

OCTOPUS

DIGITAL

Half Year Ended June 30, 2022

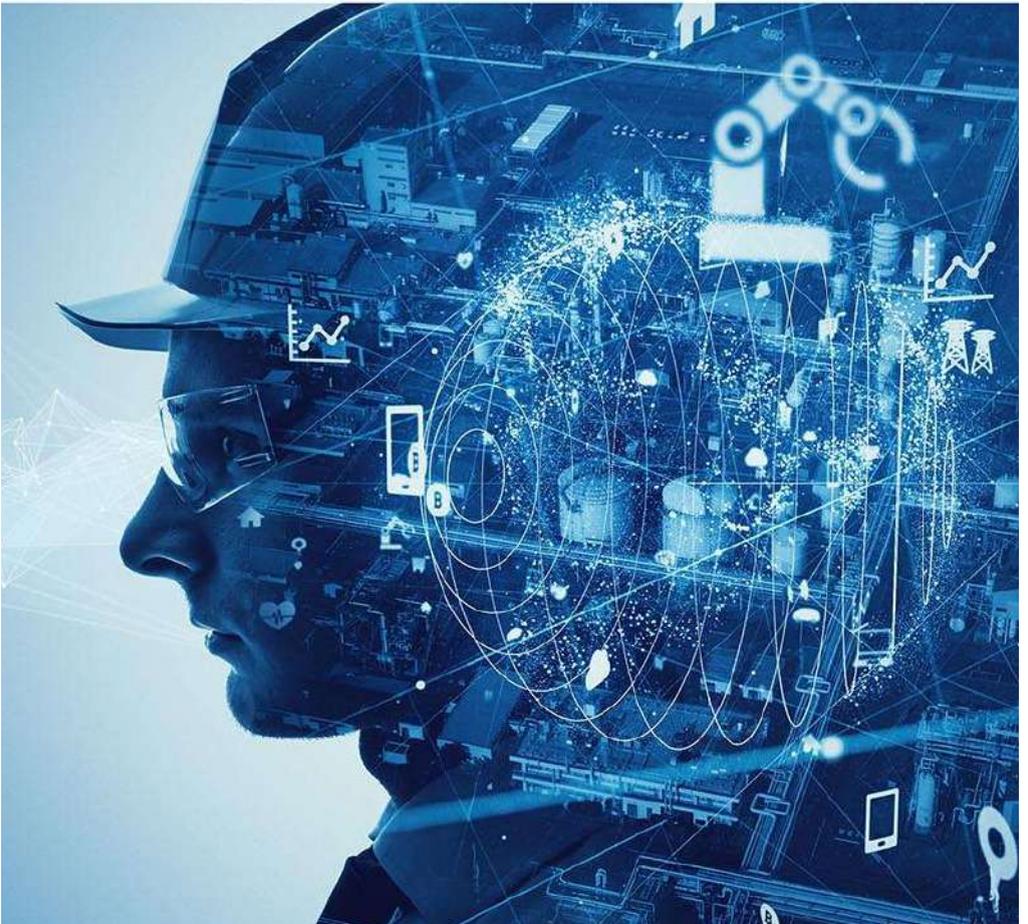


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Company Information

Directors

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

Saeed Ullah Khan Niazi	Chief Financial Officer
Ahsan Khalil (ACA-FPFA)	Company Secretary

Audit Committee

Mohammad Shahid Mir	Chairman
Bakhtiar Hameed Wain	Member
Tanveer Karamat	Member
Junaid Mushtaq Paracha	Member

Human Resource & Remuneration Committee

Saleha Asif	Chairman
Mohammad Shahid Mir	Member
Bakhtiar Hameed Wain	Member
Tanveer Karamat	Member
Junaid Mushtaq Paracha	Member

Auditors

EY Ford Rhodes
Chartered Accountants

Bankers

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

Share Registrar

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Legal Advisor

Cheema & Ibrahim

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Trade Mark

OCTOPUS
DIGITAL

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, 2022.

