,866 | 27,134,659 |
| Systems Limited Employees' Provident Fund | - | 120,371,291 |

16 Trade deposits and short term prepayments

| | | | |
|-------------------|--------|--------------------|--------------------|
| Security deposits | (16.1) | 122,623,177 | 185,333,236 |
| Prepayments | | 233,953,490 | 141,860,727 |
| | | 356,576,667 | 327,193,963 |

16.1 This included cash margin withheld by MCB Bank Limited against export refinance facility amounting to Nil (2022: Rs 70 million) and cash margin withheld by Habib Metropolitan Bank against import of hardware amounting to Nil (2022: Rs 1.37 million).

17 Short term investments

| | | 2023 | 2022 |
|--|--------|----------------------|----------------------|
| Fair value through profit or loss | | | Rupees |
| - Mutual fund units | (17.1) | 877,419,112 | 4,253,978,169 |
| Amortized cost | | | |
| - Term deposit receipts (TDRs) | (17.2) | 282,000,000 | 177,000,000 |
| | | 1,159,419,112 | 4,430,978,169 |

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

| | | | |
|--|--|--------------------|----------------------|
| UBL Al-Ameen Asset Islamic Allocation Fund | | | |
| Number of units: Nil (2022: 1,022) | | - | 131,669 |
| Meezan Paidar Munafa Plan | | | |
| Number of units: Nil (2022: 20,000,000) | | - | 1,042,420,000 |
| UBL Al-Ameen Islamic Cash Plan-I | | | |
| Number of units: Nil (2022: 3,037,639) | | - | 303,886,879 |
| HBL Islamic Money Market Fund | | | |
| Number of units: 1,238,042 (2022: 9,279,971) | | 125,258,150 | 938,895,542 |
| Lakson Islamic Money Market Fund | | | |
| Number of units: Nil (2022: 1,986,784) | | - | 200,677,493 |
| Meezan Balanced Fund | | | |
| Number of units: Nil (2022: 4,758) | | - | 76,060 |
| Meezan Islamic Income Fund | | | |
| Number of units: Nil (2022: 786) | | - | 43,119 |
| Meezan Rozana Amdani Fund | | | |
| Number of units: Nil (2022: 6,073,817) | | - | 303,690,833 |
| NBP Islamic Daily Dividend Fund | | | |
| Number of units: Nil (2022: 30,532,917) | | - | 305,329,170 |
| MCB Al-hamra Islamic Money Market Fund | | | |
| Number of units: Nil (2022: 4,908,477) | | - | 488,442,573 |
| ABL Islamic Cash Fund | | | |
| Number of units: 25,071,041 (2022: 30,394,123) | | 250,710,420 | 303,729,530 |
| ABL Islamic Income Fund | | | |
| Number of units: 665 (2022: 35,828) | | 7,490 | 385,685 |
| Faysal Islamic Cash Fund | | | |
| Number of units: 2,503,467 (2022: 624,913) | | 250,346,747 | 62,491,304 |
| Alfalah Islamic Rozana Amdani Fund Class A | | | |
| Number of units: 2,510,963 (2022: 3,038,805) | | 251,096,305 | 303,774,456 |
| UBL Al-Ameen Islamic Cash Fund | | | |
| Number of units: Nil (2022: 33) | | - | 3,856 |
| | | 877,419,112 | 4,253,978,169 |

17.2 The details of investments in TDRs are as follows:

| | | 2023 | 2022 |
|---------------------------------|---------------------|--------------------|--------------------|
| Habib Metropolitan Bank Limited | | 255,000,000 | 150,000,000 |
| Habib Bank Limited | | 27,000,000 | 27,000,000 |
| | (17.2.1) & (17.2.2) | 282,000,000 | 177,000,000 |

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

17.2.2 These carry markup at rates ranging from 15.40% to 19.50% (2022: 7.50% to 15.40%) per annum and have maturities of 30–90 days from the date of initial recognition.

18 Interest accrued

| | 2023 | 2022 |
|------------------------------|-----------|-----------|
| | Rupees | |
| Term deposit receipts (TDRs) | 3,077,414 | 1,502,286 |
| Saving accounts | 19,363 | 19,363 |
| | 3,096,777 | 1,521,649 |

19 Cash and bank balances

| | Note | 2023 | 2022 |
|----------------------|--------|---------------|-------------|
| | | Rupees | |
| Cash in hand | | 175,643 | 358,525 |
| Cheques in hand | | 134,644,245 | 12,000,000 |
| | | 134,819,888 | 12,358,525 |
| Balances with banks: | | | |
| Local currency: | | | |
| Current accounts | | 240,483,300 | 232,479,687 |
| Saving accounts | (19.1) | 895,008,939 | 234,830,734 |
| | | 1,135,492,239 | 467,310,421 |
| Foreign currency: | | | |
| current accounts | | 171,661,346 | 108,901,000 |
| | | 1,441,973,473 | 588,569,946 |

19.1 These carry markup at the rate of 6.88% to 20.51% (2022: 3.5% to 14.5%) per annum.

20 Issued, subscribed and paid-up share capital

| 2023 | 2022 | | 2023 | 2022 |
|------------------|-------------|--|---------------|---------------|
| | | | Rupees | |
| Number of Shares | | | | |
| 116,732,576 | 115,718,876 | Ordinary shares of Rs 10/- each fully paid in cash | 1,167,325,759 | 1,157,188,759 |
| 162,866,323 | 162,866,323 | Ordinary shares of Rs 10/- each fully paid up as bonus shares | 1,628,663,230 | 1,628,663,230 |
| 11,822,500 | 11,822,500 | Ordinary shares of Rs 10/- each issued for consideration otherwise than cash | 118,225,000 | 118,225,000 |
| 291,421,399 | 290,407,699 | | 2,914,213,989 | 2,904,076,989 |

20.1 Reconciliation of ordinary shares

| 2023 | 2022 | | 2023 | 2022 |
|------------------|-------------|---|---------------|---------------|
| | | | Rupees | |
| Number of Shares | | | | |
| 290,407,699 | 138,498,912 | Balance at January 01 | 2,904,076,989 | 1,384,989,120 |
| - | 139,182,600 | Bonus shares issued | - | 1,391,826,000 |
| 1,013,700 | 903,687 | Stock options exercised | 10,137,000 | 9,036,869 |
| - | 11,822,500 | Shares issued for acquisition of National Data Consultant (Private) Limited | - | 118,225,000 |
| 291,421,399 | 290,407,699 | | 2,914,213,989 | 2,904,076,989 |

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

21 Capital reserves

| | Note | 2023 | 2022 |
|-------------------------------|--------|---------------|---------------|
| | | Rupees | |
| Share premium reserve | (21.1) | 4,904,476,367 | 4,671,279,664 |
| Employee compensation reserve | (21.2) | 507,516,180 | 323,650,758 |
| | | 5,411,992,547 | 4,994,930,422 |

21.1 This reserve shall be utilized only for the purpose as specified in section 81(2) of the Companies Act, 2017.

21.2 This represents balance amount after exercise of share options by the employees under the Employee Stock Option Scheme approved by the SECP. According to the scheme, 100% options become exercisable after completion of vesting period from the date of grant. The options have a vesting period of 2 years and an exercise period of 3 years from the date the option is vested.

21.2.1

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year:

| | 2023 | | 2022 | |
|--|---|-----------------------------|---|-----------------------------|
| | Weighted average exercise price Rupees | Number of options Number | Weighted average exercise price Rupees | Number of options Number |
| Outstanding at 01 January | 276.50 | 5,187,567 | 244.85 | 1,953,356 |
| Granted during the year | | | | |
| - stock options awarded in March 2022 | - | - | 289.20 | 1,055,250 |
| - stock options awarded in August 2022 | - | - | 263.60 | 1,105,230 |
| - stock options awarded in April 2023 | 379.90 | 2,562,000 | - | - |
| Bonus issue adjustment during the year ¹ | - | - | 221.10 | 2,292,169 |
| Forfeited share options | 272.90 | (1,104,430) | 262.08 | (314,753) |
| Exercised during the year: | | | | |
| - stock options awarded in 2020 ¹ | 61.11 | (220,000) | 71.62 | (903,685) |
| - stock options awarded in March 2021 ² | 173.10 | (696,200) | - | - |
| - stock options awarded in Spetember 2021 ³ | 248.61 | (97,500) | - | - |
| Outstanding at 31 December | 345.93 | 5,631,437 | 276.50 | 5,187,567 |
| Vested and exercisable at 31 December | 185.71 | 1,123,437 | 62.93 | 253,000 |

1. The weighted average share price at the date of the exercise of these options was Rs 424.87 (2022: 689.76).
2. The weighted average share price at the date of the exercise of these options was Rs 473.49 (2022: Nil).
3. The weighted average share price at the date of the exercise of these options was Rs 422.68 (2022: Nil).

21.2.2 The weighted average remaining contractual life for the share options outstanding as at 31 December 2023 is 3.52 years (2022: 3.81 years).

21.2.3 The weighted average fair value of options granted during the period was Rs 212.90 (2022: Rs 223.47).

21.2.4 The range of exercise prices for options outstanding at the end of the year is Rs 73.34 to Rs.379.90 (2022: Rs 61.11 to Rs 289.20).

21.2.5 The following table lists the inputs to the model used for the plan for the years ended December 31, 2023 and 2022, respectively :

| | 2023 | 2022 |
|--|---------------|-----------------|
| | | Rupees |
| Dividend yield | 1.46% | 1.90% - 2.32% |
| Expected volatility | 33% | 42% - 59% |
| Risk-free interest rate | 19.27% | 11.38% & 11.43% |
| Expected life of share options (years) | 2.25 | 2.25 |
| Weighted average share price | Rs. 465.65 | Rs 674.9 |
| Model used | Black Scholes | Black Scholes |

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

22 Long term advances

| | Note | 2023 | 2022 |
|--|--------|-------------|-------------|
| | | | Rupees |
| Long term advances | | 12,676,308 | 10,001,440 |
| Less : Current portion shown under current liabilities | | (8,395,243) | (3,234,396) |
| | (22.1) | 4,281,065 | 6,767,044 |

22.1 These represent advances received from staff and will be adjusted as per Company's car policy against sale of vehicles.

23 Long term loan

Set out below is the carrying amount of long term loan and the movements during the year:

| | Note | 2023 | 2022 |
|--|--------|------|--------------|
| | | | Rupees |
| Opening balance | | - | 76,816,085 |
| Accretion of Interest | | - | 2,661,008 |
| Repayments during the year | | - | (79,477,093) |
| | | - | - |
| Less : Current portion shown under current liabilities | | - | - |
| | (23.1) | - | - |

23.1 This represented loan of Rs 210 million obtained from MCB Bank Limited under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility had an aggregate sanctioned limit of Rs 315 million. It carried mark-up at SBP rate plus 1% per annum and was secured against a pari passu charge of Rs 1,344 million over the present and future current assets of the Company and 1st exclusive equitable mortgage and hypothecation charge of Rs 1,066.7 million over the non current assets of the Company. The loan was repayable in equal quarterly installments commencing September 26, 2020 and ending December 26, 2022. The two tranches of loan were initially recognized at fair value in accordance with IFRS 9 - Financial instruments using effective interest rate of 7.94% and 7.25% (3-month KIBOR) respectively. The difference between fair value of loan and loan proceeds had been recognized as deferred grant, as there were no unfulfilled conditions as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The loan had been fully repaid during the year ended December 31, 2022.

24 Lease liabilities

| | 2023 | 2022 |
|---|---------------|--------------|
| | | Rupees |
| Present value of lease rentals | 580,303,133 | 541,723,263 |
| Less: Current portion shown under current liabilities | (130,504,923) | (87,038,575) |
| | 449,798,210 | 454,684,688 |

| | 2023 | | |
|---|---------------|---------------------------------|-----------------------|
| | | Rupees | |
| | Lease Rentals | Finance cost for future periods | Principal outstanding |
| Not later than one year | 192,982,683 | 62,477,760 | 130,504,923 |
| Later than one year but not later than five years | 505,490,096 | 81,267,826 | 424,222,270 |
| Later than five years | 26,886,713 | 1,310,773 | 25,575,940 |
| | 725,359,492 | 145,056,359 | 580,303,133 |

| | 2022 | | |
|---|---------------|---------------------------------|-----------------------|
| | Rupees | | |
| | Lease Rentals | Finance cost for future periods | Principal outstanding |
| Not later than one year | 144,595,142 | 57,556,567 | 87,038,575 |
| Later than one year but not later than five years | 512,468,913 | 99,963,589 | 412,505,324 |
| Later than five years | 46,350,159 | 4,170,795 | 42,179,364 |
| | 703,414,214 | 161,690,951 | 541,723,263 |

Set out below are the carrying amounts of lease liabilities and the movements during the year:

| | Note | 2023 | 2022 |
|--|------|---------------|---------------|
| | | Rupees | |
| As at 01 January | | 541,723,263 | 301,076,382 |
| Additions | | 142,164,900 | 378,876,810 |
| Accretion of interest | (36) | 76,539,935 | 54,959,626 |
| Payments | | (180,124,965) | (134,171,534) |
| Termination | | - | (59,018,021) |
| As at 31 December | | 580,303,133 | 541,723,263 |
| Salient features of the leases are as follows: | | | |
| Discounting rate | | 9.7% - 15.36% | 9.7% - 15.36% |
| Period of lease | | 48-120 months | 48-120 months |

24.1 Amount recognized in unconsolidated statement of profit or loss:

The following are the amounts recognized in profit or loss:

| | 2023 | 2022 |
|---|-------------|-------------|
| | Rupees | |
| Interest expense on lease liabilities | 76,539,935 | 54,959,626 |
| Expenses relating to short term leases | 59,800,163 | 48,921,957 |
| Gain on derecognition of lease | - | 4,668,459 |
| Total amount recognized in profit or loss | 136,340,098 | 108,550,042 |

24.2 Cash outflow for leases

The Company had total cash outflows for leases of Rs 239.92 million (2022: Rs 183.09 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of Rs 149.56 million (2022: Rs 387.48 million) and Rs 142.16 million (2022: Rs 378.88 million) respectively.

25 Trade and other payables

| | Note | 2023 | 2022 |
|-------------------------------------|--------|---------------|---------------|
| | | Rupees | |
| Creditors | | | |
| Accrued liabilities | (25.1) | 104,039,999 | 137,133,280 |
| Provident fund contribution payable | (25.2) | 2,344,843,898 | 1,381,580,162 |
| | (25.3) | 169,477,960 | - |
| Withholding income tax payable | | 227,038,001 | 87,697,992 |
| Sales tax payable | | 74,004,982 | 48,725,071 |
| Payable to related parties | (25.4) | 2,775,733,986 | 1,033,889,429 |
| Subscription money payable | | 5,788,983 | 5,786,460 |
| | | 5,700,927,809 | 2,694,812,394 |

25.1 These are non-interest bearing, are in normal course of business and are normally settled on terms of between 30 and 60 days.

25.2 This includes Rs 2.6 million (2022: Nil) payable to directors of the Company for attending board meetings.

25.3 All investments out of provident fund have been made in the collective investment schemes, listed equity and listed debt securities in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

25.4 This includes payable to the following related parties:

Note

2023

2022

- Tech Vista Systems FZ-LLC
- Visionet Systems Incorporation - USA
- Techvista Information Technology W.L.L Qatar

2,514,805,935
235,517,676
25,410,375

Rupees

1,029,930,185
3,959,244
-

(25.4.1)

2,775,733,986

1,033,889,429

25.4.1 These represent payable to related parties against expenses incurred by them on behalf of the Company. These are in the ordinary course of business and carry no interest.

Note

2023

2022

Rupees

26 CONTRACT LIABILITIES

(26.1)

76,108,859

263,944,365

26.1 These represent mobilization and other advances received from the customers against professional / software development services, licenses, license support services and other fees to be adjusted with the satisfaction of contracts.

27 Short term borrowings - secured

Note

2023

2022

Rupees

- MCB Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
Allied Bank Limited
Meezan Bank Limited
Faysal Bank Limited

(27.1)
(27.2)
(27.3)
(27.4)
(27.5)
(27.6)
(27.7)

400,000,000
1,400,000,000
319,000,000
-
-
-
2,119,000,000

850,000,000
1,400,000,000
200,000,000
300,000,000
100,000,000
200,000,000

3,050,000,000

27.1 This represents export re-finance (ERF) availed against an aggregate sanctioned limit of Rs 1,400 million (December 31, 2022: Rs 1,400 million). The rate of mark-up is SBP rate plus 0.5% (December 31, 2022: SBP rate plus 0.5%) per annum. These borrowings were previously secured against first pari passu charge of Rs 1,774 million over all present and future current assets of the Company with 25% margin and first exclusive hypothecation and equitable mortgage charge of Rs 1,066.66 million over plant, machinery, furniture, fixtures and land. In current year, the charge was enhanced to first pari passu charge of Rs 1,867 million over all present and future current assets of the Company with 25% margin and first exclusive hypothecation and equitable mortgage charge of Rs 1,066.66 million over plant, machinery, furniture, fixtures and land for which the regulatory process of removal of charge is in process.

27.2 This represents islamic export re-finance (IERF) availed against aggregate sanctioned limit of Rs 2,000 million (2022: Rs 1,400 million). The rate of mark up is SBP rate plus 0.5% (2022: SBP rate plus 0.5%). These borrowings were secured against first pari passu hypothecation charge of Rs 2,150 million over current assets and equitable mortgage charge of Rs 305.99 million over land. In current year, the charge was enhanced to first pari passu hypothecation charge of Rs 2,950 million over current assets and equitable mortgage charge of Rs 305.99 million over land.

27.3 This represents export re-finance (ERF) availed against the aggregate sanctioned limit of Rs 700 million (2022: Rs 700 million). The rate of markup is SBP rate plus 0.5% (2022: SBP rate plus 0.5%). These borrowings are secured against the first pari passu hypothecation charge over the Company's current assets with a 25% margin.

27.4 This represents export Refinance (ERF) availed against the aggregate sanctioned limit of Rs 800 million (2022: Rs 800 million). The rate of markup is SBP rate plus 1% (2022: SBP rate plus 0.5%). These borrowings are secured against first joint pari passu hypothecation charge over all present and future current assets of the Company with 25% margin.

27.5 This represented islamic export re-finance (IERF) availed against the aggregate sanctioned limit of Rs 100 million (2022: Rs 100 million). The rate of markup was SBP rate plus 1% (2022: SBP rate plus 1%). These borrowings were secured against the first pari passu hypothecation charge over the Company's current assets with a 25% margin.

27.6 This represented islamic export re-finance (IERF) availed against aggregate sanctioned limit of Rs 300 million (2022: Rs 300 million). The rate of mark up was SBP rate plus 0.5% (2022: SBP rate plus 0.5%).

These borrowings were secured against first pari passu hypothecation charge over current assets of the Company.

- 27.7** The effective mark-up rate charged on these facilities during the year ranged from 9.5% to 23.4% (2022: 2.5% to 10%).

28 Contingencies and commitments

28.1 Contingencies

Income tax

28.1.1 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), who through order dated July 20, 2023 disposed off the case against the company. The company feeling aggrieved by the order has filed an appeal before the Appellate Tribunal Inland Revenue, Lahore. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

28.1.2 Tax Year 2017 – under section 161

The Deputy Commissioner Inland Revenue (the "DCIR") issued order dated November 29, 2018 under section 161(1A) of the Income Tax Ordinance, 2001 (the "Ordinance") for the tax year 2017 whereby tax amounting to Rs 6.53 million for non-deduction of withholding tax was levied. The Company preferred an appeal before Commissioner Inland Revenue (Appeals) ["CIR(A)"], which was decided against the Company through order dated March 11, 2019. Being aggrieved, the Company filed an appeal before the Appellate Tribunal Inland Revenue ("ATIR"), which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

28.1.3 Tax Year 2016 – Clause 94 part IV of Second Schedule

The Company filed an undertaking pursuant clause 94 part IV of Second Schedule to the Ordinance, thereby opting out of minimum tax on services under section 153(1)(b) of the Ordinance in respect of Tax Year 2016. The Additional Commissioner Inland Revenue ("ACIR") declined to accept the undertaking through order dated December 03, 2015 against which the Company preferred an appeal before CIR(A), which has been upheld by the CIR(A) through order dated April 04, 2019. Being aggrieved, the Company has filed an appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

28.1.4 Tax Year 2016 – under section 177

The Deputy Commissioner Inland Revenue ('DCIR') issued a show cause notice under section 122 on the basis of audit of undertaking filed under clause 94 part IV of Second Schedule to the Income tax ordinance, 2001 (the 'Ordinance'), which was duly replied by the Company. Consequently, the DCIR passed an order dated June 30, 2022 under section 122/177 of the Ordinance and has raised the income tax demand of Rs 29 million on issue of proration of certain expenses. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) who through order dated February 7, 2023, remanded back the matter to the assessing officer for fresh consideration. Both the Company and the department have filed an appeal before the honorable ATIR which has not been fixed for hearing till date. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

28.1.5 Tax Year 2014 – under section 122(5A)

The Deputy Commissioner Inland Revenue ("DCIR") issued an order dated March 28, 2016 under section 122(5A) of the Ordinance for tax year 2014, on the basis of wrong proration of expenses and capital gains and created an aggregated demand of Rs 48.59 million. The company preferred an appeal against the order, before the CIR(A) who decided the case in favor of the Company. However, the tax department has filed second appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

Sales tax

28.1.6 Tax Period from January 2016 to December 2016

The Company was selected for Sales Tax Audit through computer ballot for the tax period January 2016 to December 2016 and on the basis of audit proceedings, the DCIR passed order dated July 30, 2020 under section 11(2) of the Sales Tax Act, 1990 on various issues including suppression of sales, non-chargeability of sales tax on advance from customers, other income, late filing of sales tax returns etc. and created impugned sales tax demand amounting to Rs 655.84 million. Being aggrieved, the Company preferred an appeal before the CIR(A).

During the year 2021, the CIR(A) vide order dated January 29, 2021 annulled the demand of Rs 651.44 million with the direction to reassess the matters and confirmed the balance demand of Rs 3.70 million against which the Company has preferred an appeal before ATIR. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

28.2 Commitments

28.2.1 Guarantees issued by the financial institutions on behalf of the Company amount to Rs 524.65 million (2022: Rs 433.35 million). This includes guarantee of Rs 77.38 million (2022: Rs 77.38 million) given on behalf of UUS Joint Venture (Private) Limited, a joint operation of the Company.

28.2.2 Guarantees issued by the Company on behalf of E-Processing Systems (Private) Limited to National Bank of Pakistan amounts to Nil (2022: Rs 100 million) and issued by the Company on behalf of National Data Consultant (Private) Limited to Bank Al Habib Limited amount to Nil (2022: Rs 134 million).

28.2.3 The Company has commitments in respect of short-term lease rentals against properties of Rs 29.07 million (2022: Rs 26.37 million).

29 Revenue from contracts with customers – net

29.1 Disaggregated Revenue Information

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

| Type of goods or services | Note | 2023 | | |
|--|----------|-----------------------|----------------------|-----------------------|
| | | Rupees | | |
| | | Export | Local | Total |
| Outsourcing services: | | | | |
| Business process outsourcing | | 1,003,294,059 | 531,360,580 | 1,534,654,639 |
| IT services | | 22,564,565,149 | 2,382,135,762 | 24,946,700,911 |
| Software and hardware trading | | 132,183,337 | 3,257,793,888 | 3,389,977,225 |
| Software implementation | | 1,331,017,037 | 1,487,936,617 | 2,818,953,654 |
| Less: Sales tax | (29.1.1) | - | (652,291,265) | (652,291,265) |
| Total revenue from contracts with customers | | 25,031,059,582 | 7,006,935,582 | 32,037,995,164 |

| | | | | |
|--|--|-----------------------|----------------------|-----------------------|
| Timing of revenue recognition – net | | | | |
| Goods and services transferred at a point in time | | 127,299,303 | 2,520,035,403 | 2,647,334,706 |
| Goods and services transferred over time | | 24,903,760,279 | 4,486,900,179 | 29,390,660,458 |
| Total revenue from contracts with customers | | 25,031,059,582 | 7,006,935,582 | 32,037,995,164 |

| Type of goods or services | Note | 2022 | | |
|--|----------|-----------------------|----------------------|-----------------------|
| | | Rupees | | |
| | | Export | Local | Total |
| Outsourcing services: | | | | |
| Business process outsourcing | | 1,076,996,402 | 170,391,874 | 1,247,388,276 |
| IT services | | 14,162,943,576 | 2,309,320,608 | 16,472,264,184 |
| Software and hardware trading | | 72,211,869 | 1,912,545,367 | 1,984,757,236 |
| Software implementation | | 543,101,102 | 745,249,304 | 1,288,350,406 |
| Less: Sales tax | (29.1.1) | - | (347,995,386) | (347,995,386) |
| Total revenue from contracts with customers | | 15,855,252,949 | 4,789,511,767 | 20,644,764,716 |

| | | | | |
|--|--|-----------------------|----------------------|-----------------------|
| Timing of revenue recognition – net | | Export | Local | Total |
| Goods and services transferred at a point in time | | 65,653,345 | 1,197,057,143 | 1,262,710,488 |
| Goods and services transferred over time | | 15,789,599,604 | 3,592,454,624 | 19,382,054,228 |
| Total revenue from contracts with customers | | 15,855,252,949 | 4,789,511,767 | 20,644,764,716 |

29.1.1 This represents sales tax chargeable under provincial and federal sales tax laws on revenue as defined under relevant laws.

29.2 The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year is Rs 263.18 million (2022: Rs 378.37 million).

29.3 Transaction prices of remaining performance obligations

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) is as follows:

| | 2023 | 2022 |
|------------------------|----------------------|----------------------|
| | Rupees | |
| Within one year | 1,476,216,491 | 2,053,131,746 |

29.4 The Company makes sales against credit terms. In case of credit sales for all revenue streams, payment is generally due within 90-120 days from the date of billing to the customer.

30 Cost of revenue

| | Note | 2023 | 2022 |
|--|---------|-----------------------|-----------------------|
| | | Rupees | |
| Salaries, allowances and amenities | (30.1) | 16,543,264,441 | 10,371,190,085 |
| Purchase of software and hardware | | 2,863,276,212 | 1,650,719,889 |
| Technical consultancy | | 190,471,012 | 218,110,225 |
| Printing and stationery | | 2,914,234 | 10,040,032 |
| Computer supplies | | 50,764,061 | 19,778,589 |
| Rent, rates and taxes | | 42,340,508 | 27,466,309 |
| Electricity, gas and water | | 174,172,396 | 124,739,493 |
| Traveling and conveyance | | 445,703,270 | 303,094,371 |
| Repair and maintenance | | 2,517,164 | 53,811,251 |
| Postage, telephone and telegrams | | 198,254,651 | 144,997,499 |
| Vehicle running and maintenance | | 648,795,816 | 242,685,463 |
| Entertainment | | 6,238,736 | 6,275,831 |
| Fee and subscriptions | | 532,105,184 | 229,211,604 |
| Foreign remittance | | 31,755,386 | - |
| Insurance | | 7,924,092 | 7,314,503 |
| Depreciation of property and equipment | (6.1.3) | 535,740,287 | 366,777,759 |
| Amortization | (7.4) | 9,144,659 | 9,040,897 |
| Advertisement & publicity | | 840,000 | 1,675,358 |
| Depreciation of right-of-use asset | (9.2) | 126,263,225 | 96,730,120 |
| Others | | 8,816,298 | 6,000,000 |
| | | 22,421,301,632 | 13,889,659,278 |

30.1 This includes employees retirement benefit expense amounting to Rs 892.68 million (2022: Rs 563.82 million) and share based payment expense amounting to Rs 152.93 million (2022: Rs 45.53 million).

31 Selling and distribution expenses

| | Note | 2023 | 2022 |
|--|---------|--------------------|--------------------|
| | | Rupees | |
| Salaries, allowances and amenities | (31.1) | 312,646,285 | 193,936,199 |
| Technical consultancy | | 5,406,496 | 8,262,850 |
| Printing and stationery | | 1,306,704 | 403,468 |
| Computer supplies | | 541,017 | 750,237 |
| Electricity, gas and water | | 3,294,913 | 1,245,173 |
| Traveling and conveyance | | 18,091,328 | 18,706,501 |
| Repair and maintenance | | 1,791,450 | 1,437,032 |
| Postage, telephone and telegrams | | 2,521,856 | 2,098,736 |
| Vehicle running and maintenance | | 10,297,919 | 5,096,976 |
| Insurance | | 194,645 | 242,218 |
| Fee and subscriptions | | 10,287,545 | 6,904,635 |
| Shows, seminars and advertising | | 15,032,291 | 25,964,802 |
| Depreciation of property and equipment | (6.1.3) | 7,270,621 | 3,655,531 |
| Amortization | (7.4) | 88,053 | 79,799 |
| Depreciation of right-of-use asset | (9.2) | 748,991 | 627,154 |
| Entertainment | | 2,735,147 | 1,177,315 |
| | | 392,255,261 | 270,588,626 |

31.1 This includes employees retirement benefit expense amounting to Rs 11.75 million (2022: Rs 6.49 million) and share based payment expense amounting to Rs 9.86 million (2022: Rs 3.32 million).

32 Administrative expenses

| | Note | 2023 | 2022 |
|--|---------|---------------|---------------|
| | | Rupees | |
| Salaries, allowances and amenities | (32.1) | 1,169,656,169 | 829,375,349 |
| Printing and stationery | | 13,807,837 | 13,989,770 |
| Computer supplies | | 18,766,841 | 27,691,033 |
| Rent, rates and taxes | | 17,459,655 | 21,433,834 |
| Electricity, gas and water | | 36,101,953 | 25,236,828 |
| Traveling and conveyance | | 62,863,194 | 42,726,176 |
| Repair and maintenance | | 185,915,826 | 100,252,243 |
| Postage, telephone and telegrams | | 51,911,401 | 39,682,585 |
| Vehicle running and maintenance | | 77,945,968 | 43,080,928 |
| Legal and professional | | 62,435,047 | 78,771,203 |
| Auditors' remuneration | (32.2) | 23,967,338 | 15,193,000 |
| Entertainment | | 8,592,922 | 7,956,435 |
| Donations | (32.3) | 63,154,668 | 70,150,233 |
| Fee and subscriptions | | 176,591,621 | 116,919,686 |
| Insurance | | 2,696,531 | 3,532,239 |
| Hiring cost | | - | 409,587 |
| Depreciation of property and equipment | (6.1.3) | 86,799,485 | 60,746,612 |
| Amortization | (7.4) | 893,019 | 1,093,991 |
| Others | | 1,007,538 | 1,250,712 |
| Depreciation of right-of-use asset | (9.2) | 25,130,616 | 21,223,628 |
| | | 2,085,697,629 | 1,520,716,072 |

32.1 This includes employees retirement benefit expense amounting to Rs 52.38 million (2022: Rs 34.89 million) and share based payment expense amounting to Rs 70.35 million (2022: Rs 37.98 million).

32.2 Auditors' remuneration

| | Note | 2023 | 2022 |
|-----------------------|------|------------|------------|
| | | Rupees | |
| Statutory audit fee | | 7,550,000 | 5,500,000 |
| Special purpose audit | | 4,000,000 | - |
| Half yearly review | | 1,650,000 | 1,000,000 |
| Other certifications | | 2,137,500 | 367,500 |
| Tax services | | 7,447,580 | 6,675,500 |
| Advisory services | | - | 1,000,000 |
| Out-of-pocket | | 1,182,258 | 650,000 |
| | | 23,967,338 | 15,193,000 |

32.3 This includes donations to the following parties:

| | Note | 2023 | 2022 |
|--------------------------------------|------|------------|------------|
| | | Rupees | |
| Pakistan Children's Heart Foundation | | 10,000,000 | 10,000,000 |
| Million Smiles Foundation | | 13,300,000 | 9,000,000 |
| Akhuwat Islamic Microfinance | | - | 13,245,377 |
| The Citizens Foundation | | 4,200,000 | 7,000,000 |
| Baitussalam Welfare Trust | | - | 15,050,000 |

The directors of the Company or their spouses do not have any interest in the donees.

33 Impairment losses on financial assets

| | Note | 2023 | 2022 |
|--------------------|----------|------------|--------------|
| | | Rupees | |
| Allowance for ECLs | | | |
| - Contract assets | (13.1.2) | 3,984,527 | (17,035,350) |
| - Trade debts | (14.3) | 17,149,018 | 19,533,319 |
| - Others | (15.3.1) | 12,340,346 | - |
| | | 33,473,891 | 2,497,969 |

34 Other operating expenses

| | Note | 2023 | 2022 |
|--|------|------------------|-------------------|
| | | Rupees | |
| Loss on derivative financial instruments | | - | 87,966,377 |
| Security deposits written off | | 171,033 | 1,360,000 |
| Loss on disposal of property and equipment | | 79,231 | - |
| Others | | 8,311,322 | - |
| | | 8,561,586 | 89,326,377 |

35 Other income

| | Note | 2023 | 2022 |
|--|---------|----------------------|----------------------|
| | | Rupees | |
| Profit on deposit accounts | | 61,268,186 | 34,423,843 |
| Profit on term deposit receipts and sukuks | | 69,634,100 | 30,405,695 |
| Income on mutual funds | (35.1) | 191,710,386 | 539,378,714 |
| Exchange gain | | 2,175,797,785 | 1,195,718,409 |
| Interest on loan to related parties | | 52,168,947 | 12,108,728 |
| Effect of discounting of long term loans | | 82,935,220 | 33,789,390 |
| Effect of discounting of long term security deposits | | 3,139,937 | 1,630,628 |
| Gain on disposal of property and equipment | (6.1.4) | - | 82,844,279 |
| Liability written back | | - | 27,983,317 |
| Others | | 8,545,230 | 18,767,372 |
| | | 2,645,199,791 | 1,977,050,375 |

35.1 This represents the following:

| | Note | 2023 | 2022 |
|-------------------------------|------|--------------------|--------------------|
| | | Rupees | |
| Dividend income | | 220,627,522 | 503,368,923 |
| (Loss) / Gain on mutual funds | | (28,917,136) | 36,009,791 |
| | | 191,710,386 | 539,378,714 |

36 Finance costs

| | Note | 2023 | 2022 |
|-----------------------------------|------|--------------------|--------------------|
| | | Rupees | |
| Markup on guarantee commission | | 12,493,482 | 1,454,105 |
| Markup on borrowings | | 553,681,803 | 160,931,423 |
| Bank charges | | 21,464,769 | 7,193,698 |
| Finance cost on lease liabilities | (24) | 76,539,935 | 54,959,626 |
| | | 664,179,989 | 224,538,852 |

37 Taxation

Unconsolidated statement of profit or loss

| | Note | 2023 | 2022 |
|---|---------------|--------------------|--------------------|
| | | Rupees | |
| Current Income tax: | | | |
| - Current income tax charge | (37.1)&(37.2) | 421,034,011 | 295,658,582 |
| - Adjustments in respect of current income tax of previous year | | 51,208,870 | (3,258,453) |
| | | 472,242,881 | 292,400,129 |
| Deferred tax | (37.3) | | |
| - Relating to origination and reversal of temporary differences | | (22,631,644) | 32,250,843 |
| | | 449,611,237 | 324,650,972 |

Amounts recognized directly in equity

| | | | |
|-------------------------------------|--------|---|------------|
| Deferred tax on share based payment | (37.3) | - | 29,344,233 |
|-------------------------------------|--------|---|------------|

37.1 This represents tax chargeable under Minimum Tax Regime on local sale of software and services, tax chargeable under Final Tax Regime on export sale of services and dividend income in accordance with the provisions of the Income Tax Ordinance, 2001.

