

**OCTOPUS**  
DIGITAL



2023  
HALF YEARLY

HALF YEAR ENDED JUNE 30, 2023

[www.octopusdtl.com](http://www.octopusdtl.com)

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## Company Information

### Directors

Bakhtiar Hameed Wain	Director / Chairman
Tanveer Karamat	Director / Chief Executive Officer
Asmar Ahmed Atif	Director
Mohammad Shahid Mir	Director
Mohammad Arif Janjua	Director
Adeel Khalid	Director
Saleha Asif	Director

Faisal Nadeem Sheikh	Chief Financial Officer
Ahsan Khalil (ACA - FPPA)	Company Secretary

### Audit Committee

Mohammad Shahid Mir	Chairman
Bakhtiar Hameed Wain	Member
Mohammad Arif Janjua	Member

### Human Resource & Remuneration Committee

Mohammad Shahid Mir	Chairman
Bakhtiar Hameed Wain	Member
Tanveer Karamat	Member

### Auditors

BDO Ebrahim & Co.  
Chartered Accountants

### Bankers

Faysal Bank Limited, Pakistan  
JS Bank Limited, Pakistan  
MCB Islamic Bank, Pakistan  
Dubai Islamic Bank, Pakistan

### Share Registrar

FAMCO Associates (Pvt) Ltd.  
8-F, Next to Hotel Faran,  
Nursery, Block-6, P.E.C.H.S.,  
Shahra-e-Faisal, Karachi.  
Phone: +92 (21) 3438 0101-5  
Fax No: +92 (21) 3438 0106  
www.famco.com.pk

### Registered Office

The Avanceon Building  
19-KM , Main Multan Road,  
Lahore 54660, Punjab, Pakistan  
Phone: +92 (42) 111 940 940  
Fax No: +92 (42) 375 151 28  
Email: support@octopusdtl.com

### Legal Advisor

Cheema & Ibrahim

### Web Presence

[www.octopusdtl.com](http://www.octopusdtl.com) | [www.avanceon.ae](http://www.avanceon.ae)  
[www.avanceon.qa](http://www.avanceon.qa)

Phone: +92 (42) 111 940 940

Fax: +92 (42) 375 151 28

Emails: support@octopusdtl.com

## Headquarters

Lahore, Punjab, Pakistan

The Avanceon Building

19-KM, Main Multan Road, Lahore,

54660 Punjab, Pakistan

Phone: +92 (42) 111 940 940

Email: support@Octopusdtl.com

## Regional Headquarters

Karachi, Sindh, Pakistan

MA Tabba Foundation Building,

First Floor, Gizri Road Block 9,

Clifton Karachi, Sindh 75600

Phone: +92 (21) 111 940 940

Email: support@Octopusdtl.com

## Regional Headquarters - Middle East

**Avanceon FZE - Dubai, UAE**

FZS1 BD04 JAFZA P.O. Box 18590

Dubai, United Arab Emirates

Phone: +971 4 88 60 277

**Abu Dhabi, UAE**

In Partnership with Ali & Sons

Ali & Sons Bldg., Zayed 2nd Street

P.O. Box 915

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Phone: +971 4 88 60 277

**Doha, Qatar**

Avanceon Automation Control WLL

Office No. 12, M Floor, Al-Jaber Engg.

HO Building, P.O. Box 15976, Fox Hills,

Lusail, Doha, Qatar.

Phone: +974 4040 9835

**Avanceon QFZCO LLC**

PA-WH-04, Unit 16

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Doha Qatar

Phone: +974 4040 9835

Email: support@avanceon.qa

**Avanceon Saudi Energy Company**

3141 Anas Ibn Malik-Al Malqa Dist.

Unit no. 718, Riyadh 13521 – 8292

Kingdom of Saudi Arabia

Phone: +966 5674 16724

Email: support.mea@avanceon.ae

## Interim Director's Report

Directors of Octopus Digital Limited (the "Company") are pleased to present the Directors' Report for the half year ended June 30, 2023.

(Rupees in 000)	Half year ended	
	June 30, 2023	June 30, 2022
<b>Operating results</b>		
Revenues	290,730	349,352
Profit before tax	295,521	261,399
Provision for taxation	(23,658)	(21,108)
Profit after taxation	271,863	240,291

### Earnings per share for the half year ended June 30, 2023

The basic earnings per share after tax is Rs. 1.73 (2022: Rs. 1.53)

### Operating results commentary

We hereby present the unaudited condensed interim financial statements for the half year ended June 30, 2023, on behalf of the Board of Directors of the Company.

