AVANCEON

Tomorrow's solutions, today.

Half Year Ended June 30, 2023

Table of Contents

Company Information

Directors

Khalid Hameed Wain	Director / Chairman
Bakhtiar Hameed Wain	Director / Chief Executive Officer
Tanveer Karamat	Director
Amir Waheed Wain	Director
Hanan Darwish	Director
Omer Iqbal Khan	Director
M. Shahid Mir	Director
Junaid Mushtaq Paracha	President
Ahsan Khalil (ACA-FPFA)	Chief Financial Officer
Ahsan Khalil (ACA-FPFA)	Company Secretary

Audit Committee

M. Shahid Mir	Chairman
Amir Waheed Wain	Member
Khalid Hameed Wain	Member

Human Resource & Renumeration Committee

M. Shahid Mir	Chairman
Hanan Darwish	Member
Khalid Hameed Wain	Member

Auditors

BDO Ebrahim & Co.

Chartered Accountants

Legal Advisor

Chima & Ibrahim

Web Presence

www.avanceon.ae | www.avanceon.com

www.avanceon.qa | www.octopusdtl.com

Bankers

Faysal Bank Limited, Pakistan

Habib Bank Limited, Pakistan & United Arab Emirates

National Bank of Fujairah, United Arab Emirates

Habib Bank AGA, Zurich, United Arab Emirates

National Penn Bank, United States of America

Signature Bank, United States of America

Bank of Singapore, United Arab Emirates

MCB Bank Limited, Pakistan

United Bank Limited, Pakistan & United Arab Emirates

National Bank of Pakistan Limited, Pakistan

Standard Chartered Bank Limited, Pakistan

JS Bank Limited, Pakistan

Dubai Islamic Bank Pakistan

Qatar International Islamic Bank QIIB,

Qatar Islamic Bank QIB, Qatar

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@avanceon.ae

Global Headquarters
Avanceon Gp – Exton, Pa, Usa

300 Eagleview Blvd, Suite 100

Exton, PA 19341

United States of America

Phone: +1 610 458 8700

Regional Headquarters - South Asia

Lahore, Punjab, Pakistan

The Avanceon Building

19-KM , Main Multan Road, Lahore,

54660 Punjab, Pakistan

Phone: +92 (42) 111 940 940

Email: support.sea

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.sea@avanceon.ae

Islamabad, Pakistan

Manzoor Plaza (The Hive Building),

First Floor, Plot 14-E Fazal-e-Haq Road,

G-6/2, Blue Area, Islamabad 44000

Phone: +92 51 573 3031

Email: support.sea@avanceon.ae

Phone: +92 51 573 3031

Trade Mark

AVANCEON

Tomorrow's solutions, today.

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

Email: support.mea@avanceon.ae

Abu Dhabi, UAE

In Partnership with Ali & Sons

Ali &Sons Bldg., Zayed 2nd Street

P.O. Box 915

Abu Dhabi, U.A.E.

Phone: +971 4 88 60 277

Email: support.mea@avanceon.ae

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

Email: support@avanceon.qa

Jeddah, Saudia Arabia

In Partnership with ATCO LLC

ATCO Building Kuwait St. Faisaliyah District

P.O. Box 1298Jeddah, KSA.

Phone: +966-12-6912204 x 127

Email: support.mea@avanceon.ae

Dammam, Saudia Arabia

In Partnership with ATCO LLC

ATCO Building King Khalid Street

P.O. Box 718 Dammam, KSA.

Phone: +966-12-6912204 x 127

Email: support.mea@avanceon.ae

Interim Director's Report

Directors of Avanceon 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	Half year ended June 30, 2022
Operating results (consolidated)		
Revenues	5,904,371	2,309,210
Profit before tax	1,211,072	1,010,473
Provision for taxation	(40,699)	(91,163)
Profit after taxation	1,170,373	919,310
Operating results (standalone)		
Revenues	670,305	886,048
Profit before tax	1,049,586	783,361
Provision for taxation	(17,041)	(70,055)
Profit after taxation	1,032,545	713,306

Earnings per share (consolidated) for the half year ended june 30, 2023

The basic earnings per share after tax is Rs. 3.29 (2022: Rs. 2.60 - restated)

Earnings per share (standalone) for the half year ended june 30, 2023

The basic earnings per share after tax is Rs. 3.08 (2022: Rs. 2.13 - restated)

Operating results commentary

We are delighted to present the unaudited condensed interim financial statements (consolidated and standalone) for the half year ended June 30, 2023, on behalf of the Board of Directors of the Company.

During the half year ended June 30, 2023, group revenues showed an exceptional outcome in comparison to last year, which is 256% increase. The major contribution is from Middle East particularly in the Qatar region. However, the standalone revenue remains suppressed in comparison to last year which is mainly attributed to timing of projects revenue recognition lagged to next quarter. However, the management is confident and projects successful achievement of the corporate plan.

The standalone profit after tax (PAT) primarily includes the exchange gains (other than operational income) recorded as of the reporting date. This gain can be 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 prevailing trend appears to continue, potentially leading to a further widening of this gap till December 2023. This, in turn, may result in additional gains from exchange rate fluctuations on our international revenue receivables by the end of the year.

The company's management would like to announce that our business growth, specifically in terms of Purchase Order (PO) generation, reflects an exceptional and robust portfolio. This is evident both in Pakistan and the Middle East. Remarkably, we have exceeded our corporate projections by a remarkable 120% thus far. High value orders have already being communicated at Pakistan Stock Exchange (PSX) during the period in question as material information.