37.2 Reconciliation of tax charge for the year:

| | Note | 2023 | 2022 |
|---|------|-----------------|-----------------|
| | | | Rupees |
| Profit before taxation | | 9,008,771,728 | 6,624,487,917 |
| Tax on profit | | 2,612,543,801 | 1,921,101,496 |
| Tax effect of income under final tax regime | | (2,577,326,565) | (1,712,058,276) |
| Rate change impact | | (18,725,886) | (1,849,975) |
| Tax effect of expiry of minimum taxes during the year | | 15,165,570 | 15,307,401 |
| Tax effect of super tax for the year | | 36,468,691 | 34,139,247 |
| Tax effect of income under minimum tax regime | | 282,688,068 | 67,900,097 |
| Losses not recognized | | 27,957,696 | - |
| Tax effect of donations | | 18,314,854 | 6,806,378 |
| Tax effect of cost restriction on vehicles | | (315,186) | (4,566,272) |
| Prior year current tax adjustment | | 51,208,870 | (3,258,453) |
| Others | | 1,631,324 | 1,129,329 |
| | | 449,611,237 | 324,650,972 |

37.3 Deferred tax

| | 2023 | 2022 |
|---|---------------|--------------|
| | | Rupees |
| Taxable temporary differences | | |
| Depreciation on property and equipment | (73,121,497) | (43,519,711) |
| Right-of-use asset | (41,856,359) | (37,883,189) |
| Interest free loans given to employees | (3,603,517) | (1,034,048) |
| | (118,581,373) | (82,436,948) |
| Deductible temporary differences | | |
| Amortization on intangibles | 3,336,179 | 2,923,921 |
| Lease liabilities | 47,611,567 | 40,024,666 |
| Security deposits | 1,251,172 | 889,292 |
| Provision for doubtful debts | 18,611,058 | 17,213,170 |
| Provision for contract assets | 753,317 | 383,983 |
| Provision for others | 1,012,476 | - |
| Employee compensation reserve | 33,010,516 | 19,301,552 |
| Accelerated tax depreciation and amortization | 49,091,938 | - |
| Minimum tax | - | 15,165,570 |
| | 154,678,223 | 95,902,154 |
| | 36,096,850 | 13,465,206 |

37.4 The Company has not recognized deferred tax asset of Rs 16.03 million (2022: Nil) against excess minimum tax paid in prior years, a deferred tax asset of Rs 7.96 million (2022: Nil) against business losses of Rs 27.45 million (2022: Nil) as the Company falls under minimum tax regime and this trend is expected to continue for the foreseeable future. Moreover, a deferred tax asset of Rs 19.99 million against impairment loss on investment in E-Processing Systems B.V. on prudence principle basis.

38 Transactions With Related Parties

The related parties of the Company comprise subsidiaries, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel (Note 39). All transactions with related parties have been carried out on mutually agreed terms and conditions. Amounts due from and to related parties are shown under respective notes to the unconsolidated financial statements. Other significant transactions with related parties are as follows:

| Undertaking | Relation | Basis of relationship | Nature of transaction | 2023 | 2022 |
|---|-----------------------|--|--|---|---|
| Rupees | | | | | |
| TechVista Systems FZ- LLC | Subsidiary | Wholly owned | Revenue Expenses incurred on behalf of the party by the Company Expenses incurred on behalf of the Company by the party Share options issued to employees of the subsidiary Issue of shares by the party against advance given Consultancy fee by the party Payment of licenses made by the party on behalf of the Company Payments made by the party on behalf of the Company for acquisition of SYS Egypt for Information Technology Services Advance against issuance of shares returned by the party during the year Finance income on advance against issuance of shares | 5,747,294,177 233,184,992 667,894,300 17,929,667 - 85,454,529 313,343,182 - - - - | 3,257,740,985 16,745,422 491,816,039 49,503,566 341,741,600 94,746,488 349,480,543 113,125,000 84,139,740 12,777,019 |
| E Processing Systems (Private) Limited. | Associated company | Wholly owned by Associate: E-Processing Systems B.V. | Disbursements against loan Receipts against loan Finance income on loan Property and equipment sold to the party during the year | 32,144,910 100,793,974 50,752,895 8,067,182 | 74,613,843 89,867,848 38,191,779 - |
| SUS-JV (Private) Limited. | Subsidiary | 94.99% owned subsidiary | Disbursement against loan Receipts against loan Finance income on loan | 31,570,956 41,710,273 1,052,724 | 22,774,914 17,538,016 496,034 |
| Visionet Systems Incorporation - USA | Associated company | Common shareholding of directors | Revenue Expenses incurred on behalf of the party by the Company Consultancy fee by the party Payment of licenses made by the party on behalf of the company Expenses incurred on behalf of the Company by the party | 11,009,088,958 73,187,167 7,674,729 28,206,832 246,269,332 | 9,208,820,939 113,300,990 - - 90,851,807 |
| Visionet Deutschland GMBH | Associated company | Common shareholding of directors | Revenue Expenses incurred on behalf of the party by the Company | 646,428,545 17,820,917 | 766,590,049 25,923,009 |
| Systems Ventures (Private) Limited | Subsidiary | Wholly owned | Expenses incurred on behalf of the party by the Company Advance given to the party for issuance of shares Payment made on behalf of the party to Systems International IT Pte. Ltd. Ownership interest in Systems International IT Pte. Ltd. transferred to the party Issue of shares by the party against advance given Advance against issuance of shares returned by the party during the year | 3,407,969 - 1,407,182,000 818,009,000 - - | 2,524,249 241,000,020 - - 241,000,020 8,610,295 |
| System Australia for Information Technology Pty.Ltd | Sub-Subsidiary | Wholly owned by subsidiary: TechVista Systems FZ LLC | Revenue Expenses incurred on behalf of the party by the Company | 20,985,955 35,709,020 | - - |
| Systems Limited Employees' Provident Fund | Staff retirement fund | Staff retirement fund | Contribution Payments made on behalf of the party by the Company | 1,001,065,999 464,540,571 | 606,393,847 553,116,128 |
| TechVista Information Technology W.LL | Subsidiary | Management Control | Revenue Share options issued to employees of the subsidiary Expenses incurred on behalf of the party by the Company Consultancy fee by the party Payment of licenses made by the party on behalf of the company Expenses incurred on behalf of the Company by the party | 618,226,704 1,149,142 42,279,656 11,129,900 300,207 88,906,160 | 395,265,161 148,588 33,082,839 - - 7,881,597 |
| Visionet EMEA Limited | Associated company | Common shareholding of directors | Revenue Expenses incurred on behalf of the party by the Company | 856,097,575 4,730,444 | 511,910,715 5,609,797 |
| National Data Consultant (Private) Limited | Subsidiary | Wholly owned | Share options issued to employees of the subsidiary Consultancy fee by the party Expenses incurred on behalf of the party by the Company Expenses incurred on behalf of the Company by the party | 1,356,985 22,936,545 988,580,905 59,801,682 | 15,591,865 3,766,194 141,207,444 - |

| Undertaking | Relation | Basis of relationship | Nature of transaction | 2023 | 2022 |
|---|--------------------|--|---|---|--|
| | | | | Rupees | |
| Systems Arabia for Information Technology | Subsidiary | Wholly owned | Revenue Share options issued to employees of the subsidiary Consultancy fee by the party Expenses incurred on behalf of the party by the Company Expenses incurred on behalf of the Company by the party | 1,393,317,394 9,960,819 33,261,845 289,279,917 83,541,783 | 198,002,427 5,116,706 - 166,041,312 64,480,042 |
| Treehouse Consultancy LLC | Sub-Subsidiary | Wholly owned by subsidiary: TechVista Systems FZ LLC | Revenue | 38,305,384 | 114,624,041 |
| Systems Africa for Information Technologies Pty. Ltd. | Subsidiary | Wholly owned | Revenue Expenses incurred on behalf of the party by the Company Share options issued to employees | 118,844,452 6,325,087 1,446,553 | - 4,158,456 - |
| Systems APAC for Information Technology Pte. Ltd. | Sub-Subsidiary | Wholly owned by sub-subsidiary: Systems International IT Pte. Ltd. | Revenue Share options issued to employees Expenses incurred on behalf of the party by the Company | 355,833,046 2,247,585 45,496,082 | - - 1,342,464 |
| Systems International IT Pte. Ltd. | Sub-Subsidiary | Wholly owned by subsidiary: Systems Ventures (Private) Limited | Advance given to the party for issuance of shares Expenses incurred on behalf of the party by the Company | - 1,002,242 | 818,009,000 - |
| SYS Egypt for Information Technology Services | Subsidiary | Wholly owned | Expenses incurred on behalf of the party by the Company Consultancy fee by the party Expenses incurred on behalf of Company by the party Share options issued to employees of the subsidiary Investment made by the Company during the year | 3,058,014 1,284,806 224,646 723,277 - | 1,042,683 - - - 113,125,000 |
| National Data Consultancy FZE | Sub-Subsidiary | Wholly owned by sub-subsidiary: Systems International IT Pte. Ltd. | Revenue Expenses incurred on behalf of the party by the company | 1,291,877,656 17,104,614 | - - |
| Visionet Canada Inc. | Associated company | Common shareholding of directors | Revenue | 7,371,620 | - |
| AtClose | Associated company | Common shareholding of directors | Revenue | 123,788,827 | - |
| PartnerLinQ, Inc. | Associated company | Common shareholding of directors | Revenue | 314,599,158 | - |

38.1 Details of the Company's subsidiaries and associated companies incorporated outside Pakistan are as follows:

| Name of Company | Details | | | |
|--|--------------------------|--|----------------------|----------------------------|
| | Country of incorporation | Registered Address | Basis of Association | Percentage of shareholding |
| Systems Arabia for Information Technology | Kingdom of Saudi Arabia | Anas Ibn Malik Road, Al Malqa, Riyadh | Subsidiary | 100% |
| TechVista Systems FZ- LLC | UAE | TechVista Systems LLC, Office 603, 6th Floor, Exchange Tower, Business Bay, Dubai, UAE | Subsidiary | 100% |
| Systems Australia for Information Technology Pty Limited | Australia | Level 16 1 Market Street Sydney NSW 2000 | Sub-Subsidiary | - |
| Systems APAC for Information Technology Pte. Ltd. | Singapore | 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 | Sub-Subsidiary | - |
| Systems International IT Pte. Ltd. | Singapore | 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 | Sub-Subsidiary | - |
| SYS Egypt for Information Technology Services | Egypt | Building B 2116, the Smart Village, 28 Kms, Cairo Alexandria Desert Road, Giza, Egypt | Subsidiary | 100% |
| Systems Africa for Information Technologies Pty. Ltd. | South Africa | Central Office Park No.4, 257 Jean Avenue, Centurion, 0157, PO Box 7750, Centurion, 0046 | Subsidiary | 100% |
| National Data Consultancy FZE | UAE | P.O Box 42741, Hamriyah Free Zone, Sharjah, UAE | Sub-Subsidiary | - |
| Visionet Deutschland GmbH | Germany | Maximilian street 13, 80539, Munchen, Germany | Associate | - |
| Visionet Systems Inc. | USA | Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641 | Associate | - |
| Visionet EMEA Limited | UK | Wellington Way, Brooklands Business Park, Weybridge, Surrey KT13 0TT, GB | Associate | - |
| E-Processing Systems B.V. | Netherlands | Edvard Munchweg 14 B, 1328 MA Almere | Associate | 30.9% |
| TechVista Information Technology W.L.L. | Qatar | TechVista IT WILL, Head Office Palm Towers B, Floor 41, Westbay, Doha, Qatar | Subsidiary | 34% |
| Visionet Canada Inc. | Canada | 2425 Matheson Blvd E, Mississauga, ON L4W5K4, Canada | Associate | - |
| PartnerLinQ Inc. | USA | Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641 | Associate | - |
| AtClose LLC | USA | Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641 | Associate | - |
| Treehouse Consultancy LLC | UAE | Office No. 3204 Latifa Tower, Sheikh Zayed Road, Dubai, United Arab Emirates | Sub-Subsidiary | - |

39. Remuneration Of Chief Executive Officer, Directors And Executives

The aggregate amounts charged in the unconsolidated financial statements for the year for remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are as follows :

| | Note | Chief Executive Officer | | Non Executive Directors | | Other Executives | |
|-------------------------|--------|-------------------------|------------|-------------------------|-----------|------------------|---------------|
| | | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Number of persons | | 1 | 1 | 6 | 6 | 3,361 | 1,749 |
| | | | | NOS | | | |
| | | | | Rupees | | | |
| Managerial remuneration | | 97,993,395 | 48,879,600 | - | - | 12,342,603,419 | 5,834,817,030 |
| Retirement benefits | | 6,532,893 | 3,187,800 | - | - | 818,499,057 | 378,843,854 |
| Bonus | | - | - | - | - | 345,179,776 | 218,986,654 |
| Fees | (39.2) | - | - | 5,300,000 | 5,000,000 | - | - |
| | | 104,526,288 | 52,067,400 | 5,300,000 | 5,000,000 | 13,506,282,252 | 6,432,647,538 |

39.1 In addition to the above remuneration, the Chief Executive Officer and certain executives are also provided with company maintained cars, free medical and mobile phone facilities in accordance with their entitlement.

39.2 Fees represent the amounts paid to Non Executive Directors for attending meetings of the Board and its sub-committees.

39.3 During the year, the Chief Executive Officer and Other Executives were granted 235,000 (2022: 491,319) and 1,850,500 (2022: 2,018,900) share options respectively, which have a vesting period of two years. Further, the impact of benefits available to the Chief Executive Officer and other executives recognized by the Company on account of share-based payment plans aggregated to Rs 16.99 million (2022: Rs 10.20 million) and Rs 124.62 million (2022: Rs 72.81 million), respectively.

39.4 During the current year, the chief executive officer and certain executives of the Company exercised stock option under employee stock option scheme according to which Nil (2022: 627,037) and 1,013,700 (2022: 276,652) shares respectively were issued to them.

40 Earnings per share - basic and diluted

Earnings per share is calculated by dividing the net profit for the year by weighted average number of shares outstanding during the year as follows:

| Note | 2023 | 2022 |
|--|--------------------|---------------|
| | Rupees | |
| Profit for the year | 8,559,160,491 | 6,299,836,945 |
| | (Number of shares) | |
| Weighted-average number of ordinary shares outstanding during the year | 291,016,682 | 280,724,021 |
| Basic earnings per share (Rupees) | 29.41 | 22.44 |

40.1 Diluted earnings per share

| Note | 2023 | 2022 |
|--|------------------|---------------|
| | Rupees | |
| Profit for the year | 8,559,160,491 | 6,299,836,945 |
| | Number of Shares | |
| Weighted average number of ordinary shares (basic) | 291,016,682 | 280,724,021 |
| Effect of share options | 1,912,326 | 1,900,603 |
| Weighted average number of ordinary shares - diluted | 292,929,008 | 282,624,624 |
| Diluted earnings per share (Rupees) | 29.22 | 22.29 |

41 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

41.1 Risk management framework

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. The executive management team is responsible for developing and monitoring the Company's risk management policies. The team regularly meets and any changes and compliance issues are reported to the Board of Directors through the audit committee.

Risk management systems are reviewed regularly by the executive management team to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees compliance by management with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

41.2 Market risk

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions and recognized assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the Company's functional currency.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Company are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the unconsolidated statement of profit or loss.

Currently, the Company's foreign exchange risk exposure is restricted to contract assets, trade debts, other receivables, other payables and bank balances. The Company's exposure to currency risk is as follows:

| | 2023 | 2022 |
|------------------|--------------|--------------|
| | Rupees | |
| USD | | |
| Trade debts | 48,335,794 | 23,419,480 |
| Bank balance | 581,130 | 481,047 |
| Other receivable | 1,744,328 | 53,599 |
| Other payable | (7,353,760) | (833,060) |
| | 43,307,492 | 23,121,066 |
| AUD | | |
| Trade debts | 162,259 | 169,049 |
| Other receivable | 110,446 | - |
| | 272,705 | 169,049 |
| AED | | |
| Trade debts | 10,282,594 | 28,640,019 |
| Other payable | (11,959,700) | (11,959,700) |
| | (1,677,106) | 16,680,319 |
| QAR | | |
| Trade debts | 5,644,326 | 7,169,569 |
| Other receivable | 274,801 | 275,953 |
| | 5,919,127 | 7,445,522 |
| GBP | | |
| Trade debts | 1,735,156 | 1,571,476 |
| Other receivable | 6,990 | 31,055 |
| | 1,742,146 | 1,602,531 |
| EUR | | |
| Trade debts | - | 979,175 |
| Other receivable | 1,366 | 105,283 |
| | 1,366 | 1,084,458 |

| | | |
|------------------|-----------|-----------|
| CAD | | |
| Trade debts | 34,089 | - |
| | 34,089 | - |
| SAR | | |
| Trade debts | 122,728 | 1,098,004 |
| Other receivable | 2,363,666 | 2,476,299 |
| | 2,486,394 | 3,574,303 |

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax.

| | | Changes in Rate | Effect on profit before tax | Effect on equity | Effect on profit before tax | Effect on equity |
|-----|------|-----------------|-----------------------------|------------------|-----------------------------|------------------|
| | | | 2023 | 2023 | 2022 | 2022 |
| | | | Rupees | | | |
| USD | +10% | | 1,219,972,050 | 866,180,156 | 523,114,113 | 371,411,020 |
| | -10% | | (1,219,972,050) | (866,180,156) | (523,114,113) | (371,411,020) |
| AUD | +10% | | 5,256,389 | 3,732,036 | 2,593,548 | 1,841,419 |
| | -10% | | (5,256,389) | (3,732,036) | (2,593,548) | (1,841,419) |
| AED | +10% | | (12,873,466) | (9,140,161) | 102,784,126 | 72,976,729 |
| | -10% | | 12,873,466 | 9,140,161 | (102,784,126) | (72,976,729) |
| QAR | +10% | | 45,322,755 | 32,179,156 | 46,326,038 | 32,891,487 |
| | -10% | | (45,322,755) | (32,179,156) | (46,326,038) | (32,891,487) |
| GBP | +10% | | 62,644,086 | 44,477,301 | 43,704,223 | 31,029,998 |
| | -10% | | (62,644,086) | (44,477,301) | (43,704,223) | (31,029,998) |
| EUR | +10% | | 42,611 | 30,254 | 26,141,937 | 18,560,775 |
| | -10% | | (42,611) | (30,254) | (26,141,937) | (18,560,775) |
| CAD | +10% | | 725,550 | 515,141 | - | - |
| | -10% | | (725,550) | (515,141) | - | - |
| SAR | +10% | | 18,680,278 | 13,262,997 | 21,503,007 | 15,267,135 |
| | -10% | | (18,680,278) | (13,262,997) | (21,503,007) | (15,267,135) |

Profit and equity are more sensitive to movements in exchange rates in 2023 than 2022 because of the increased amount of foreign currency denominated revenue.

The following exchange rates were applicable during the year:

| | 2023 | 2022 |
|----------------------|--------|--------|
| Reporting date rate: | | |
| USD | 281.70 | 226.25 |
| AUD | 192.75 | 153.42 |
| AED | 76.76 | 61.62 |
| QAR | 76.57 | 62.22 |
| GBP | 359.58 | 272.72 |
| EUR | 311.94 | 241.06 |
| CAD | 212.84 | 166.89 |
| SAR | 75.13 | 60.16 |
| Average rate: | | |
| USD | 283.30 | 205.54 |
| AUD | 189.32 | 141.86 |
| AED | 77.14 | 55.96 |
| QAR | 77.75 | 56.42 |
| GBP | 358.41 | 251.81 |
| EUR | 308.94 | 215.18 |
| CAD | 210.83 | 165.39 |
| SAR | 75.51 | 54.46 |

(b) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company mitigates its risk against the exposure by focusing on short-term investment and maintaining adequate bank balances.

At the unconsolidated statement of financial position, the interest rate profile of the Company's interest-bearing financial instruments was:

| | 2023 | 2022 |
|----------------------------------|----------------------|------------------------|
| | Rupees | |
| Fixed rate instruments | | |
| Financial assets | | |
| Short term investments | 282,000,000 | 177,000,000 |
| Long term loans | 712,111,946 | 398,150,748 |
| | 994,111,946 | 575,150,748 |
| Financial liabilities | | |
| Lease liabilities | 580,303,133 | 541,723,263 |
| | 580,303,133 | 541,723,263 |
| Net exposure | 413,808,813 | 33,427,485 |
| Variable rate instruments | | |
| Financial assets | | |
| Bank balances – deposit accounts | 895,008,939 | 234,830,734 |
| Loans to related parties | 239,828,941 | 275,965,677 |
| | 1,134,837,880 | 510,796,411 |
| Financial liabilities | | |
| Short term borrowings | 2,119,000,000 | 3,050,000,000 |
| Net exposure | (984,162,120) | (2,539,203,589) |

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the date of statement of financial position would not affect the profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

The impact of changes in average effective interest rate for the year is given below:

| | | Increase/ decrease in rate | Effect on profit before tax | Effect on Equity |
|-----------------------|------|-------------------------------|--------------------------------|------------------|
| Financial assets | | | | |
| | 2022 | +1 | 5,107,964 | 3,626,655 |
| | | -1 | (5,107,964) | (3,626,655) |
| | 2023 | +1 | 11,348,379 | 8,057,349 |
| | | -1 | (11,348,379) | (8,057,349) |
| Financial liabilities | | | | |
| | 2022 | +1 | (30,500,000) | (21,655,000) |
| | | -1 | 30,500,000 | 21,655,000 |
| | 2023 | +1 | (21,190,000) | (15,044,900) |
| | | -1 | 21,190,000 | 15,044,900 |

(c) Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. There is other price risk of changes in the fair value of investment in mutual funds as a result of changes in the levels of net asset value of units held by the Company. As at 31st December 2023, had there been increase / decrease in net asset value by 1%, with all other variables held constant, the profit before tax for the year and equity would have been higher / lower by Rs .29 million (2022: Rs .47 million) and Rs .21 million (2022: Rs. 33 million).

41.3 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual third party. The management also continuously monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread directly or indirectly over a large number of counter parties and subscribers in case of trade debts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| | 2023 | 2022 |
|----------------------------------|-----------------------|-----------------------|
| | Rupees | |
| Interest free loans to employees | 712,111,946 | 398,150,748 |
| Contract assets | 1,856,838,544 | 1,029,444,687 |
| Trade debts | 16,198,145,227 | 8,818,580,572 |
| Trade deposits | 194,415,504 | 220,083,140 |
| Loans to related parties | 239,828,941 | 275,965,677 |
| Other receivables | 1,452,856,881 | 497,638,045 |
| Short term investments | 1,159,419,112 | 4,430,978,169 |
| Interest accrued | 3,096,777 | 1,521,649 |
| Bank balances | 1,441,797,830 | 588,211,421 |
| | 23,258,510,762 | 16,260,574,108 |

The aging of trade debts – secured at the reporting date is:

| | | |
|-----------------------------|----------------------------|----------------------|
| Not Past Due | 8,554,995,016 | 6,368,810,774 |
| Past due 0–90 days | 3,251,252,231 | 1,660,792,032 |
| Past due 91–180 days | 2,248,515,521 | 519,070,540 |
| Past due 181–270 days | 682,408,268 | 155,844,441 |
| Past due 271–360 days | 959,128,126 | 98,477,247 |
| Past due 361 days and above | 728,682,862 | 248,561,234 |
| | (14) 16,424,982,024 | 9,051,556,268 |

The aging of contract assets – secured at the reporting date is:

Unbilled Revenue

| | | |
|--------------------|-----------------------------|--------------------|
| 0 – 90 days | 1,161,173,360 | 690,061,528 |
| 91 – 180 days | 411,854,253 | 256,022,837 |
| 181 – 270 days | 229,809,679 | 24,803,377 |
| 271 – 365 days | 6,916,922 | – |
| One year and above | 1,349,393 | – |
| | (13.1) 1,811,103,607 | 970,887,742 |

As at year end, 52.30% of revenue (2022: 60.55%) were represented by two customers (2022: two customers) amounting to Rs 16,756.38 million (2022: Rs 12,465.01 million). More than 10% of the revenue came from each of these individual customers. The management believes that the Company is not exposed to customer concentration risk as these customers are related parties of the Company.

The Company has applied the IFRS's simplified approach and has calculated ECLs based on lifetime expected credit losses except for cases otherwise disclosed. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and short term investments held with some major counterparties at the reporting date:

| Banks | Short term | Long term | Agency | 2023 | 2022 |
|--|---------------|-----------|--------|---------------|---------------|
| | | | | Rupees | |
| Bank Balances | | | | | |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 980,349,984 | 412,623,796 |
| Bank Islami Pakistan Limited | A1 | AA- | PACRA | 7,694,419 | 7,694,419 |
| United Bank Limited | A1+ | AAA | VIS | 11,322,152 | 3,546,910 |
| Faysal Bank Limited | A1+ | AA | PACRA | 45,948,846 | 27,442,645 |
| Standard Chartered Bank (Pakistan) Limited | A1+ | AAA | PACRA | 73,932,053 | 17,191,278 |
| FINCA Microfinance Bank Limited | A2 | A- | PACRA | 1,134,223 | 790,198 |
| Meezan Bank Limited | A1+ | AAA | VIS | 17,286,201 | 2,864,548 |
| Bank Alfalah Limited | A1+ | AA+ | PACRA | - | 2,420,000 |
| Habib Bank Limited | A1+ | AAA | VIS | 24,079,932 | 11,871,431 |
| MCB Bank Limited | A1+ | AAA | PACRA | 139,787,128 | 89,133,970 |
| Allied Bank Limited | A1+ | AAA | PACRA | 5,246,837 | 632,226 |
| Bank Al Habib Limited | A1+ | AAA | PACRA | 371,810 | - |
| | | | | 1,307,153,585 | 576,211,421 |
| TDRs | | | | | |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 255,000,000 | 150,000,000 |
| Habib Bank Limited | A1+ | AAA | VIS | 27,000,000 | 27,000,000 |
| | | | | 282,000,000 | 177,000,000 |
| Mutual Funds | | | | | |
| AL Habib Asset Management Limited | Not Available | AM2 | PACRA | 125,258,150 | 938,895,542 |
| Al-Meezan Investment Management Limited | Not Available | AM1 | PACRA | - | 1,346,230,290 |
| NBP Fund Management Limited | Not Available | AM1 | PACRA | - | 305,329,170 |
| MCB-Arif Habib Savings & Investments Limited | Not Available | AM1 | PACRA | - | 488,442,573 |
| ABL Asset Management Company Limited | Not Available | AM1 | PACRA | 250,717,910 | 304,115,215 |
| Alfalah Asset Management Limited | Not Available | AM2++ | PACRA | 251,096,305 | 303,774,456 |
| Lakson Investments Limited | Not Available | AM2+ | PACRA | - | 200,677,493 |
| UBL Fund Managers Limited | Not Available | AM1 | VIS | - | 304,022,126 |
| Faysal Asset Management Limited | Not Available | AM2+ | VIS | 250,346,747 | 62,491,304 |
| | | | | 877,419,112 | 4,253,978,169 |

Except disclosed otherwise, the expected loss rates of trade debts are based on the payment profiles of sales over a period of 24 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the consumer price index of the countries in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

41.3.1

| | Local private customers | | | Local government customers | | | Export customers | | | Total | |
|-----------------------------|-------------------------|---------------|----------------|----------------------------|-------------|----------------|--------------------|----------------|----------------|----------------|----------------|
| | Expected loss rate | Trade debts | Loss allowance | Expected loss rate | Trade debts | Loss allowance | Expected loss rate | Trade debts | Loss allowance | Trade debts | Loss allowance |
| | % | Rupees | | % | Rupees | | % | Rupees | | Rupees | |
| December 31, 2023 | | | | | | | | | | | |
| Not Past Due | 0.14% | 995,754,125 | 1,403,839 | 0.29% | 209,059,110 | 607,926 | 0.01% | 6,525,974,046 | 491,833 | 7,730,787,281 | 2,503,598 |
| Past due 0-90 days | 1.34% | 132,377,270 | 1,775,160 | 1.45% | 8,778,665 | 127,594 | 0.13% | 1,679,880,680 | 2,158,034 | 1,821,036,615 | 4,060,788 |
| Past due 91-180 days | 7.49% | 11,752,566 | 880,401 | 6.37% | 29,296,267 | 1,866,162 | 0.36% | 1,230,436,812 | 4,378,336 | 1,271,485,645 | 7,124,899 |
| Past due 181-270 days | 26.37% | 20,048,968 | 5,286,244 | 23.90% | 183,001 | 43,735 | 0.34% | 810,166,040 | 2,721,133 | 830,398,009 | 8,051,112 |
| Past due 271-360 days | 82.12% | 7,524,337 | 6,178,719 | 69.87% | 14,105,982 | 9,855,816 | 12.03% | 54,870,536 | 6,601,026 | 76,500,855 | 22,635,561 |
| Past due 361 days and above | 100.00% | 34,970,694 | 34,970,694 | 100.00% | 16,856,472 | 16,856,472 | 56.00% | 32,939,674 | 18,446,245 | 84,766,840 | 70,273,411 |
| | | 1,202,427,960 | 50,495,057 | | 278,279,497 | 29,357,705 | | 10,334,267,788 | 34,796,607 | 11,814,975,245 | 114,649,369 |
| Certain related parties 1 | | 695,885,260 | 13,008,149 | | - | - | | 3,914,121,519 | 99,179,279 | 3,914,121,519 | 99,179,279 |
| Financial institutions 2 | | | | | | | | - | - | 695,885,260 | 13,008,149 |
| Gross trade debts | | 1,898,313,220 | 63,503,206 | | 278,279,497 | 29,357,705 | | 14,248,389,307 | 133,975,886 | 16,424,982,024 | 226,836,797 |

| | Local private customers | | | Local government customers | | | Export customers | | | Total | |
|--|-------------------------|----------------------|--------------------|----------------------------|--------------------|-------------------|--------------------|----------------------|-------------------|----------------------|--------------------|
| | Expected loss rate | Trade debts | Loss allowance | Expected loss rate | Trade debts | Loss allowance | Expected loss rate | Trade debts | Loss allowance | Trade debts | Loss allowance |
| | % | Rupees | | % | Rupees | | % | Rupees | | Rupees | |
| December 31, 2022 | | | | | | | | | | | |
| Not Past Due | 0.57% | 561,561,075 | 3,213,533 | 1.31% | 81,359,279 | 1,065,072 | 0.23% | 5,070,317,934 | 11,750,647 | 5,713,238,288 | 16,029,252 |
| Past due 0-90 days | 5.62% | 169,659,413 | 9,536,550 | 6.75% | 54,730,451 | 3,696,499 | 0.07% | 1,216,055,202 | 829,305 | 1,440,445,066 | 14,062,354 |
| Past due 91-180 days | 26.06% | 113,397,989 | 29,553,968 | 24.93% | 24,358,856 | 6,071,896 | 0.42% | 245,878,679 | 1,044,899 | 383,635,524 | 36,670,763 |
| Past due 181-270 days | 87.53% | 31,428,892 | 27,510,320 | 98.06% | 1,941,473 | 1,903,749 | 24.87% | 39,062,607 | 9,716,559 | 72,432,972 | 39,130,628 |
| Past due 271-360 days | 100.00% | 28,534,733 | 28,534,733 | 100.00% | 2,592,763 | 2,592,763 | 100.00% | 105,432 | 105,432 | 31,232,928 | 31,232,928 |
| Past due 361 days and above | 100.00% | 17,533,037 | 17,533,037 | 100.00% | 3,501,273 | 3,501,273 | 100.00% | 1,532,844 | 1,532,844 | 22,567,154 | 22,567,154 |
| | | 922,115,139 | 115,882,141 | | 168,484,095 | 18,831,252 | | 6,572,952,698 | 24,979,686 | 7,663,551,932 | 159,693,079 |
| TechVista Information Technology W.L.L.I | | - | - | | - | - | | 744,056,217 | 64,124,697 | 744,056,217 | 64,124,697 |
| Financial institutions 2 | | 643,948,119 | 9,157,920 | | - | - | | - | - | 643,948,119 | 9,157,920 |
| Gross trade debts | | 1,566,063,258 | 125,040,061 | | 168,484,095 | 18,831,252 | | 7,317,008,915 | 89,104,383 | 9,051,556,268 | 232,975,696 |

¹ For certain related parties, ECL is recognized on the basis of their ability to pay or present value of projected cashflows based on a probability weighted estimate as disclosed in note 3.2.3.

² For financial institutions, ECL has been computed on the basis of their credit ratings issued by external credit rating agencies.

41.3.2 The Company changed its estimate for categorizing a financial asset for write off from more than 270 days past due to more than 360 days past due. If the accounting estimate was not changed, a further ECL expense of Rs 83.5 million would have been booked.

41. 4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The following are the contractual maturities of financial liabilities:

The following are the contractual maturities of financial liabilities as at December 31, 2023:

| | Carrying amount | Contractual cash flows | Less than one year | One to five years | More than five years |
|---------------------------------|----------------------|------------------------|----------------------|--------------------|----------------------|
| Lease Liabilities | 580,303,133 | 725,359,492 | 192,982,683 | 505,490,096 | 26,886,713 |
| Trade and other payables | 5,626,922,827 | 5,626,922,827 | 5,626,922,827 | - | - |
| Unclaimed dividend | 18,659,407 | 18,659,407 | 18,659,407 | - | - |
| Short term borrowings - secured | 2,119,000,000 | 2,119,000,000 | 2,119,000,000 | - | - |
| Accrued mark-up on borrowings | 96,093,532 | 96,093,532 | 96,093,532 | - | - |
| | 8,440,978,899 | 8,586,035,258 | 8,053,658,449 | 505,490,096 | 26,886,713 |

The following are the contractual maturities of financial liabilities as at 31 December 2022:

| | Carrying amount | Contractual cash flows | Less than one year | One to five years | More than five years |
|---------------------------------|----------------------|------------------------|----------------------|--------------------|----------------------|
| Lease Liabilities | 541,723,263 | 703,414,213 | 144,595,142 | 512,468,913 | 46,350,159 |
| Trade and other payables | 2,646,087,323 | 2,646,087,323 | 2,646,087,323 | - | - |
| Unclaimed dividend | 13,536,152 | 13,536,152 | 13,536,152 | - | - |
| Short term borrowings - secured | 3,050,000,000 | 3,050,000,000 | 3,050,000,000 | - | - |
| Accrued mark-up on borrowings | 82,126,318 | 82,126,318 | 82,126,318 | - | - |
| | 6,333,473,056 | 6,495,164,007 | 5,936,344,935 | 512,468,913 | 46,350,159 |

41.5 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

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

41.6 Financial instruments by categories

| 2023 | | | |
|---|-------------|------------------------------------|----------------|
| Financial assets at fair value through profit or loss | | Financial assets at amortized cost | Total |
| Rupees | | | |
| Assets as per statement of financial position | | | |
| Interest free loans to employees | - | 712,111,946 | 712,111,946 |
| Contract assets | - | 1,856,838,544 | 1,856,838,544 |
| Trade debts | - | 16,198,145,227 | 16,198,145,227 |
| Trade deposits | - | 194,415,504 | 194,415,504 |
| Loans to related parties | - | 239,828,941 | 239,828,941 |
| Other receivables | - | 1,452,856,881 | 1,452,856,881 |
| Short term investments | 877,419,112 | 282,000,000 | 1,159,419,112 |
| Interest accrued | - | 3,096,777 | 3,096,777 |
| Cash and bank balances | - | 1,441,973,473 | 1,441,973,473 |
| | 877,419,112 | 22,381,267,293 | 23,258,686,405 |

| 2022 | | | |
|---|---------------|------------------------------------|----------------|
| Financial assets at fair value through profit or loss | | Financial assets at amortized cost | Total |
| Rupees | | | |
| Assets as per statement of financial position | | | |
| Interest free loans to employees | - | 398,150,748 | 398,150,748 |
| Contract assets | - | 1,029,444,687 | 1,029,444,687 |
| Trade debts | - | 8,818,580,572 | 8,818,580,572 |
| Trade deposits | - | 220,083,140 | 220,083,140 |
| Loans to related parties | - | 275,965,677 | 275,965,677 |
| Other receivables | - | 497,638,045 | 497,638,045 |
| Short term investments | 4,253,978,169 | 177,000,000 | 4,430,978,169 |
| Interest accrued | - | 1,521,649 | 1,521,649 |
| Cash and bank balances | - | 600,569,946 | 600,569,946 |
| | 4,253,978,169 | 12,018,954,464 | 16,272,932,633 |

| 2023 | | 2022 |
|---|---------------|---|
| Financial liabilities at amortized cost | | Financial liabilities at amortized cost |
| Rupees | | |
| Liabilities as per statement of financial position | | |
| Lease liabilities | 580,303,133 | 541,723,263 |
| Mark-up accrued on short term borrowings | 5,626,922,827 | 2,646,087,323 |
| Short term borrowings | 18,659,407 | 13,536,152 |
| Unclaimed dividend | 2,119,000,000 | 3,050,000,000 |
| Trade and other payables | 96,093,532 | 82,126,318 |
| | 8,440,978,899 | 6,333,473,056 |

41.7 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the unconsolidated financial statements approximate their fair values. The table below analyses unconsolidated financial instruments carried at fair value by valuation method. The different level have been defined as follows:

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

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

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

| | Fair value measurement using | | | |
|------------------------------------|---|---|---|-------|
| | "Quoted price in active market (Level 1)" | "Significant observable inputs (Level 2)" | "Significant unobservable inputs (Level 3)" | Total |
| As at December 31, 2023 | Rupees | | | |
| Fair value through profit and loss | | | | |
| - Mutual fund units | 877,419,112 | - | - | - |
| As at December 31, 2022 | | | | |
| Fair value through profit and loss | | | | |
| - Mutual fund units | 4,253,978,169 | - | - | - |

41.7.1 There were no transfers between Level 1 and Level 2 during 2023 and 2022.

41.7.2 Fair value of mutual funds is measured with reference to their respective net asset value.

41.8 Capital risk management

The Company's policy is to safeguard the Company's ability to remain as a going concern and ensure a strong capital base in order to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Board of Directors monitors the returns on capital, which the Company defines as net operating income divided by total shareholders' equity. The Company's objectives when managing:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

Consistent with the industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings as shown in the statement of financial position less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the unconsolidated statement of financial position.