The performance of the Company closed at a marginal increase in terms of profit after tax (PAT) of 13% in comparison to last year.

Revenues for the half year dropped in comparison to the last year due to the timing gap of recognition of service revenue in particular for Service Level Agreements (SLA) in the territory of Middle East. The re-negotiations of certain projects have lagged to start at the end of the year. The Company is confident to fill the gap of decrease in revenues by the end of the year through subscriptions revenue of its internally developed intellectual properties (Software) to industry, and closing spares & services orders in the Middle East region.

On the fixed cost side there is a sharp increase mainly attributed to the hiring of senior sales and technical / software team required for the fulfillment of IPs development as was disclosed in the corporate plan / IPO fund utilization.

The standalone profit after tax (PAT) also includes the exchange gains (other than operational income) recorded as of the reporting date. This gain is attributed to the notable increase in the disparity between the US dollar exchange rate, which rose from Rs. 210 to Rs. 275 per US dollar between December 2022 and June 2023. This trend of devaluation would help the Company realize further exchange gain from its international revenue in the upcoming half year.

Management is confident to achieve the aggressive targeted PO generation for the subscription business and aftermarket support business both in Pakistan and abroad.

# Interim Director's Report

## Communication

Effective communication with our valued shareholders stands as an utmost priority for us. To this end, we meticulously ensure the swift dissemination of financial reports in strict adherence to the prescribed timelines set forth in the Companies Act of 2017.

Furthermore, our commitment to transparency and timeliness is the key for real-time updates concerning the company's operations and the latest financial reports. Moreover, real-time updates on the company's ongoing activities and up-to-date financial reports are available on the company's web site [www.octopusdtl.com](http://www.octopusdtl.com).

For and on behalf of the  
BOARD OF DIRECTORS



Tanveer Karamat  
Chief Executive Officer

August 29, 2023  
Lahore, Pakistan.



Asmar Ahmed Atif  
Director

# Independent Auditor's Review Report

To the Members of Octopus Digital Limited  
Report on Review of Condensed Interim Financial Statements

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of OCTOPUS DIGITAL LIMITED (the Company) as at June 30, 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flow, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the interim financial statements). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

## Scope of Review

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

## Conclusion

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

The figures for the quarters ended June 30, 2023 and June 30, 2022 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

## Other matters

The Condensed interim financial statements of the company for the half year ended June 30, 2022 were reviewed by another firm of chartered accountants who had expressed an unmodified conclusion thereon vide their report dated September 05, 2022.

The engagement partner on the review resulting in this independent auditor's report is Ahsan Shahzad.



BDO Ebrahim & Co.

Chartered Accountants

Lahore: 31 August 2023

UDIN: RR202310087vZfT0grPd

Octopus Digital Limited

**Condensed Interim  
Financial Statements**

Half year ended June 30, 2023

# Condensed Interim Statement of Financial Position

as at June 30, 2023

(Rupees in '000)		Un-audited June 30, 2023	Audited December 31, 2022
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	5	11,600	3,953
Intangible Assets	6	168,811	119,684
Deferred taxation	7	9,176	10,334
Long term advances and deposits		100	100
		189,687	134,071
<b>CURRENT ASSETS</b>			
Stock in trade		323	-
Trade debts	8	1,638,971	1,236,092
Contract Assets		131,802	95,621
Advances, prepayments and other receivables	9	304,919	339,464
Short-term loan	10	300,000	300,000
Cash and bank balances	11	28,286	20,223
		2,404,301	1,991,400
<b>TOTAL ASSETS</b>		<b>2,593,988</b>	<b>2,125,471</b>



Chief Executive Officer  
Tanveer Karamat



Chief Financial Officer  
Faisal Nadeem Sheikh

(Rupees in '000)		Un-audited June 30, 2023	Audited December 31, 2022
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital - 250,000,000 @ Rs. 10 each)		2,500,000	2,500,000
<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>			
12.1		1,572,625	1,367,500
<b>Reserves</b>			
Capital reserves		(294,791)	(294,791)
Revenue reserves - Unappropriated profit		1,039,433	972,695
		2,317,267	2,045,404
<b>NON-CURRENT LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
13		191,605	23,452
Trade and other payables		17,863	6,669
Contract liabilities		67,253	49,946
Provision for taxation - net		276,721	80,067
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,593,988</b>	<b>2,125,471</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		