(Rupees in '000)	Six months ended	
	June 30, 2022	June 30, 2021
Operating results		
Revenues	349,352	145,293
Profit before tax	261,399	81,824
Provision for taxation	(21,108)	(15,289)
Profit after taxation	240,291	66,535

Earnings per share (standalone) for the half year ended June 30, 2022

The basic earnings per share after tax is Rs. 1.76 (2021: Rs. 0.49)

The Company has successfully launched its IPO in September 2021 by offering 20% of ordinary shares to its shareholding via Book Building process to high end individual & institutional investors and general public. The company officially got listed at PSX on 5th of October, 2021, The investors have shown their extensive and record breaking response and interest in the company IPO with oversubscription by 27.26 times which was an ever highest historic high subscription figure by any company at PSX, which proved the confidence of investors at Avanceon Group of companies. We are once again very thankful to all individual and institutional investors for such a great positive response, trust and confidence on us, we assure you that the management is very much committed to achieve the corporate plan as shared via prospectus and during different road shows.

As per above operating financial results of the company for the half year ended June 30, 2022, revenues remained on positive side as per corporate plan and expectations, the increase in revenues, which shows the results are in right direction to achieve corporate plan for FY 2022. Management is confident to achieve the targeted corporate plan for revenues and net profit after tax for the financial year 2022 as we disclosed in last analyst briefing in April 2022.

Communication

Communication with the shareholders is given a high priority. Financial reports are shared with shareholders within time specified in the current Companies Ordinance. The Company also has a website, www.octopusdtl.com, which contains up to date information on Company's activities and financial reports.

August 29, 2022
Lahore, Pakistan.

For and on behalf of the
BOARD OF DIRECTORS



Asmar Ahmed Atif
Chief Executive Officer



Junaid Mushtaq Paracha
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 30 June 2022 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the 'condensed interim financial statements'). Management is responsible for the preparation and presentation of these condensed 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 condensed 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 condensed 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 condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to the note 17 to the financial statements which states that the Company intends to seek Shareholders' approval to comply with the requirements of section 199 of the Companies Act, 2017, for transfer of non-interest bearing funds to its Parent company amounting to Rs. 312 million. Our conclusion is not modified in respect of this matter.

Other matters

- i. The figures of the condensed interim statement of comprehensive income for the three-month period ended 30 June 2022 and 2021 have not been reviewed as we are required to review only the cumulative figures for the six-month period ended 30 June 2022.
- ii. The condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-month period ended 30 June 2021 are not reviewed by us.

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



EY Ford Rhodes
Chartered Accountants
Lahore: 5 September 2022
UDIN: RR202210079sFRDop1Xz

Octopus Digital Limited
**Condensed Interim
Financial Statements**
for the half year ended June 30, 2022

Condensed Interim Statement of Financial Position

as at June 30, 2022

(Rupees in '000)	Note	Un-audited June 30, 2022	Audited December 31, 2021
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	3,810	3,731
Intangible assets	6	77,752	51,722
Deferred taxation	13	-	2,632
Long-term advances and deposits	7	125,790	100
		207,352	58,185
CURRENT ASSETS			
Trade debts	8	1,039,064	665,462
Contract assets		82,441	66,742
Advances, prepayments and other receivables	9	26,708	30,605
Short-term loan	10	350,000	-
Short-term investment		-	300,000
Cash and bank balances	11	271,740	598,889
		1,769,953	1,661,698
		1,977,305	1,719,883



Chief Executive Officer
Asmar Ahmed Atif



Chief Financial Officer
Saeed Ullah Khan Niazi

(Rupees in '000)	Note	Un-audited June 30, 2022	Audited December 31, 2021
EQUITY AND LIABILITIES			
CAPITAL AND RESERVE			
Authorized share capital of 250,000,000 (2021: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
136,750,002 (2021: 136,750,002) ordinary shares of Rs. 10. each	12	1,367,500	1,367,500
Capital reserve		(294,791)	(294,791)
Revenue reserve - unappropriated profits		807,923	567,632
		1,880,632	1,640,341
NON-CURRENT LIABILITIES			
Deferred taxation	13	3,201	-
CURRENT LIABILITIES			
Trade and other payables	14	80,865	44,867
Contract liabilities		1,655	17,539
Provision for taxation - net		10,952	17,136
		93,472	79,542
CONTINGENCIES AND COMMITMENTS			
	15		
		1,977,305	1,719,883

The annexed notes from 1 to 21 form an integral part of these financial statements.