The debt-to-equity ratio is as follows:

The debt-to-equity ratio as of December 31 is as follows:

| | Note | 2023 | 2022 |
|---------------------------------|------|-----------------|----------------|
| | | Rupees | |
| Lease liabilities | (24) | 580,303,133 | 541,723,263 |
| Trade and other payables | (25) | 5,700,927,809 | 2,694,812,394 |
| Short term borrowings – secured | (27) | 2,119,000,000 | 3,050,000,000 |
| Accrued mark-up on borrowings | | 96,093,532 | 82,126,318 |
| | | 8,496,324,474 | 6,368,661,975 |
| Less: Cash and bank balances | (19) | (1,441,973,473) | (588,569,946) |
| Net debt | | 7,054,351,001 | 5,780,092,029 |
| Total capital | | 27,713,527,674 | 20,182,436,558 |
| Capital and net debt | | 34,767,878,675 | 25,962,528,587 |
| Capital gearing ratio | | 20% | 22% |

No changes were made in the objectives, policies or processes for managing capital during the year ended December 31, 2023 and December 31, 2022.

41.9 Shariah Screening Disclosure

| | 2023 | | 2022 | |
|---|--------------|-------------------|---------------|-------------------|
| | Conventional | Shariah compliant | Conventional | Shariah compliant |
| | Rupees | | Rupees | |
| Short term borrowings – secured | 719,000,000 | 1,400,000,000 | 1,350,000,000 | 1,700,000,000 |
| Short term investments | 27,000,000 | 1,132,419,112 | 177,000,000 | 4,253,978,169 |
| Cash and bank balances | 173,925,277 | 1,133,228,308 | 80,845,173 | 495,366,248 |
| Other income | | | | |
| – Profit on deposit accounts | 34,238,005 | 27,030,181 | 20,835,229 | 13,588,614 |
| – Profit on term deposit receipts and sukus | 4,961,121 | 64,672,979 | 30,405,695 | – |
| – Income on mutual funds | – | 220,627,522 | – | 539,378,714 |
| Mark-up on short term borrowings | 320,287,765 | 233,394,038 | 78,954,711 | 81,976,712 |

42 Number of employees

| | 2023 | 2022 |
|--|--------|-------|
| Total number of employees at the end of the year are as follows: | Rupees | |
| Regular | 5,218 | 4,191 |
| Contractual | 1,371 | 952 |
| | 6,589 | 5,143 |
| Average number of employees during the year are as follows: | | |
| Regular | 5,103 | 4,062 |
| Contractual | 884 | 1,110 |
| | 5,987 | 5,172 |

43 Date Of authorisation for issue

These unconsolidated financial statements were authorized for issue on 22nd March 2024 by the Board of Directors of the Company.

44 Subsequent events

The Board of Directors in their meeting held on 22nd March 2024 have proposed a final cash dividend for the year ended December 31, 2023 of Rs 6 (2022: Rs 5) per share for approval of the members at the Annual General Meeting to be held on 19th April 2024. These financial statements for the year ended December 31, 2023 do not include the effect of this appropriation.

45 Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangement / reclassifications have been made in these unconsolidated financial statements."

46 General

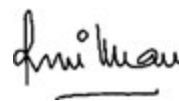
Figures have been rounded off to the nearest of rupees, unless otherwise stated.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Systems Limited

Consolidated

Financial Statements

46





INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SYSTEMS LIMITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the annexed consolidated financial statements of Systems Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matter

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

Following is the Key audit matter:

| S.No. | Key Audit Matter | How the matter was addressed in our audit |
|-------|--|---|
| 1. | <p>Revenue recognition</p> <p>The Group's revenue is derived from multiple revenue streams, as referred to in Note 33 to the accompanying consolidated financial statements, including business processes outsourcing, IT services, software and hardware trading and software implementation. Each stream has its own revenue recognition policies based on the nature of revenue and underlying contractual arrangements as referred to in Note 5.8.</p> <p>We consider revenue recognition as a key audit matter due to revenue being one of the key performance indicators of the Group with multiple revenue streams, inherent risk of material misstatement and significant increase in revenue from last year.</p> | <p>Our audit procedures in relation to the matter, amongst others, included the following:</p> <ul style="list-style-type: none"> - Understood and evaluated the accounting policies with respect to revenue recognition; - Understood and evaluated management controls over revenue recognition; - Assessed the contracts on sample basis to identify distinct performance obligations; - Performed testing of sample of revenue transactions with underlying documentation including sales invoices and where relevant, underlying time costs, licensing agreements and other supporting documents; - Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the correct period; - Agreed the revenue to related receipts on sample basis as evidence of collectability; and - Assessed the adequacy of disclosures made in the financial statements related to revenue. |

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

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

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

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

Responsibilities of management and the board of directors for the consolidated financial statements

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

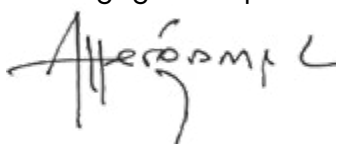
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of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

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

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

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

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: 28th March, 2024
UDIN: AR202310128n9fhHQgeS

Consolidated Statement of Financial Position

As at December 31, 2023

| ASSETS | Note | 2023 Rupees | 2022 Rupees |
|--|------|-----------------------|-----------------------|
| Non-current assets | | | |
| Property and equipment | 7 | 3,740,581,192 | 2,942,599,349 |
| Intangibles | 8 | 10,511,603,969 | 7,963,673,553 |
| Long term investments | 9 | 101,886,235 | 243,023,912 |
| Investment in associates | 10 | 282,459,724 | 951,034,316 |
| Right-of-use asset | 11 | 652,229,054 | 580,144,739 |
| Long term loans | 12 | 528,345,079 | 298,036,906 |
| Deferred taxation – net | 41 | – | 12,157,378 |
| Deferred employee benefits | 13 | 182,065,727 | 86,938,319 |
| Long term receivable – unsecured | 14 | 886,067,903 | 909,097,001 |
| Long term deposits | 15 | 265,508,795 | 63,844,710 |
| | | 17,150,747,678 | 14,050,550,183 |
| Current assets | | | |
| Contract assets – unsecured | 16 | 7,960,461,635 | 2,591,990,933 |
| Trade debts – unsecured | 17 | 12,706,815,283 | 8,494,847,010 |
| Current portion of long term receivable – unsecured | 14 | 298,167,633 | 194,200,634 |
| Loans, advances and other receivables | 18 | 1,819,993,202 | 1,434,826,075 |
| Trade deposits and short term prepayments | 19 | 1,060,427,214 | 1,094,819,779 |
| Interest accrued | | 3,096,777 | 1,521,649 |
| Short term investments | 20 | 1,594,725,452 | 4,430,978,169 |
| Income tax refunds due from the government | | 21,768,471 | 187,443,226 |
| Current portion of deferred employee benefits | | 67,157,471 | 29,892,702 |
| Cash and bank balances | 21 | 7,982,850,983 | 5,814,496,232 |
| | | 33,515,464,121 | 24,275,016,409 |
| TOTAL ASSETS | | 50,666,211,799 | 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 | 22 | 2,914,213,989 | 2,904,076,990 |
| Capital reserves | 23 | 8,076,144,012 | 5,917,212,743 |
| Revenue reserve – unappropriated profit | | 21,338,813,911 | 14,104,886,266 |
| | | 32,329,171,912 | 22,926,175,999 |
| Non-controlling interest | | 2,447,154 | 2,103,542 |
| | | 32,331,619,066 | 22,928,279,541 |
| Non-current liabilities | | | |
| Long term advances | 24 | 4,281,065 | 6,767,044 |
| Long term loan – secured | 25 | – | – |
| Lease liabilities | 26 | 551,237,073 | 491,701,794 |
| Other long term liability – unsecured | 27 | 1,818,407,518 | 1,040,158,349 |
| Deferred taxation – net | 41 | 117,775,797 | – |
| Provision for gratuity | 28 | 474,227,448 | 455,978,209 |
| | | 2,965,928,901 | 1,994,605,396 |
| Current liabilities | | | |
| Trade and other payables | 29 | 7,291,830,942 | 5,937,289,453 |
| Unclaimed dividend | | 18,659,407 | 13,536,152 |
| Contract liabilities | 30 | 4,637,734,357 | 3,025,704,894 |
| Short term borrowings – secured | 31 | 2,119,000,000 | 3,110,000,000 |
| Mark-up accrued on short term borrowings – secured | | 96,586,682 | 83,638,647 |
| Current portion of long term advances | | 8,395,243 | 3,234,396 |
| Current portion of lease liabilities | | 190,062,090 | 112,996,863 |
| Current portion of other long term liability – unsecured | 27 | 1,006,395,111 | 1,116,281,250 |
| | | 15,368,663,832 | 13,402,681,655 |
| TOTAL EQUITY AND LIABILITIES | | 50,666,211,799 | 38,325,566,592 |

CONTINGENCIES AND COMMITMENTS

32

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.

(CHAIRMAN)

(CHIEF EXECUTIVE OFFICER)

(CHIEF FINANCIAL OFFICER)

Consolidated Statement of Profit or Loss

For the Year ended December 31, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|---|------|------------------------|------------------------|
| Revenue from contracts with customers – net | 33 | 53,435,483,177 | 31,759,927,263 |
| Cost of revenue | 34 | (39,778,797,390) | (23,123,647,896) |
| Gross profit | | 13,656,685,787 | 8,636,279,367 |
| Selling and distribution expenses | 35 | (1,569,563,845) | (740,518,496) |
| Administrative expenses | 36 | (3,982,646,207) | (2,483,965,304) |
| Impairment losses / (Reversal of impairment losses) on financial assets | 37 | (205,137,108) | 40,359,108 |
| Other operating expenses | 38 | (166,791,530) | (89,326,377) |
| | | (5,924,138,690) | (3,273,451,069) |
| Operating profit | | 7,732,547,097 | 5,362,828,298 |
| Other income | 39 | 3,193,598,145 | 2,230,060,151 |
| Share of loss from associates | 10 | (48,069,294) | (323,899,362) |
| Impairment loss on investment in associates | 10 | (729,463,249) | - |
| Finance costs | 40 | (868,990,456) | (287,819,752) |
| Profit before taxation | | 9,279,622,243 | 6,981,169,335 |
| Taxation | 41 | (590,732,350) | (351,508,026) |
| Profit for the year | | 8,688,889,893 | 6,629,661,309 |
| Attributable to: | | | |
| Equity holders of the parent | | 8,688,546,281 | 6,628,727,695 |
| Non-controlling interest | | 343,612 | 933,614 |
| | | 8,688,889,893 | 6,629,661,309 |
| Earnings per share | | | |
| Basic earnings per share | 45 | 29.86 | 23.61 |
| Diluted earnings per share | 45 | 29.66 | 23.45 |

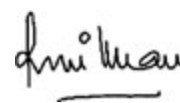
The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Consolidated Statement of Comprehensive Income

For the Year Ended December 31, 2023

| | 2023 | 2022 |
|--|-----------------------|----------------------|
| | Rupees | Rupees |
| Profit for the year | 8,688,889,893 | 6,629,661,309 |
| Items that will not be reclassified subsequently to profit or loss | | |
| Remeasurement gain on retirement benefit liability | 11,280,262 | 31,133,787 |
| Share of other comprehensive (loss) / income of associates | (10,630,398) | 982,455 |
| | 649,864 | 32,116,242 |
| Items that may be reclassified subsequently to profit or loss | | |
| Exchange differences on translation of foreign operation | 1,741,869,144 | 794,457,037 |
| Total comprehensive income for the year | 10,431,408,901 | 7,456,234,588 |
| Attributable to: | | |
| Equity holders of the parent | 10,431,065,289 | 7,455,300,974 |
| Non-controlling interest | 343,612 | 933,614 |
| | 10,431,408,901 | 7,456,234,588 |

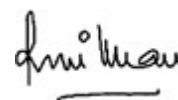
The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Consolidated Statement of Changes in Equity

For the Year Ended December 31, 2023

| | Issued, subscribed and paid-up share capital | Capital reserves | | | | Revenue reserve | | |
|---|--|------------------|-------------------------------|--------------------------------------|------------------------|--|--------------------------|-----------------|
| | | Share premium | Employee compensation reserve | Foreign currency translation reserve | Un-appropriated profit | Total equity attributable to shareholders of Holding Company | Non controlling interest | Total equity |
| Balance as on 01 January 2022 | 1,384,989,120 | 820,263,291 | 200,220,759 | 127,825,350 | 9,528,306,407 | 12,061,604,927 | 1,169,928 | 12,062,774,855 |
| Profit for the year | - | - | - | - | 6,628,727,695 | 6,628,727,695 | 933,614 | 6,629,661,309 |
| Other comprehensive income | - | - | - | 794,457,037 | 32,116,242 | 826,573,279 | - | 826,573,279 |
| Total comprehensive income for the year | - | - | - | 794,457,037 | 6,660,843,937 | 7,455,300,974 | 933,614 | 7,456,234,588 |
| Transactions with owners | | | | | | | | |
| "Final dividend for the year ended 31 December 2021 at the rate of Rs 5 per share"" | - | - | - | - | (695,913,000) | (695,913,000) | - | (695,913,000) |
| Exercise of share options | 9,036,869 | 60,604,582 | (57,376,937) | - | - | 12,264,514 | - | 12,264,514 |
| Forfeited share options | - | - | (3,474,922) | - | 3,474,922 | - | - | - |
| Share based payments | - | - | 213,626,091 | - | - | 213,626,091 | - | 213,626,091 |
| Deferred tax on share based payments | - | - | (29,344,233) | - | - | (29,344,233) | - | (29,344,233) |
| Issue of shares for acquisition of National Data Consultant (Private) Limited | 118,225,000 | 3,790,411,725 | - | - | - | 3,908,636,725 | - | 3,908,636,725 |
| Bonus issue @ 10% | 1,391,826,000 | - | - | - | (1,391,826,000) | - | - | - |
| | 1,519,087,869 | 3,851,016,307 | 123,429,999 | - | (2,084,264,078) | 3,409,270,097 | - | 3,409,270,097 |
| Balance as on 31 December 2022 | 2,904,076,989 | 4,671,279,598 | 323,650,758 | 922,282,387 | 14,104,886,266 | 22,926,175,998 | 2,103,542 | 22,928,279,540 |
| Profit for the year | - | - | - | - | 8,688,546,281 | 8,688,546,281 | 343,612 | 8,688,889,893 |
| Other comprehensive income | - | - | - | 1,741,869,144 | 649,864 | 1,742,519,008 | - | 1,742,519,008 |
| Total comprehensive income for the year | - | - | - | 1,741,869,144 | 8,689,196,145 | 10,431,065,289 | 343,612 | 10,431,408,901 |
| Transactions with owners | | | | | | | | |
| "Final dividend for the year ended 31 December 2022 at the rate of Rs 5 per share" | - | - | - | - | (1,455,268,500) | (1,455,268,500) | - | (1,455,268,500) |
| Exercise of share options | 10,137,000 | 233,196,703 | (93,380,867) | - | - | 149,952,836 | - | 149,952,836 |
| Forfeited share options | - | - | (109,660,647) | - | - | (109,660,647) | - | (109,660,647) |
| Share based payments | - | - | 386,906,936 | - | - | 386,906,936 | - | 386,906,936 |
| | 10,137,000 | 233,196,703 | 183,865,422 | - | (1,455,268,500) | (1,028,069,375) | - | (1,028,069,375) |
| Balance as at 31 December 2023 | 2,914,213,989 | 4,904,476,301 | 507,516,180 | 2,664,151,531 | 21,338,813,911 | 32,329,171,912 | 2,447,154 | 32,331,619,066 |

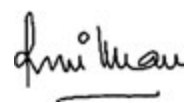
The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|---|------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 46 | 6,462,083,859 | 6,147,954,896 |
| Finance costs paid | | (633,921,012) | (121,697,856) |
| Taxes paid | | (437,407,557) | (219,444,877) |
| Gratuity Paid | | (106,587,999) | (90,307,403) |
| Increase / (Decrease) in long term advances | | 2,674,868 | (12,788,942) |
| | | (1,175,241,700) | (444,239,078) |
| Cash flows from operating activities | | 5,286,842,159 | 5,703,715,818 |
| Cash Flows From Investing Activities | | | |
| Purchase of property and equipment | | (1,542,929,649) | (1,439,932,592) |
| Acquisition of subsidiaries | | (1,746,121,672) | (971,470,941) |
| Purchase / Development of intangibles | | (1,271,400,041) | (1,217,983,825) |
| Sale proceeds from disposal of property and equipment | | 32,988,133 | 94,664,140 |
| Short term investments - net | | 3,463,269,443 | 902,770,823 |
| Increase in long term investment - net | | (13,331,234) | (243,023,912) |
| Profit received on deposit accounts | | 82,711,626 | 44,980,423 |
| Profit received on short term investments | | 68,058,972 | 31,034,229 |
| Interest received on loan to subsidiaries and associated undertakings | | 51,222,549 | 18,638,900 |
| Net cash used in investing activities | | (875,531,873) | (2,780,322,755) |
| Cash Flows From Financing Activities | | | |
| Disbursements against short term borrowings | | 3,800,824,334 | 1,260,000,000 |
| Repayment of short term borrowings | | (4,791,824,334) | (900,000,000) |
| Repayment of long term loan | | - | (93,417,594) |
| Proceeds from exercise of share options | | 158,192,836 | 64,969,008 |
| Payments in respect of leases | | (226,369,865) | (139,727,312) |
| Dividend paid | | (1,450,145,245) | (691,603,092) |
| Net cash used in financing activities | | (2,509,322,274) | (499,778,990) |
| Increase in cash and cash equivalents | | 1,901,988,012 | 2,423,614,073 |
| Net foreign exchange difference | | 296,128,017 | 118,438,469 |
| Cash and cash equivalents at the beginning of the year | | 5,062,643,191 | 2,520,590,649 |
| Cash and cash equivalents at the end of year | 47 | 7,260,759,220 | 5,062,643,191 |

Refer note 25, 26 and 31 for reconciliation of liabilities arising from financing activities.

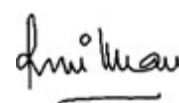
The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Corporate information

1.1 Holding Company

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

1.2 Subsidiary and sub-subsidiary Companies

- 1.2.1** TechVista Systems FZ – LLC, a limited liability Company incorporated in Dubai Technology and Media Free Zone Authority, is a 100% (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 Baluchistan 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 for information Technology Pty Limited (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 100% (2022:100%) 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, is a 100% (2022: 100%) owned subsidiary of Systems Limited and was incorporated in May 2022. The Company has been setup in the Arab Republic of Egypt for the purpose of sale of software services and trading software licenses in the Middle East and North Africa region.
- 1.2.9** Systems Africa for Information Technologies Pty. Ltd., is a 100% (2022: 100%) owned subsidiary of Systems Limited and was incorporated in July 2022. The Company has been setup in Republic of South Africa 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.
- 1.2.10** National Data Consultant (Private) Limited ('NdcTech'), is a 100% (2022: 100%) owned subsidiary of Systems Limited and was acquired in July 2022. The Company has been setup in Pakistan and is engaged in core and digital banking implementation services, having rich clients in Pakistan, Middle East, Africa and Asia Pacific region.
- 1.2.11** Treehouse Consultancy LLC is a 100% (2022: 100%) owned subsidiary of TechVista Systems FZ- LLC in Dubai and was acquired in July 2022.
- 1.2.12** Systems International IT Pte. Ltd., was a wholly owned subsidiary of Systems Limited and was incorporated in May 2022. 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 Systems Limited continues to be the ultimate parent company. Systems Limited is to receive shares of equivalent value of its cost of investment in Systems International IT Pte. Ltd. from SVPL. The Company has been setup for the purpose of sale of software services and trading software licenses in the Asia Pacific region.

- 1.2.13** Systems APAC for Information Technology Pte. Ltd., is a 100% (2022: 100%) owned subsidiary of Systems International IT Pte Ltd. incorporated in 2022 with authorized share capital of SGD 1 for the purpose of sale of software services and trading software licenses in the Asia Pacific region.
- 1.2.14** NDC Tech APAC Pte. Ltd., is a 100% (2022: 100%) owned subsidiary of Systems International IT Pte Ltd. acquired in 2022 with authorized share capital of SGD 100 for the purpose of sale of software services and trading software licenses in the Asia Pacific region.
- 1.2.15** National Data Consultancy FZE, is a 100% (2022: 100%) owned subsidiary of Systems International IT Pte Ltd. acquired in 2022 in the Emirate of Dubai for the purpose of sale of software services and trading software licenses in the region with authorized share capital of AED 150,000 for the purpose of sale of software services and trading software licenses in the Asia Pacific region.
- 1.2.16** Techvista Information Technology W.L.L. ('TVSQ'), a limited liability company was incorporated in the State of Qatar and pursuant to the agreement entered with the shareholders of TVSQ on February 27, 2022 the Holding Company has 100% control and management of TVSQ.
- 1.2.17** Sys Bahrain for information Technology W.L.L, is a 100% (2022: Nil) owned subsidiary of Systems International IT Pte. Ltd. incorporated in February 2023 as a limited liability Company for the purpose of software publishing, computer consultancy and computer facilities management activities in the Kingdom of Bahrain.
- 1.2.18** Systems Holdings (Private) Limited, is a 100% (2022: Nil) owned subsidiary of Systems Limited incorporated in April 2023, as a Company limited by shares.
- 1.2.19** TechVista Systems East Africa Limited is a 100% (2022: Nil) owned subsidiary of Systems International IT Pte Ltd., incorporated in Kenya for providing consultancy and data processing software development services and to run data processing centers, computer centers, software development centers and offices.
- 1.2.20** Sys information Technology Malaysia SDN. BHD. is a 100% (2022: Nil) owned subsidiary of Systems International IT Pte. Ltd. incorporated in Malaysia.
- 1.2.21** Systems for information Technology QFZ LLC, is a 100% (2022: Nil) owned subsidiary of Systems International IT Pte. Ltd. incorporated in Qatar.
- 1.2.22** The shareholders of the Holding Company and Systems Ventures (Private) Limited ("SVPL") in their extra ordinary general meetings held on September 18, 2023 approved a Scheme of Compromises, Arrangement and Reconstruction (the 'Scheme'). As required under the Companies Act 2017, the Scheme was submitted with the Honorable Lahore High Court (the "Court") for their approval and sanction of the Scheme. Consequently, the Court through its Order dated December 20, 2023, sanctioned the Scheme. The scheme stipulates the separation of ownership interests in TechVista Systems FZ- LLC, Systems Africa for Information Technologies (Pty.) Ltd., SYS Egypt for Information Technology Services and Systems Arabia for Information Technology (the 'Transferred Assets') from the Holding Company and the merger, amalgamation and transfer to, and vesting in SVPL of the same. SVPL may at its discretion hold the Transferred Assets directly or through any nominee being its wholly owned subsidiary. SVPL shall allot and issue 66,860,284 fully paid up ordinary shares of Rs 10 each to the Holding Company for the transferred assets. These consolidated financial statements do not include the impact of the Scheme as the Company is in the process of obtaining approvals of the change of shareholding from the respective corporate regulators as of the reporting date.

1.3 Associated Companies

1.3.1 SalesFlo (Private) Limited

SalesFlo (Private) Limited, a private limited Company registered under the Companies Act, 2017 and incorporated on January 28, 2015, is a 20% (2022: 20%) 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 on July 19, 2021 through its wholly owned subsidiary, Systems Ventures (Private) Limited. Accordingly, the results of SalesFlo (Private) Limited have been accounted for using the equity method of accounting in these consolidated financial statements using consistent accounting policies of the Holding Company.

1.3.2 E-Processing Systems B.V.

E-Processing Systems B.V, a private limited Company, incorporated on October 08, 2021 in Netherlands, is a 30.9% (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. During the year, due to conversion of preference shares to ordinary shares pertaining to Melinda & Gates Foundation in EPBV., the shareholding of Systems Limited has been diluted and the revised shareholding is 30.90%.

1.4 Geographical location and addresses of major business units of the Group are as under:

| Business Units | Geographical Location | Address |
|--|-----------------------|--|
| Head Office | Lahore | E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Systems Limited Avenue), Lahore Cantt. |
| Regional Office Systems Limited | Karachi | Plot No. 11-B, Muhammad Ali housing Society, Fatima Jinnah Road, Karachi |
| Regional Office Systems Limited | Karachi | Plot No.ST-2 & 3, Block-E, Sir Shah Muhammad Suleman Road, Gulshan-e-Iqbal, Block-14, Karachi |
| Regional Office Systems Limited | Islamabad | Plot No. 21, 1st Floor Fazeelat Arcade, Sector G-11 Markaz, Islamabad |
| Regional Office Systems Limited | Islamabad | Amazon Mall, 7th Floor, NH 5, Sector A DHA Phase II, Islamabad |
| Regional Office Systems Limited | Multan | Plot No. 842/23 near Northern Bypass Chowk, Bosan Road, Multan |
| Regional Office Systems Limited | Faisalabad | Old Ehsan Yousaf Building East Canal Road, near Jhal Khanuwana, Faisalabad |
| BPO Office Systems Limited | Lahore | Commercial building Plaza No 1, Block -CCA, Phase 8C, DHA Lahore Cantt |
| Dubai Office TechVista Systems FZ LLC | Dubai | TechVista Systems FZ LLC, Unit 105, Building 11, Dubai Internet City, Dubai Creative Clusters Authority, Dubai, United Arab Emirates |
| Dubai Office TechVista Systems LLC | Dubai | TechVista Systems LLC, Office 1905, Regal Tower Business Bay, Dubai, UAE |
| Dubai Office TechVista Manpower LLC | Dubai | TechVista Systems MP LLC, Office 603, 6th Floor, Exchange Tower, Business Bay, Dubai, UAE |
| Systems Ventures (Private) Ltd. | Lahore | E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt. |

| | | |
|--|-------------------------|---|
| Systems Australia for Information Technology Pty Limited | Australia | G Seat 3', 30 Cowper Street, Parramatta NSW 2150 |
| Systems Arabia for Information Technology | Kingdom of Saudi Arabia | Anas Ibn Malik Road, Al Malqa, Riyadh |
| Systems APAC for Information Technology Pte. Ltd. | Singapore | 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 |
| Systems International IT Pte. Ltd. | Singapore | 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 |
| SYS Egypt for Information Technology Services | Egypt | 'Building B 2116, the Smart Village, 28 Kms, Cairo-Alexandria Desert Road, Giza, Egypt |
| Systems Africa for Information Technologies Pty. Ltd. | South Africa | Central Office Park No.4, 257 Jean Avenue, Centurion, 0157, PO Box 7750, Centurion, 0046 |
| National Data Consultancy FZE | UAE | P.O Box 42741, Hamriyah Free Zone, Sharjah, UAE |
| NdcTech APAC Pte. Ltd. | Singapore | 68 Circular Road #02-01, Singapore |
| National Data Consultant (Private) Limited | Pakistan | Plot no 2-C, Lane no 12, Nishat Commercial Area, DHA Phase VI, Karachi. |
| E-Processing Systems B.V. | Netherlands | Edvard Munchweg 14 B, 1328 MA Almere |
| Treehouse Consultancy LLC | UAE | Office No. 3204 Latifa Tower, Sheikh Zayed Road, Dubai, United Arab Emirates |
| E-processing Systems (Private) Limited | Pakistan | Suite # 201, 202, 2nd Floor Office Block, Penta Square CCA, Sector C, DHA Phase 5, Lahore, Pakistan |
| TechVista Information Technology W.L.L. | Qatar | TechVista IT WILL, Head Office Palm Towers B, Floor 41, Westbay, Doha, Qatar |

Geographical location and address of SUS (Private) Limited and Systems Holdings (Private) Limited is the same as that of the Holding Company

2 Basis Of Preparation

2.1 Statement of compliance

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

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

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

2.1.1 Standards, interpretations and amendments to published approved accounting standards

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

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

There are certain amendments to the accounting and reporting standards which became applicable to the Group on January 1, 2023. However, these amendments do not have any significant impact on the Group's consolidated financial statements.

In addition to the above, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2 'Making Materiality Judgements') from January 1, 2023. Although amendments did not result in any changes to the accounting policies themselves, they impact the accounting policy information disclosed in the financial statements.

The amendments require disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide the guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful entity specific accounting policy information that users need to understand other information in the consolidated financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 01, 2024 or later periods, but the Company has not early adopted them:

| Standards or Interpretation | Effective date Accounting periods beginning on or after: |
|---|--|
| Amendments to IFRS 16, 'Leases' related to sale and lease back after the date of transaction | January 01, 2024 |
| Amendments to IAS 1, 'Presentation of financial statements' related to non current liabilities with covenants | January 01, 2024 |
| Amendments to IAS 7, 'Statement of Cash Flows', IFRS 7, 'Financial Instruments: Disclosures' on changes regarding supplier finance arrangements | January 01, 2024 |
| Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' related to lack of exchangeability" | January 01, 2025 |
| IFRS 17, 'Insurance Contracts | January 01, 2026 |

2.1.4 The management anticipates that the adoption of above standards, interpretations and amendments in future periods will have no material impact on the consolidated financial statements other than in presentation / disclosures.

3 Basis of measurement

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

3.1 Functional and presentation currency

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

3.2 Use of estimates and judgments

The Group's significant accounting policies are stated in Note 5. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

3.2.1 Provision for taxation (Note 5.1)

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

3.2.2 Useful lives and residual values of property and equipment and intangibles (Note 5.2)

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

3.2.3 Expected credit losses (Note 5.5.1)

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

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information which includes forecast economic conditions. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. For financial institutions with available credit ratings, provision is calculated on the basis of the available rating. For certain related parties for which provision matrix may not be considered suitable based on management's judgement, expected credit loss is recognized on the basis of their ability to pay or present value of projected cashflows based on a probability weighted estimate.

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

3.2.4 Revenue recognition (Note 5.8)

3.2.4.1 Identification of distinct performance obligations

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

3.2.4.2 Estimating stand-alone selling prices of performance obligations

The Group determines stand-alone selling prices of all performance obligations in a bundled contract, which include sale of license, implementation, support, warranty and training.

3.2.4.3 Stage of completion

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

3.2.5 Determining the lease term of contracts with renewal options (Note 5.9)

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

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

3.2.6 Provisions (Note 5.1)

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

3.2.7 Share based payment

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Group measures the fair value of equity-settled transactions with employees at the grant date using a Black Scholes Model. The assumptions used for estimating fair value for share-based payment transactions are disclosed in Note 23.2.5.

3.2.8 Impairment assessment of investment in associates

The carrying amounts of investment in associates, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the investment in associate's recoverable amount is estimated. The recoverable amount of investment in associate is the greater of its value in use and its fair value less costs to sell. Where the fair value less costs of disposal cannot be determined, the recoverable amount is determined by estimating the investment's value in use.

3.2.9 Impairment assessment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of the cash-generating units (CGUs) was determined based on value in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. These growth rates are consistent with the sector/industry in which each CGU operates. The assumptions used for estimating value in use for goodwill are disclosed in Note 8.7.

4 Principles Of Consolidation

The consolidated financial statements include the financial statements of Systems Limited and its subsidiary companies, here-in-after referred to as "the Group".

4.1 Subsidiaries

A Company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Holding Company obtains control, and continue to be consolidated until the date when such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Holding

Company, using consistent accounting policies.

All inter-Company balances, transactions and unrealized gains and losses resulting from inter-Company transactions and dividends are eliminated in full.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in the consolidated financial statements.

4.2 Non-controlling interest

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Group either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interest result in gains and losses for the Group and are recorded in the consolidated statement of changes in equity.

4.3 Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

5 Material Accounting Policy Information

The material accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

5.1 Taxation

5.1.1 Current

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

5.1.2 Deferred

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

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

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

5.1.3 Sales Tax

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

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

5.2 Property and equipment

5.2.1 Operating fixed assets

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

Depreciation on operating fixed assets is charged to consolidated statement of profit or loss by applying the straight line method on pro rata basis so as to write off the historical cost of the assets over their estimated useful lives at the rates given in Note 7.1. Depreciation charge commences from the month in which the asset is available for use and continues until the month of disposal.

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

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Profit or loss on disposal of operating fixed assets represented by

the difference between the sale proceeds and the carrying amount of the asset is included in income.

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

5.2.2 Capital work in progress

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

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

5.3 Investments

The management determines the classification of its investments at the time of purchase depending on the Group's business model for managing the financial assets and their contractual cash flow characteristics. Investments intended to be held for less than twelve months from the statement of financial position date or to be sold to raise operating capital are included in current assets as explained in note 5.7. All other investments are classified as non-current assets.

5.3.1 Investments in equity instruments of subsidiaries and associates

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

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

5.4 Cash and cash equivalents

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

5.5 Trade debts

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

5.5.1 Expected credit losses

Expected credit losses are calculated as a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the Group in accordance with the contract and cash flows that the Group expects to receive). (Refer to note 5.7.4 for detailed policy for impairment of financial assets).

5.6 Trade and other payables

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

5.7 Financial instruments - Initial recognition and subsequent measurement

5.7.1 Initial Recognition

Regular way purchase and sale of financial assets and financial liabilities is accounted for at the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

5.7.2 Classification

5.7.2.1 Classification of financial assets

The Group classifies its financial instruments in the following categories:

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

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

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets that meet the following conditions are subsequently measured at FVTOCI:
 - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

5.7.2.2 Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

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

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

5.7.3 Subsequent measurement

i) Financial assets at FVTOCI

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

ii) Financial assets and liabilities at amortized cost

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

iii) Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Realized and unrealized gains and losses

arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statement of profit or loss in the period in which they arise.

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

5.7.4 Impairment of financial assets

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

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

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

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

The Group considers that a financial asset is in default when contractual payments are 360 days past due except for trade debts from related parties for which default is evaluated on case to case basis. The definition is based on the Group's internal credit risk management policy. Financial assets are written off when there is no reasonable expectation of recovery. The Group categorises a financial asset for write off when a counter party fails to make contractual payments for more than 360 days past due except for trade debts from related parties for which write off is evaluated on case to case basis.

5.7.5 Derecognition

i) Financial assets

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

ii) Financial liabilities

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

5.7.6 Offsetting of financial assets and liabilities

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

5.8 Revenue recognition

Revenue recognized in any period is based on the delivery of performance obligations and an assessment of when control is transferred to the customer. For contracts with multiple components to be delivered, management applies judgement to consider whether those promised goods or services are: (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is estimated, which is allocated to the identified performance obligations in proportion to their relative standalone selling prices and revenue is recognized when (or as) those performance obligations are satisfied.