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



Director  
Asmar Ahmed Atif

## Condensed Interim Statement of Profit or Loss (Un-audited)

for the half year ended June 30, 2023

(Rupees in '000)	Note	Half year ended		Second quarter ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Revenue from contracts with customers	15	290,730	349,352	196,284	190,031
Cost of revenue		(142,246)	(119,410)	(95,094)	(70,528)
<b>Gross profit</b>		<b>148,484</b>	<b>229,942</b>	<b>101,190</b>	<b>119,503</b>
Administrative and selling expenses		(131,850)	(77,874)	(96,011)	(58,780)
Other operating income		278,921	109,349	27,930	88,723
		147,071	31,475	(68,081)	29,943
<b>Operating profit</b>		<b>295,555</b>	<b>261,417</b>	<b>33,109</b>	<b>149,446</b>
Financial charges		(34)	(18)	(17)	(1)
<b>Profit before taxation</b>		<b>295,521</b>	<b>261,399</b>	<b>33,092</b>	<b>149,445</b>
Taxation		(23,658)	(21,108)	(4,445)	(13,976)
<b>Profit after taxation</b>		<b>271,863</b>	<b>240,291</b>	<b>28,647</b>	<b>135,469</b>
<b>Earnings per share - basic and diluted (Rupees)</b>		<b>1.73</b>	<b>1.53</b>	<b>0.18</b>	<b>0.86</b>

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



Chief Executive Officer  
Tanveer Karamat



Chief Financial Officer  
Faisal Nadeem Sheikh



Director  
Asmar Ahmed Atif

## Condensed Interim Statement of Comprehensive Income (Un-audited)

for the half year ended June 30, 2023

(Rupees in '000)	Half year ended		Second quarter ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Profit for the period	271,863	240,291	28,647	135,469
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>271,863</b>	<b>240,291</b>	<b>28,647</b>	<b>135,469</b>

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



Chief Executive Officer  
Tanveer Karamat



Chief Financial Officer  
Faisal Nadeem Sheikh



Director  
Asmar Ahmed Atif

## Condensed Interim Statement of Changes in Equity (Un-audited)

for the half year ended June 30, 2023

	Issued subscribed and paid-up Share Capital	Capital Reserves		Revenue Reserves	Total Equity
		Group Restructuring Reserve	Share Premium	Un-appropriated profits	
(Rupees in '000)					
Balance as at January 01, 2022 (audited)	1,367,500	(1,084,000)	789,209	567,632	2,724,341
Total comprehensive income for the period	-	-	-	240,291	240,291
<b>Balance as at June 30, 2022 (un-audited)</b>	<b>1,367,500</b>	<b>(1,084,000)</b>	<b>789,209</b>	<b>807,923</b>	<b>2,964,632</b>
Balance as at January 01, 2023 (audited)	1,367,500	(1,084,000)	789,209	972,695	2,045,404
Total comprehensive income for the period	-	-	-	271,863	271,863
15% bonus shares issued	205,125	-	-	(205,125)	-
<b>Balance as at June 30, 2023 (un-audited)</b>	<b>1,572,625</b>	<b>(1,084,000)</b>	<b>789,209</b>	<b>1,039,433</b>	<b>2,317,267</b>