 Director
 Junaid Mushtaq Paracha

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the six months ended June 30, 2022

(Rupees in '000)	Note	Six months ended		Three months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenue from contracts with customers	16	349,352	145,293	190,031	93,638
Cost of revenue		(119,410)	(49,116)	(70,528)	(18,144)
Gross Profit		229,942	96,177	119,503	75,494
Administrative and selling expenses		(77,874)	(15,067)	(58,780)	(10,122)
Other income		109,349	716	88,723	716
		31,475	(14,351)	29,943	(9,406)
Profit from operations		261,417	81,826	149,446	66,088
Finance costs		(18)	(2)	(1)	-
Profit before tax		261,399	81,824	149,445	66,088
Taxation		(21,108)	(15,289)	(13,976)	(9,155)
Profit for the period		240,291	66,535	135,469	56,933
Other comprehensive income		-	-	-	-
Total comprehensive income		240,291	66,535	135,469	56,933
Earnings per share - basic and diluted (Rupees)		1.76	0.49	0.99	0.42

The annexed notes from 1 to 21 form an integral part of these financial statements.



Asmar Ahmed Atif
Chief Executive Officer



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Junaid Mushtaq Paracha

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

for the six months ended June 30, 2022

(Rupees in '000)

	Issued Subscribed and Paid-up Capital	Capital Reserves		Revenue Reserve	Total Equity
		Group Restructuring Reserve	Share Premium	Un- appropriated profits	
Balance as at 1 January 2021 (audited - restated)	1,094,000	(1,084,000)	-	221,681	231,681
Total comprehensive income for the period	-	-	-	66,535	66,535
Balance as at 30 June 2021 (un-audited)	1,094,000	(1,084,000)	-	288,216	298,216
Balance as at 1 January 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
Balance as at 30 June 2022 (un-audited)	1,367,500	(1,084,000)	789,209	807,923	2,964,632

The annexed notes from 1 to 21 form an integral part of these financial statements.



Asmar Ahmed Atif
Chief Executive Officer



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Junaid Mushtaq Paracha

Condensed Interim Statement of Cash Flows (Un-audited)

for the six months ended June 30, 2022

(Rupees in '000)	for the six months ended	
	June 30, 2022	June 30, 2021
Cash flows from operating activities		
Profit before tax	261,399	81,824
Adjustments for:		
Depreciation on property, plant and equipment	675	520
Provision for expected credit losses - contract asset	2,171	-
Provision for expected credit losses - trade debts	8,785	-
Provision for expected credit losses - advances	-	-
Provision for expected credit losses - short-term loan	-	-
Exchange gain - net	(93,234)	(716)
Finance cost	18	-
Profit accrued on term deposit certificate	(4,751)	-
	(86,336)	(196)
Profit before working capital changes	175,063	81,628
Effect on cash flow due to working capital changes:		
Increase in non-current assets		
- Long-term advances	(125,690)	-
(Increase) / decrease in current assets		
- Trade debts	(382,387)	(4,723)
- Contract assets	(17,870)	(21,473)
- Advances, deposits, prepayments and other receivables	81,450	(38,454)
	(318,807)	(64,650)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	35,998	5,254
- Contract liabilities	(15,884)	(2,766)
	20,114	2,488
Cash generated from operations	(249,320)	19,466
Profit received on term deposit certificate	4,751	-
Finance costs paid	(18)	-
Income tax paid	(5,778)	(4,006)
Net cash generated (used in) / from from operating activities	(250,365)	15,459
Cash flows from investing activities		
Purchase of property and equipment	(754)	(1,245)
Short-term loan paid to Avanceon Limited	(350,000)	-
Addition in intangible asset	(26,030)	(14,287)
Net cash generated from investing activities	(376,784)	(15,532)
Net cash (used in) / generated from financing activities	-	-
Net decrease increase in cash and cash equivalents	(627,149)	(73)
Cash and cash equivalents at the beginning of period	898,889	434
Cash and cash equivalents at the end of period	271,740	361

The annexed notes from 1 to 21 form an integral part of these financial statements.