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

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

Changes in estimates of measures of progress of performance obligations satisfied over time are recognized on a cumulative catch-up basis, which recognizes in the current period the cumulative effect of any changes on current and prior periods based on a performance obligation's percentage of completion.

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

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

5.8.1 Outsourcing services

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

a) BPO services

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

b) IT Services

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

5.8.2 Hardware trading

Hardware trading represents the sale of hardware. Revenue is recognized at the point in time when obligations under the terms of the contract with the customer are satisfied; generally this occurs when the hardware is delivered to the customer.

5.8.3 Software trading and implementation

For software trading where no implementation is involved, revenue is recognized at the point in time when the software is delivered to the customer.

For contracts that involve both trading of software license and its implementation, the Group makes judgments in determining whether the software implementation and software license are distinct and thus separate performance obligations or part of the bundle and thus a single performance obligation depending upon the level of customization involved and other key factors surrounding each contract. Where software license and implementation are considered distinct and separate performance obligations, the trading license revenue is recognized at the point in time while the revenue relating to implementation is recorded over time during the implementation period. Where software license and implementation are considered a single performance obligation, the revenue relating to both trading license and implementation is recorded over time during the implementation period. Implementation generally comprises of customization of existing technology, development and integration of tech platforms and enabling digital transformation of companies through specific technologies.

The Group uses input method for measuring percentage of completion (PoC) by taking into account the cost incurred to date as a percentage of total budgeted cost.

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

5.8.4 Contract Assets

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

5.8.5 Contract Liabilities

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

5.9 Leases

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

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

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

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

5.9.1 Right-of-use assets

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

5.9.2 Lease liabilities

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

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

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

5.10 Provisions and contingencies

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

5.11 Staff benefits

The Group has the following plans for its employees:

5.11.1 Provident fund

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

5.11.2 Employees' share option scheme

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

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

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

5.11.3 Gratuity

Gratuity is given to employees of certain subsidiaries i.e. (TechVista Systems FZ- LLC, TechVista Information Technology W.L.L., Treehouse Consultancy LLC and Systems Arabia for Information Technology).

An unfunded gratuity scheme is operated for all permanent employees of the afore-mentioned companies who have attained the minimum qualifying period. The Group's obligation is determined through actuarial valuations carried out periodically under the 'Projected Unit Credit Method'. The latest valuation was carried out as at December 31, 2023. The results of valuation are summarized in note 28. Current service cost, past service cost and interest cost is recognized in the consolidated statement of profit or loss. Actuarial gains and losses arising at each valuation date are recognized fully in the other comprehensive income.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the year in which they arise. Past service costs are recognized immediately in income.

5.11.4 Interest free loans to employees

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

5.12 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary shareholders of the Holding Company (after adjustment) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

5.13 Segment reporting

The Chief Operating Decision Maker (CODM), who is identified as the Group's Chief Executive Officer (CEO), plays a crucial role in assessing the company's performance and resource allocation. Initially, the CODM's

focus was on reviewing the company's operating segments based on geographical regions. However, due to a realignment of the group's strategy, the CODM's approach has shifted toward monitoring segments based on industry verticals.

The Group's realigned strategy is centered around achieving maximum growth and increasing operational efficiency. By transitioning from a geographical focus to an industry vertical focus, the Group aims 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.

With a focus on industry verticals, the CODM gains a more transparent view of the Group's operations. This includes recognizing and assessing synergies achieved by introducing and integrating technologies and services across different verticals. 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.

Shifting toward industry verticals prompts the Group to reevaluate its global resources in alignment with the specific needs and growth potential of each vertical. This means that the Group 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 Group's overarching strategy of maximizing growth and efficiency.

Although the Group still reports geographical segments to the CODM, these are no longer the primary focus of the Group's operations and reporting. Instead, the four primary segments now revolve around industry verticals, reflecting the Group's strategic shift:

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

The segment information relating to the corresponding period has been restated to reflect the rearrangement of segments as detailed above.

5.14 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the liabilities incurred to the former owners of the acquired business, fair value of any asset or liability resulting from a contingent consideration arrangement, fair values of the assets transferred; and equity interests issued by the Group.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the accounting for business combination. Identified assets acquired, liabilities assumed or incurred have been carried at fair value as at the acquisition date. The fair valuation exercise is required to be finalized within a period one year of acquisition date. Any adjustment arising at the time of finalization of this exercise is incorporated with retrospective effect from the date of acquisition.

5.15 Intangibles

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

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

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

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

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

After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using straight line method at the rates given in Note 8.3. Full month amortization is charged in month of acquisition and no amortization is charged in month of disposal.

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

5.16 Impairment of non-financial assets

The carrying amounts of non-financial assets other than deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash generating unit, or CGU").

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

statement of profit or loss.

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

6 Summary of Other Accounting Policies

Other than material accounting policies applied in the preparation of these consolidated financial statements are set out below for ease of user's understanding of these consolidated financial statements. These policies have been applied consistently for all periods presented, unless otherwise stated.

6.1 Interests in joint operations

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

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

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

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

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

6.2 Foreign currency transactions

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

On consolidation, the assets and liabilities of foreign operations are translated into Pak Rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at average rates prevailing during the year. The exchange differences arising on translation for consolidation are recognized in consolidated other comprehensive income. On disposal of a foreign operation, the component of consolidated other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of profit or loss.

6.3 Advances and deposits

Advances are recognized at nominal amount which is the fair value of considerations to be received in

future. Trade deposits with no fixed repayment date are measured at cost being amount paid on initial recognition. Fair value of these deposits is not considered to be materially different from cost.

6.4 Other income

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

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

6.5 Finance costs

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

6.6 Dividends and appropriation reserves

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

7 Property and equipment

| | Note | 2023 | 2022 |
|--------------------------|---------|---------------|---------------|
| | | Rupees | |
| Operating fixed assets | (7.1) | 3,740,581,192 | 2,699,160,711 |
| Capital work in progress | (7.1.4) | - | 243,438,638 |
| | | 3,740,581,192 | 2,942,599,349 |

Operating fixed assets

| | Land – freehold | Building on freehold land | Computers | Computer equipment and installations | Other equipment and installations | Generators and transformer | Furniture and fittings | Vehicles | Office equipment | Leasehold Building – Improvements | Total |
|---|--------------------|---------------------------|----------------------|--------------------------------------|-----------------------------------|----------------------------|------------------------|-------------------|-------------------|-----------------------------------|----------------------|
| | Rupees | | | | | | | | | | |
| At December 31, 2023 | | | | | | | | | | | |
| Cost | 592,234,914 | 735,539,849 | 2,308,768,290 | 716,637,478 | 384,719,195 | 166,004,033 | 416,826,606 | 156,169,009 | 71,927,440 | 300,340,690 | 5,849,167,504 |
| Accumulated Depreciation | - | (86,437,849) | (1,086,007,365) | (288,034,297) | (185,742,363) | (61,618,312) | (126,018,732) | (107,787,666) | (38,719,914) | (128,219,814) | (2,108,586,312) |
| Net book value | 592,234,914 | 649,102,000 | 1,222,760,925 | 428,603,181 | 198,976,832 | 104,385,721 | 290,807,874 | 48,381,343 | 33,207,526 | 172,120,876 | 3,740,581,192 |
| For the year ended December 31, 2023 | | | | | | | | | | | |
| Opening net book value | 592,234,914 | 505,698,559 | 754,102,805 | 168,822,414 | 145,888,835 | 94,348,827 | 181,239,103 | 59,754,454 | 35,059,984 | 162,010,816 | 2,699,160,711 |
| Additions (at cost) | - | 160,120,890 | 855,933,606 | 416,996,325 | 110,673,686 | 24,723,737 | 143,662,315 | 18,080,710 | 4,522,055 | 51,654,963 | 1,786,368,287 |
| Disposal | - | - | (24,906,828) | (2,170,791) | (4,751,600) | - | (1,657,594) | (657,582) | (28,733) | - | (34,173,128) |
| Depreciation | - | (16,717,449) | (365,940,375) | (154,833,112) | (52,833,892) | (14,686,843) | (29,254,904) | (35,893,742) | (6,365,322) | (41,544,903) | (718,070,542) |
| Exchange differences | - | - | 3,571,717 | (211,655) | (197) | - | (3,181,046) | 7,097,503 | 19,542 | - | 7,295,864 |
| Closing net book value | 592,234,914 | 649,102,000 | 1,222,760,925 | 428,603,181 | 198,976,832 | 104,385,721 | 290,807,874 | 48,381,343 | 33,207,526 | 172,120,876 | 3,740,581,192 |
| Rate of depreciation (%) | - | 2.5 | 20 – 33 | 33 | 20 – 33 | 10 | 10 – 33 | 20 – 25 | 10 – 20 | 10–27 | |
| At December 31, 2022 | | | | | | | | | | | |
| Cost | 592,234,914 | 575,418,959 | 1,474,169,795 | 302,023,599 | 278,797,306 | 141,280,296 | 278,002,931 | 131,648,378 | 67,414,576 | 248,685,727 | 4,089,676,481 |
| Accumulated Depreciation | - | (69,720,400) | (720,066,990) | (133,201,185) | (132,908,471) | (46,931,469) | (96,763,828) | (71,893,924) | (32,354,592) | (86,674,911) | (1,390,515,770) |
| Net book value | 592,234,914 | 505,698,559 | 754,102,805 | 168,822,414 | 145,888,835 | 94,348,827 | 181,239,103 | 59,754,454 | 35,059,984 | 162,010,816 | 2,699,160,711 |
| For the year ended December 31, 2022 | | | | | | | | | | | |
| Opening net book value | 394,038,279 | 520,764,464 | 480,273,441 | 96,776,514 | 65,419,282 | 67,751,563 | 75,623,861 | 249,549,298 | 22,960,411 | 55,829,979 | 2,028,987,092 |
| Additions (at cost) | 198,196,635 | 3,497,401 | 451,285,599 | 165,835,329 | 119,986,658 | 36,222,623 | 114,213,394 | 15,982,920 | 5,173,932 | 108,912,405 | 1,219,306,896 |
| Acquisition of subsidiary | - | - | 28,673,080 | 10,221,412 | 5,156,208 | 2,989,783 | 13,330,409 | 188,443 | 10,319,102 | - | 70,878,437 |
| Disposal of subsidiary | - | (4,214,000) | (30,875,633) | (1,671,326) | (708,741) | - | (3,270,440) | (147,416,196) | (27,474) | - | (188,183,810) |
| Depreciation | - | (14,349,306) | (239,721,494) | (68,271,205) | (44,577,629) | (12,615,142) | (19,257,586) | (39,296,037) | (4,583,863) | (29,069,225) | (471,741,487) |
| Exchange differences | - | - | 64,467,812 | (34,068,310) | 613,057 | - | 599,465 | (19,253,974) | 1,217,876 | 26,337,657 | 39,913,583 |
| Closing net book value | 592,234,914 | 505,698,559 | 754,102,805 | 168,822,414 | 145,888,835 | 94,348,827 | 181,239,103 | 59,754,454 | 35,059,984 | 162,010,816 | 2,699,160,711 |
| Rate of depreciation (%) | - | 2.5 | 20 – 33 | 33 | 20 – 33 | 10 | 10 – 33 | 20 – 25 | 10 – 20 | 10–27 | |

7.1.1 The cost of operating fixed assets includes assets amounting to Rs 607.20 million (2022: Rs 521.25 million) with nil book value.

7.1.2 Immovable fixed assets include free-hold land and building situated at E-1, Sehjpal, Near DHA Phase-VIII (Ex-Air Avenue), Lahore Cantt. Total area of land is 21.42 kanals (2022: 21.42 kanals).

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

| | Note | 2023 | 2022 |
|-----------------------------------|------|-------------|-------------|
| | | Rupees | |
| Cost of revenue | (34) | 610,045,446 | 402,831,637 |
| Selling and distribution expenses | (35) | 10,254,076 | 4,703,741 |
| Administrative expenses | (36) | 97,771,020 | 64,206,109 |
| | | 718,070,542 | 471,741,487 |

7.1.4 Capital work in progress

| | | | |
|--|-----------------------|---|-------------|
| Civil works | (7.1.4.1) & (7.1.4.2) | - | 161,020,955 |
| Advance against purchase of property and equipment | | - | 82,417,683 |
| | | - | 243,438,638 |

7.1.4.1 The following is the movement in civil works during the year:

| | | |
|--------------------------------------|---------------|---------------|
| Balance at the beginning of the year | 161,020,955 | 22,812,942 |
| Additions during the year | 115,360,238 | 244,466,048 |
| Transfer to operating fixed assets | (276,381,193) | (106,258,035) |
| Balance at the end of the year | - | 161,020,955 |

7.1.4.2 This represented the civil works in various offices of the Group and advance given against purchase of property and equipment.

7.1.5 Disposal of property and equipment

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

| Particulars | Cost | Accumulated depreciation | Written down value | Sale proceeds | Gain / (Loss) | Mode of disposal | Particulars of buyer |
|--|------------|--------------------------|--------------------|---------------|---------------|------------------|---|
| | Rupees | | | | | | |
| HVAC System | 2,338,133 | 1,754,886 | 583,247 | 64,300 | (518,947) | Scrap Sale | Amir Pasha - Third Party |
| Honda Civic | 3,586,850 | 2,929,268 | 657,582 | 4,400,000 | 3,742,418 | Insurance claim | IGI General Insurance Limited - Third Party |
| Aggregate of items of property and equipment with individual net book value below Rs 500,000 | 58,498,832 | 25,566,533 | 32,932,299 | 28,523,833 | (4,408,466) | | |
| 2023 | 64,423,815 | 30,250,687 | 34,173,128 | 32,988,133 | (1,184,995) | | |

| Particulars | Cost | Accumulated depreciation | Written down value | Sale proceeds | Gain / (Loss) | Mode of disposal | Particulars of buyer |
|-----------------|-----------|--------------------------|--------------------|------------------|---------------|------------------|-----------------------|
| | Rupees | | | | | | |
| Vehicles | | | | Employees | | | |
| Honda Civic | 2,914,948 | (1,922,698) | 992,250 | 2,204,750 | 1,212,500 | Company Policy | Usman Mughal |
| Honda Civic | 3,134,310 | (2,120,367) | 1,013,943 | 2,896,980 | 1,883,037 | Company Policy | Usman Ahmad |
| Honda City | 1,703,000 | (936,632) | 766,368 | 1,703,040 | 936,672 | Company Policy | Saad Hasan Aslam |
| Honda Civic | 2,722,000 | (2,029,404) | 692,596 | 2,700,000 | 2,007,404 | Company Policy | Khurram Safdar |
| Honda Civic | 2,829,160 | (2,263,339) | 565,821 | 2,829,160 | 2,263,339 | Company Policy | Muhammad Amin |
| Honda City | 1,823,985 | (1,094,289) | 729,696 | 1,824,240 | 1,094,544 | Company Policy | Kashif Latif |
| Honda City | 1,784,160 | (1,213,161) | 570,999 | 1,713,000 | 1,142,001 | Company Policy | Ali Asjad Waheed |
| Toyota Corolla | 1,833,310 | (1,283,312) | 549,998 | 1,732,980 | 1,182,982 | Company Policy | Muh. Salman Arshad |
| Honda Brv | 1,797,702 | (1,198,476) | 599,226 | 1,732,980 | 1,133,754 | Company Policy | Khurram Saleem |
| Toyota Corolla | 2,506,000 | (1,712,443) | 793,557 | 1,525,560 | 732,003 | Company Policy | Farrukh Riyadh Ahmed |
| Honda Civic | 2,739,240 | (1,871,814) | 867,426 | 2,653,020 | 1,785,594 | Company Policy | Faisal Tajammal |
| Honda City | 1,813,000 | (1,206,457) | 606,543 | 1,732,980 | 1,126,437 | Company Policy | Imran Khan |
| Suzuki Swift | 1,450,900 | (918,272) | 532,628 | 1,412,880 | 880,252 | Company Policy | Faisal Ahmed |
| Honda Civic | 2,992,640 | (2,344,223) | 648,417 | 2,992,640 | 2,344,223 | Company Policy | Muh. Mushtaq Patni |
| Honda Civic | 2,758,450 | (1,773,224) | 985,226 | 2,686,980 | 1,701,754 | Company Policy | Khurram Fuad Khatlani |
| Honda City | 1,786,860 | (1,035,136) | 751,724 | 1,804,140 | 1,052,416 | Company Policy | Muh. Sohail Ahmed |
| Honda City | 1,786,860 | (977,610) | 809,250 | 1,867,500 | 1,058,250 | Company Policy | Adeel Ahmed Naseem |
| Toyota Corolla | 1,924,000 | (1,122,343) | 801,657 | 1,924,020 | 1,122,363 | Company Policy | Salman Malik |
| Toyota Corolla | 3,334,100 | (1,944,882) | 1,389,218 | 3,334,100 | 1,944,882 | Company Policy | Salman Wajid Mian |
| Toyota Corolla | 1,844,000 | (1,010,258) | 833,742 | 1,924,020 | 1,090,278 | Company Policy | Imran Suleman Khan |
| Toyota Corolla | 2,227,100 | (1,262,014) | 965,086 | 1,924,020 | 958,934 | Company Policy | Zunair Haseeb Khan |
| Honda City | 1,803,000 | (767,941) | 1,035,059 | 2,003,340 | 968,281 | Company Policy | Muh. Fahar Nouman |
| Honda City | 1,924,000 | (1,058,191) | 865,809 | 1,924,020 | 1,058,211 | Company Policy | Muh. Raheel Siddiqui |
| Toyota Corolla | 2,144,756 | (1,261,175) | 883,581 | 1,924,020 | 1,040,439 | Company Policy | Salman Amin Bhatti |
| Toyota Corolla | 2,010,110 | (1,139,067) | 871,043 | 1,924,020 | 1,052,977 | Company Policy | Abdul Ghaffar |
| Toyota Corolla | 2,108,249 | (1,184,840) | 923,409 | 1,250,613 | 327,204 | Company Policy | Omar Arif |
| Toyota Corolla | 2,420,170 | (1,210,080) | 1,210,090 | 2,314,980 | 1,104,890 | Company Policy | Muhammad Altarf |
| Honda Brv | 1,924,377 | (1,314,993) | 609,384 | 901,500 | 292,116 | Company Policy | Aamir Fahaad |
| Honda City | 1,839,810 | (1,134,564) | 705,246 | 1,794,000 | 1,088,754 | Company Policy | Muhammad Umer |
| Honda City | 2,262,665 | (1,470,730) | 791,935 | 1,251,778 | 459,843 | Company Policy | Muhammad Tanveer |
| Suzuki Swift | 1,651,000 | (990,609) | 660,391 | 1,650,120 | 989,729 | Company Policy | Musawar Alam |
| Toyota Corolla | 1,915,050 | (1,212,881) | 702,169 | 1,865,280 | 1,163,111 | Company Policy | Shahzad Tariq |
| Honda Civic | 4,021,180 | (2,077,619) | 1,943,561 | 3,972,000 | 2,028,439 | Company Policy | Karamat Ali |

| Particulars | Cost | Accumulated depreciation | Written down value | Sale proceeds | Gain / (Loss) | Mode of disposal | Particulars of buyer |
|--|--------------------|--------------------------|--------------------|--------------------|-------------------|------------------|---------------------------|
| Rupees | | | | | | | |
| Vehicles | | | | | | | Employees |
| Toyota Corolla | 2,335,290 | (1,120,451) | 1,214,839 | 2,513,460 | 1,298,621 | Company Policy | Habib Ahmad |
| Honda Civic | 3,504,000 | (1,810,400) | 1,693,600 | 3,565,168 | 1,871,568 | Company Policy | Muh. Talha Mashkooor |
| Toyota Corolla | 2,023,098 | (1,037,002) | 986,096 | 1,606,450 | 620,354 | Company Policy | Abid Hanif |
| Toyota Corolla | 2,586,150 | (1,666,002) | 920,148 | 2,586,150 | 1,666,002 | Company Policy | Moh. Wasif Sheikh |
| Honda City | 2,376,930 | (1,545,023) | 831,907 | 2,436,840 | 1,604,933 | Company Policy | Pool Services |
| Honda City | 2,376,930 | (1,223,965) | 1,152,965 | 2,314,980 | 1,162,015 | Company Policy | Tauqeer Ahmed |
| Honda Civic | 3,627,180 | (1,874,043) | 1,753,137 | 3,505,020 | 1,751,883 | Company Policy | Usman Ur Rehman Ahmed |
| Honda Civic | 3,793,080 | (1,732,345) | 2,060,735 | 3,505,020 | 1,444,285 | Company Policy | Hammad Karamat Dar |
| Toyota Corolla | 2,420,170 | (1,055,367) | 1,364,803 | 2,315,040 | 950,237 | Company Policy | Ali Jawad Khalid |
| Honda City | 2,391,400 | (993,203) | 1,398,197 | 2,326,980 | 928,783 | Company Policy | Chaudary Mohsin Akram |
| Toyota Corolla | 2,402,140 | (999,123) | 1,403,017 | 2,335,020 | 932,003 | Company Policy | Muh. Raza Sufyan Khan |
| Toyota Corolla | 2,407,530 | (959,482) | 1,448,048 | 2,335,020 | 886,972 | Company Policy | Muh. Akram |
| Honda Civic | 2,612,900 | (866,218) | 1,746,682 | 2,335,020 | 588,338 | Company Policy | Muh. Salman Iqbal |
| Honda City | 2,406,730 | (792,789) | 1,613,941 | 2,335,020 | 721,079 | Company Policy | Ahsan Naseer |
| Honda City | 2,405,730 | (782,277) | 1,623,453 | 2,335,020 | 711,567 | Company Policy | Javeria Fahad |
| Kia Sportage | 2,410,730 | (773,647) | 1,637,083 | 2,335,020 | 697,937 | Company Policy | Muzahir Ahmad |
| Honda City | 2,425,590 | (767,784) | 1,657,806 | 2,396,995 | 739,189 | Company Policy | Faiz Muhammad |
| Honda City | 2,548,058 | (805,902) | 1,742,156 | 2,476,980 | 734,824 | Company Policy | Muhammad Shariq |
| Toyota Corolla | 1,587,250 | (500,349) | 1,086,901 | 1,549,020 | 462,119 | Company Policy | Qurat Ul Ain |
| Toyota Corolla | 2,923,000 | (876,886) | 2,046,114 | 2,923,020 | 876,906 | Company Policy | Faraz Javed |
| Honda City | 2,429,314 | (724,016) | 1,705,298 | 2,267,760 | 562,462 | Company Policy | Ibrar Ahmad |
| Suzuki Cultus | 1,828,880 | (487,378) | 1,341,502 | 1,780,020 | 438,518 | Company Policy | Noman Ikram |
| Toyota Yaris | 2,912,190 | (776,227) | 2,135,963 | 2,843,020 | 707,057 | Company Policy | Saqib Amin |
| Toyota Corolla | 2,622,190 | (698,095) | 1,924,095 | 2,497,980 | 573,885 | Company Policy | Fareed Kamran |
| Honda Civic | 3,941,500 | (983,188) | 2,958,312 | 3,735,000 | 776,688 | Company Policy | Muh. Mateen Sajjad Dar |
| Kia Sportage | 2,573,500 | (621,996) | 1,951,504 | 2,545,440 | 593,936 | Company Policy | Naveed Ali Tahir |
| Toyota Yaris | 2,576,790 | (558,977) | 2,017,813 | 2,503,020 | 485,207 | Company Policy | Nawaz Sarwar |
| Toyota Yaris | 2,552,963 | (553,137) | 1,999,826 | 2,467,020 | 467,194 | Company Policy | Tahir Idrees |
| Toyota Yaris | 2,620,100 | (567,684) | 2,052,416 | 2,547,000 | 494,584 | Company Policy | Muh. Faraz Baig |
| Honda City | 2,524,730 | (545,865) | 1,978,865 | 2,455,020 | 476,155 | Company Policy | Hamad Ur Rehman |
| Toyota Yaris | 3,086,000 | (463,458) | 2,622,542 | 3,004,980 | 382,438 | Company Policy | Nadeem Pathan |
| Toyota Yaris | 2,552,000 | (467,049) | 2,084,951 | 2,467,020 | 382,069 | Company Policy | Ashar Badar |
| Toyota Yaris | 2,606,290 | (867,924) | 1,738,366 | 2,606,290 | 867,924 | Company Policy | Imtiaz Ahmed |
| Toyota Yaris | 2,538,300 | (467,905) | 2,070,395 | 2,467,020 | 396,625 | Company Policy | Ali motors |
| Toyota Corolla | 2,936,790 | (541,367) | 2,395,423 | 2,863,020 | 467,597 | Company Policy | Hammad Zafar Malik |
| Honda Brv | 2,564,000 | (429,085) | 2,134,915 | 2,467,020 | 332,105 | Company Policy | Shoaib Ali |
| Toyota Corolla | 2,515,000 | (420,889) | 2,094,111 | 2,455,020 | 360,909 | Company Policy | Rizwan Hussain |
| Kia Sportage | 3,348,865 | (560,435) | 2,788,430 | 3,225,000 | 436,570 | Company Policy | Muhammad Awais |
| Honda Civic | 2,519,912 | (463,708) | 2,056,204 | 2,464,980 | 408,776 | Company Policy | Arsalan Rashid |
| Toyota Yaris | 2,542,750 | (383,731) | 2,159,019 | 2,467,020 | 308,001 | Company Policy | Eraj Mehmood |
| Kia Picanto | 2,092,500 | (315,787) | 1,776,713 | 2,053,980 | 277,267 | Company Policy | Wasim Ahmed |
| Honda Civic | 2,515,000 | (419,452) | 2,095,548 | 2,455,020 | 359,472 | Company Policy | Asif Aziz Bilgrami |
| Toyota Aqua | 3,457,800 | (518,010) | 2,939,790 | 3,343,980 | 404,190 | Company Policy | Mujahid Naseer |
| Toyota Yaris | 2,515,000 | (336,827) | 2,178,173 | 2,455,020 | 276,847 | Company Policy | Saad Usmani |
| Toyota Yaris | 2,533,000 | (338,129) | 2,194,871 | 2,467,020 | 272,149 | Company Policy | Hasan Waleed Majal |
| Toyota Yaris | 2,538,000 | (338,800) | 2,199,200 | 2,467,020 | 267,820 | Company Policy | Zuhair Mamoon Mirza |
| Honda Civic | 3,487,000 | (465,025) | 3,021,975 | 3,369,000 | 347,025 | Company Policy | Muhammad Junaid |
| Kia Sportage | 2,515,000 | (335,822) | 2,179,178 | 2,455,020 | 275,842 | Company Policy | Abdullah Tayyab Farooqi |
| Toyota Corolla | 2,515,000 | (335,822) | 2,179,178 | 2,455,020 | 275,842 | Company Policy | Muh. Shahid Aziz |
| Kia Sportage | 2,517,000 | (295,720) | 2,221,280 | 2,457,000 | 235,720 | Company Policy | Waqar Ahmed Sher |
| Toyota Yaris | 2,430,290 | (281,738) | 2,148,552 | 2,373,186 | 224,634 | Company Policy | Umair Amir Mian |
| Honda Civic | 2,530,000 | (294,725) | 2,235,275 | 2,455,020 | 219,745 | Company Policy | Imran Javed Zia |
| Toyota Corolla | 2,542,700 | (252,317) | 2,290,383 | 2,455,020 | 164,637 | Company Policy | Syed Rizwan Hussain Agha |
| Toyota Corolla | 2,420,000 | (162,328) | 2,257,672 | 2,344,980 | 87,308 | Company Policy | Nayyar Mashkooor Siddiqui |
| Honda City | 2,444,000 | (122,423) | 2,321,577 | 2,367,000 | 45,423 | Company Policy | Gibran Akram |
| Kia Sportage | 5,687,000 | - | 5,687,000 | 5,687,000 | - | Company Policy | Anas Saghir |
| Honda City | 3,050,000 | - | 3,050,000 | 3,050,000 | - | Company Policy | Habib Ahmad |
| Honda City | 2,460,000 | - | 2,460,000 | 2,460,000 | - | Company Policy | Muh. Khalid Ameer |
| | | | | | | | Atif Faraz |
| Aggregate of items of property and equipment with individual book value below Rs 500,000 | 80,193,501 | (36,704,682) | 43,488,819 | 51,803,249 | 8,314,430 | | |
| Year ended December 31, 2022 | 309,528,833 | (121,345,023) | 188,183,810 | 271,028,089 | 82,844,279 | | |

8 Intangibles

| Note | Intangibles under development | | | | | | | | | | |
|---|-------------------------------|-----------------------------|--------------------|-------------------|-------------------------------|-------------------|---------------------------------|--------------------------------|--|-------------------|-----------------------|
| | Goodwill | License: Country Model Bank | Customer contracts | Other intangibles | Customer Lifecycle Management | Digital Wallet | Model Bank (Country Model Bank) | Retail Loan Origination System | Profitability Distribution Service Islamic | KPI Dashboard | Total |
| At December 31, 2023 | | | | | | | | | | | |
| Cost | 5,353,083,748 | 5,513,297,142 | 620,696,906 | 193,385,241 | 39,796,032 | 41,910,453 | 25,096,031 | 15,254,188 | 33,075,149 | 39,973,154 | 11,875,568,044 |
| Accumulated amortization | - | (969,131,234) | (204,824,886) | (190,007,955) | - | - | - | - | - | - | (1,363,964,075) |
| Net book value | 5,353,083,748 | 4,544,165,908 | 415,872,020 | 3,377,286 | 39,796,032 | 41,910,453 | 25,096,031 | 15,254,188 | 33,075,149 | 39,973,154 | 10,511,603,969 |
| For the year ended December 31, 2023 | | | | | | | | | | | |
| Opening net book value | 4,367,552,719 | 3,075,846,719 | 431,161,023 | 13,503,017 | 14,089,366 | 21,195,367 | 11,750,746 | - | 28,574,596 | - | 7,963,673,553 |
| Additions (at cost) | - | 1,521,376,215 | - | - | 25,706,666 | 20,715,086 | 13,345,285 | 15,254,188 | 4,500,553 | 39,973,154 | 1,640,871,147 |
| Amortization (8.2) | - | (807,360,563) | (156,404,417) | (10,125,731) | - | - | - | - | - | - | (973,890,711) |
| Adjustment due to (8.6.3.1) | (72,203,373) | - | 72,203,373 | - | - | - | - | - | - | - | - |
| TreeHouse purchase price allocation | - | - | - | - | - | - | - | - | - | - | - |
| Exchange differences | 1,057,734,402 | 754,303,537 | 68,912,041 | - | - | - | - | - | - | - | 1,880,949,980 |
| Closing net book value | 5,353,083,748 | 4,544,165,908 | 415,872,020 | 3,377,286 | 39,796,032 | 41,910,453 | 25,096,031 | 15,254,188 | 33,075,149 | 39,973,154 | 10,511,603,969 |
| At December 31, 2022 | | | | | | | | | | | |
| Cost | 4,367,552,719 | 3,237,617,390 | 479,581,492 | 193,385,241 | 14,089,366 | 21,195,367 | 11,750,746 | - | 28,574,596 | - | 8,353,746,917 |
| Accumulated amortization | - | (161,770,671) | (48,420,469) | (179,882,224) | - | - | - | - | - | - | (390,073,364) |
| Net book value | 4,367,552,719 | 3,075,846,719 | 431,161,023 | 13,503,017 | 14,089,366 | 21,195,367 | 11,750,746 | - | 28,574,596 | - | 7,963,673,553 |
| For the year ended December 31, 2022 | | | | | | | | | | | |
| Opening net book value | - | - | - | 23,717,704 | 14,089,366 | 21,195,367 | 11,750,746 | - | - | - | 23,717,704 |
| Additions (at cost) | - | 3,237,617,390 | - | - | - | - | - | - | 28,574,596 | - | 3,313,227,465 |
| Acquisition of subsidiaries | 3,969,718,063 | - | 479,581,492 | - | - | - | - | - | - | - | 4,449,299,555 |
| Amortization | - | (165,196,717) | (48,420,469) | (10,214,687) | - | - | - | - | - | - | (223,831,873) |
| Disposal | - | - | - | - | - | - | - | - | - | - | - |
| Exchange differences | 397,834,656 | 3,426,046 | - | - | - | - | - | - | - | - | 401,260,702 |
| Closing net book value | 4,367,552,719 | 3,075,846,719 | 431,161,023 | 13,503,017 | 14,089,366 | 21,195,367 | 11,750,746 | - | 28,574,596 | - | 7,963,673,553 |

8.1 The cost of the intangibles includes assets amounting to Rs 163.01 million (2022: Rs 163.01 million) with nil book value.

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

| | Note | 2023 | 2022 |
|-----------------------------------|------|--------------------|--------------------|
| Cost of revenue | (34) | 972,909,639 | 222,658,083 |
| Selling and distribution expenses | (35) | 88,053 | 79,799 |
| Administrative expenses | (36) | 893,019 | 1,093,991 |
| | | 973,890,711 | 223,831,873 |

8.3 Amortization methods and useful life

The Group amortizes intangible assets with a limited useful life, using straight-line method at the following rates:

| | % |
|-----------------------------|---------|
| Other intangibles | 33 |
| License: Country Model Bank | 6.67-10 |
| Digital E-Wallet | 33 |
| Customer contracts | 20-50 |

8.4 Customer contracts

The customer contracts were acquired as part of business combinations. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

8.5 CMB License

This represents CMB license purchased by the Group from Temenos as referred to in note 27.

8.6 Business combinations

8.6.1 Summary of acquisition of NDC Group

On July 05, 2022, the Group acquired 100% control of NDC Group comprising National Data Consultant (Private) Limited – Pakistan, National Data Consultant FZE – UAE and NDC APAC Pte. Ltd. – Singapore. NDC Group is a systems integrator and software solutions provider with major clientele in the banking and financial services industry. The acquisition has significantly increased the Group's footprint in this industry segment. The said acquisition represents purchase of 100% shares of these entities and has been accounted for as a business combination under International Financial Reporting Standard (IFRS) 3 'Business Combinations'. A purchase price allocation exercise had been performed by management, assisted by an external expert. The primary element of the valuation exercise assessed the fair value of identifiable intangible assets in the form of software licenses of Rs 2,617.25 million, customer contracts of Rs 457 million and resultantly, the Group recognized a goodwill of Rs 3,655.86 million, in addition to the fair value of the net assets acquired.

Details of purchase consideration, the net assets acquired and goodwill were as follows:

| | 2022 |
|------------------------------|---------------|
| | Rupees |
| Purchase consideration | |
| Cash consideration | 2,416,303,000 |
| Ordinary share issued | 3,908,636,725 |
| Total purchase consideration | 6,324,939,725 |

The fair value of the 11,822,500 shares issued as part of consideration paid for 100% acquisition of NDC group (Rs 3,908.64 million) was based on published share price of Rs 330.61 per share on July 05, 2022.

The assets and liabilities recognized as a result of this acquisition were as follows:

| | Fair value Rupees |
|--|----------------------|
| Cash and bank balances | 26,760,095 |
| Receivable against services rendered | 1,905,805,979 |
| Contract assets | 190,386,678 |
| Inventory: intellectual property for trading | 2,617,252,022 |
| Advances | 4,906,488 |
| Trade deposits and short term prepayments | 729,114,399 |
| Other receivables | 13,311,324 |
| Property and equipment | 68,415,095 |
| Intangibles: customer contracts | 457,000,000 |
| Long term deposits | 28,311,780 |
| Long term loan | (14,642,516) |
| Deferred Liability | (236,326,234) |
| Trade and other payables | (3,058,461,779) |
| Short Term Borrowings | (60,000,000) |
| Accrued Markup on short term borrowings | (538,544) |
| Other payables | (216,400) |
| Net identifiable assets acquired | 2,671,078,387 |
| Add: goodwill | 3,655,861,206 |
| Net assets acquired | 6,326,939,593 |

NDC Group is a regional market leader in the core and digital banking solution with an impressive customer base in BFS vertical and highly skilled and engaged employees. NDC Group has built a successful business, go-to-market strategy and customer portfolio which will expand and accelerate by bringing the Holding Company's resources to build on the momentum NDC Group has established. The goodwill is attributable to the assembled workforce and the high profitability potential of the acquired business of the NDC group including creating meaningful impact through synergising IT services of the Systems Group particularly in the banking industry in the regions where it operates by increasing exports, expanding domestic footprint as well as up-selling and cross-selling its existing services to the BFS customers. Goodwill relates to BFSI segment of the Group. Goodwill will not be deductible for tax purposes.