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



Chief Executive Officer  
Tanveer Karamat



Chief Financial Officer  
Faisal Nadeem Sheikh



Director  
Asmar Ahmed Atif

# Condensed Interim Statement of Cash Flows (Un-audited)

for the half year ended June 30, 2023

(Rupees in ' 000)	Half year ended	
	June 30, 2023	June 30, 2022
<b>Cash flow from operating activities</b>		
Profit before taxation	295,521	261,399
Adjustments for items not involving movement of funds:		
Depreciation on property and equipment	1,273	675
Provision for expected credit losses on		
- contract assets	(11,002)	2,171
- trade debts	(1,520)	8,785
Interest income	(31,014)	-
Exchange gain - net	(247,907)	(93,234)
Finance cost	34	18
Profit accrued on term deposit certificate	-	(4,751)
<b>Net cash flow before working capital changes</b>	<b>5,385</b>	<b>175,063</b>
<b>Increase in current assets</b>		
- Trade debts	(153,451)	(382,387)
- Stock in trade	(323)	-
- Contract assets	(25,179)	(17,870)
- Advances, deposits, prepayments and other receivables	20,473	81,450
	(158,480)	(318,807)
<b>Increase in current liabilities</b>		
- Creditors, accrued and other liabilities	208,607	35,998
- Contract Liabilities	11,194	(15,884)
	219,801	20,114
<b>Cash generated from / (used in) operations</b>	<b>66,706</b>	<b>(123,630)</b>
Profit received on term deposit certificate	-	4,751
Finance costs paid	(34)	(18)
Income tax paid	(562)	(5,778)
<b>Net cash generated from / (used in) operating activities</b>	<b>66,110</b>	<b>(124,675)</b>
<b>Cash flow from investing activities</b>		
Purchase of property and equipment	(8,920)	(754)
Short-term loan paid	-	(350,000)
Addition in intangible asset	(49,127)	(26,030)
Long term advances	-	(125,690)
<b>Net cash used in investing activities</b>	<b>(58,047)</b>	<b>(502,474)</b>
<b>Cash flow from financing activities</b>		
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>8,063</b>	<b>(627,149)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>20,223</b>	<b>898,889</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>28,286</b>	<b>271,740</b>

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



Chief Executive Officer  
Tanveer Karamat



Chief Financial Officer  
Faisal Nadeem Sheikh



Director  
Asmar Ahmed Atif

# Notes to the Condensed Interim Financial Statements (Un-audited)

for the half year ended June 30, 2023

## 1 LEGAL STATUS AND NATURE OF BUSINESS

Octopus Digital Limited (the Company) was incorporated in Pakistan on December 29, 2017 as a private limited company which was converted to public Company on November 11, 2020 under the Companies Act, 2017. The Company is a subsidiary of a listed company namely Avanceon Limited (the Holding Company). Its registered office is situated at 19 KM Main Multan Road, Lahore.

The prime business of the Company is to carry out Information Technology enabled services which includes but are not limited to online data/information storage, online monitoring and review of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related software and equipment etc.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 These condensed interim financial statements do not include all the information and the disclosures required in the annual financial statements and should be read in conjunction with annual audited financial statements of the Company for the year ended December 31, 2022

The comparative balance sheet presented in these condensed interim financial statements have been extracted from the annual audited financial statements of the Company for the year ended December 31, 2022, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the half year ended June 30, 2022.

### 2.3 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing the condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited financial statements for the year ended December 31, 2022.

Provision in respect of taxation in these condensed interim financial statements is estimated and this is subject to final adjustment in the annual financial statements.

#### 4. SIGNIFICANT ACCOUNTING POLICIES

4.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2022.

4.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's condensed interim financial statements.

4.2.1 Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 1, 2023 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2024 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements. (Unaudited)

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
<b>5. PROPERTY AND EQUIPMENT</b>			
Operating fixed assets - tangible	5.1	11,600	3,953
5.1 Operating fixed assets - tangible			
Opening net book value (NBV)		3,953	3,730
Additions (at cost) during the period / year	5.1.1	8,920	1,753
		12,873	5,483
Depreciation charged during the period / year		(1,273)	(1,530)
<b>Closing net book value (NBV)</b>		<b>11,600</b>	<b>3,953</b>
5.1.1 Details of additions (at cost) during the period / year are as follows:			
Tools and equipment		1,109	593
Computers		7,811	1,160
		8,920	1,753

## Notes to the Condensed Interim Financial Statements (Un-audited)

for the half year ended June 30, 2023

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
<b>6. INTANGIBLE ASSETS</b>			
Capital work-in-progress - software			
Opening book value		119,684	51,722
Add: Additions during the period / year - cost		49,127	67,962
Closing book value		168,811	119,684
This represents the development of software for providing digital services.			
(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
<b>7. DEFERRED TAXATION</b>			
The net (asset) / liability for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation / amortization		(236)	(52)
Provision for expected credit losses / earnings		9,412	10,386
		9,176	10,334
<b>8. TRADE DEBTS</b>			
Due from related parties		1,752,725	1,307,232
Due from others		19,205	15,072
Less: Allowance for expected credit losses	8.2	1,771,930 (132,959)	1,322,304 (86,212)
		1,638,971	1,236,092
<b>8.1 Due from related parties</b>			
Avanceon Limited - Local		394,756	365,169
Avanceon Free Zone Establishment, UAE - Export		382,144	258,731
Avanceon Automation & Control WLL, Qatar - Export		965,985	683,332
Avanceon Saudi Energy Company, KSA - Export		9,839	-
		1,752,725	1,307,232
<b>8.2 Allowance for expected credit losses</b>			
Due from related parties	8.2.1	132,642	84,374
Due from others	8.2.2	317	1,838
		132,959	86,212
<b>8.2.1 Allowance for expected credit losses - Related parties</b>			
Opening balance		84,374	58,069
Add: Allowance for the period / year		48,268	26,305
Closing balance		132,642	84,374
<b>8.2.2 Allowance for expected credit losses - Others</b>			
Opening balance		1,837	593
Add: (Reversal) / allowance for the period / year		(1,520)	1,244
Closing balance		317	1,837