Asmar Ahmed Atif
Chief Executive Officer



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Junaid Mushtaq Paracha

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

for the six months ended June 30, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Octopus Digital Limited (the Company) was incorporated in Pakistan on 29 December 2017 as a private limited company which was converted to public Company on 11 November 2020 under the Companies Act, 2017. The Company is a wholly owned 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; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under Companies Act, 2017 differ with the requirements of IAS-34, the provisions of and directives issued under 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 31 December 2021.

This is the Company's first half yearly condensed financial statements, accordingly comparative condensed interim statement of financial position is stated from annual audited financial statements as of 31 December 2021, whereas comparatives for condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows are unreviewed.

- 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 31 December 2021.

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

for the six months ended June 30, 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

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 31 December 2021, except as mentioned in note 4.1

4.1 Changes in accounting policies and disclosures resulting from amendments in standards during the period

The Company adopted following new amendments to the approved accounting standards which became effective during the period, however these are not considered to be relevant or have any significant effect on the financial statements:

New Standards, Interpretations and Amendments

IFRS 3	Reference to conceptual framework — (Amendments)
IAS 16	Property, plant and equipment: Proceeds before intended use — (Amendments)
IAS 37	Onerous contracts - costs of fulfilling a contract — (Amendments)
AIP IFRS 1	First-time Adoption of International Financial Reporting Standards — Subsidiary as a first-time adopter
AIP IFRS 9	Fees in the '10 per cent' test for derecognition of financial liabilities
AIP IAS 41	Agriculture — Taxation in fair value measurements

4.2 Standards, interpretation and amendments to published approved accounting standards that are not yet effective:

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods Beginning on or after)
IAS 1	Classification of liabilities as current or non-current - (Amendments)	01 January 2023
IAS 8	Definition of accounting estimates - (Amendments)	01 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of accounting policies - (Amendments)	01 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - (Amendments)	01 January 2023
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its associate or Joint Venture - (Amendments)	Not yet finalized

The Company expects that such improvements to the standards will not have any material impact on the Company's condensed interim financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation		Effective date (annual periods Beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standard	01 July 2009
IFRS 17	Insurance Contracts	01 January 2023

The Company expects that above mentioned standards will not have any material impact on the Company's condensed interim financial statements in the period of initial application.

(Rupees in '000)	Note	Un-audited June 30, 2022	Audited December 31, 2021
5. PROPERTY AND EQUIPMENT			
Operating fixed assets - tangible	5.1	3,810	3,731
5.1 Operating fixed assets - tangible			
Opening book value		3,731	3,395
Add: Additions during the period / year - cost	5.1.1	754	1,452
		4,485	4,847
Less: Deletions during the period / year - net book value	5.1.2	-	-
		4,485	4,847
Less: Depreciation during the period / year		(675)	(1,116)
Book value at the end of the period / year		3,810	3,731
5.1.1 Additions/transfers during the period / year - cost			
Tools and equipment		331	-
Computers		423	1,452
		754	1,452
6. INTANGIBLE ASSETS			
Capital work-in-progress - software			
Opening book value		51,722	20,029
Add: Additions during the period / year - cost		26,030	31,693
Closing book value		77,752	51,722
This represents the development of software for providing digital services.			
7. LONG-TERM ADVANCES AND DEPOSITS			
Advance to Avanceon Limited	7.1	125,690	-
Deposits		100	100
		125,790	100