(i) Acquired receivables

The fair value of trade receivables acquired was Rs 1,905.8 million. The gross contractual amount for trade receivables due was Rs 2,078.62 million, with a loss allowance of Rs 172.81 million recognized on acquisition.

(ii) Revenue and profit contribution

The acquired business contributed a revenue of Rs 5,105.17 million and a net profit of Rs 240.62 million to the Group for the period 5 July 2022 to 31 December 2022.

8.6.2 Summary of acquisition of Techvista Information Technology WLL

Techvista Information Technology WLL ('TVSQ') was established in the State of Qatar during the year to acquire net assets from a branch of Solution Technology Qatar WLL (Soltech). The Holding Company though owns 34% shareholding of TVSQ, however, obtained full management and control through trust agreement dated February 27, 2022 which was signed by all the partners of TVSQ. Under the trust agreement the partners namely Solutions Technology Qatar WLL and Mr. Fawad Naeem Rana agreed that Systems Limited is the true and actual owner of TVSQ and all its management control is retained by Systems Limited, irrespective of the fact that Solution Technology Qatar WLL is mentioned as the majority shareholder of the company on the commercial license. The terms of the trust agreement also stated that all rights to distribution of profits and losses of the company are controlled by the Holding Company.

The said acquisition through trust agreement represents 100% control of this entity and had been accounted for as a business combination under International Financial Reporting Standard (IFRS) 3 'Business Combinations'. A purchase price allocation exercise had been performed by management, assisted by an external expert. The primary element of the valuation exercise assessed the fair value of identifiable intangible assets in the form of customer contracts of Rs 22.58 million and resultantly, the Group had recognized a goodwill of Rs 190.44 million, in addition to the fair value of the net assets acquired.

Details of purchase consideration, the net assets acquired and goodwill were as follows:

| | 2022 |
|--|------------------|
| | Rupees |
| Purchase consideration | |
| Cash Consideration | - |
| Share already held in the company at incorporation | 3,288,745 |
| Total purchase consideration | 3,288,745 |

| | Fair value Rupees |
|---|----------------------|
| Cash and bank balances | 80,684,510 |
| Receivable against services rendered | 108,391,291 |
| Contract assets | 5,488,336 |
| Trade deposits and short term prepayments | 127,284,209 |
| Property and equipment | 285,273 |
| Intangibles: customer contracts | 22,581,492 |
| Trade and other payables | (498,544,620) |
| Accrued liabilities | (33,324,224) |
| Net identifiable assets acquired | (187,153,733) |
| Add: goodwill | 190,442,479 |
| Net assets acquired | 3,288,746 |

(i) Acquired receivables

The fair value of trade receivables acquired is Rs 108.39 million. The gross contractual amount for trade receivables due is also Rs 108.39 million.

(ii) Revenue and profit contribution

The acquired business contributes a revenue of Rs 1,091.07 million and a net loss of Rs 51.07 million to the Group for the period 27 February, 2022 to 31 December, 2022.

8.6.3 Summary of acquisition of Treehouse Consultancy LLC

On 1st July 2022, the Group acquired 100% control of Treehouse Consultancy LLC, a company incorporated in UAE. The company is engaged in the business of information technology consultancy and sale of software. The said acquisition represents purchase of 100% shares of these entities and has been accounted for as a business combination under International Financial Reporting Standard (IFRS) 3 'Business Combinations'

Details of purchase consideration, the net assets acquired and goodwill were as follows:

| | 2022 |
|-------------------------------------|--------------------|
| | Rupees |
| Purchase consideration | |
| Cash consideration | 385,276,805 |
| Total purchase consideration | 385,276,805 |

The assets and liabilities recognized as a result of this acquisition were as follows:

| | Note | Fair value Rupees |
|---|-----------|----------------------|
| Cash and bank balances | | 105,887,454 |
| Receivable against services rendered | | 222,237,710 |
| Intangibles: customer contracts | (8.6.3.1) | 72,203,373 |
| Trade deposits and short term prepayments | | 18,427,215 |
| Property and equipment | | 2,178,069 |
| Trade and other payables | | (86,867,964) |
| Net identifiable assets acquired | | 334,065,857 |
| Add: goodwill | (8.6.3.1) | 51,211,005 |
| Net assets acquired | | 385,276,862 |

(i) Acquired receivables

The fair value of trade receivables acquired was Rs 222.24 million. The gross contractual amount for trade receivables due was also Rs 222.24 million.

(ii) Revenue and profit contribution

The acquired business contributes a revenue of Rs 368.04 million and a net loss of Rs 47.19 million to the Group for the period July 01, 2022 to December 31, 2022.

8.6.3.1 Goodwill

The goodwill of Rs 123.41 million recognized on acquisition was not allocated last year to identifiable net assets. A purchase price allocation exercise has been performed by management during the year, assisted by an external expert. The primary element of the valuation exercise assessed the fair value of identifiable intangible assets in the form of customer contracts of Rs 72.20 million and resultantly, the Group recognized a goodwill of Rs 51.21 million, in addition to the fair value of the net assets acquired.

8.6.4 Purchase consideration – cash outflow

| | 2023 |
|--|----------------------|
| | Rupees |
| Net cash outflow for investing activities | 1,746,121,672 |

Outflow of cash to acquire subsidiaries, net of cash acquired

| | 2022 |
|---|--------------------|
| | Rupees |
| Cash consideration | |
| Less: deferred portion of cash consideration as at 31 December 2022 | 2,801,579,805 |
| Less: balances acquired | 1,676,776,805 |
| Cash | 213,332,059 |
| Bank overdraft | (60,000,000) |
| | 153,332,059 |
| Net cash outflow for investing activities | 971,470,941 |

8.7 Impairment testing of goodwill

8.7.1 NDC Group

The Group includes the goodwill associated with the acquisition of NDC Group in the net assets of the Banking & Financial Services (BFSI) segment. This is because all these companies exclusively offer services and solutions to the BFSI segment. Consequently, the group assesses the impairment of goodwill related to these entities as part of the impairment test for the net assets of the BFSI segment.

Following this approach, the group identifies all directly attributable cash flows linked to the BFSI segment and projects them using assumptions approved by management. The management-approved segment cash flow projections span a five-year period. The present value of the anticipated cash flows for this segment is determined by applying a suitable discount rate of 23.85%, a terminal value of 5%, a growth rate of 22%, and an expected yearly increase in employee headcount and related payroll costs to account for inflation.

The average annual growth rate forecasted over the five-year period is based on comparative industry estimates, research papers, and management's expectations regarding market development. The discount rate reflects the specific risks inherent in the market sector and the countries in which the business operates. The terminal growth rate, which is the weighted average growth rate used to extend cash flows beyond the budget period, is consistent with forecasts included in industry and country reports.

8.7.2 Techvista Information Technology WLL Qatar

The Group includes the goodwill associated with Techvista Information Technology WLL in the net assets of the Growth segment. The impairment testing goodwill of Techvista Information Technology WLL is determined on discounted cash flow basis.

These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The present value of the expected cash flows of the above segment is determined by applying a suitable discount rate of 11.6%, terminal value of 3.6% and growth rate of 24%.

Average annual growth rate forecasted over a 5-year period has been used based on comparative industry estimates, research papers and management's expectation of market development while discount rate reflects specific risks of market sector and country in which the business operates. Terminal growth rate is the weighted average growth rate used to extrapolate cash flows beyond the budget period which is consistent with forecasts included in industry and country reports.

8.7.3 Treehouse Consultancy LLC

The Group includes the goodwill associated with Treehouse Consultancy LLC in the net assets of the Banking & Financial Services (BFSI) segment. This is because Treehouse Consultancy LLC exclusively offers services and solutions to the BFSI segment. Consequently, the Group assesses the impairment of goodwill related to Treehouse Consultancy LLC as part of the impairment test for the net assets of the BFSI segment.

These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The present value of the expected cash flows of the above segment is determined by applying a suitable discount rate of 11.6%, terminal value of 3.6% and growth rate of 21%.

Average annual growth rate forecasted over a 5-year period has been used based on comparative industry estimates, research papers and management's expectation of market development while discount rate reflects specific risks of market sector and country in which the business operates. Terminal growth rate is the weighted average growth rate used to extrapolate cash flows beyond the budget period which is consistent with forecasts included in industry and country reports.

9 Long term investments

| | Note | 2023 | 2022 |
|---|-------|--------------------|--------------------|
| Rupees | | | |
| Ordinary investment-unquoted | | | |
| Jomo Technologies (Private) Limited | (9.1) | - | 154,468,912 |
| Advance against issuance of shares | | | |
| Jugnu Technologies (Private) Limited | (9.2) | - | 88,555,000 |
| B2B Holdings (Private) Limited | (9.3) | 101,886,235 | - |
| | | 101,886,235 | 243,023,912 |

9.1 Jomo Technologies (Private) Limited

This represents 25,000,000 fully paid ordinary shares of Rs 10/- each, representing 8.83% (2022: 25,000,000 fully paid ordinary shares of Rs 10/- each, representing 8.83%) shares in Jomo Technologies (Private) Limited measured at fair value through profit or loss.

As at 31 December 2022, since JOMO's ordinary shares were not listed, an independent valuer was engaged by the Group 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.

During the year, the management of the Group has conducted a thorough review of its investment considering the deteriorating cashflow position and other relevant factors affecting the company's financial performance.

The management has identified several indicators that strongly suggest fair value loss on this investment, 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 sourced 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 year. This amount has been recognized as an expense in the Profit and Loss account for the year. This expense has been accounted for in the determination of the Group's net income for the period.

| | 31st December 2023 | | | | |
|-------------------------------------|-----------------------|----------------|-------------------|-----------------|-------------------------------------|
| | Long term growth rate | Cost of Equity | Projection period | Value per share | Valuation Technique used |
| Jomo Technologies (Private) Limited | 0% | 24.00% | 5 | NIL | Discounted Free Cash Flow to Equity |

| | 2022 | | | | |
|-------------------------------------|-----------------------|----------------|-------------------|-----------------|-------------------------------------|
| | Long term growth rate | Cost of Equity | Projection period | Value per share | Valuation Technique used |
| Jomo Technologies (Private) Limited | 5% | 23.20% | 7 | 6.18 | Discounted Free Cash Flow to Equity |

9.1.1 Reconciliation of gain / (loss) on re-measurement of long term investments as of the reporting date is as follows:

| | 2023 | 2022 |
|---------------------------------------|---------------|-------------|
| | Rupees | |
| Balance as at January 01 | 154,468,912 | - |
| Cost of investment | - | 150,000,000 |
| Unrealized (loss) / gain for the year | (154,468,912) | 4,468,912 |
| Balance as at December 31 | - | 154,468,912 |

9.2 This represented amount invested by the Group amounting to Rs 88.5 million against the right to purchase preference shares of Jugnu Technologies (Private) Limited through simple agreement for future equity. In case of any future equity financing by Jugnu Technologies (Private) Limited, the safe note was to be automatically converted into preference shares. During the year, the safe note was redeemed.

9.3 This represents amount invested by the Group amounting to Rs 101.9 million against the right to purchase preference shares of B2B Holdings (Private) Limited through simple agreement for future equity. In case of any future equity financing by B2B Holdings (Private) Limited, the safe note will automatically be converted into preference shares. This is carried at cost, is unsecured and carries no interest.

10 Investment in associates

| | Note | 2023 | 2022 |
|---|--------|-------------|-------------|
| | | Rupees | |
| SalesFlo (Private) Limited 146,820 fully paid ordinary shares of Rs 10/- each | (10.1) | 80,912,736 | 166,027,647 |
| E-Processing Systems B.V. 179,507 fully paid ordinary shares of USD 0.01/- each | (10.2) | 201,546,988 | 785,006,669 |
| | (10.3) | 282,459,724 | 951,034,316 |

10.1 SalesFlo (Private) Limited

This represents 146,280 fully paid ordinary shares of Rs 10/- each, representing 20% (2022: 146,280 fully paid shares of Rs 10/- each, representing 20%) share in the Group's associate, SalesFlo (Private) Limited, a company set up in DHA Phase 6, Karachi, to provide services of software designing, development, implementation, maintenance, testing / benchmarking and to provide internet / web based applications.

10.1.1 Movement in investment in associate is as follows:

| | Note | 2023 | 2022 |
|---|------------|---------------|---------------|
| | | Rupees | |
| Cost of investment | | 468,000,000 | 468,000,000 |
| Share of profit / (loss) from associate accounted for using the equity method | (10.1.1.1) | 48,207,034 | (301,602,012) |
| Share of other comprehensive (loss) / income from associate | (10.1.1.1) | (770,839) | (370,341) |
| Impairment during the year | (10.1.2) | (434,523,459) | - |
| | | 80,912,736 | 166,027,647 |

10.1.1.1 Share of loss from associate and other comprehensive income of the associated company is based on audited financial statements for the year ended December 31, 2023:

| | 2023 | 2022 |
|--|---------------|-----------------|
| | Rupees | |
| Total loss for the year | 1,749,045,231 | (1,208,820,868) |
| 20% share of profit/(loss) | 349,809,046 | (241,813,913) |
| Other comprehensive (loss)/income for the period | (2,002,488) | (2,143,936) |
| 20% share of OCI | (400,498) | (428,875) |

10.1.2 An impairment test has been carried out for SalesFlo (Private) Limited ('Salesflo') by the management during the year due to the impairment indicators of decrease in the economic performance of Salesflo, significant change in the economic conditions and disposal of discontinued operations affecting future profitability.

The Group reviewed the carrying amount of its investment in equity instruments of Salesflo and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. The recoverable amount of investment in Salesflo has been determined based on 'value in use' of Salesflo. The 'value in use' has been worked out by the management using income approach.

As the recoverable amount of the investment worked out is lower than its carrying value, therefore, an impairment loss has been recognized in these consolidated financial statements. The recoverable amount of the investment was determined to be lower than its carrying amount by Rs 2,960 per share and the carrying amount was accordingly reduced by Rs 434.52 million which has been recognised as an expense.

10.1.3 Summarised financial information

Set out below is the summarized financial statement information of SalesFlo (Private) Limited which is accounted for using equity method. The information disclosed reflects the amounts presented in the most recent audited financial statements of the associated company, for the year ended December 31, 2023.

| | 2023 | 2022 |
|--|---------------|-----------------|
| | Rupees | |
| Revenue | 843,721,550 | 646,680,330 |
| Profit / (loss) from continuing operations after tax | 29,583,434 | (1,208,820,868) |
| Profit from discontinuing operations after tax | 1,719,461,797 | - |
| OCI | (2,002,488) | (2,143,936) |
| Total Comprehensive Income / (loss) | 1,747,042,743 | (1,210,964,804) |
| Non-current assets | 61,590,311 | 36,873,359 |
| Current assets | 789,535,267 | 486,476,883 |
| Assets for disposal group classified as held for sale | - | 1,683,695,879 |
| Non-current liabilities | - | (1,345,599) |
| Current liabilities | (118,269,745) | (101,912,949) |
| Liabilities of disposal groups classified as held for sale | - | (2,683,401,214) |
| | 732,855,833 | (579,613,641) |
| Non-Controlling Interest | - | 434,412,285 |
| Advance against equity | - | - |
| Net assets attributable to owners of the Group | 732,855,833 | (1,014,025,926) |

10.1.4 Reconciliation to carrying amounts

| | 2023 | 2022 |
|---|---------------|-----------------|
| | Rupees | |
| Net assets as on January 01 | (579,613,641) | 542,587,540 |
| Profit / (loss) for the year | 1,749,045,231 | (1,208,820,868) |
| Other comprehensive loss | (2,002,488) | (2,143,936) |
| Capital Reserves – issue of right shares | - | - |
| Advance against issue of share capital (NCI) | - | 88,763,623 |
| NCI derecognized/transferred during the year | (434,573,269) | - |
| Net assets as on December 30 | 732,855,833 | (579,613,641) |
| Less : NCI | - | (434,412,285) |
| Net assets attributable to owners of the group | 732,855,833 | (1,014,025,926) |
| Company's percentage in shareholding | 20% | 20% |
| Company's share in carrying value of net assets | 146,603,363 | (202,805,185) |
| Excess of purchase consideration over share in carrying value of net assets at the date of acquisition" | 368,832,832 | 368,832,832 |
| Impairment for the year | (434,523,459) | - |
| Carrying amount of investment as at December 31 | 80,912,736 | 166,027,647 |

10.1.5 Commitments

The future aggregate payments under Ijarah agreement which are payable within 1 year are Rs 1,794,368 (2022: Nil)

10.2 E-Processing Systems B.V.

This represents 179,507 fully paid ordinary shares of USD 0.01/- each, representing 30.9% (2022: 179,507 fully paid shares of USD 0.01/- each, representing 44.6%) share in the Holding Company's associate, E-Processing Systems B.V., a company set up in Netherlands to make it easier to raise investments and funds from the investors. During the year, due to conversion of preference shares to ordinary shares pertaining to Melinda & Gates Foundation in EPBV., the shareholding of Systems Limited has been diluted and the revised shareholding is 30.90%.

10.2.1 Movement in investment in associate is as follows:

| | Note | 2023 | 2022 |
|-------------------------------------|------------|---------------|---------------|
| | | Rupees | |
| Cost of investment | | 889,335,703 | 889,335,703 |
| Share of loss from associate | (10.2.1.1) | (503,560,170) | (105,681,830) |
| Share of other comprehensive income | (10.2.1.1) | (8,877,104) | 1,352,796 |
| Gain on dilution of disinvestment | | 119,588,349 | - |
| Impairment during the year | | (294,939,790) | - |
| | | 201,546,988 | 785,006,669 |

10.2.1.1 Share of loss from associate and other comprehensive income of the associated company is based on audited financial statements for the year ended December 31, 2023.

| | 2023 | 2022 |
|---|---------------|---------------|
| | Rupees | |
| Total loss for the period | (902,355,785) | (184,048,093) |
| 44.6% / 30.9% (2022: 44.6%) share of loss | (397,878,340) | (82,085,449) |
| Other comprehensive income for the period | (23,539,558) | 3,033,174 |
| 44.6% / 30.9% (2022: 44.6%) share of OCI | (10,229,900) | 1,352,796 |

10.2.2 An impairment test has been carried out for EPBV by the management during the year due to the impairment indicators of decrease in the economic performance of EPBV and significant change in the economic conditions.

The Group reviewed the carrying amount of its investment in equity instruments of EPBV and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. The recoverable amount of investment in EPBV has been determined based on 'value in use' of E-Processing Systems Pakistan (Pvt) Limited, the only wholly owned subsidiary of EPBV. Since, EPBV does not have its own business operations, the assessment of value in use of E-Processing Systems Pakistan serves as a reflection of EPBV's value. The 'value in use' has been worked out by the management using income approach.

As the recoverable amount of the investment worked out is lower than its carrying value, therefore, an impairment loss has been recognized in these consolidated financial statements. The recoverable amount of the investment was determined to be lower than its carrying amount by Rs 1,643 per share and the carrying amount was accordingly reduced by Rs 294.94 million which has been recognised as an expense.

10.2.3 Summarised financial information of E-Processing Systems B.V.

Set out below is the summarized financial statement information of E-Processing Systems B.V. which is accounted for using equity method. The information disclosed reflects the amounts presented in the most recent audited financial statements of the associated company, for the year ended December 31, 2023.

| | 2023 | 2022 |
|---|-----------------|-----------------|
| | Rupees | |
| Non-current assets | 597,113,075 | 463,815,475 |
| Current assets | 846,967,608 | 1,673,473,736 |
| Current liabilities | (446,424,462) | (451,494,095) |
| Non Current liabilities | (1,017,836,100) | (1,589,887,820) |
| Equity | (20,179,879) | 95,907,296 |
| Group share in equity - 44.60% | (9,000,226) | 42,774,654 |
| Revenue | 276,814,979 | 331,790,325 |
| Cost of sales | (151,917,656) | (197,030,444) |
| Distribution cost | (154,339,680) | (153,727,141) |
| Administrative expenses | (251,921,715) | (138,081,515) |
| Other income | 40,466,152 | 71,263,690 |
| Other operating expenses | (502,323,998) | (6,195,397) |
| Finance costs | (149,618,993) | (80,167,619) |
| Loss before tax | (892,840,911) | (172,148,101) |
| Taxation | (9,514,874) | (11,899,992) |
| Loss for the year | (902,355,785) | (184,048,093) |
| Other comprehensive income | (23,539,558) | 3,033,174 |
| Total comprehensive loss | (925,895,343) | (181,014,919) |
| Group share of total comprehensive loss | (408,108,240) | (80,732,654) |

10.2.4 Commitments

Guarantees issued by financial institutions in favour of customers on behalf of the associate:

Commitment under contract for software development

Future aggregate payments under Ijarah arrangements:

Not later than one year

Later than one year but not later than five years

| | 2023 | 2022 |
|--|------------|------------|
| | Rupees | |
| | 60,000,000 | 50,000,000 |
| | - | 812,000 |
| | 2,366,664 | 2,366,664 |
| | 2,761,108 | 5,127,772 |
| | 5,127,772 | 7,494,436 |

10.3 The investments in associated companies have been made in accordance with the requirements of the Companies Act, 2017.

11 Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

| | 2023 | 2022 |
|--------------------------|---------------|---------------|
| | Rupees | |
| Cost | | |
| Accumulated depreciation | 945,479,321 | 835,163,169 |
| Net book value | (293,250,267) | (255,018,430) |
| | 652,229,054 | 580,144,739 |

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

| | Note | 2023 | 2022 |
|---------------------------|--------|---------------|---------------|
| | | Rupees | |
| Opening net book value | | 580,144,739 | 288,981,475 |
| Additions | | 264,090,116 | 463,782,159 |
| Depreciation for the year | (11.1) | (206,546,640) | (126,301,073) |
| Deletions | | - | (45,144,620) |
| Exchange Gain/ Loss | | 14,540,839 | (1,173,202) |
| Closing net book value | | 652,229,054 | 580,144,739 |
| Rate of depreciation (%) | | 10-25 | 10-25 |

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

| | Note | 2023 | 2022 |
|-----------------------------------|------|-------------|-------------|
| | | Rupees | |
| Cost of revenue | (34) | 126,263,225 | 96,730,120 |
| Selling and distribution expenses | (35) | 748,991 | 627,154 |
| Administrative expenses | (36) | 79,534,424 | 28,943,799 |
| | | 206,546,640 | 126,301,073 |

12 Long term loans considered good - secured

| | Note | 2023 | 2022 |
|---------------------|--------|-------------|-------------|
| | | Rupees | |
| Due from executives | (12.1) | 528,345,079 | 298,036,906 |

12.1 Due from executives

| Due from executives | | Note | 2023 | | 2022 | |
|---------------------------------|------|------|---------------|--------------|---------------|---------------|
| | | | Rupees | | | |
| | | | Motor Vehicle | Other loans | Total | Total |
| As at January 01 | | | 366,422,329 | 31,728,419 | 398,150,748 | 36,796,454 |
| Loans disbursed during the year | | | | | | |
| Undiscounted amount paid | | | 683,648,159 | 73,309,000 | 756,957,159 | 565,669,865 |
| Deferred employee benefits | (13) | | (205,209,862) | (11,122,985) | (216,332,847) | (126,682,244) |
| | | | 478,438,297 | 62,186,015 | 540,624,312 | 438,987,621 |
| Loans settled during the year | | | (106,454,793) | (5,587,980) | (112,042,773) | (22,160,270) |
| Unwinding of discount | | | 75,219,404 | 7,715,816 | 82,935,220 | 33,789,390 |
| Repayments | | | (167,655,927) | (29,899,634) | (197,555,561) | (89,262,447) |
| | | | 645,969,310 | 66,142,636 | 712,111,946 | 398,150,748 |
| Receivable within one year | | | (138,797,966) | (44,968,901) | (183,766,867) | (100,113,842) |
| | | | 507,171,344 | 21,173,735 | 528,345,079 | 298,036,906 |

12.2 These interest free loans are repayable between 18 to 60 (2022: 18 to 60) months and are granted to the executives of the Company, in accordance with their terms of employment. These are secured against post dated cheques. These loans were initially recognized at fair value using effective interest rates ranging from 9.54% to 17.51% (2022: 9.54% to 14.37%). The difference between cash paid and present value of cash inflows upon initial recognition has been recognized as deferred employee benefits which is amortized on a straight line basis over the period of the loan.

13 Deferred employee benefits

| | Note | 2023 | 2022 |
|---|------|--------------|--------------|
| | | Rupees | |
| As at January 01 | | 116,831,021 | 13,234,193 |
| Additions during the year | | 216,332,847 | 126,682,244 |
| Settlements during the year | | (30,930,563) | (2,545,676) |
| Amortization during the year | | (53,010,107) | (20,539,740) |
| | | 249,223,198 | 116,831,021 |
| Current portion of deferred employee benefits | | (67,157,471) | (29,892,702) |
| | | 182,065,727 | 86,938,319 |

14 Long term receivable – unsecured

| | Note | 2023 | 2022 |
|--|------|---------------|-----------------|
| | | Rupees | |
| Opening balance | | 1,103,297,635 | - |
| Undiscounted amount due | | - | 3,107,256,600 |
| Less: Upfront receipt | | - | (1,827,798,000) |
| Deferred consideration | | 1,103,297,635 | 1,279,458,600 |
| Effect of discounting | | - | (174,373,229) |
| Present value of long term receivable | | 1,103,297,635 | 1,105,085,371 |
| Unwinding of discount | (39) | 63,771,322 | 15,164,173 |
| Receipts / Adjustments during the year | | (249,157,283) | |
| Exchange translation differences | | 266,323,862 | (16,951,909) |
| | | 1,184,235,536 | 1,103,297,635 |
| Less: Current portion shown under current assets | | (298,167,633) | (194,200,634) |
| | | 886,067,903 | 909,097,001 |

- 14.1 This represents payment due from Temenos Headquarters S.A for sale of intellectual property (IP). The IP sale agreement between National Data Consultancy FZE and Temenos Headquarters S.A was entered into on September 30, 2022. The agreement contains deferred payment terms, hence the IP has been recognized at present value of total consideration due as per terms. Deferred consideration has been discounted @ 5.00% based on relevant benchmark rate.

15 Long term deposits

| | Note | 2023 | 2022 |
|----------------------------------|------|-------------|--------------|
| | | Rupees | |
| Lease buildings | | | |
| Opening balance | | 19,349,849 | 5,708,578 |
| Additions: | | | |
| Undiscounted amount paid | | | |
| Effect of discounting | | 8,764,470 | 22,386,180 |
| Fair value of long term deposits | | (4,344,121) | (10,375,537) |
| Unwinding of discount | (39) | 4,420,349 | 12,010,643 |
| Balance as at 31 December | | 3,139,937 | 1,630,628 |
| | | 26,910,135 | 19,349,849 |
| Others | | | |
| Utilities and other deposits | | 238,598,660 | 44,494,861 |
| | | 265,508,795 | 63,844,710 |

16 Contract assets – unsecured

| | Note | 2023 | 2022 |
|------------------|--------|---------------|---------------|
| | | Rupees | |
| Unbilled revenue | (16.1) | 7,588,322,082 | 2,280,413,210 |
| Retention money | | 372,139,553 | 311,577,723 |
| | | 7,960,461,635 | 2,591,990,933 |

16.1 Unbilled revenue

| | Note | 2023 | 2022 |
|-------------------------|----------|---------------|---------------|
| | | Rupees | |
| Export | | 6,114,310,931 | 1,197,793,789 |
| Local | | 1,553,154,066 | 1,115,459,506 |
| | | 7,667,464,997 | 2,313,253,295 |
| Less: Allowance for ECL | (16.1.3) | (79,142,915) | (32,840,085) |
| | (16.1.4) | 7,588,322,082 | 2,280,413,210 |

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

| | Note | 2023 | 2022 |
|---------------------------|------|--------|-----------|
| | | Rupees | |
| Visionet Inc. | | - | 3,636,213 |
| Visionet Deutschland GMBH | | - | - |
| Visionet EMEA Limited | | - | - |

16.1.3 Allowance for ECL

| | Note | 2023 | 2022 |
|----------------------------------|------|-------------------|-------------------|
| | | Rupees | |
| Balance as at January 01 | | 32,840,085 | 22,232,457 |
| Expense for the year - net | | 126,299,528 | 10,607,628 |
| Balances written off | | (81,465,565) | - |
| Foreign exchange movement | | 1,468,867 | - |
| Balance as at December 31 | | 79,142,915 | 32,840,085 |

16.1.4 These represent unbilled debtors arising due to recognition of revenue upon delivery of performance obligations as per contract on the basis of percentage of completion as per IFRS 15 - Revenue from contracts with customers.

17 Trade debts - unsecured

| | Note | 2023 | 2022 |
|------------------------------|--------|-----------------------|----------------------|
| | | Rupees | |
| Considered good - unsecured: | | | |
| Export | (17.1) | 10,338,403,980 | 6,879,808,724 |
| Local | | 2,645,877,618 | 1,975,980,356 |
| | | 12,984,281,598 | 8,855,789,080 |
| Less: Allowance for ECL | (17.2) | (277,466,315) | (360,942,070) |
| | | 12,706,815,283 | 8,494,847,010 |

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

| | 2023 | | | | | |
|-----------------------------|-------------|---------------------------|-------------------------------|-----------------------|--------------------------------------|---------------------------|
| | AtClose LLC | PartnerLinQ Incorporation | Visionet Canada Incorporation | Visionet EMEA Limited | Visionet Systems Incorporation - USA | Visionet Deutschland GMBH |
| Not Past Due | 107,503,341 | 308,546,855 | 3,159,546 | 314,854,079 | 2,651,891,528 | - |
| Past due 0-90 days | 14,109,226 | - | 4,099,773 | 95,519,764 | 63,379,427 | - |
| Past due 91-180 days | - | - | - | - | - | - |
| Past due 181-270 days | - | - | - | 789,782 | - | - |
| Past due 271-360 days | - | - | - | - | - | - |
| Past due 361 days and above | - | - | - | - | - | - |
| | 121,612,567 | 308,546,855 | 7,259,319 | 411,163,625 | 2,715,270,955 | - |

| | 2022 | | | | | |
|-----------------------------|-------------|---------------------------|-------------------------------|-----------------------|--------------------------------------|---------------------------|
| | AtClose LLC | PartnerLinQ Incorporation | Visionet Canada Incorporation | Visionet EMEA Limited | Visionet Systems Incorporation - USA | Visionet Deutschland GMBH |
| Not Past Due | - | - | - | 176,057,768 | 1,452,415,040 | 133,336,741 |
| Past due 0-90 days | - | - | - | 147,491,997 | 746,587,938 | 84,789,297 |
| Past due 91-180 days | - | - | - | 86,982,675 | - | - |
| Past due 181-270 days | - | - | - | 1,229,315 | - | 15,642,639 |
| Past due 271-360 days | - | - | - | 16,918,245 | - | - |
| Past due 361 days and above | - | - | - | - | - | - |
| | - | - | - | 428,680,000 | 2,199,002,978 | 233,768,677 |

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

| | Note | 2023 | 2022 |
|--------------------------------------|------|---------------|---------------|
| | | Rupees | |
| Visionet Systems Incorporation - USA | | 4,303,514,190 | 2,692,127,293 |
| Visionet Deutschland GmbH | | 445,948,684 | 465,287,639 |
| Visionet EMEA Limited | | 937,261,714 | 504,899,105 |
| AtClose LLC | | 121,612,567 | - |
| PartnerLinQ Incorporation | | 308,546,855 | - |
| Visionet Canada Incorporation | | 7,259,319 | - |

17.2 Allowance for ECL

| | Note | 2023 | 2022 |
|--------------------------------------|------|---------------|--------------|
| | | | Rupees |
| Balance as at 01 January | | 360,942,070 | 334,720,419 |
| Acquisition of subsidiary | | - | 172,812,201 |
| Expense for the year | | 66,497,234 | (50,966,736) |
| Balances written off during the year | | (171,387,684) | (68,548,287) |
| Foreign exchange movement | | 21,414,695 | (27,075,527) |
| Balance as at 31 December | | 277,466,315 | 360,942,070 |

18 Loans, advances and other receivables

| | Note | 2023 | 2022 |
|---|--------|---------------|---------------|
| | | | Rupees |
| Current maturity of long term loans | | 183,766,867 | 100,113,842 |
| Advances to staff: | | | |
| against salary | | 144,294,400 | 32,884,840 |
| against expenses | | 115,535,020 | 86,307,381 |
| | | 259,829,420 | 119,192,221 |
| Advances to suppliers | | 1,067,293,554 | 793,612,292 |
| Loans to related parties | | 696,770,879 | 661,967,664 |
| Elimination on account of Joint Operation | (18.2) | (460,513,074) | (396,457,056) |
| | (18.3) | 236,257,805 | 265,510,608 |
| Other receivables: | | | |
| From related parties | | | |
| "Visionet Deutschland GMBH - Germany" | (18.5) | 23,898,532 | 27,650,651 |
| Visionet EMEA Limited | (18.5) | 4,988,327 | 8,362,255 |
| Visionet Systems Incorporation - USA | (18.5) | 30,008,171 | - |
| Employees' Provident Fund | (18.5) | - | 120,371,291 |
| Others | | 13,950,526 | 12,915 |
| | | 1,819,993,202 | 1,434,826,075 |

18.1 This includes advance given to the chief operating officer of the Company amounting to Rs 4.6 million (2022: Rs 3.30 million).

18.2 This represents loan provided to UUS Joint Venture (Private) Limited for meeting working capital requirements. This amount is unsecured and carries interest at one-year KIBOR (2022: one-year KIBOR) on the outstanding loan balance at the end of each month.

18.3 This represents loan provided to E-Processing Systems (Private) Limited for meeting working capital requirements of Rs 248.59 million netted of by expected credit loss of Rs 12.34 million (2022: Nil). The loan is unsecured and carries mark-up at one-month KIBOR (2022: one-month KIBOR) on the outstanding loan balance. Disbursements of principal are payable within one year and mark-up is payable on quarterly basis.

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

| | 2023 | 2022 |
|--|-------------|-------------|
| | | Rupees |
| E-Processing Systems (Private) Limited | 273,955,878 | 296,147,291 |

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

19 Trade Deposits And Short Term Prepayments

| | Note | 2023 | 2022 |
|-------------------|------|---------------|---------------|
| | | | Rupees |
| Security deposits | | 464,132,938 | 570,803,303 |
| Prepayments | | 596,294,276 | 524,016,476 |
| | | 1,060,427,214 | 1,094,819,779 |

19.1 These include margin amount of Nil (2022: Rs 70 million) held under lien by the banks against guarantees issued by them on behalf of the Group.