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
<b>9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances - considered good			
- To employees		11,961	6,512
- To suppliers		12,531	6,980
		24,492	13,492
Prepayments		254	1,749
Due from Avanceon Limited		183,991	260,640
Interest receivable from Avanceon		71,258	40,245
Tax refunds due from government - considered good			
Sales tax		604	366
Income tax		24,135	22,974
Other receivables - considered good		185	-
		304,919	339,464

**10. SHORT-TERM LOAN**

Opening		300,000	-
Loan paid	10.1	-	300,000
Markup charged		71,258	40,245
		371,258	340,245
Markup transferred to markup receivable		(71,258)	(40,245)
Closing		300,000	300,000

10.1 The Company has provided short-term loan of Rs. 350 million to Avanceon Limited after the approval of the members of the Company as required under section 199 of the Companies Act, 2017. The Company is charging markup at the rate of 1 Year KIBOR + 2%.

(Rupees in '000)	Un-audited June 30, 2023	Audited December 31, 2022
<b>11. CASH AND BANK BALANCES</b>		
Current account - Local currency	28,286	20,223

**12. SHARE CAPITAL****12.1 Issued, subscribed and paid up share capital**

Un-audited June 30, 2023	Audited December 31, 2022		Un-audited June 30, 2023	Audited December 31, 2022
(Number of Shares)			(Rupees in '000)	
28,350,002	28,350,002	Ordinary shares of Rs.10 each fully paid in cash	283,500	283,500
108,400,000	108,400,000	Ordinary shares of Rs.10 each issued for consideration other than in cash	1,084,000	1,084,000
20,512,500	-	Fully paid bonus shares	205,125	-
157,262,502	136,750,002		1,572,625	1,367,500

## Notes to the Condensed Interim Financial Statements (Un-audited)

for the half year ended June 30, 2023

101,632,595 (2022: 101,632,595) shares are held by Avanceon Limited, parent Company and out of remaining 7 (2022:7) one share each is held by directors i.e. Tanveer Karamat, Bakhtiar Hameed Wain, Adeel Khalid, Asmar Ahmed Atif, Junaid Mushtaq Paracha, Muhammad Shahid Mir and Saleha Asif.

(Rupees in '000)	Un-audited June 30, 2023	Audited June 30, 2022
<b>13. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
Creditors	11,272	8,866
Payable to related parties		
Avanceon Saudi Energy Company	617	193
Avanceon FZE	94,856	-
Avanceon Automation & Control WLL	70,517	-
Empiric AI	2,680	-
	168,670	193
Accrued liabilities	168	1,193
Payable to employees	2,393	8,727
Tax deducted at source	4,318	3,845
Sales tax payable	4,784	628
	191,605	23,452

### 14. CONTINGENCIES AND COMMITMENTS

14.1 There are no contingencies and no commitments of the Company as at June 30, 2023 (December 31, 2022: Nil).

(Rupees in '000)	Six month period ended		Three month period ended	
	Un-audited June 30, 2023	Un-audited June 30, 2022	Un-audited June 30, 2023	Un-audited June 30, 2022
<b>15. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>				
Local sales and services				
- Sale of goods	-	338	-	2,200
- Services rendered	56,313	96,082	31,231	72,999
- Fee for technical Services	6,000	12,000	-	6,000
- AMS business Services	6,486	33,035	1,962	22,002
Export sales				
- AMS business Services	47,371	112,946	40,207	40,522
- Other Services rendered	174,560	94,951	122,884	46,308
	290,730	349,352	196,284	190,031

(Rupees in '000)	Un-audited June 30, 2023	Audited December 31, 2022
<b>15.1 Timing of revenue recognition</b>		
At point in time	-	338
Overtime	290,730	349,014
	290,730	349,352

## 16. TRANSACTIONS WITH RELATED PARTIES

Related party transactions represent transactions with parent companies and associated companies on the basis of common directorship. The Company carries out transactions with its related parties in the normal course of business. Transactions with related parties during the period are as follows:

(Rupees in '000)	Name	Relationship	Nature of Transaction	Half year ended	
				Un-audited June 30, 2023	Un-audited June 30, 2022
	Avanceon Limited (AVL)	Holding Company	Back office Support	-	25,200
			AMS Business services rendered	6,486	33,035
			Sub-contracted services	15,834	16,186
			Fee for technical service charged by the Company	6,000	12,000
			Salaries payment to employees by AVL on behalf of the Company	87,000	44,028
			Payment to suppliers by AVL on behalf of the Company	7,518	40,048
			Funds transferred to purchase intellectual property on behalf of ODL	73,049	125,690
			Short-term loan given	300,000	350,000
			Markup charged on short-term loan	31,014	11,364
			Building rent charged by AVL	180	180
			Management fee charged by AVL	-	30,000
			Payments to employees by AVN	2,744	-
			Cash received from AVN	36,967	-
			Payments to employees by ODL	551	-
			Payments to suppliers by ODL	3,785	-
	Avanceon FZE- UAE	Associated Company due to common directorship	Sub-contracted services	49,580	44,408
			Payments to suppliers by AFZE on behalf of the Company	36,897	6,548
			Collection / adjustment from AFZE	2,400	6,541
			Payments to suppliers by ODL on behalf of the Company	-	-
			Payments to employees by AFZE on behalf of the Company	33,207	19,535
			AMS business services rendered	31,712	54,051
	Avanceon Automation and Control WLL - QATAR (AVAC)	Associated Company due to common directorship	Sub-contracted services	124,979,832	63,731
			Payments to suppliers by AVAC on behalf of the Company	13,196,453	5,820
			Payment to employees by AVAC on behalf of the Company	55,673,491	22,971
			AMS business services rendered	5,820,461	58,895
			Payments to suppliers by ODL	207,476	-
	Avanceon Saudi Energy Company - KSA (AVSEC)	Associated Company due to common directorship	Payment to suppliers by ODL	178,916	-
			AMS business services rendered	9,839,291	-
	Key management personnel	Others	Remuneration and other benefits	10,644	9,676

# Notes to the Condensed Interim Financial Statements (Un-audited)

for the half year ended June 30, 2023

## 17. FINANCIAL INSTRUMENTS BY CATEGORIES

Set out below, is an overview of financial assets and financial liabilities, held by the company as at June 30, 2023 and December 31, 2022:

(Rupees in '000)	Un-audited June 30, 2023	Audited December 31, 2022
<b>Financial assets at amortized cost</b>		
Long term loans and deposits	100	100
Trade debts	1,638,971	1,236,092
Cash and cash equivalent	328,286	320,223
	1,967,357	1,556,415
<b>Financial liability at amortized cost</b>		
Creditors, accrued and other liabilities	13,833	18,786

### Fair value measurement of financial instruments

There is no change in nature and corresponding hierarchies of fair valuation levels of financial instruments from those disclosed in audited financial statements of the Company for the year ended December 31, 2022.

## 18. UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING (IPO)

The Company raised funds through Initial Public Offering (IPO) in prior periods to meet working capital requirements, in order to expand the existing business of the Company. Below is the summary of utilization proceeds from IPO:

(Rupees in '000)	Un-audited June 30, 2023	Audited December 31, 2022
Opening balance	534,360	896,570
	534,360	896,570
Less:		
Expenditures incurred on intellectual property	(49,127)	(67,962)
Expenditures incurred on human resource cost of marketing	(284)	(417)
Cash used in working capital and capital expenditure	(12,747)	(238,813)
Expenditures incurred on human resource and direct cost of sales	(31,182)	(55,018)
	(93,340)	(362,210)
Balance amount	441,020	534,360

The Company with the approval of their members, under section 199 of the Companies Act, 2017, has provided a short-term loan to its Holding Company (refer to note 10).

## Notes to the Condensed Interim Financial Statements (Un-audited)

for the half year ended June 30, 2023

### 19. GENERAL

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

Corresponding figures have been rearranged/reclassified, wherever necessary, for the purpose of better presentation.

### 20. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized by the Board of Directors of the Company for issue on 29 August 2023.



Chief Executive Officer  
Tanveer Karamat



Chief Financial Officer  
Faisal Nadeem Sheikh



Director  
Asmar Ahmed Atif



# OCTOPUS

*DIGITAL*

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