7.1 This represents advance paid to Avanceon Limited against purchase of intellectual property on behalf of the Company.

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

for the six months ended June 30, 2022

(Rupees in '000)	Note	Un-audited June 30, 2022	Audited December 31, 2021
8. TRADE DEBTS			
Due from related parties	8.1	1,097,522	711,839
Due from others		8,990	12,286
		1,106,512	724,125
Less: Allowance for expected credit losses	8.2	(67,448)	(58,663)
		1,039,064	665,462
8.1 Due from related parties			
Avanceon Limited - Local		281,259	215,379
Avanceon Free Zone Establishment, UAE - Export		283,476	153,433
Avanceon Automation & Control WLL, Qatar - Export		532,787	343,027
		1,097,522	711,839
8.2 Allowance for expected credit losses			
Due from related parties	8.2.1	66,908	58,069
Due from others	8.2.2	540	594
		67,448	58,663
8.2.1 Allowance for expected credit losses - Related parties			
Opening balance		58,069	-
Add: Allowance for the period / year		8,839	58,069
Closing balance		66,908	58,069
8.2.2 Allowance for expected credit losses - Others			
Opening balance		594	-
Add: (Reversal) / allowance for the period / year		(54)	594
Closing balance		540	594
9. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
- To employees		1,790	1,727
- To suppliers		13,409	10,169
Prepayments		145	1,409
Interest receivable from Avanceon		11,364	-
Tax refunds due from government - considered good - Sales tax		-	83
Tax refunds due from government - considered good - Income tax		-	15,681
Other receivables - considered good		-	1,536
		26,708	30,605
10. SHORT-TERM LOAN			
Opening		-	-
Loan paid	10.1	350,000	-
Markup charged		11,362	-
		361,362	-
Markup transferred to markup receivable		(11,362)	-
Closing		350,000	-

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, 2022	Audited December 31, 2021
11. CASH AND BANK BALANCES		
Current account - Local currency	271,740	598,889
11.1 Cash and cash equivalent		
Term Deposit Certificate	-	300,000
Current account - Local currency	271,740	598,889
	271,740	898,889

12. SHARE CAPITAL

Un-audited June 30, 2022	Audited December 31, 2021		Un-audited June 30, 2022	Audited December 31, 2021
(Number of Shares)		Issued, subscribed and paid-up capital	(Rupees in '000)	
109,400,002	109,400,002	Ordinary shares of Rs.10 each fully paid in cash	1,094,000	1,094,000
27,350,000	7,350,000	Ordinary shares of Rs.10 each fully paid in cash	273,500	273,500
136,750,002	136,750,002		1,367,500	1,367,500

12.1 109,399,995 (2021: 109,399,995) shares are held by Avanceon Limited, parent Company and out of remaining 7 (2021:7) 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, 2022	Audited December 31, 2021
13. DEFERRED TAXATION		
The liability for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation / amortization	44	26
Income taxable on receipt basis	8,163	1,820
	8,207	1,846
The asset for deferred taxation comprises temporary differences relating to:		
Provision for expected credit loss	(5,006)	(4,478)
	3,201	(2,632)

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

for the six months ended June 30, 2022

(Rupees in '000)	Un-audited June 30, 2022	Audited December 31, 2021
14. CREDITORS, ACCRUED AND OTHER LIABILITIES		
Creditors	5,908	3,670
Payable to related parties		
- Avanceon FZE	34,831	31,853
- Avanceon Automation & Control WLL	29,716	-
	64,547	31,853
Accrued liabilities	791	1,490
Payable to employees	4,673	2,833
Tax deducted at source	4,310	2,791
Sales tax payable	636	2,230
	80,865	44,867

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

There are no contingencies of the Company as at 30 June 2022 (31 December 2021: Nil).

15.2 Commitments

Employee Share Option Scheme, 2022 was approved by Securities and Exchange Commission of Pakistan (SECP) on 05 January 2022 which comprises of an entitlement pool of 10% of the paid-up capital of the Company as increased from time to time. As of 30 June 2022 no options were granted under the scheme.

(Rupees in '000)	Six month period ended		Three month period ended	
	Un-audited June 30, 2022	Un-audited June 30, 2021	Un-audited June 30, 2022	Un-audited June 30, 2021
16. REVENUE FROM CONTRACTS WITH CUSTOMERS				
Local sales and services				
- Sale of goods	338	4,751	2,200	1,620
- Services rendered	96,082	47,727	72,999	22,830
- Fee for technical services	12,000	12,000	6,000	6,000
- AMS business services	33,035	-	22,002	-
Export sales				
- AMS business services	112,946	-	40,522	-
- Other services rendered	94,951	80,815	46,308	63,188
	349,352	145,293	190,031	93,638