20 Short Term Investments

| | | 2023 | 2022 |
|--|--------|----------------------|----------------------|
| | | Rupees | |
| Fair value through profit or loss | | | |
| - Mutual fund units | (20.1) | 877,419,112 | 4,253,978,169 |
| Amortized cost | | | |
| - Term deposit receipts (TDRs) | (20.2) | 717,306,340 | 177,000,000 |
| | | 1,594,725,452 | 4,430,978,169 |

20.1 The details of investment in mutual funds are as follows:

| | | |
|--|--------------------|----------------------|
| UBL Al-Ameen Asset Islamic Allocation Fund | - | 131,669 |
| Number of units : Nil (2022: 1,022) | | |
| Meezan Paidar Munafa Plan | - | 1,042,420,000 |
| Number of units: Nil (2022: 20,000,000) | | |
| UBL Al-Ameen Islamic Cash Plan-I | - | 303,886,879 |
| Number of units : Nil (2022: 3,037,639) | | |
| HBL Asset Islamic Money Market Fund | 125,258,150 | 938,895,542 |
| Number of units : 1,238,042 (2022: 9,279,971) | | |
| Lakson Islamic Money Market Fund | - | 200,677,493 |
| Number of units: Nil (2022: 1,986,784) | | |
| Meezan Balanced Fund | - | 76,060 |
| Number of units: Nil (2022: 4,758) | | |
| Meezan Islamic Income Fund | - | 43,119 |
| Number of units: Nil (2022: 786) | | |
| Meezan Rozana Amdani Fund | - | 303,690,833 |
| Number of units: Nil (2022: 6,073,817) | | |
| NBP Daily Dividend Fund | - | 305,329,170 |
| Number of units: Nil (2022: 30,532,917) | | |
| MCB Al-hamra Islamic Money Market Fund | - | 488,442,573 |
| Number of units: Nil (2022: 4,908,477) | | |
| ABL Islamic Cash Fund | 250,710,420 | 303,729,530 |
| Number of units: 25,071,041 (2022: 30,394,123) | | |
| ABL Islamic Income Fund | 7,490 | 385,685 |
| Number of units: 665 (2022: 35,828) | | |
| Faysal Islamic Cash Fund | 250,346,747 | 62,491,304 |
| Number of units: 2,503,467 (2022: 624,913) | | |
| Alfalah Islamic Rozana Amdani Fund Class A | 251,096,305 | 303,774,456 |
| Number of units: 2,560,963 (2022: 3,038,805) | | |
| UBL Al-Ameen Islamic Cash Fund | - | 3,856 |
| Number of units: Nil (2022: 33) | | |
| | 877,419,112 | 4,253,978,169 |

20.2 The details of investments in TDRs are as follows:

| | 2023 | 2022 |
|---------------------------------|--------------------|--------------------|
| | Rupees | |
| Habib Metropolitan Bank Limited | 269,050,785 | 150,000,000 |
| Habib Bank Limited | 448,255,555 | 27,000,000 |
| | 717,306,340 | 177,000,000 |

20.2.1 These comprise of local and foreign TDRs. The local TDRs carry markup at rates ranging from 4.7% to 19.50% (2022: 7.50% to 15.40%) per annum and foreign TDRs carry markup of 4.7% (2022: Nil) per annum and have maturities of 30-90 days from the date of initial recognition.

20.2.2 These TDRs include Rs 255 million (2022: Rs 150 million) and Rs 27 million (2022: Rs 27 million) which are pledged against export re-finance facility availed from Habib Metropolitan Bank Limited and Habib Bank Limited respectively.

21 Cash and bank balances

| | Note | 2023 | 2022 |
|-------------------------------------|---------------|----------------------|----------------------|
| | | Rupees | |
| Cash in hand | | 175,643 | 2,007,554 |
| Cheques in hand | | 134,644,245 | 12,000,000 |
| | | 134,819,888 | 14,007,554 |
| Balances with banks: | | | |
| Local currency: | | | |
| Current accounts | (21.1) | 466,797,419 | 261,153,076 |
| Saving accounts | | 993,354,328 | 251,442,738 |
| | | 1,460,151,747 | 512,595,814 |
| Foreign currency - current accounts | | 6,387,879,348 | 5,287,892,864 |
| | (21.2) | 7,982,850,983 | 5,814,496,232 |

21.1 These carry markup at the rate of 6.88% to 22.06% (2022: 3.5% to 14.5%) per annum.

21.2 These balances include Rs 1,157.40 million (2022: Rs 751.85 million) in respect of margin withheld against balances with banks against guarantees issued by banks on behalf of the Group. For the purpose of the consolidated statement of cashflows, this margin withheld against balances with banks has been excluded from cash and cash equivalents.

22 Issued, Subscribed And Paid Up Share Capital

| 2023 | 2022 | | 2023 | 2022 |
|------------------|-------------|--|---------------|---------------|
| Number of Shares | | | Rupees | |
| 116,732,576 | 115,718,876 | "Ordinary shares of Rs 10/- each fully paid in cash" | 1,167,325,759 | 1,157,188,760 |
| 162,866,323 | 162,866,323 | "Ordinary shares of Rs 10/- each fully paid up as bonus shares" | 1,628,663,230 | 1,628,663,230 |
| 11,822,500 | 11,822,500 | Ordinary shares of Rs 10/- each issued for consideration otherwise than cash | 118,225,000 | 118,225,000 |
| 291,421,399 | 290,407,699 | | 2,914,213,989 | 2,904,076,990 |

22.1 Reconciliation of ordinary shares

| 2023 | 2022 | | 2023 | 2022 |
|------------------|-------------|---|---------------|---------------|
| Number of Shares | | | Rupees | |
| 290,407,699 | 138,498,912 | Balance at January 01 | 2,904,076,989 | 1,384,989,120 |
| - | 139,182,600 | Bonus shares issued | - | 1,391,826,000 |
| 1,013,700 | 903,687 | Stock options exercised | 10,137,000 | 9,036,869 |
| - | 11,822,500 | Shares issued for acquisition of National Data Consultant (Private) Limited | - | 118,225,000 |
| 291,421,399 | 290,407,699 | Balance at December 31 | 2,914,213,989 | 2,904,076,989 |

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

23 Capital Reserves

| | Note | 2023 | 2022 |
|---|--------|---------------|---------------|
| | | Rupees | |
| Share premium reserve | (23.1) | 4,904,476,301 | 4,671,279,598 |
| Employee compensation reserve | (23.2) | 507,516,180 | 323,650,758 |
| Translation reserve on foreign operations | (23.3) | 2,664,151,531 | 922,282,387 |
| | | 8,076,144,012 | 5,917,212,743 |

23.1 This reserve shall be utilized only for the purpose as specified in section 81(2) of the Companies Act 2017.

23.2 This represents balance amount after exercise of share options by the employees under the Employee Stock Option Scheme approved by the SECP. According to the scheme, 100% options become exercisable after completion of vesting period from the date of grant. The options have a vesting period of 2 years and an exercise period of 3 years from the date the option is vested.

23.2.1 The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year:

| | 2023 | | 2022 | |
|--|---|-----------------------------|---|-----------------------------|
| | Weighted average exercise price Rupees | Number of options Number | Weighted average exercise price Rupees | Number of options Number |
| Outstanding at 01 January | 276.50 | 5,187,567 | 244.85 | 1,953,356 |
| Granted during the year | | | | |
| - stock options awarded in March 2022 | - | - | 289.20 | 1,055,250 |
| - stock options awarded in August 2022 | - | - | 263.60 | 1,105,230 |
| - stock options awarded in April 2023 | 379.90 | 2,562,000 | - | - |
| Bonus issue adjustment during the year | | | 221.10 | 2,292,169 |
| Forfeited share options | 272.90 | (1,104,430) | 262.08 | (314,753) |
| Exercised during the year: | | | | |
| - stock options awarded in 2020 ¹ | 61.11 | (220,000) | 71.62 | (903,685) |
| - stock options awarded in March 2021 ² | 173.10 | (696,200) | | |
| - stock options awarded in September 2021 ³ | 248.61 | (97,500) | | |
| Outstanding at 31 December | 345.93 | 5,631,437 | 276.50 | 5,187,567 |
| Vested and exercisable at 31 December | 185.71 | 1,123,437 | 62.93 | 253,000 |

1. The weighted average share price at the date of the exercise of these options was Rs 424.87 (2022: 689.76).
2. The weighted average share price at the date of the exercise of these options was Rs 473.49 (2022: Nil).
3. The weighted average share price at the date of the exercise of these options was Rs 422.68 (2022: Nil).

23.2.2 The weighted average remaining contractual life for the share options outstanding as at December 31, 2023 is 3.52 years (2022: 3.81 years).

23.2.3 The weighted average fair value of options granted during the year was Rs 212.90 (2022: Rs 223.47).

23.2.4 The range of exercise prices for options outstanding at the end of the year is Rs 73.34 to Rs.379.90 (2022: Rs 61.11 to Rs 289.20).

23.2.5 The following table lists the inputs to the model used for the plan for the years ended December 31, 2023 and 2022, respectively:

| | 2023 | 2022 |
|--|---------------|-----------------|
| Dividend yield | 1.46% | 1.90%-2.32% |
| Expected volatility | 33% | 42% - 59% |
| Risk-free interest rate | 19.27% | 11.38% & 11.43% |
| Expected life of share options (years) | 2.25 | 2.25 |
| Weighted average share price | Rs. 465.65 | Rs 674.9 |
| Model used | Black Scholes | Black Scholes |

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

23.3 Set out below is the carrying amount of translation reserve on foreign operations and the movements during the year:

| | 2023 | 2022 |
|---|---------------|-------------|
| | | |
| As at January 01 | 922,282,387 | 127,825,350 |
| Movement recognized in other comprehensive income | 1,741,869,144 | 794,457,037 |
| As at December 31 | 2,664,151,531 | 922,282,387 |

24 Long Term Advances

| | | |
|--|------------------|-------------|
| Long term advances | 12,676,308 | 10,001,440 |
| Less : Current portion shown under current liabilities | (8,395,243) | (3,234,396) |
| | (24.1) 4,281,065 | 6,767,044 |

24.1 These represent advances received from staff and will be adjusted as per Group's car policy against sale of vehicles.

25 Long Term Loan

| | Note | 2023 | 2022 |
|---|--------|------|--------------|
| Rupees | | | |
| Set out below is the carrying amount of long term loan and the movements during the year: | | | |
| Opening Balance | | - | 76,816,085 |
| Accretion of Interest | | - | 1,958,993 |
| Acquisition of subsidiaries | | - | 14,642,516 |
| Repayments during the year | (25.1) | - | (93,417,594) |
| Less : Current portion shown under current liabilities | | - | - |
| | | - | - |

25.1 This represented loan of Rs 210 million obtained from MCB Bank Limited under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility had an aggregate sanctioned limit of Rs 315 million. It carried mark-up at SBP rate plus 1% per annum and was secured against a pari passu charge of Rs 1,344 million over the present and future current assets of the Holding Company and 1st exclusive equitable mortgage and hypothecation charge of Rs 1,066.7 million over the non current assets of the Holding Company. The loan was repayable in equal quarterly installments commencing September 26, 2020 and ending December 26, 2022. The two tranches of loan were initially recognized at fair value in accordance with IFRS 9 - Financial instruments using effective interest rate of 7.94% and 7.25% (3-month KIBOR) respectively. The difference between fair value of loan and loan proceeds had been recognized as deferred grant, as there were no unfulfilled conditions as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan. The loan had been fully repaid during the year ended December 31, 2022.

26 Lease Liabilities

| | 2023 | 2022 |
|---|---------------|---------------|
| Rupees | | |
| Present value of lease rentals | 741,299,163 | 604,698,657 |
| Less: Current portion shown under current liabilities | (190,062,090) | (112,996,863) |
| | 551,237,073 | 491,701,794 |

| | 2023 | 2022 |
|---|---------------|---------------------------------|
| Rupees | | |
| | Lease Rentals | Finance cost for future periods |
| Not later than one year | 267,412,338 | 77,350,248 |
| Later than one year but not later than five years | 624,307,888 | 98,646,756 |
| Later than five years | 26,886,713 | 1,310,773 |
| | 918,606,939 | 177,307,777 |

| | 2022 | 2022 |
|---|---------------|-----------------------|
| Rupees | | |
| | Lease Rentals | Principal outstanding |
| Not later than one year | 170,553,430 | 112,996,863 |
| Later than one year but not later than five years | 570,370,208 | 466,040,967 |
| Later than five years | 26,886,713 | 25,660,827 |
| | 767,810,351 | 604,698,657 |

Set out below are the carrying amounts of lease liabilities and the movements during the year:

| | 2023 | 2022 |
|---|--------------------|--------------------|
| | Rupees | |
| As at January 01 | 604,698,657 | 301,076,382 |
| Additions | 256,694,079 | 447,310,201 |
| Accretion of interest | 95,023,458 | 55,762,969 |
| Payments | (226,369,865) | (139,727,312) |
| Termination | - | (59,018,021) |
| Exchange differences | 11,252,834 | (705,562) |
| As at December 31 | 741,299,163 | 604,698,657 |
| Salient features of the leases are as follows: | | |
| Discounting factor | 9.7% - 15.36% | 9.7% - 15.36% |
| Period of lease | 48-120 months | 48-120 months |
| Amount recognised in statement of profit or loss: | | |
| The following are the amounts recognised in profit or loss: | | |
| Interest expense on lease liabilities | 95,023,458 | 55,762,969 |
| Expenses relating to short term leases | 164,208,454 | 48,921,957 |
| Gain on derecognition of lease | - | 4,668,459 |
| Total amount recognised in profit or loss | 259,231,912 | 109,353,385 |

Cash outflow for leases

The Group had total cash outflows for leases of Rs. 226.48 million (2022: Rs 195.99 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of Rs 264.09 million (2022: Rs 463.78 million) and Rs 256.69 million (2022: Rs 447.31 million) respectively.

27 Other Long Term Liability – Unsecured

| | Note | 2023 | 2022 |
|--|--------|----------------------|----------------------|
| | | Rupees | |
| Opening Balance | (27.2) | 2,156,439,599 | - |
| Additions during the year | (27.1) | 1,540,642,985 | 3,427,121,250 |
| Undiscounted amount | | | |
| less: Effect of discounting | | (121,051,364) | (156,937,500) |
| | | 1,419,591,621 | 3,270,183,750 |
| Upfront payment | | - | (1,142,373,750) |
| Finance cost | (40) | 127,097,951 | 27,272,526 |
| Payments during the year | | (1,400,726,250) | - |
| Derecognition on modification | | (1,360,491,016) | - |
| Financial liability recognised on modification | | 1,411,215,242 | - |
| Exchange difference | | 471,675,482 | 1,357,073 |
| Closing | | 2,824,802,629 | 2,156,439,599 |
| Less : Current portion shown under current liabilities | | (1,006,395,111) | (1,116,281,250) |
| | | 1,818,407,518 | 1,040,158,349 |

- 27.1** This represents payment due to Temenos Headquarters S.A for purchase of Country Model Bank – CMB APAC license. The CMB APAC purchase agreement between Techvista Systems FZ LLC and Temenos Headquarters S.A was entered into on December 31, 2023. The agreement contains deferred payment terms, hence the CMB APAC license has been recognized at present value of total consideration due as per terms. Deferred consideration has been discounted @ 5.30% based on relevant benchmark.
- 27.2** This represents payment due to Temenos Headquarters S.A for purchase of intellectual property (IP). The IP purchase agreement between National Data Consultancy FZE and Temenos Headquarters S.A was entered into on September 30, 2022. The agreement contains deferred payment terms, hence the IP has been recognized at present value of total consideration due as per terms. Deferred consideration has been discounted @ 5.04% based on relevant benchmark.

28 Provision for Gratuity

| | 2023 | 2022 |
|---|---------------|--------------|
| | Rupees | |
| Defined Benefits plan – Gratuity | 474,227,448 | 455,978,209 |
| 28.1 Defined benefits plan – gratuity | | |
| Opening Balance | 455,978,209 | 94,865,412 |
| Acquisition of subsidiary | - | 236,326,234 |
| Charge for the year | 257,439,889 | 252,240,153 |
| Benefit payable | (176,054,563) | (6,012,400) |
| Re-measurement loss charged to the other comprehensive income | (11,280,262) | (31,133,787) |
| Benefit paid during the year | (106,587,999) | (90,307,403) |
| Exchange Difference | 54,732,174 | - |
| | 474,227,448 | 455,978,209 |

28.2 Staff Retirement Benefits – Gratuity

The latest actuarial valuation of gratuity scheme was carried out as at December 31, 2023. The projected unit credit method has been used for actuarial valuation done by certified actuary SHMA Consulting.

28.3 Reconciliation of the present value of defined benefit obligation / movement in liability

| | 2023 | 2022 |
|--|----------------------|--------------|
| | Rupees | |
| Opening liability | 455,978,209 | 94,865,412 |
| Acquisition – Prior year Adjustments | - | 236,326,234 |
| Charge for the year | 257,439,889 | 252,240,153 |
| Benefit payable | (176,054,563) | (6,012,400) |
| Remeasurement gain charged in other comprehensive income | (11,280,262) | (31,133,787) |
| Benefits paid during the year | (106,587,999) | (90,307,403) |
| Exchange Difference | 54,732,174 | - |
| Closing liability | 474,227,448 | 455,978,209 |
| 28.4 Expense recognised in statement of profit or loss is as follows | | |
| Current service cost | 246,024,358 | 112,962,567 |
| Interest cost | 11,415,531 | 102,535,346 |
| Past service cost | - | 36,742,240 |
| | 257,439,889 | 252,240,153 |
| 28.5 Remeasurement of plan obligation | | |
| Actuarial losses from changes in financial assumptions | (4,389,518) | (1,397,719) |
| Experience adjustments | (22,691,586) | (29,736,068) |
| Transitional liability | 15,800,842 | - |
| | (11,280,262) | (31,133,787) |
| 28.6 Actuarial assumptions | | |
| Discount rate used for interest cost | 4.05% – 4.70% | |
| Discount rate used for year end obligation | 4.05% – 4.70% | |
| Salary increase rate | 4.05% – 15.23% | |
| Mortality rates | “ SLIC 2001 – 2005 ” | |
| Retirement assumption | Age-60 | |
| The average duration of retirement benefit | 6.63 – 10.36 years | |
| 28.7 Salary Risk | | |
| The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomics factors), the benefit amount increases as salary increases. | | |
| 28.8 Demographic risks | | |
| Mortality Risk – The risk that actual mortality experiences are different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side. | | |

Withdrawals Risk – The risk of withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitle benefit of the beneficiary.

28.9 Sensitivity analysis

| | 2023 | 2022 |
|-------------------------|-------------|-------------|
| Discount Rate + 100 bps | 424,863,541 | 391,475,514 |
| Discount Rate – 100 bps | 512,636,178 | 465,089,712 |
| Salary Rate + 100 bps | 514,850,676 | 465,895,103 |
| Salary Rate – 100 bps | 422,239,475 | 390,185,920 |

28.10 Maturity Analysis

| | |
|---------------------|-------------|
| FY 2024 | 38,894,161 |
| FY 2025 | 36,115,981 |
| FY 2026 | 34,608,379 |
| FY 2027 | 34,541,252 |
| FY 2028 | 36,199,742 |
| FY 2029 and onwards | 559,716,529 |

29 Trade and Other Payables

| | Note | 2023 | 2022 |
|---|--------|---------------|---------------|
| | | | Rupees |
| Creditors | (29.1) | 1,321,053,881 | 2,609,961,566 |
| Accrued liabilities | | 5,062,593,834 | 1,665,131,179 |
| Provident fund contribution payable | (29.2) | 169,477,960 | 3,627 |
| Withholding income tax payable | | 264,964,295 | 110,598,690 |
| Visionet Systems Inc. USA – related party | | 235,517,676 | 3,959,244 |
| Sales tax payables | | 174,661,404 | 120,261,787 |
| Other Payables | (29.3) | - | 1,427,373,360 |
| Subscription money payable | | 5,788,983 | - |
| Provision for onerous contracts | | 57,772,909 | - |
| | | 7,291,830,942 | 5,937,289,453 |

29.1 These are non-interest bearing and are normally settled on terms of between 30 and 60 days.

29.2 All investments out of provident fund have been made in the collective investment schemes, listed equity and listed debt securities in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for the purpose.

29.3 This represented payable to ex-owners of NDC Group for acquisition of National Data Consultancy FZE, and NdcTech APAC Pte. Ltd.

| | Note | 2023 | 2022 |
|-------------------------|--------|---------------|---------------|
| | | | Rupees |
| 30 Contract Liabilities | (30.1) | 4,637,734,357 | 3,025,704,894 |

30.1 These represent mobilization advances received from the customers against professional / software development services, licenses, license support services and other fees.

31 Short Term Borrowings – Secured

| | Note | 2023 | 2022 |
|---------------------------------|--------|---------------|---------------|
| | | | Rupees |
| MCB Bank Limited | (31.1) | 400,000,000 | 850,000,000 |
| Bank Al Habib Limited | (31.2) | - | 60,000,000 |
| Habib Metropolitan Bank Limited | (31.3) | 1,400,000,000 | 1,400,000,000 |
| Allied Bank Limited | (31.4) | - | 300,000,000 |
| Meezan Bank Limited | (31.5) | - | 100,000,000 |
| Habib Bank Limited | (31.6) | 319,000,000 | 200,000,000 |
| Faysal Bank Limited | (31.7) | - | 200,000,000 |
| | | 2,119,000,000 | 3,110,000,000 |

- 31.1** This represents export re-finance (ERF) availed against an aggregate sanctioned limit of Rs 1,400 million (December 31, 2022: Rs 1,400 million). The rate of mark-up is SBP rate plus 0.5% (December 31, 2022: SBP rate plus 0.5%) per annum. These borrowings were previously secured against first pari passu charge of Rs 1,774 million over all present and future current assets of the Company with 25% margin and first exclusive hypothecation and equitable mortgage charge of Rs 1,066.66 million over plant, machinery, furniture, fixtures and land. In current year, the charge was enhanced to first pari passu charge of Rs 1,867 million over all present and future current assets of the Company with 25% margin and first exclusive hypothecation and equitable mortgage charge of Rs 1,066.66 million over plant, machinery, furniture, fixtures and land for which the regulatory process of removal of charge is in process.
- 31.2** This represented an export refinance facility (ERF) against an aggregate sanctioned limit of Rs 100 million, availed from Bank Al-Habib under mark-up arrangements amounting to Rs Nil (2022: Rs 60 million). The rate of mark-up was SBP Rate + 2% chargeable and payable quarterly, and effective mark-up charged during the year ranged from 3% to 10% (2022: 3% to 10%) per annum or part thereof on the balances unpaid. These borrowings were secured by a hypothecation charge of Rs 215 million over receivable of the Company with a 25% margin and Corporate guarantee of Systems Limited (Parent Company). The amount has been fully repaid during the year.
- 31.3** This represents islamic export re-finance (IERF) availed against aggregate sanctioned limit of Rs 2,000 million (2022: Rs 1,400 million). The rate of mark up is SBP rate plus 0.5% (2022: SBP rate plus 0.5%). These borrowings were secured against first pari passu hypothecation charge of Rs 2,150 million over current assets and equitable mortgage charge of Rs 305.99 million over land. In current year, the charge was enhanced to first pari passu hypothecation charge of Rs 2,950 million over current assets and equitable mortgage charge of Rs 305.99 million over land.
- 31.4** This represents export Refinance (ERF) availed against the aggregate sanctioned limit of Rs 800 million (2022: Rs 800 million). The rate of markup is SBP rate plus 1% (2022: SBP rate plus 0.5%). These borrowings are secured against first joint pari passu hypothecation charge over all present and future current assets of the Company with 25% margin.
- 31.5** This represented islamic export re-finance (IERF) availed against the aggregate sanctioned limit of Rs 100 million (2022: Rs 100 million). The rate of markup was SBP rate plus 1% (2022: SBP rate plus 1%). These borrowings were secured against the first pari passu hypothecation charge over the Company's current assets with a 25% margin.
- 31.6** This represents export re-finance (ERF) availed against the aggregate sanctioned limit of Rs 700 million (2022: Rs 700 million). The rate of markup is SBP rate plus 0.5% (2022: SBP rate plus 0.5%). These borrowings are secured against the first pari passu hypothecation charge over the Company's current assets with a 25% margin.
- 31.7** This represented islamic export re-finance (IERF) availed against aggregate sanctioned limit of Rs 300 million (2022: Rs 300 million). The rate of mark up was SBP rate plus 0.5% (2022: SBP rate plus 0.5%). These borrowings were secured against first pari passu hypothecation charge over current assets of the Company.
- 31.8** The effective mark-up rate charged on these facilities during the year ranged from 9.5% to 23.4% (2022: 2.5% to 10%).
- 31.9** In addition, the Group also has the following credit facilities provided by banks, however; these are not utilized at year end:
- Invoice discounting facilities from customers of up to AED 9.25 million (2022: AED 5 million).
 - Running finance to support the working capital requirements of up to AED 1 million (2022: AED 1 million)
 - Letters of credit usance of up to AED 5 million (2022: AED 5 million) and documents delivered against acceptance of up to AED 5 million (2022: AED 5 million).

32 Contingencies and Commitments

32.1 Contingencies Income tax

32.1.1 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), who through order dated July 20, 2023 disposed off the case against the company. The company feeling aggrieved by the order has filed an appeal before

the Appellate Tribunal Inland Revenue, Lahore. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

32.1.2 Tax Year 2017 – under section 161

The Deputy Commissioner Inland Revenue (the “DCIR”) issued order dated November 29, 2018 under section 161(1A) of the Income Tax Ordinance, 2001 (the “Ordinance”) for the tax year 2017 whereby tax amounting to Rs 6.53 million for non-deduction of withholding tax was levied. The Company preferred an appeal before Commissioner Inland Revenue (Appeals) [“CIR(A)”], which was decided against the Company through order dated March 11, 2019. Being aggrieved, the Company filed an appeal before the Appellate Tribunal Inland Revenue (“ATIR”), which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

32.1.3 Tax Year 2016 – Clause 94 part IV of Second Schedule

The Company filed an undertaking pursuant clause 94 part IV of Second Schedule to the Ordinance, thereby opting out of minimum tax on services under section 153(1)(b) of the Ordinance in respect of Tax Year 2016. The Additional Commissioner Inland Revenue (“ACIR”) declined to accept the undertaking through order dated December 03, 2015 against which the Company preferred an appeal before CIR(A), which has been upheld by the CIR(A) through order dated April 04, 2019. Being aggrieved, the Company has filed an appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

32.1.4 Tax Year 2016 – under section 177

The Company filed an undertaking pursuant clause 94 part IV of Second Schedule to the Ordinance, thereby opting out of minimum tax on services under section 153(1)(b) of the Ordinance in respect of Tax Year 2016. The Additional Commissioner Inland Revenue (“ACIR”) declined to accept the undertaking through order dated December 03, 2015 against which the Company preferred an appeal before CIR(A), which has been upheld by the CIR(A) through order dated April 04, 2019. Being aggrieved, the Company has filed an appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

32.1.5 Tax Year 2014 – under section 122(5A)

The Deputy Commissioner Inland Revenue (“DCIR”) issued an order dated March 28, 2016 under section 122(5A) of the Ordinance for tax year 2014, on the basis of wrong proration of expenses and capital gains and created an aggregated demand of Rs 48.59 million. The company preferred an appeal against the order, before the CIR(A) who decided the case in favor of the Company. However, the tax department has filed second appeal before the ATIR, which is pending adjudication. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

Sales tax

32.1.6 Tax Period from January 2016 to December 2016

The Company was selected for Sales Tax Audit through computer ballot for the tax period January 2016 to December 2016 and on the basis of audit proceedings, the DCIR passed order dated July 30, 2020 under section 11(2) of the Sales Tax Act, 1990 on various issues including suppression of sales, non-chargeability of sales tax on advance from customers, other income, late filing of sales tax returns etc. and created impugned sales tax demand amounting to Rs 655.84 million. Being aggrieved, the Company preferred an appeal before the CIR(A).

During the year 2021, the CIR(A) vide order dated January 29, 2021 annulled the demand of Rs 651.44 million with the direction to reassess the matters and confirmed the balance demand of Rs 3.70 million against which the Company has preferred an appeal before ATIR. Based on the view of its legal counsel, the management expects a favorable outcome in this regard.

32.2 Commitments

32.2.1 Guarantees issued by the financial institutions on behalf of the Group amount to Rs 524.65 million (2022: Rs 433.35 million). This includes guarantee of Rs 77.38 million (2022: Rs 77.38 million) given on behalf of UUS Joint Venture (Private) Limited, a joint operation of the Holding Company.

32.2.2 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: USD 25,000) obtained from Bank Al Habib Limited for a 100% cash margin withheld by bank as security.

32.2.3 Guarantees issued by the Holding Company on behalf of E-Processing Systems (Private) Limited to National Bank of Pakistan amount to Nil (2022: Rs 100 million). Guarantees issued by the Holding Company on behalf of National Data Consultant (Private) Limited to Bank Al Habib Limited amount to Nil (2022: Rs 134 million).

32.2.4 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 32.85 million (2022: 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 32.85 million (2022: AED 20 million). The availed amount against these facilities amount to AED 25.98 million (2022: AED 19.09 million).

32.2.5 The Group's commitments in respect of ijarah lease are as follows

| | 2023 | 2022 |
|--|------------|-------------|
| | Rupees | |
| Not later than one year | 21,587,172 | 30,857,743 |
| Later than one year and not later than five year | 49,211,959 | 80,890,142 |
| | 70,799,131 | 111,747,885 |

32.2.6 Post dated cheques issued against rent of buildings amounting to Nil (2022: 0.77 million).

32.2.7 The amount of future payments under short term lease arrangement amount to Rs 29.07 million (2022: Rs 33.42 million).

33 Revenue from Contracts with Customers – Net

33.1 Disaggregated Revenue Information

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

| 2023 | | | |
|--|-----------------------|----------------------|-----------------------|
| Note | Export | Local | Total |
| | Rupees | | |
| Types of goods or services | | | |
| Outsourcing services: | | | |
| Business process outsourcing | 997,417,793 | 539,237,886 | 1,536,655,679 |
| IT services | 31,423,606,631 | 2,497,356,689 | 33,920,963,320 |
| Software and hardware trading | 2,640,973,851 | 3,701,495,149 | 6,342,469,000 |
| Software implementation | 10,459,978,174 | 1,879,835,057 | 12,339,813,231 |
| Less: Sales tax | (33.1.1) | (704,418,053) | (704,418,053) |
| Total revenue from contracts with customers | 45,521,976,449 | 7,913,506,728 | 53,435,483,177 |
| Timing of revenue recognition – net | | | |
| Goods and services transferred at a point in time | 2,558,126,628 | 2,947,053,216 | 5,505,179,844 |
| Goods and services transferred over time | 42,963,849,821 | 4,966,453,512 | 47,930,303,333 |
| Total revenue from contracts with customers | 45,521,976,449 | 7,913,506,728 | 53,435,483,177 |
| 2022 | | | |
| Note | Export | Local | Total |
| | Rupees | | |
| Types of goods or services | | | |
| Outsourcing services: | | | |
| Business process outsourcing | 1,076,996,402 | 170,391,874 | 1,247,388,276 |
| IT services | 17,388,164,219 | 2,546,552,304 | 19,934,716,523 |
| Software and hardware trading | 3,692,504,479 | 1,912,545,367 | 5,605,049,846 |
| Software implementation | 3,699,666,698 | 1,653,664,146 | 5,353,330,844 |
| Less: Sales tax | (33.1.1) | (378,494,016) | (380,558,226) |
| Total revenue from contracts with customers | 25,855,267,588 | 5,904,659,675 | 31,759,927,263 |
| Timing of revenue recognition – net | | | |
| Goods and services transferred at a point in time | 3,644,226,832 | 1,197,057,143 | 4,841,283,975 |
| Goods and services transferred over time | 22,211,040,756 | 4,707,602,532 | 26,918,643,288 |
| Total revenue from contracts with customers | 25,855,267,588 | 5,904,659,675 | 31,759,927,263 |

33.1.1 This represents sales tax chargeable under Provincial and Federal Sales tax laws on revenue as defined under relevant laws.

33.2 The amount of revenue recognized from amounts included in contract liabilities at the beginning of the year is Rs 2,701.56 million (2022: Rs 687.67 million).

33.3 Transaction prices of remaining performance obligations

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31 are as follows:

| | 2023 | 2022 |
|--------------------|----------------|----------------|
| | Rupees | |
| Within one year | 7,964,267,125 | 7,028,650,449 |
| More than one year | 6,202,953,058 | 5,297,316,221 |
| | 14,167,220,183 | 12,325,966,670 |

The Group makes sales against credit terms. In case of credit sales, payment is generally due within 90-120 days from the date of billing to the customer.

34 Cost of Revenue

| | Note | 2023 | 2022 |
|--|---------|----------------|----------------|
| | | Rupees | |
| Salaries, allowances and amenities | (34.1) | 27,894,395,504 | 15,130,839,358 |
| E-link connectivity charges | | - | 1,675,358 |
| Technical consultancy | | 1,530,558,065 | 533,235,631 |
| Printing and stationery | | 3,472,026 | 10,213,775 |
| Computer supplies | | 60,022,838 | 20,321,134 |
| Rent, rates and taxes | | 87,757,920 | 51,127,390 |
| Electricity, gas and water | | 174,911,856 | 131,518,056 |
| Traveling and conveyance | | 1,183,859,006 | 482,539,935 |
| Repair and maintenance | | 3,300,494 | 56,648,358 |
| Postage, telephone and telegrams | | 208,629,932 | 152,644,790 |
| Vehicle running and maintenance | | 652,181,878 | 254,521,011 |
| Entertainment | | 8,930,060 | 9,831,456 |
| Fee and subscriptions | | 675,009,213 | 257,137,331 |
| Foreign remittance - WHT | | 78,916,323 | - |
| Insurance | | 32,325,558 | 18,251,620 |
| Depreciation of property and equipment | (7.1.3) | 610,045,446 | 402,831,637 |
| Amortization | (8.2) | 972,909,639 | 222,658,083 |
| Depreciation of right-of-use asset | (11.1) | 126,263,225 | 96,730,120 |
| Advertisement & publicity | | 3,731,340 | - |
| Others | | 31,670,059 | 24,345,058 |
| | | 34,338,890,382 | 17,857,070,101 |
| Purchase of software and hardware | | 5,439,907,008 | 5,266,577,795 |
| | | 39,778,797,390 | 23,123,647,896 |

34.1 This includes employees retirement benefit expense amounting to Rs 1,116.36 million (2022: Rs 780.07 million) and share based payment expense amounting to Rs 164.84 million (2022: Rs 77.44 million).

35 Selling and Distribution Expenses

| Note | 2023 | 2022 |
|--|----------------------|--------------------|
| | Rupees | |
| Salaries, allowances and amenities (35.1) | 1,210,435,949 | 595,856,123 |
| Technical consultancy | 5,525,442 | 8,262,850 |
| Printing and stationery | 2,061,072 | 4,218,760 |
| Computer supplies | 672,087 | 841,211 |
| Rent, rates and taxes | 1,195,336 | - |
| Electricity, gas and water | 3,294,913 | 1,416,324 |
| Traveling and conveyance | 86,109,547 | 30,309,561 |
| Repair and maintenance | 1,797,887 | 2,157,708 |
| Postage, telephone and telegrams | 6,234,865 | 4,474,780 |
| Vehicle running and maintenance | 12,133,302 | 5,096,976 |
| Entertainment | 5,255,331 | 2,024,147 |
| Insurance | 207,300 | 516,831 |
| Fee and subscriptions | 146,349,730 | 14,302,395 |
| Shows, seminars and advertising | 72,828,196 | 62,629,424 |
| Depreciation of property and equipment (7.1.3) | 10,254,076 | 4,703,741 |
| Amortization (8.2) | 88,053 | 79,799 |
| Depreciation of right-of-use asset (11.1) | 748,991 | 627,154 |
| Others | 4,371,768 | 3,000,712 |
| | 1,569,563,845 | 740,518,496 |

35.1 This includes employees retirement benefit expense amounting to Rs 82.51 million (2022: Rs 25.81 million) and share based payment expense amounting to Rs 112.75 million (2022: Rs 43.30 million).

36 Administrative Expenses

| Note | 2023 | 2022 |
|--|----------------------|----------------------|
| | Rupees | |
| Salaries, allowances and amenities (36.1) | 2,502,405,689 | 1,459,914,029 |
| Printing and stationery | 17,944,574 | 16,753,469 |
| Computer supplies | 30,579,348 | 32,593,463 |
| Rent, rates and taxes | 75,255,198 | 93,323,400 |
| Electricity, gas and water | 41,597,097 | 26,314,858 |
| Traveling and conveyance | 154,188,517 | 94,608,953 |
| Repair and maintenance | 196,223,253 | 104,016,259 |
| Postage, telephone and telegrams | 66,371,167 | 48,769,451 |
| Vehicle running and maintenance | 100,218,560 | 43,185,633 |
| Legal and professional | 98,330,031 | 94,378,636 |
| Auditors' remuneration (36.2) | 74,831,603 | 52,611,537 |
| Entertainment | 21,859,007 | 13,844,153 |
| Donations (36.3) | 63,154,668 | 70,150,233 |
| Fee and subscriptions | 328,724,110 | 212,307,602 |
| Insurance | 5,959,127 | 14,261,780 |
| Hiring cost | - | 409,587 |
| Newspapers, books and periodicals | - | 20,422 |
| Depreciation of property and equipment (7.1.3) | 97,771,020 | 64,206,109 |
| Amortization (8.2) | 893,019 | 1,093,991 |
| Depreciation of right-of-use asset (11.1) | 79,534,424 | 28,943,799 |
| Others | 26,805,795 | 12,257,940 |
| | 3,982,646,207 | 2,483,965,304 |

36.1 This includes employees retirement benefit expense amounting to Rs 77.57 million (2022: Rs 51.93 million) and share based payment expense amounting to Rs 116.02 million (2022: Rs 53.98 million).

36.2 Auditors' remuneration

The aggregate fee charged for services by auditors of various entities of the Group is as follows:

A. F. Ferguson & Co.:

Services rendered for Holding Company

- Statutory audit fee
- Special purpose audit
- Half yearly review
- Other certifications
- Tax services

| 2023 | 2022 |
|------------------|------------------|
| Rupees | |
| 7,550,000 | 5,500,000 |
| 4,000,000 | - |
| 1,650,000 | 1,000,000 |
| 2,137,500 | 367,500 |
| 7,447,580 | 6,675,500 |

| | 2023 | 2022 |
|------------------------------------|------------|------------|
| | Rupees | |
| - Advisory services | - | 1,000,000 |
| - Out of pocket | 1,182,258 | 650,000 |
| Audit fee relating to subsidiaries | 26,000,000 | 3,000,000 |
| | 49,967,338 | 18,193,000 |
| Other auditors | 24,864,265 | 37,418,537 |
| | 74,831,603 | 55,611,537 |

36.3 This includes donations to the following parties:

| | 2023 | 2022 |
|--------------------------------------|------------|------------|
| | Rupees | |
| Pakistan Children's Heart Foundation | 10,000,000 | 10,000,000 |
| Million Smiles Foundation | 13,300,000 | 9,000,000 |
| Akhuwat Islamic Microfinance | - | 13,245,377 |
| The Citizens Foundation | 4,200,000 | 7,000,000 |
| Baitussalam Welfare Trust | - | 15,050,000 |

The directors of the Holding Company or their spouses do not have any interest in the donees.

37 Impairment Losses / (Reversals of Impairment Losses) on Financial assets

| | 2023 | 2022 |
|--------------------|-------------|--------------|
| | Rupees | |
| Allowance for ECLs | | |
| - Contract assets | 126,299,528 | 10,607,628 |
| - Trade debts | 66,497,234 | (50,966,736) |
| Others | 12,340,346 | - |
| | 205,137,108 | (40,359,108) |

38 Other operating expenses

| | Note | 2023 | 2022 |
|--|------|-------------|------------|
| | | Rupees | |
| Loss on derivative financial instruments | | - | 87,966,377 |
| Security deposits / Assets written off | | 2,235,593 | 1,360,000 |
| Loss on remeasurment of investments | | 154,468,911 | - |
| Loss on disposal of property and equipment | | 1,184,995 | - |
| Others | | 8,902,031 | - |
| | | 166,791,530 | 89,326,377 |

39 Other Income

| | | 2023 | 2022 |
|--|----------|---------------|---------------|
| | | Rupees | |
| Profit on deposit accounts | | 82,711,626 | 36,011,729 |
| Profit on term deposit receipts and sukuks | | 69,634,100 | 30,405,695 |
| Income on mutual funds | (39.1) | 191,710,386 | 539,378,714 |
| Exchange gain / (Loss) | | 2,257,667,541 | 1,374,810,504 |
| Effect of discounting of long term loans | | 82,935,220 | 33,789,390 |
| Effect of discounting of long term security deposits | | 3,139,937 | 1,630,628 |
| Effect of unwinding of long term receivable | | 63,771,322 | 15,164,173 |
| Interest on loan to associated undertakings | | 51,222,549 | 18,638,900 |
| Gain On modification of financial liability | | 50,724,226 | - |
| Gain on dilution of interest in associate | (10.2.1) | 119,588,349 | - |
| Net change in unrealized gain on investments | (9.1.1) | - | 4,468,912 |
| Gain on disposal of property and equipment | | - | 82,844,279 |
| Liabilities written back | | 197,126,459 | 73,686,636 |
| Others | | 23,366,430 | 19,230,591 |
| | | 3,193,598,145 | 2,230,060,151 |

39.1 This represents the following:

| | | |
|-------------------------------|--------------|-------------|
| Dividend income | 220,627,522 | 503,368,923 |
| (Loss) / gain on mutual funds | (28,917,136) | 36,009,791 |
| | 191,710,386 | 539,378,714 |

40 Finance Costs

| | Note | 2023 | 2022 |
|---|------|-------------|-------------|
| | | | Rupees |
| Markup on guarantee commission | | 30,812,399 | 10,325,402 |
| Markup on short term borrowing | | 548,166,409 | 169,003,649 |
| Bank charges | | 67,890,239 | 25,455,206 |
| Finance cost on lease liabilities | | 95,023,458 | 55,762,969 |
| Mark up on unwinding of long term liability | (27) | 127,097,951 | 27,272,526 |
| | | 868,990,456 | 287,819,752 |

41 Taxation

Statement of profit or loss

| | Note | 2023 | 2022 |
|---|---------------|-------------|-------------|
| | | | Rupees |
| Current Income tax: | | | |
| - Current income tax charge | (41.1)&(41.2) | 548,746,391 | 321,087,886 |
| - Adjustments in respect of current income tax of previous year | | 51,364,994 | (3,258,453) |
| Deferred tax | | 600,111,385 | 317,829,433 |
| - Relating to origination and reversal of temporary differences | | (9,379,035) | 33,678,593 |
| Income tax expense reported in statement of profit or loss | | 590,732,350 | 351,508,026 |
| Amounts recognized directly in equity | | | |
| Deferred tax on share based payment | (41.3) | - | 29,344,233 |

41.1 This represents tax chargeable under Minimum Tax Regime on local sale of software and services of the Group, tax chargeable under Final Tax Regime on export sale of services of the Holding Company and its local subsidiaries and dividend income in accordance with the provisions of the Income Tax Ordinance, 2001.

41.2 Reconciliation of tax charge for the year

| | 2023 | 2022 |
|---|-----------------|-----------------|
| | | Rupees |
| Profit before taxation | 9,279,622,243 | 6,981,169,335 |
| Tax on profit | 2,691,090,450 | 2,024,539,107 |
| Tax effect of exempt income | (231,622,861) | (159,267,683) |
| Tax effect of income under final tax regime | (2,569,835,853) | (1,727,967,322) |
| Rate change impact | (18,725,886) | (1,849,975) |
| Tax effect of expiry of minimum taxes during the year | 15,165,570 | 15,307,401 |
| Tax effect of non-recognition of deferred taxes | 132,589,173 | - |
| Tax effect of business income of Joint Operation | - | 4,014,460 |
| Tax effect of super tax for the year | 36,468,691 | 34,139,247 |
| Tax effect of income under minimum tax regime | 319,144,202 | 70,141,916 |
| Tax effect of donations | 18,314,854 | 6,806,378 |
| Tax effect of cost restriction on vehicles | (315,186) | (4,566,272) |
| Prior year current tax adjustment | 47,514,226 | (7,239,329) |
| Prior year deferred tax adjustment | - | (4,691,503) |
| Tax effect of share of loss of associates | 13,940,095 | 93,930,815 |
| Tax effect of impairment of associates | 211,544,342 | - |
| Tax effect of gain on dilution of interest in associate | (34,680,621) | - |
| Tax effect of current tax charged at lower rate | (30,485,196) | - |
| Others | (9,373,650) | 8,210,786 |
| | 590,732,350 | 351,508,026 |

41.3 Deferred tax

| | 2023 | 2022 |
|--|---------------|--------------|
| | Rupees | |
| Taxable temporary differences | | |
| Depreciation on property and equipment | (73,121,497) | (44,827,539) |
| Right-of-use asset | (41,856,359) | (37,883,189) |
| Interest free loans given to employees | (3,603,517) | (1,034,048) |
| Customer contracts | (153,872,647) | - |
| | - | - |
| | (272,454,020) | (83,744,776) |
| Deductible temporary differences | | |
| Lease liabilities | 3,336,179 | 40,024,666 |
| Security Deposits | 47,611,567 | 889,292 |
| Amortization on intangibles | 1,251,172 | 2,923,921 |
| Provision for doubtful debts | 18,611,058 | 17,213,170 |
| Provision for contract assets | 753,317 | 383,983 |
| Provision for others | 1,012,476 | - |
| Employee compensation reserve | 33,010,516 | 19,301,552 |
| Unused tax losses carried forward | 49,091,938 | - |
| Minimum tax | - | 15,165,570 |
| | 154,678,223 | 95,902,154 |
| Deferred tax (liability) / asset | (117,775,797) | 12,157,378 |

41.3.1 The Group has not recognized the following deferred tax assets / (liabilities) in respect of taxable / (deductible) temporary differences:

| | 2023 | 2022 |
|--|-------------|-------------|
| | Rupees | |
| Excess minimum taxes paid in prior years (deductible temporary difference amounting to Rs 16.03 million (2022: Nil)) | 16,031,131 | - |
| Unused business losses - Tax year 2023 (deductible temporary difference amounting to Rs 645.67 million (2022: Rs 530.611 million)) | 176,880,000 | 92,370,000 |
| E-Processing Systems B.V. (deductible temporary difference amounting to Rs 68.95 million (2022: Nil)) | 17,238,310 | - |
| SalesFlo (Private) Limited (deductible temporary difference amounting to Rs 387.09 million (2022: Rs 301.97 million)) | 112,255,307 | 87,571,982 |
| Jomo Technologies (Private) Limited (deductible temporary difference amounting to Rs 150 million (2022: Nil)) | 43,500,000 | - |
| | 365,904,748 | 179,941,982 |

41.3.2 The Group has not recognized deferred tax assets / (liabilities) in respect of the following taxable / (deductible) temporary differences relating to unappropriated profits and translation reserves of its subsidiaries :

Revenue reserve - unappropriated profit

| | | |
|---|-----------------|-----------------|
| SUS JV (Private) Limited | (49,174,709) | (42,302,474) |
| Systems Ventures (Private) Limited | 578,342,061 | 310,047,384 |
| National Data Consultant (Private) Limited | 58,048,515 | (57,874,468) |
| Techvista Information Technology W.L.L. | 219,309,915 | 51,067,778 |
| Systems Arabia for Information Technology | (216,568,375) | 44,022,428 |
| SYS Egypt for Information Technology Services | (6,010,574) | 22,711,091 |
| Systems International IT Pte. Ltd. | 105,704,664 | (151,335,004) |
| Systems Africa for Information Technologies Pty. Ltd. | 136,360,984 | 14,477,589 |
| TechVista Systems FZ - LLC | (2,774,172,155) | (1,427,559,000) |
| | (1,948,159,674) | (1,236,744,676) |

Translation reserve on foreign operations

| | | |
|---|-----------------|-----------------|
| Techvista Information Technology W.L.L. | 70,581,868 | 28,522,894 |
| Systems Arabia for Information Technology | 22,816,669 | 7,116,014 |
| SYS Egypt for Information Technology Services | 16,575,676 | 13,475,250 |
| Systems International IT Pte. Ltd. | (227,336,311) | 32,401,375 |
| Systems Africa for Information Technologies Pty. Ltd. | 2,771,724 | 322,466 |
| Sys Malaysia - PKR | (697,748) | - |
| Systems QFZ - PKR | (23,898,532) | - |
| TechVista Systems FZ - LLC | (1,210,940,536) | (606,285,730) |
| | (1,350,127,190) | (524,447,731) |
| | (3,298,286,864) | (1,761,192,407) |

Temporary differences of Rs 1,350.13 million (2022: Rs 524.45 million) have arisen as a result of the translation of the financial statements of the Holding Company's subsidiaries in foreign jurisdictions. However, a deferred tax liability has not been recognised as the liability will only crystallise in the event of disposal of the subsidiary, and no such disposal is expected in the foreseeable future.

The subsidiaries of the Holding Company have undistributed earnings of Rs 1,948.16 million (2022: Rs 1,236.75 million) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Holding Company is able to control the timing of distributions from its subsidiaries and is not expected to distribute these profits in the foreseeable future.

42 Operating Segment Information

Although the Group still reports geographical segments to the CODM, these are no longer the primary focus of the Group's operations and reporting. Instead, the four primary segments now 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.
- **Retail & CPG (Consumer Packaged Goods):** This segment encompasses retail operations and consumer goods.
- **Telco (Telecommunications):** This segment involves telecommunications services and technologies.
- **Technology :** This segment includes technology-related solutions , products and services.
- **Others:** This catch-all category may include any remaining segments that don't fall into the specific verticals mentioned above.

| | BFSI | | Retail & CPG | | Technology | | Telco | | Others | | Total | |
|--|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|------------------|------------------|
| | Rupees | | | | | | | | | | | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenue | 15,266,377,603 | 10,581,013,244 | 5,716,017,251 | 4,518,704,676 | 7,392,504,078 | 4,497,728,561 | 11,808,584,417 | 5,155,842,292 | 13,251,999,827 | 7,006,638,490 | 53,435,483,176 | 31,759,927,263 |
| Cost of revenue | (12,906,257,230) | (8,773,178,141) | (3,366,741,136) | (2,509,444,745) | (4,668,907,624) | (2,851,063,588) | (8,686,900,936) | (3,917,636,993) | (10,149,990,464) | (5,072,324,429) | (39,778,797,390) | (23,123,647,896) |
| Gross profit | 2,360,120,373 | 1,807,835,103 | 2,349,276,115 | 2,009,259,931 | 2,723,596,454 | 1,646,664,973 | 3,121,683,481 | 1,238,205,299 | 3,102,009,363 | 1,934,314,061 | 13,656,685,786 | 8,636,279,367 |
| Distribution expenses | (448,420,280) | (196,472,367) | (167,896,938) | (116,076,952) | (217,140,492) | (115,538,115) | (346,854,301) | (132,443,809) | (389,251,834) | (179,987,253) | (1,569,563,845) | (740,518,496) |
| Administrative expenses | (1,137,831,591) | (659,038,964) | (426,025,425) | (389,363,835) | (550,977,114) | (387,556,383) | (880,115,817) | (444,264,158) | (987,696,259) | (603,741,964) | (3,982,646,206) | (2,483,965,304) |
| | (1,586,251,871) | (855,511,331) | (593,922,363) | (505,440,787) | (768,117,606) | (503,094,498) | (1,226,970,118) | (576,707,967) | (1,376,948,093) | (783,729,217) | (5,552,210,051) | (3,224,483,800) |
| Profit / (loss) before taxation and unallocated income and expenses | 773,868,502 | 952,323,772 | 1,755,353,752 | 1,503,819,144 | 1,955,478,848 | 1,143,570,475 | 1,894,713,363 | 661,497,332 | 1,725,061,270 | 1,150,584,844 | 8,104,475,735 | 5,411,795,567 |
| Unallocated income and expenses: | | | | | | | | | | | | |
| Other operating expenses | | | | | | | | | | | (166,791,530) | (89,326,377) |
| Reversals of impairment losses / (Impairment losses) on financial assets | | | | | | | | | | | (205,137,108) | 40,359,108 |
| Exchange gain | | | | | | | | | | | 2,257,667,541 | 1,374,810,504 |
| Other income | | | | | | | | | | | 935,930,604 | 855,249,647 |
| Impairment loss on investment in associates | | | | | | | | | | | (729,463,249) | - |
| Share of loss of associate | | | | | | | | | | | (48,069,294) | (323,899,362) |
| Finance cost | | | | | | | | | | | (868,990,456) | (287,819,752) |
| | | | | | | | | | | | 1,175,146,508 | 1,569,373,768 |
| Profit before taxation | | | | | | | | | | | 9,279,622,243 | 6,981,169,335 |
| Taxation | | | | | | | | | | | (590,732,350) | (351,508,026) |
| Profit for the year | | | | | | | | | | | 8,688,889,893 | 6,629,661,309 |

42.1 Allocation of assets and liabilities

| | BFSI | | Retail & CPG | | Technology | | Telco | | Others | | Unallocated | | Total | |
|--|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| | Rupees | | | | | | | | | | | | | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Segment operating assets | | | | | | | | | | | | | | |
| Property and equipment | 1,068,896,682 | 975,015,695 | 435,114,172 | 376,796,297 | 634,565,494 | 515,644,747 | 633,756,849 | 482,808,516 | 968,247,995 | 592,334,095 | - | - | 3,740,581,192 | 2,942,599,350 |
| Intangibles | 10,048,219,848 | 7,812,615,411 | 73,678,332 | 32,229,562 | 92,745,578 | 32,079,951 | 138,950,349 | 36,773,933 | 158,009,862 | 49,974,696 | - | - | 10,511,603,969 | 7,963,673,553 |
| Long term investments | - | - | - | - | - | - | - | - | - | - | 101,886,235 | 243,023,912 | 101,886,235 | 243,023,912 |
| Investment in associates | - | - | - | - | - | - | - | - | - | - | 282,459,724 | 951,034,316 | 282,459,724 | 951,034,316 |
| Right-of-use asset | 179,444,945 | 192,228,081 | 76,998,263 | 74,286,834 | 112,293,379 | 101,661,338 | 112,150,281 | 95,187,549 | 171,342,186 | 116,780,937 | - | - | 652,229,054 | 580,144,739 |
| Long term loans | 145,361,285 | 98,753,050 | 62,373,261 | 38,163,266 | 90,964,446 | 52,226,330 | 90,848,527 | 48,900,560 | 138,797,560 | 59,993,699 | - | - | 528,345,079 | 298,036,905 |
| Deferred taxation - net | - | - | - | - | - | - | - | - | - | - | - | 12,157,378 | - | 12,157,378 |
| Deferred employee benefits | 50,090,952 | 28,806,581 | 21,493,591 | 11,132,347 | 31,346,006 | 15,234,588 | 31,306,061 | 14,264,450 | 47,829,117 | 17,500,354 | - | - | 182,065,727 | 86,938,320 |
| Long term receivable - unsecured | 886,067,903 | 909,097,001 | - | - | - | - | - | - | - | - | - | - | 886,067,903 | 909,097,001 |
| Long term deposits | 135,158,848 | 21,270,254 | 19,914,575 | 9,083,629 | 25,345,823 | 9,041,462 | 39,829,151 | 10,364,421 | 45,260,398 | 14,084,944 | - | - | 265,508,795 | 63,844,710 |
| Contract assets - unsecured | 3,229,542,127 | 1,089,250,571 | 234,130,606 | 161,972,189 | 676,660,183 | 235,225,981 | 2,374,202,827 | 420,350,623 | 1,445,925,892 | 685,191,568 | - | - | 7,960,461,635 | 2,591,990,932 |
| Trade debts - unsecured | 3,780,157,250 | 1,980,775,178 | 283,735,512 | 187,199,784 | 2,160,863,511 | 2,390,797,621 | 3,619,715,272 | 1,926,178,175 | 2,862,343,738 | 2,009,896,252 | - | - | 12,706,815,283 | 8,494,847,010 |
| Current portion of long term receivable - unsecured | 298,167,633 | 194,200,634 | - | - | - | - | - | - | - | - | - | - | 298,167,633 | 194,200,634 |
| Loans, advances and other receivables | 955,815,811 | 478,021,048 | 132,027,101 | 204,142,637 | 168,034,493 | 203,194,994 | 264,054,203 | 232,926,760 | 300,061,594 | 316,540,636 | - | - | 1,819,993,202 | 1,434,826,075 |
| Trade deposits and short term prepayments | 326,067,589 | 364,745,879 | 112,193,832 | 155,767,588 | 142,792,149 | 155,044,505 | 224,387,663 | 177,730,826 | 254,985,981 | 241,530,981 | - | - | 1,060,427,214 | 1,094,819,779 |
| Interest accrued | - | - | - | - | - | - | - | - | - | - | 3,096,777 | 1,521,649 | 3,096,777 | 1,521,649 |
| Short term investments | - | - | - | - | - | - | - | - | - | - | 1,594,725,452 | 4,430,978,169 | 1,594,725,452 | 4,430,978,169 |
| Income tax refunds due from the government | - | - | - | - | - | - | - | - | - | - | 21,768,471 | 187,443,226 | 21,768,471 | 187,443,226 |
| Current portion of deferred employee benefits | 18,476,743 | 9,904,798 | 7,928,210 | 3,827,724 | 11,562,409 | 5,238,231 | 11,547,675 | 4,904,661 | 17,642,434 | 6,017,288 | - | - | 67,157,471 | 29,892,702 |
| Cash and bank balances | - | - | - | - | - | - | - | - | - | - | 7,982,850,983 | 5,814,496,232 | 7,982,850,983 | 5,814,496,232 |
| Total operating assets | 21,121,467,616 | 14,154,684,181 | 1,459,587,455 | 1,254,601,857 | 4,147,173,471 | 3,715,389,748 | 7,540,748,858 | 3,450,390,474 | 6,410,446,757 | 4,109,845,450 | 9,986,787,642 | 11,640,654,882 | 50,666,211,799 | 38,325,566,592 |
| Segment operating liabilities | | | | | | | | | | | | | | |
| Long term advances | 1,177,831 | 2,242,226 | 505,397 | 866,512 | 737,065 | 1,185,819 | 736,126 | 1,110,306 | 1,124,646 | 1,362,180 | - | - | 4,281,065 | 6,767,043 |
| Lease liabilities | 151,659,460 | 162,922,950 | 65,075,753 | 62,961,822 | 94,905,729 | 86,163,088 | 94,784,788 | 80,676,227 | 144,811,343 | 98,977,707 | - | - | 551,237,073 | 491,701,794 |
| Other long term liability - unsecured | 1,818,407,518 | 1,040,158,349 | - | - | - | - | - | - | - | - | - | - | 1,818,407,518 | 1,040,158,349 |
| Deferred taxation - net | - | - | - | - | - | - | - | - | - | - | 117,775,797 | - | 117,775,797 | - |
| Provision for gratuity | 130,472,137 | 151,086,117 | 55,984,457 | 58,387,460 | 81,647,088 | 79,903,086 | 81,543,042 | 74,814,861 | 124,580,724 | 91,786,685 | - | - | 474,227,448 | 455,978,209 |
| Trade and other payables | 4,447,773,992 | 2,252,624,598 | 334,594,935 | 644,331,720 | 501,892,403 | 732,046,684 | 920,136,072 | 1,005,902,914 | 1,087,433,540 | 1,302,383,537 | - | - | 7,291,830,942 | 5,937,289,453 |
| Unclaimed dividend | - | - | - | - | - | - | - | - | - | - | 18,659,407 | 13,536,152 | 18,659,407 | 13,536,152 |
| Contract liabilities | 919,266,350 | 568,590,071 | 9,690,826 | 17,719,721 | 253,075,124 | 259,677,786 | 1,212,649,297 | 1,192,907,471 | 2,243,052,760 | 986,809,845 | - | - | 4,637,734,357 | 3,025,704,894 |
| Short term borrowings - secured | - | - | - | - | - | - | - | - | - | - | 2,119,000,000 | 3,110,000,000 | 2,119,000,000 | 3,110,000,000 |
| Mark-up accrued on short term borrowings - secured | - | - | - | - | - | - | - | - | - | - | 96,586,682 | 83,638,647 | 96,586,682 | 83,638,647 |
| Current portion of long term advances | 2,309,747 | 1,071,701 | 991,092 | 414,161 | 1,445,397 | 566,778 | 1,443,556 | 530,685 | 2,205,451 | 651,072 | - | - | 8,395,243 | 3,234,397 |
| Current portion of lease liabilities | 52,290,957 | 37,440,950 | 22,437,594 | 14,469,112 | 32,722,729 | 19,800,942 | 32,681,029 | 18,540,019 | 49,929,781 | 22,745,840 | - | - | 190,062,090 | 112,996,863 |
| Current portion of other long term liability - unsecured | 1,006,395,111 | 369,874,254 | - | 142,938,468 | - | 195,610,919 | - | 183,154,426 | - | 224,703,184 | - | - | 1,006,395,111 | 1,116,281,251 |
| Total operating liabilities | 8,529,753,103 | 4,586,011,216 | 489,280,054 | 942,088,976 | 966,425,535 | 1,374,955,102 | 2,343,973,910 | 2,557,636,909 | 3,653,138,245 | 2,729,420,050 | 2,352,021,886 | 3,207,174,799 | 18,334,592,733 | 15,397,287,052 |

42.2 Geographical segments

| | North America | | Europe | | Middle East Africa | | APAC | | Pakistan | | Total | |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|---------------|---------------|-----------------|-----------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenue from customers | 12,262,417,563 | 9,342,455,986 | 1,891,004,281 | 4,366,967,652 | 29,309,023,820 | 12,092,060,195 | 1,328,175,271 | 456,187,657 | 8,644,862,242 | 5,502,255,773 | 53,435,483,177 | 31,759,927,263 |
| Cost of revenue | (8,004,868,767) | (5,939,851,508) | (1,170,794,836) | (3,812,741,574) | (21,263,529,575) | (8,288,345,787) | (853,812,215) | (227,475,367) | (8,485,791,997) | (4,855,233,661) | (39,778,797,390) | (23,123,647,897) |
| Gross profit | 4,257,548,796 | 3,402,604,478 | 720,209,445 | 554,226,078 | 8,045,494,245 | 3,803,714,408 | 474,363,056 | 228,712,290 | 159,070,245 | 647,022,112 | 13,656,685,787 | 8,636,279,366 |
| Distribution expenses | (32,662,366) | (8,804,651) | (19,278,570) | (1,241,579) | (1,257,016,731) | (472,074,354) | (139,451,647) | (11,828,528) | (121,154,531) | (246,569,384) | (1,569,563,845) | (740,518,496) |
| Administrative expenses | (1,264,922,848) | (965,926,828) | (195,065,492) | (174,610,226) | (2,132,411,896) | (1,048,262,274) | (61,830,875) | (15,675,328) | (328,415,096) | (279,490,648) | (3,982,646,207) | (2,483,965,304) |
| Profit / (loss) before taxation and un allocated income and expenses | (1,297,585,214) | (974,731,479) | (214,344,062) | (175,851,805) | (3,389,428,627) | (1,520,336,628) | (201,282,522) | (27,503,856) | (449,569,827) | (526,060,032) | (5,552,210,052) | (3,224,483,800) |
| | 2,959,963,582 | 2,427,872,999 | 505,865,383 | 378,374,273 | 4,656,065,618 | 2,283,377,780 | 273,080,534 | 201,208,434 | (290,499,382) | 120,962,080 | 8,104,475,735 | 5,411,795,566 |
| Unallocated income and expenses: | | | | | | | | | | | | |
| Other operating expenses | | | | | | | | | | | (166,791,530) | (89,326,377) |
| Reversals of impairment losses / (impairment losses) on financial assets | | | | | | | | | | | (205,137,108) | 40,359,108 |
| Exchange gain | | | | | | | | | | | 2,257,667,541 | 1,374,810,504 |
| Other income | | | | | | | | | | | 935,930,604 | 855,249,647 |
| Impairment loss on investment in associates | | | | | | | | | | | (729,463,249) | - |
| Share of loss of associate | | | | | | | | | | | (48,069,294) | (323,899,362) |
| Finance cost | | | | | | | | | | | (868,990,456) | (287,819,752) |
| | | | | | | | | | | | 1,175,146,508 | 1,569,373,768 |
| Profit before taxation | | | | | | | | | | | 9,279,622,243 | 6,981,169,334 |
| Taxation | | | | | | | | | | | (590,732,350) | (351,508,026) |
| Profit for the year | | | | | | | | | | | 8,688,889,893 | 6,629,661,308 |

43 Transactions with Related Parties

The related parties and associated undertakings comprise subsidiary, associated companies, companies in which directors are interested, staff retirement funds and directors and key management personnel (Note 43). Amounts due from and to related parties are shown under respective notes to the consolidated financial statements. Transactions with subsidiaries have been eliminated and other significant transactions with related parties are as follows:

| Undertaking | Relation | Basis of relationship | Nature of transaction | Note | 2023 | 2022 |
|---|--------------------|--|---|----------|--|--|
| | | | | | Rupees | |
| E-Processing Systems (Private) Limited. | Associated company | Wholly owned by Associate: E-Processing Systems B.V. | Disbursements against loan Receipts against loan Interest income Property and equipment sold to the party during the year | (43.1.3) | 32,144,910 100,793,974 50,752,895 8,067,182 | 74,613,843 89,867,848 38,191,779 - |
| Visionet Systems Incorporation - USA | Associated company | Common shareholding of directors | Revenue Expenses incurred on behalf of the party by the Holding Company Expenses incurred on behalf of the Group by the party Payment of licenses made by the party on behalf of the company Consultancy fee by the party | (43.1) | 11,077,171,264 73,187,167 275,557,348 28,206,832 7,674,729 | 9,208,820,939 113,300,990 90,851,807 - - |
| Visionet Deutschland GMBH | Associated company | Common shareholding of directors | Revenue Expenses incurred on behalf of the party by the Holding Company | (43.1.1) | 646,428,545 18,517,120 | 766,590,049 25,923,009 |
| Systems Limited Employees' Provident Fund | | Staff retirement fund | Contribution Payments made on behalf of the party by the Holding Company | | 1,001,065,999 464,540,571 | 606,393,847 553,116,128 |
| Visionet EMEA Limited | Associated company | Common shareholding of directors | Revenue Expenses incurred on behalf of the party by the Holding Company | (43.1.2) | 881,088,356 4,730,444 | 511,910,715 5,609,797 |
| Visionet Canada Inc. | Associated company | Common shareholding of directors | Revenue | (43.1.4) | 7,371,620 | - |
| AtClose | Associated company | Common shareholding of directors | Revenue | (43.1.5) | 123,788,827 | - |
| PartnerLinQ, Inc. | Associated company | Common shareholding of directors | Revenue | (43.1.6) | 314,599,158 | - |

43.1 Visionet Systems Incorporation - USA (VSI) is affiliate of the Group and incorporated in United States of America (USA). The registered address of VSI is Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641.

43.1.1 Visionet Deutschland GMBH is affiliate of the Group and incorporated in Germany. The registered address is Maximilian Street 13, 80539, Munchen, Germany.

43.1.2 Visionet EMEA Limited UK is affiliate of the Group and incorporated in the United Kingdom. The registered address is Wellington Way, Brooklands Business Park, Weybridge, Surrey KT13 0TT, GB.

43.1.3 E-Processing Systems (Private) Limited is wholly owned subsidiary of E-Processing Systems B.V., which is an associated company of the Group. The registered office of E-Processing Systems (Private) Limited is situated at Suite # 201, 202, 2nd Floor Office Block, Penta Square CCA, Sector C, DHA Phase 5, Lahore, Pakistan.

43.1.4 Visionet Canada Inc. is affiliate of the Group and incorporated in Canada. The registered address is 2425 Matheson Blvd E, Mississauga, ON L4W5K4, Canada.

43.1.5 AtClose is affiliate of the Group and incorporated in USA. The registered address is Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641.

43.1.6 PartnerLinQ, Inc. is affiliate of the Group and incorporated in USA. The registered address is Cedarbrook Corporate Center, 4 Cedarbrook Drive, Bldg. B Cranbury, NJ 08512-3641.

44 Remuneration Of Chief Executive Officer, Directors And Executives

The aggregate amounts charged in the accounts for the year for remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Group are as follows :

| | Chief Executive Officer | | Non Executive Directors | | Other Executives | |
|-------------------------|-------------------------|-------------|-------------------------|-----------|------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | | | | NOS | | |
| Number of persons | 1 | 1 | 6 | 6 | 4,188 | 2,319 |
| | | | | Rupees | | |
| Managerial remuneration | 97,993,395 | 48,879,600 | - | - | 21,527,593,206 | 9,695,371,057 |
| Retirement benefits | 6,532,893 | 3,187,800 | - | - | 1,131,525,840 | 385,131,854 |
| Bonus | 176,063,484 | 81,237,997 | - | - | 617,968,121 | 310,182,862 |
| Fees | - | - | 5,300,000 | 5,000,000 | - | - |
| | 280,589,772 | 133,305,397 | 5,300,000 | 5,000,000 | 23,277,087,167 | 10,390,685,773 |

- 44.1** In addition to the above remuneration, the Chief Executive Officer and certain executives are also provided with Group maintained cars, free medical and mobile phone facilities in accordance with their entitlement.
- 44.2** Fees represent the amounts paid to Non Executive Directors for attending meetings of the Board and its sub-committees.
- 44.3** During the year, the Chief Executive Officer and Other Executives were granted 235,000 (2022: 491,319) and 2,361,500 (2022: 2,018,900) share options respectively, which have a vesting period of two years. Further, the impact of benefits available to the Chief Executive and other executives recognized by the Group on account of share-based payment plans aggregated to Rs 16.99 million (2022: Rs 10.2 million) and Rs 161.58 million (2022: Rs 164.52 million), respectively.
- 44.4** During the current year, the chief executive officer and certain executives of the Group exercised stock option under employee stock option scheme according to which Nil (2022: 627,037) and 1,013,700 (2022: 276,652) shares respectively were issued to them.

45 Earnings per share- basic and diluted

Earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Group by weighted average number of shares outstanding during the year as follows:

45.1 Basic earnings per share

| | 2023 | 2022 |
|--|---------------|------------------|
| | | Rupees |
| Profit for the year | 8,688,546,281 | 6,628,727,695 |
| | | Number of Shares |
| Weighted-average number of ordinary shares outstanding during the year | 291,016,682 | 280,724,021 |
| Basic earnings per share (Rupees) | 29.86 | 23.61 |

45.2 Diluted earnings per share

| | Note | 2023 | 2022 |
|--|------|---------------|------------------|
| | | | Rupees |
| Profit for the year | | 8,688,546,281 | 6,628,727,695 |
| | | | Number of Shares |
| Weighted average number of ordinary shares (basic) | | 291,016,682 | 280,724,021 |
| Effect of share options | | 1,912,326 | 1,900,603 |
| Weighted average number of ordinary shares - diluted | | 292,929,008 | 282,624,624 |
| Diluted earnings per share (Rupees) | | 29.66 | 23.45 |

46 Cash Generated From Operations

| | Note | 2023 | 2022 |
|--|-------|-----------------|-----------------|
| | | Rupees | |
| Profit before taxation | | 9,279,622,243 | 6,981,169,335 |
| Adjustments to reconcile profit before tax to net cash flows: | | | |
| Depreciation on property and equipment | 7.1.3 | 718,070,542 | 471,741,487 |
| Depreciation on right-of-use assets | 11.1 | 206,546,640 | 126,301,073 |
| Amortization of intangibles | 8.2 | 973,890,711 | 223,831,873 |
| Amortization of deferred employee benefits | 13 | 53,010,107 | 20,539,740 |
| Gain on derecognition of lease | | - | (13,873,401) |
| Gain on dilution of interest in associate | 39 | (119,588,349) | - |
| Loss on derivative financial instruments | 38 | - | 87,966,377 |
| Share based payment expense | | 269,268,823 | 160,921,526 |
| Allowance for ECLs / provision for doubtful debts: | | | |
| - contract assets | 37 | 126,299,528 | 10,607,628 |
| - trade debts | 37 | 66,497,234 | (50,966,736) |
| - Others | 37 | 12,340,346 | - |
| Security deposits written off | | 2,235,593 | 1,360,000 |
| Finance costs | 40 | 741,892,505 | 260,547,226 |
| Impairment loss on investments in associates | 10 | 729,463,249 | - |
| Loss on remeasurment of investments | 38 | 154,468,911 | - |
| Loss / (gain) on investments classified as fair value through profit or loss | 39 | 28,917,136 | (47,000,841) |
| Provision for gratuity | 28 | 257,439,889 | 252,240,153 |
| Share of loss from associates | 10 | 48,069,294 | 323,899,362 |
| Unwinding of long term receivable | 39 | (63,771,322) | (15,164,173) |
| Unwinding of long term liabilities | 40 | 127,097,951 | 27,272,526 |
| Exchange gain | 39 | (2,272,619,261) | (1,374,810,504) |
| Profit on deposit accounts | 39 | (82,711,626) | (36,011,729) |
| Profit on term deposit receipts and sukus | 39 | (69,634,100) | (30,405,695) |
| Dividend income on mutual funds | 39 | (220,627,522) | (492,377,873) |
| Interest on loan to related parties | 39 | (51,222,549) | (18,638,900) |
| Gain on modification of financial liability | 39 | (50,724,226) | - |
| Loss / (gain) on disposal of property and equipment | | 1,184,995 | (82,844,279) |
| Liabilities written back | 39 | (197,126,459) | (73,686,636) |
| Effect of discounting of long term loans | 39 | (82,935,220) | (33,789,390) |
| Effect of discounting of long term security deposits | 39 | (3,139,937) | (1,630,628) |
| | | 10,582,215,126 | 6,677,197,521 |
| Working capital changes | | | |
| Contract Assets | | (5,496,239,097) | (1,680,387,950) |
| Long term deposits | | (205,920,185) | 91,387,486 |
| Trade debts | | (1,751,883,342) | (686,014,732) |
| Loans paid to employees - net | | (416,428,262) | (318,691,959) |
| Long term receivable - secured | | - | 1,827,798,000 |
| Advances and other receivables | | (326,166,410) | (590,333,022) |
| Trade deposits and short term prepayments | | (373,388,090) | (191,783,943) |
| Trade and other payables | | 2,837,864,656 | (1,066,785,527) |
| Contract Liabilities | | 1,612,029,463 | 2,085,569,022 |
| | | (4,120,131,267) | (529,242,625) |
| | | 6,462,083,859 | 6,147,954,896 |

47 Cash And Cash Equivalents

| | 2023 | 2022 |
|------------------------|---------------|---------------|
| | Rupees | |
| Cash and bank balances | 6,825,452,880 | 5,062,643,191 |
| Short term investments | 435,306,340 | - |
| | 7,260,759,220 | 5,062,643,191 |

48 Financial Risk Management

Financial instruments comprise deposits, unbilled revenue, interest accrued, trade debts, advances to employees against salaries, loans, other receivables, cash and bank balances and short term investments, trade and other payables and mark up accrued on short term borrowings.