(Rupees in '000)	Un-audited June 30, 2022	Un-audited June 30, 2021
16.1 Timing of revenue recognition		
At a point in time	338	4,751
Over the time	349,014	140,542
	349,352	145,293

17. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise holding company, associated undertakings, subsidiaries, shareholders, directors of the Company, post employment benefit plans and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Balances are disclosed elsewhere in these interim financial statements. Other significant transactions with related parties are as follows:

(Rupees in '000)	Name of related parties and relationship	Nature of transactions	Six month period ended	
			Un-audited June 30, 2022	Un-audited June 30, 2021
	Holding Company Avanceon Limited (AVL)	Back office Support	25,200	25,000
		AMS business services rendered	33,035	-
		Sub-contracted services	16,186	9,648
		Fee for technical service charged by the Company	12,000	12,000
		Salaries payment to employees by AVL on behalf of the Company	44,028	23,314
		Payment to Suppliers by AVL on behalf of the Company	40,048	9,679
		Funds received by the Company	186,000	8,936
		Funds transferred by the Company	186,000*	18,400
		Funds transferred to purchase intellectual property on behalf of ODL	125,690*	-
		Short-term loan given	350,000	-
		Markup charged on short-term loan	11,364	-
		Building rent charged by AVL	180	180
		Management Fee charged by AVL	30,000	-
	Associated Companies due to common directorship			
	Avanceon FZE- UAE (AFZE)	Sub-contracted services	44,408	54,022
		Payments to suppliers by AFZE on behalf of the Company	6,548	9,687
		Collection / adjustment from AFZE	6,541	107
		Payments to suppliers by ODL on behalf of the Company	-	28
		Payments to employees by AFZE on behalf of the Company	19,535	6,811
		AMS business services rendered	54,051	-
	Avanceon Automation and Control WLL - QATAR (AVAC)	Sub-contracted services	63,731	13,787
		Payments to suppliers by AVAC on behalf of the Company	5,820	12,275
		Payment to employees by AVAC on behalf of the Company	22,971	12,831
		AMS business services rendered	58,895	-
	Others			
	Key management personnel	Remuneration and other benefits	9,676	6,031

*The company is in the process of obtaining shareholders' approval under section 199 of the companies Act, 2017.

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

for the six months ended June 30, 2022

18. FINANCIAL ASSETS AND LIABILITIES

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statement of the Company for the year ended December 31, 2021.

18.1 Financial instruments by categories

Set out below, is an overview of financial assets, held by the company as at 30 June 2022 and 31 December 2021:

(Rupees in '000)	Un-audited June 30, 2022	Audited December 31, 2021
Financial assets at amortized cost		
Long term loans and deposits	125,790	100
Trade debts	1,039,064	665,462
Deposits and other receivables	-	1,536
Cash and cash equivalent	271,740	898,889
	1,436,594	1,565,987

Set out below, is an overview of financial liabilities held by the Company as at 30 June 2022 and 31 December 2021:

(Rupees in '000)	Un-audited June 30, 2022	Audited December 31, 2021
Financial liabilities at amortized cost		
creditors, accrued and other liabilities	75,919	39,846
	75,919	39,846

18.2 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, 2021.

19. UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING (IPO)

As explained in note 1.2 of annual financial statement for the year ended 31 December 2021, the Company raised funds through Initial Public Offering (IPO) 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, 2022	Audited December 31, 2021
Opening balance	896,569	-
Issuance of 27,350,000 ordinary shares at Rs. 40.6 per share	-	1,110,410
Less: Expenses related to IPO*	-	(47,701)
	896,569	1,062,709
Less:		
Expenditures incurred on intellectual property	(26,030)	(51,722)
Expenditures incurred on human resource cost of marketing	(12,842)	(3,174)
Expenditures incurred on human resource cost of sales	(78,957)	(111,244)
Advances to Avanceon Limited for the purchase of intellectual property	(125,690)	-
	(243,519)	(166,140)
Balance amount	653,050	896,569

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).

20. GENERAL

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

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

21. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized by the Board of Directors of the Company for issue on 29 August, 2022.



Chief Executive Officer
Asmar Ahmed Atif



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Junaid Mushtaq Paracha



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