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has the overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

This note represents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Group's activities.

48.1 Market risk

48.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Monetary items, including financial assets and financial liabilities, denominated in currency other than functional currency of the Group are periodically restated to Pak rupee equivalent and the associated gain or loss is taken to the statement of profit or loss.

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before tax. transactions or receivables and payables that exist due to transactions in foreign currencies.

| | 2023 | 2022 |
|-------------------|--------------|--------------|
| | Rupees | |
| USD | | |
| Trade debts | 19,867,129 | 10,512,361 |
| Contract Assets | 902,913 | - |
| Bank balance | 1,041,354 | 481,047 |
| Other receivable | 806,395 | 87,889 |
| Other payable | (2,425,565) | (833,060) |
| | 20,192,226 | 10,248,237 |
| AUD | | |
| Trade debts | 162,259 | 169,049 |
| Other receivable | - | - |
| | 162,259 | 169,049 |
| AED | | |
| Trade debts | 64,635,951 | 41,197,417 |
| Contract Assets | 50,563,145 | 13,773,595 |
| Other receivables | 432,268 | 49,697,266 |
| Bank | 66,788,392 | 50,479,223 |
| Other payable | (32,541,253) | (31,326,034) |
| | 149,878,503 | 123,821,467 |
| QAR | | |
| Trade debts | 7,615,480 | 10,274,029 |
| Contract Assets | 3,739,816 | 4,598,203 |
| Bank | 5,414,590 | 1,913,680 |
| Trade payable | (3,762,547) | (1,247,842) |
| Other receivable | 274,801 | 275,953 |
| | 13,282,140 | 15,814,023 |
| GBP | | |
| Trade debts | 1,735,156 | 1,571,476 |
| Other receivable | 6,990 | 31,055 |
| | 1,742,146 | 1,602,531 |

| | | |
|------------------|-------------|--------------|
| EUR | | |
| Trade debts | - | 979,175 |
| Trade payable | (224,207) | - |
| Other receivable | 1,366 | 105,283 |
| | (222,841) | 1,084,458 |
| EGP | | |
| Trade debts | 2,857,179 | 502,112 |
| Contract Assets | 2,265,142 | 21,969 |
| Bank | 3,938,160 | 5,243,589 |
| Trade Payable | (5,474,893) | (288,007) |
| | 3,585,588 | 5,479,663 |
| SGD | | |
| Trade debts | - | 8,340,721 |
| Bank | 2,288,383 | 9,465,473 |
| Other receivable | 477,023 | |
| Trade Payable | (3,705,424) | (16,254,289) |
| | (940,018) | 1,551,905 |
| CAD | | |
| Trade debts | 34,089 | - |
| | 34,089 | - |
| SAR | | |
| Trade debts | 6,115,665 | 4,823,852 |
| Contract Assets | 17,691,441 | 2,332,783 |
| Bank | 5,433,603 | 3,833,259 |
| Trade payable | (4,568,442) | (719,589) |
| Other receivable | 49,473 | 1,098,004 |
| | 24,721,740 | 11,368,309 |
| ZAR | | |
| Trade debts | 4,039,411 | - |
| Contract Assets | 3,455,389 | - |
| Bank | 631,488 | - |
| Trade payable | (632,368) | - |
| Other receivable | 100 | - |
| | 7,494,020 | - |

The following analysis demonstrates the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Group's profit before tax.

| | | Changes in Rate | Effect on profit before tax | Effect on equity | Effect on profit before tax | Effect on equity |
|-----|------|-----------------|-----------------------------|------------------|-----------------------------|------------------|
| | | | 2023 | 2023 | 2022 | 2022 |
| | | | Rupees | | | |
| USD | +10% | | 568,815,006 | 403,858,654 | 523,114,113 | 371,411,020 |
| | -10% | | (568,815,006) | (403,858,654) | (523,114,113) | (371,411,020) |
| AUD | +10% | | 3,127,542 | 2,220,555 | 2,593,548 | 1,841,419 |
| | -10% | | (3,127,542) | (2,220,555) | (2,593,548) | (1,841,419) |
| AED | +10% | | 1,150,467,389 | 816,831,846 | 883,451,916 | 627,250,860 |
| | -10% | | (1,150,467,389) | (816,831,846) | (883,451,916) | (627,250,860) |
| QAR | +10% | | 101,701,346 | 72,207,956 | 98,394,852 | 69,860,345 |
| | -10% | | (101,701,346) | (72,207,956) | (98,394,852) | (69,860,345) |
| GBP | +10% | | 62,644,086 | 44,477,301 | 43,704,223 | 31,029,998 |
| | -10% | | (62,644,086) | (44,477,301) | (43,704,223) | (31,029,998) |
| EUR | +10% | | (6,951,302) | (4,935,424) | 26,141,937 | 18,560,775 |
| | -10% | | 6,951,302 | 4,935,424 | (26,141,937) | (18,560,775) |
| SAR | +10% | | 185,734,433 | 131,871,447 | 67,948,535 | 48,243,460 |
| | -10% | | (185,734,433) | (131,871,447) | (67,948,535) | (48,243,460) |
| SGD | +10% | | (19,849,420) | (14,093,088) | 26,239,610 | 18,630,123 |
| | -10% | | 19,849,420 | 14,093,088 | (26,239,610) | (18,630,123) |
| EGP | +10% | | 3,234,200 | 2,296,282 | 5,019,371 | 3,563,754 |
| | -10% | | | | | |

| | | | | | |
|-----|------|--------------|-------------|-------------|-------------|
| | -10% | (3,234,200) | (2,296,282) | (5,019,371) | (3,563,754) |
| CAD | +10% | 725,550 | 515,141 | - | - |
| | -10% | (725,550) | (515,141) | - | - |
| ZAR | +10% | 11,413,392 | 8,103,508 | - | - |
| | -10% | (11,413,392) | (8,103,508) | - | - |

Profit and equity are more sensitive to movements in exchange rates in 2023 than 2022 because of the increased amount of foreign currency denominated revenue.

The following exchange rates were applicable during the year:

| Reporting date rate: | 2023 | 2022 |
|----------------------|--------|-------|
| USD | 281.70 | 226.3 |
| AUD | 192.75 | 153.4 |
| AED | 76.76 | 61.6 |
| QAR | 76.57 | 62.2 |
| GBP | 359.58 | 272.7 |
| EUR | 311.94 | 241.1 |
| SAR | 75.13 | 59.8 |
| EGP | 9.02 | 9.20 |
| SGD | 211.16 | 169.1 |
| CAD | 212.84 | 166.9 |
| ZAR | 15.23 | 13.3 |
| Average rate: | | |
| USD | 283.3 | 205.5 |
| AUD | 189.3 | 141.9 |
| AED | 77.1 | 56.0 |
| QAR | 77.8 | 56.4 |
| GBP | 358.4 | 251.8 |
| EUR | 308.9 | 215.2 |
| SAR | 75.5 | 54.5 |
| EGP | 9.8 | 10.0 |
| SGD | 212.5 | 165.8 |
| CAD | 210.8 | 165.4 |
| ZAR | 15.4 | 13.5 |

The Group is not exposed to other price risk as its investments are fixed with respect to price and maturity.

48.1.2 Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no significant long-term interest-bearing assets. The Group's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

| | 2023 | 2022 |
|----------------------------------|----------------------|------------------------|
| | Rupees | |
| Fixed Rate instruments | | |
| Financial assets | | |
| Short term investments | 717,306,340 | 177,000,000 |
| Long term loans | 712,111,946 | 398,150,748 |
| | 1,429,418,286 | 575,150,748 |
| Floating rate | | |
| Financial liabilities | | |
| Lease liabilities | 741,299,163 | 604,698,657 |
| | 741,299,163 | 604,698,657 |
| Net Exposure | 688,119,123 | (29,547,909) |
| Variable rate instruments | | |
| Financial assets | | |
| Bank balances – deposit accounts | 993,354,328 | 251,442,738 |
| Loans to related parties | 236,257,805 | 265,510,608 |
| | 1,229,612,133 | 516,953,346 |
| Financial liabilities | | |
| Short term borrowings | 2,119,000,000 | 3,110,000,000 |
| Net Exposure | (889,387,867) | (2,593,046,654) |

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the date of statement of financial position would not affect the profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

The impact of changes in average effective interest rate for the year is given below:

| | | Increase/ Decrease in rate | Effect on profit before tax | Effect on Equity |
|-----------------------|------|-------------------------------|--------------------------------|------------------|
| | | | Rupees | |
| Financial assets | 2023 | +1 | 12,296,121 | 8,730,246 |
| | | -1 | (12,296,121) | (8,730,246) |
| | 2022 | +1 | 5,169,533 | 3,670,368 |
| | | -1 | (5,169,533) | (3,670,368) |
| Financial liabilities | 2023 | +1 | 21,190,000 | 15,044,900 |
| | | -1 | (21,190,000) | (15,044,900) |
| | 2022 | +1 | 31,100,000 | 22,081,000 |
| | | -1 | (31,100,000) | (22,081,000) |

48.1.3 Other price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. There is other price risk of changes in the fair value of investment in mutual funds as a result of changes in the levels of net asset value of units held by the Group. As at 31 December 2023, had there been increase / decrease in net asset value by 1%, with all other variables held constant, the profit before tax for the year and equity would have been higher / lower by Rs 0.29 million (2022: 0.47 million) and Rs 0.21 million (2022: 0.33 million).

48.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual third party. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. Outstanding customer receivables are regularly monitored.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry.

The credit risk on liquid funds is limited because the counter parties are banks and mutual funds with reasonably high credit ratings. The Group believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and subscribers in case of trade debts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| | 2023 | 2022 |
|--|-----------------------|-----------------------|
| | Rupees | |
| Interest free loans to employees | 528,345,079 | 298,036,906 |
| Contract Assets | 7,960,461,635 | 2,591,990,933 |
| Trade debts | 12,706,815,283 | 8,494,847,010 |
| Trade deposits | 729,641,733 | 634,648,013 |
| Loans to related parties | 236,257,805 | 265,510,608 |
| Other receivables | 13,950,526 | 12,915 |
| Interest accrued | 3,096,777 | 1,521,649 |
| Short term investment | 717,306,340 | 177,000,000 |
| Bank balances | 7,848,031,095 | 5,800,488,678 |
| | 30,743,906,273 | 18,264,056,712 |
| The aging of trade debts at the reporting date is: | | |
| Not Past Due | 9,098,345,962 | 7,355,713,513 |
| Past due 0-90 days | 1,938,402,259 | 860,162,812 |
| Past due 91-180 days | 671,950,130 | 352,190,596 |
| Past due 181-270 days | 447,956,701 | 202,827,938 |
| Past due 271-360 days | 594,161,156 | 27,579,386 |
| Past due 361 days and above | 233,465,390 | 57,314,835 |
| | (17) | 8,855,789,080 |
| The aging of contract assets - secured at the reporting date is: | | |
| Unbilled revenue | | |
| 0 - 90 days | 4,807,684,643 | 1,253,982,944 |
| 91 - 180 days | 1,421,879,148 | 639,029,161 |
| 181 - 270 days | 849,240,216 | 234,156,769 |
| 271 - 365 days | 318,081,938 | 175,687,951 |
| One year and above | 270,579,052 | 10,396,470 |
| | (16.1) | 2,313,253,295 |

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rate. The table below shows the bank balances and short term investments held with some major counterparties at the reporting date:

| Particulars | Short term | Long term | Agency | 2023 | 2022 |
|---|------------|-----------|---------|----------------------|----------------------|
| | | | | Rupees | |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 1,123,255,874 | 429,411,611 |
| Bank Islami Pakistan Limited | A1 | A+ | PACRA | 7,694,419 | 9,844,201 |
| United Bank Limited | A1+ | AAA | JCR-VIS | 11,322,152 | 3,546,910 |
| The Saudi National Bank | F2 | A- | Moody's | 408,052,142 | 164,533,569 |
| Bank Albilad | A3 | A3 | Moody's | 174,377 | 19,372 |
| Commercial International Bank Egypt S.A.E (CIB) | B | B+ | Fitch | - | 47,985,532 |
| Habib Bank AG Zurich Dubai | A1+ | AA+ | PACRA | 161,884,342 | 3,053,236,514 |
| Habib Bank Limited Dubai | A1+ | AAA | JCR-VIS | 788,461,919 | - |
| MCB AE | A1+ | AAA | PACRA | 3,042,167,765 | 925,608,874 |
| Investec Bank PLC | F2 | BBB+ | Fitch | - | 26,231,326 |
| OCBC | A-1 | A+ | Moody's | - | 4,269,101 |
| Habib Bank Limited Singapore | A1+ | AAA | JCR-VIS | 173,352,949 | 839,484,736 |
| Commercial Bank of Qatar | F2 | A- | Fitch | 414,595,156 | 117,490,959 |
| Faysal Bank Limited | A1+ | AA | PACRA | 45,948,846 | 27,442,645 |
| Standard Chartered Bank (Pakistan) Limited | A1+ | AAA | PACRA | 73,932,053 | 17,191,278 |
| FINCA Microfinance Bank Limited | A2 | A- | PACRA | 1,134,223 | 790,198 |
| Meezan Bank Limited | A1+ | AAA | JCR-VIS | 18,465,626 | 6,312,355 |
| Bank Alfalah Limited | A1+ | AA+ | PACRA | 1,122,654 | 3,544,676 |
| Habib Bank Limited | A1+ | AAA | JCR-VIS | 104,226,245 | 11,871,431 |
| MCB Bank Limited | A1+ | AAA | PACRA | 139,787,128 | 89,133,970 |
| Mobilink Microfinance Bank | A1 | A | PACRA | 1,525,089 | 1,651,704 |
| JS Bank Limited | A1+ | AA- | PACRA | 22,397 | 22,397 |
| The National Bank of Ras Al Khaimah (P.J.S.C) | F2 | BBB+ | Fitch | 18,638,556 | - |
| WESTPAC BANKING CORPORATION | F1 | A+ | Fitch | 16,882,057 | - |
| Commercial International Bank Egypt | B | B- | Fitch | 35,522,212 | - |
| OCBC Singapore | AAA | AA- | Fitch | 3,654,327 | - |
| MCB Bank Limited - Singapore | A1+ | AAA | PACRA | 38,724,972 | - |
| U Microfinance Bank Limited | A1+ | AA+ | PACRA | 142,270,267 | - |
| Investec Bank Africa | B | BB- | Fitch | 9,604,932 | - |
| Bank Al-Habib Limited | A1+ | AAA | PACRA | 371,810 | 20,231,071 |
| Samba Bank | A-1 | AA | JCR-VIS | 200,359 | - |
| Dubai Islamic Bank | A1+ | AA | JCR-VIS | 1,059,789,336 | - |
| Allied Bank Limited | A1+ | AAA | PACRA | 5,244,888 | 632,226 |
| | | | | 7,848,031,095 | 5,800,488,678 |

| Particulars | Short term | Long term | Agency | 2023 | 2022 |
|--|---------------|-----------|---------|--------------------|----------------------|
| Rupees | | | | | |
| TDRs | | | | | |
| Habib Metropolitan Bank Limited | A1+ | AA+ | PACRA | 269,050,785 | 150,000,000 |
| Habib Bank Limited | A1+ | AAA | JCR-VIS | 448,255,555 | 27,000,000 |
| | | | | 717,306,340 | 177,000,000 |
| Mutual Funds | | | | | |
| AL Habib Asset Management Limited | Not Available | AM2 | PACRA | 125,258,150 | 938,895,542 |
| Al-Meezan Investment Management Limited | Not Available | AM1 | PACRA | - | 1,346,230,290 |
| NBP Fund Management Limited | Not Available | AM1 | PACRA | - | 305,329,170 |
| MCB-Arif Habib Savings and Investments Limited | Not Available | AM1 | PACRA | - | 488,442,573 |
| ABL Asset Management Company Limited | Not Available | AM1 | PACRA | 250,717,910 | 304,115,215 |
| Alfalah Asset Management Limited | Not Available | AM2+ | PACRA | 251,096,305 | 303,774,456 |
| Lakson Investments Limited | Not Available | AM2+ | PACRA | - | 200,677,493 |
| UBL Fund Managers Limited | Not Available | AM1 | JCR-VIS | - | 304,022,126 |
| Faysal Asset Management Limited | Not Available | AM2+ | JCR-VIS | 250,346,747 | 62,491,304 |
| | | | | 877,419,112 | 4,253,978,169 |

48.2.1 The expected loss rates of trade debts are based on the payment profiles of sales over a period of 24 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the consumer price index of the countries in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

| | Local private customers | | | Local government customers | | | Export customers | | | Total | |
|-------------------------------------|-------------------------|----------------------|--------------------|----------------------------|--------------------|-------------------|----------------------|-----------------------|--------------------|-----------------------|--------------------|
| | Expected loss rate % | Trade debts Rupees | Loss allowance | Expected loss rate % | Trade debts Rupees | Loss allowance | Expected loss rate % | Trade debts Rupees | Loss allowance | Trade debts Rupees | Loss allowance |
| December 31, 2023 | | | | | | | | | | | |
| Not Past Due | 0.14% | 995,754,126 | 1,403,839 | 0.29% | 209,059,110 | 607,926 | 0.02% | 7,654,899,074 | 1,431,361 | 8,859,712,310 | 3,443,126 |
| Past due 0-90 days | 1.34% | 132,377,270 | 1,775,160 | 1.45% | 8,778,665 | 127,594 | 0.01% | 1,783,933,156 | 152,767 | 1,925,089,091 | 2,055,521 |
| Past due 91-180 days | 7.49% | 11,752,566 | 880,401 | 6.37% | 29,296,267 | 1,866,162 | 1.58% | 128,405,352 | 2,027,968 | 169,454,185 | 4,774,531 |
| Past due 181-270 days | 26.37% | 20,048,968 | 5,286,244 | 23.90% | 183,001 | 43,735 | 6.05% | 49,082,559 | 2,969,183 | 69,314,528 | 8,299,162 |
| Past due 271-360 days | 82.12% | 7,524,337 | 6,178,719 | 69.87% | 14,105,982 | 9,855,816 | 21.91% | 43,548,730 | 9,539,557 | 65,179,049 | 25,574,092 |
| Past due 361 days and above | 100.00% | 34,970,694 | 34,970,694 | 100.00% | 16,856,472 | 16,856,472 | 100.00% | 35,725,844 | 35,725,844 | 87,553,010 | 87,553,010 |
| | | 1,202,427,961 | 50,495,057 | | 278,279,497 | 29,357,705 | | 9,695,594,715 | 51,846,680 | 11,176,302,173 | 131,699,442 |
| Financial institutions ¹ | | 1,165,170,160 | 53,153,566 | | - | - | | 642,809,265 | 92,613,307 | 1,807,979,425 | 145,766,873 |
| Gross trade debts | | 2,367,598,121 | 103,648,623 | | 278,279,497 | 29,357,705 | | 10,338,403,980 | 144,459,987 | 12,984,281,598 | 277,466,315 |
| December 31, 2022 | | | | | | | | | | | |
| Not Past Due | 0.90% | 356,133,743 | 3,213,765 | 1.31% | 81,359,279 | 1,065,072 | 0.20% | 5,887,896,545 | 11,677,844 | 6,325,389,567 | 15,956,681 |
| Past due 0-90 days | 3.63% | 263,149,369 | 9,541,791 | 6.75% | 54,730,451 | 3,696,499 | 2.07% | 597,013,443 | 12,385,823 | 914,893,263 | 25,624,113 |
| Past due 91-180 days | 19.95% | 148,239,945 | 29,579,025 | 24.93% | 24,358,856 | 6,071,896 | 6.73% | 203,950,651 | 13,730,482 | 376,549,452 | 49,381,403 |
| Past due 181-270 days | 82.44% | 33,370,365 | 27,510,320 | 98.06% | 1,941,473 | 1,903,749 | 50.23% | 169,457,573 | 85,123,090 | 204,769,411 | 114,537,159 |
| Past due 271-360 days | 100.00% | 27,999,453 | 27,999,453 | 100.00% | 2,592,763 | 2,592,763 | 100.00% | 3,081,206 | 3,081,206 | 33,673,422 | 33,673,422 |
| Past due 361 days and above | 100.00% | 35,404,256 | 35,404,256 | 100.00% | 3,501,273 | 3,501,273 | 100.00% | 18,409,306 | 18,409,306 | 57,314,835 | 57,314,835 |
| | | 864,297,131 | 133,248,610 | | 168,484,095 | 18,831,252 | | 6,879,808,724 | 144,407,751 | 7,912,589,950 | 296,487,613 |
| Financial institutions ¹ | | 943,199,130 | 64,454,457 | | - | - | | - | - | 943,199,130 | 64,454,457 |
| Gross trade debts | | 1,807,496,261 | 197,703,067 | | 168,484,095 | 18,831,252 | | 6,879,808,724 | 144,407,751 | 8,855,789,080 | 360,942,070 |

¹ For financial institutions, ECL has been computed on the basis of their credit ratings issued by external credit rating agencies.

The Group has applied the IFRS's simplified approach and has calculated ECLs based on lifetime expected credit losses except for cases otherwise disclosed. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

As at year end, 20.73% of revenue (2022: 29%) was represented by one customer (2022: one customer) amounting to Rs 11,077.17 million (2022: Rs 2,927.45 million). The management believes that the Group is not exposed to customer concentration risk as this customer is a related party of the Group.

48.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due. The following are the contractual maturities of financial liabilities:

The following are the contractual maturities of financial liabilities as at 31 December 2023:

| | Carrying amount | Contractual cash flows | Less than one year | One to five years | More than five years |
|--|-----------------|------------------------|--------------------|-------------------|----------------------|
| | Rupees | | | | |
| Lease Liabilities | 741,299,163 | 918,606,939 | 267,412,338 | 624,307,888 | 26,886,713 |
| Unclaimed Dividend | 18,659,407 | 18,659,407 | 18,659,407 | - | - |
| Short term borrowings - secured | 2,119,000,000 | 2,119,000,000 | 2,119,000,000 | - | - |
| Mark-up accrued on short term borrowings - secured | 96,586,682 | 96,586,682 | 96,586,682 | - | - |
| Other long term payable | 2,824,802,629 | 2,866,540,636 | 912,128,579 | 1,954,412,057 | - |
| Trade and other payables | 7,291,830,942 | 7,291,830,942 | 7,291,830,942 | - | - |
| | 13,092,178,823 | 13,311,224,606 | 10,705,617,948 | 2,578,719,945 | 26,886,713 |

The following are the contractual maturities of financial liabilities as at 31 December 2022:

| | Carrying amount | Contractual cash flows | Less than one year | One to five years | More than five years |
|--|-----------------|------------------------|--------------------|-------------------|----------------------|
| | Rupees | | | | |
| Lease Liabilities | 604,698,657 | 767,810,351 | 170,553,430 | 570,370,208 | 26,886,713 |
| Unclaimed Dividend | 13,536,152 | 13,536,152 | 13,536,152 | - | - |
| Short term borrowings - secured | 3,110,000,000 | 3,110,000,000 | 3,110,000,000 | - | - |
| Mark-up accrued on short term borrowings - secured | 83,638,647 | 83,638,647 | 83,638,647 | - | - |
| Other long term payable | 2,156,439,599 | 2,265,000,000 | 1,132,500,000 | 1,132,500,000 | - |
| Trade and other payables | 5,937,289,453 | 5,937,289,453 | 5,937,289,453 | - | - |
| | 11,905,602,508 | 12,177,274,603 | 10,447,517,682 | 1,702,870,208 | 26,886,713 |

48.4 Fair values of financial assets and liabilities

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets, if available.

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

48.5 Financial instruments by categories

| 2023 | | | |
|--|---|------------------------------------|----------------|
| | Financial assets at fair value through profit or loss | Financial assets at amortized cost | Total |
| Assets as per statement of financial position | Rupees | | |
| Long term receivable – unsecured | - | 1,184,235,536 | 1,184,235,536 |
| Interest free loans to employees | - | 712,111,946 | 712,111,946 |
| Contract Assets | - | 7,960,461,635 | 7,960,461,635 |
| Trade debts | - | 12,706,815,283 | 12,706,815,283 |
| Loans to related parties | - | 295,152,835 | 295,152,835 |
| Other receivables | - | 13,950,526 | 13,950,526 |
| Security deposits | - | 464,132,938 | 464,132,938 |
| Interest accrued | - | 3,096,777 | 3,096,777 |
| Short term investments | 877,419,112 | 717,306,340 | 1,594,725,452 |
| Cash and bank balances | - | 7,982,850,983 | 7,982,850,983 |
| | 877,419,112 | 32,040,114,799 | 32,917,533,911 |

| 2022 | | | |
|--|---|------------------------------------|----------------|
| | Financial assets at fair value through profit or loss | Financial assets at amortized cost | Total |
| Assets as per statement of financial position | Rupees | | |
| Long term receivable – unsecured | - | 1,103,297,635 | 1,103,297,635 |
| Long term investments | 154,468,912 | - | 154,468,912 |
| Interest free loans to employees | - | 398,150,748 | 398,150,748 |
| Contract assets | - | 2,591,990,933 | 2,591,990,933 |
| Trade debts | - | 8,494,847,010 | 8,494,847,010 |
| Loan to related parties | - | 421,894,805 | 421,894,805 |
| Other receivables | - | 12,915 | 12,915 |
| Security deposits | - | 570,803,303 | 570,803,303 |
| Interest accrued | - | 1,521,649 | 1,521,649 |
| Short term investments | 4,253,978,169 | 177,000,000 | 4,430,978,169 |
| Cash and bank balances | - | 5,814,496,232 | 5,814,496,232 |
| | 4,408,447,081 | 19,574,015,230 | 23,982,462,311 |

| | 2023 Financial assets at amortized cost | 2022 Financial liabilities at amortized cost" |
|---|---|---|
| Liabilities as per statement of financial position | | |
| Lease liabilities | 741,299,163 | 604,698,657 |
| Other long term liability – unsecured | 3,831,197,740 | 2,156,439,599 |
| Mark-up accrued on short term borrowings | 96,586,682 | 83,638,647 |
| Short term borrowings | 2,119,000,000 | 3,110,000,000 |
| Unclaimed Dividend | 18,659,407 | 13,536,152 |
| Trade and other payables | 7,291,830,942 | 5,937,289,453 |
| | 14,098,573,934 | 11,905,602,508 |

48.6 Fair value hierarchy

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. The table below analyses financial instruments carried at fair value by valuation method. The different level have been defined as follows:

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

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

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

Fair value measurement using

| | "Quoted price in active market (Level 1)" | "Significant observable inputs (Level 2)" | "Significant unobservable inputs (Level 3)" | Total |
|---------------------------------------|---|---|---|---------------|
| Rupees | | | | |
| As at 31 December 2023 | | | | |
| Fair value through profit and loss | | | | |
| - Jomo Technologies (Private) Limited | - | - | - | - |
| - Mutual Fund units | - | 877,419,112 | - | 877,419,112 |
| As at 31 December 2022 | | | | |
| Fair value through profit and loss | - | - | 154,468,912 | 154,468,912 |
| - Jomo Technologies (Private) Limited | - | 4,253,978,169 | - | 4,253,978,169 |

There were no transfers between Level 1, Level 2 and Level 3 during 2023 and 2022.

Refer note 8.1 for disclosure of assumptions and inputs used in the valuation of level 3 financial instruments

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. A change of 1% in value arrived at reporting date would have no effect on the profit or loss.

48.7 Capital risk management

The Group's policy is to safeguard the Group's ability to remain as a going concern and ensure a strong capital base in order to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Board of Directors monitors the returns on capital, which the group defines as net operating income divided by total shareholders' equity. The Group's objectives when managing is:

- to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

Consistent with the industry norms, the Group monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the balance sheet less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt (as defined above).

The debt - to- equity ratio as to 31 December is as follows:

| | 2023 | 2022 |
|--|-----------------|-----------------|
| Rupees | | |
| Lease Liabilities | 741,299,163 | 604,698,657 |
| Other long term liability - unsecured | 3,831,197,740 | 2,156,439,599 |
| Trade and other payables | 7,291,830,942 | 5,937,289,453 |
| Short term borrowings - secured | 2,119,000,000 | 3,110,000,000 |
| Mark-up accrued on short term borrowings - secured | 96,586,682 | 83,638,647 |
| Less: Cash and cash equivalents | (7,260,759,220) | (5,062,643,191) |
| Net debt | 6,819,155,307 | 6,829,423,165 |
| Total capital | 32,331,619,066 | 22,928,279,541 |
| Capital and net debt | 39,150,774,373 | 29,757,702,706 |
| Capital gearing ratio | 17.42% | 22.95% |

49 Shariah Screening Disclosure

| | 2023 | | 2022 | |
|--|---------------|-------------------|---------------|-------------------|
| | Conventional | Shariah compliant | Conventional | Shariah compliant |
| Short term borrowings – secured | 719,000,000 | 1,400,000,000 | 1,410,000,000 | 1,700,000,000 |
| Short term investments | 462,306,340 | 1,132,419,112 | 177,000,000 | 4,253,978,169 |
| Cash and bank balances | 6,714,802,787 | 1,133,228,308 | 5,154,577,043 | 659,919,189 |
| Other income | | | | |
| – Profit on deposit accounts | 55,681,445 | 27,030,181 | 22,423,115 | 13,588,614 |
| – Profit on term deposit receipts and sukuks | 4,961,121 | 64,672,979 | 30,405,695 | – |
| – Income on mutual funds | – | 220,627,522 | – | 539,378,714 |
| Mark-up paid | 314,772,371 | 233,394,038 | 205,843,040 | 81,976,712 |

50 Number Of Employees

| | 2023 | 2022 |
|---|--------|-------|
| | Rupees | |
| Total number of employees at the end of the year were as follows: | | |
| Regular | 6,021 | 5,187 |
| Contractual | 1,377 | 960 |
| | 7,398 | 6,147 |
| Average number of employees during the year were as follows: | | |
| Regular | 5,794 | 4,945 |
| Contractual | 887 | 1,120 |
| | 6,681 | 6,065 |

51 Subsequent Events

- 51.1** The Board of Directors in their meeting held on 22nd March 2024 have proposed a final cash dividend for the year ended December 31, 2023 of Rs 6 (2022: Rs 5) per share for approval of the members at the Annual General Meeting to be held on 19th April 2024. These financial statements for the year ended December 31, 2023 do not include the effect of this appropriation.

52 Date Of Authorization For Issue

These consolidated financial statements were authorized for issue on 22nd March 2024 by the Board of Directors of the Holding Company.

53 Corresponding Figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison and better presentation as per reporting framework. However, no significant re-arrangement / reclassifications have been made in these consolidated financial statements.

54 General

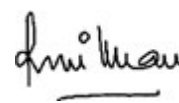
Figures have been rounded off to the nearest of rupees, unless otherwise stated.



(CHAIRMAN)



(CHIEF EXECUTIVE OFFICER)



(CHIEF FINANCIAL OFFICER)

Form of Proxy

47th Annual General Meeting

I/We _____
_____ son/daughter of _____
_____ a member of Systems Limited and holder of _____
_____ shares as per Registered Folio No. _____ do hereby appoint
Mr./Mrs. _____ Son/daughter of _____
_____ or failing him/her Mr./Mrs. _____
_____ son/daughter of _____
_____ who is also a member
of the Company vide Registered Folio No. _____ as my/our Proxy to
attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company
to be held on the 23 May 2023 at Systems Limited Office Lahore & through Video Link

In witness whereof on this _____ day of _____ 2024

WITNESS

1. Signature _____
Name _____
Address _____
_____ CNIC _____

Affix Revenue
Stamp

2. Signature _____
Name _____
Address _____
_____ CNIC _____

Member's Signature

NOTES

1. A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote his/her behalf. Proxies in order to be effective must be received at the registered Office of the Company not less than 48 hours before meeting.
2. The instrument appointing a proxy should be signed by the member or by his attorney duly authorized in writing. If a member is a corporation, its common seal should be affixed to the instrument.

Affix
Correct
Postage

The Company Secretary
Systems Limited
E-1, Sehjpal Near DHA Phase-VIII
(Ex-Air Avenue), Lahore Cantt.

Pakistan

Lahore (Head Office)

E-1, Sehjpal Near DHA Phase-VIII
(Ex-Air Avenue), Lahore Cantt

Lahore (BPO Office)

Commercial building
Plaza No 1, Block -CCA, Phase 8C,
DHA Lahore Cantt

Karachi

E-5, Central Commercial Area,
Shaheed-e-Millat Road, Karachi

Karachi

9 B, Sumya Building, Mohammad
Ali Society Muhammad Ali Chs
(Machs), Karachi

Islamabad

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

Amazon Mall, 7th Floor, NH 5, Sector
A DHA Phase II, Islamabad

Multan

Plot No. 842/23 near Northern By-
pass Chowk, Bosan Road,
Multan

Faisalabad

Old Ehsan Yousaf Building,
East Canal Road, Near Jahal
Khanuwana, Faisalabad

Peshawar

3rd Floor, DC Court Building, Near
Post office, Kacheri Gate, 04 Khyber
Rd, Peshawar Cantonment,
Peshawar

UAE

Dubai

Office 603, The Exchange Tower,
Business Bay | P.O. Box: 500497
Dubai, UAE

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

Sharjah

P.O Box 42741, Hamriyah Free
Zone, Sharjah, UAE

KSA

Riyadh

3141 Anas ibn Malik Road,
Building B, 2nd Floor,
Al Malqa, Riyadh, Saudi Arabia

Bahrain

Office No. 211 Building No.85 Road
No,1802 Block No 318

Qatar

Doha

Palm Towers, Floor 41
Westbay, Doha, Qatar

South-Africa

Central Office Park No.4, 257 Jean
Avenue, Centurion, 0157, PO Box 7750,
Centurion, South Africa 0046

Australia

Level 16 1 Market Street Sydney NSW
2000, Australia

Singapore

68 Circular Road #02-01, Singapore

30 Cecil Street, #19-08 Prudential
Tower, Singapore 049712

Malaysia

D83A, Menara Suezcap1, KL
Gateway, 59200, Kaula Lumpur

Egypt

Building B 2116, the Smart Village, 28
Kms, Cairo-Alexandria Desert Road,
Giza, Egypt