Looking ahead, the management foresees a robust trajectory of incoming orders, particularly in the Middle East region. As a result, we anticipate that this year will conclude as one of the most remarkable financial year.

Extraordinary item

During the period reported, the company executed the disposal of its long-term investment in Avanceon LP, an associated undertaking in which it held a 26% stake. This strategic move was carried out through its subsidiary, Octopus Digital Inc. consequently, the Company proceeded to withdraw, sell, and transfer its Partnership Interest to Avanceon LP, whereas the Company has been assigned Trademark "Avanceon", in the territory of United Arab Emirates, with the goodwill associated therewith as part of the transaction. The said transaction has been recognized in the group accounts in line with members approval obtained in Annual General Meeting (AGM) conducted on 29 May 2023.

Communication

Maintaining effective communication with our shareholders is of paramount importance. We ensure that financial reports are promptly shared with shareholders in accordance with the timelines prescribed in the Companies Act, 2017. 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.avanceon.ae.

For and on behalf of the
BOARD OF DIRECTORS

August 29, 2023
Lahore, Pakistan.

Bakhtiar Hameed Wain
Chief Executive Officer

Tanveer Karamat
Director

Independent Auditor's Review Report

To the Members of Avanceon Limited
Report on Review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of AVANCEON LIMITED (the "Company") as at June 30, 2023 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flow, and notes to the unconsolidated 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 unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Other matters

The unconsolidated 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 review report is Sajjad Hussain Gill.

BDO Ebrahim & Co.
Chartered Accountants
Lahore: 31 August 2023
UDIN: RR202310087m23puzHxE

Avanceon Limited

Condensed Standalone Interim Financial Statements

for the half year ended June 30, 2023

Unconsolidated Condensed Interim Statement of Financial Position

as at June 30, 2023

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital (500 million ordinary shares of Rs. 10 each)		5,000,000	5,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL	11	3,762,979	3,247,006
CAPITAL RESERVES			
Share premium		327,348	314,512
Employees' share compensation reserve	12	187,082	155,662
Surplus on revaluation of property and equipment		331,422	332,208
		4,608,831	4,049,388
REVENUE RESERVES - ACCUMULATED PROFITS		3,454,024	2,911,516
		8,062,855	6,960,904
NON CURRENT LIABILITIES			
Lease liabilities		122,002	112,707
Deferred taxation	13	-	-
		122,002	112,707
CURRENT LIABILITIES			
Current portion of lease liabilities		50,788	40,764
Finances under mark-up arrangements and other credit related facilities	14	549,073	609,997
Creditors, accrued and other liabilities	15	1,660,568	1,433,658
Contract liabilities		328,082	217,397
Unclaimed dividend		152,857	176,283
		2,741,368	2,478,099
TOTAL EQUITY AND LIABILITIES		10,926,225	9,551,710
CONTINGENCIES AND COMMITMENTS	16		

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Ahsan Khalil

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	656,132	633,475
Long-term investments	7	6,387,886	4,971,959
Long-term loans, deposits and other receivables		6,991	8,697
		7,051,009	5,614,131
CURRENT ASSETS			
Stock-in-trade		74,501	37,577
Trade debts	8	2,096,152	1,738,253
Advances, deposits, prepayments and other receivables	9	1,464,540	1,850,690
Contract assets		224,066	228,416
Short term investments		19	174
Cash and bank balances	10	15,938	82,469
		3,875,216	3,937,579
TOTAL ASSETS		10,926,225	9,551,710

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Director
Tanveer Karamat

Unconsolidated 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 - net	17	670,305	886,048	346,514	484,065
Cost of revenue		(546,100)	(592,319)	(341,674)	(329,844)
Gross Profit		124,205	293,729	4,840	154,221
Administrative and selling expenses	18	(1,039,146)	(346,535)	(970,674)	(301,528)
Other operating expenses		(3,319)	(2,972)	(1,664)	(1,871)
Other operating income	19	2,043,705	893,107	1,206,619	631,357
		1,001,240	543,600	234,281	327,958
Operating profit		1,125,445	837,329	239,121	482,179
Finance costs		(75,859)	(53,968)	(40,907)	(33,902)
Profit before taxation		1,049,586	783,361	198,214	448,277
Taxation		(17,041)	(70,055)	11,275	(61,842)
Profit for the period		1,032,545	713,306	209,489	386,435
			Restated		Restated
Earnings per share - basic (Rupees)		3.08	2.13	0.63	1.15
Earnings per share - diluted (Rupees)		3.04	2.10	0.62	1.14

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Ahsan Khalil

Director
Tanveer Karamat

Unconsolidated 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	1,032,545	713,306	209,489	386,435
Other comprehensive income for the period		-	-	-
-				
Total comprehensive income for the period	1,032,545	713,306	209,489	386,435

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Ahsan Khalil

Director
Tanveer Karamat

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

for the half year ended June 30, 2023

(Rupees in '000)	CAPITAL RESERVES				REVENUE RESERVES	
	Share Capital	Share Premium	Employees' share compensation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit	Total
Balance as at January 01, 2022 (audited)	2,565,934	144,188	172,657	256,297	2,083,036	5,222,112
Profit for the period	-	-	-	-	713,306	713,306
Other comprehensive income	-	-	-	-	-	-
Transfer from revaluation surplus on account of incremental depreciation - net of tax	-	-	-	(516)	516	-
Issuance of shares against ESOS	31,671	169,819	(160,871)	-	-	40,619
25% bonus shares issued for the year ended December 31, 2021	649,401	-	-	-	(649,401)	-
10% final dividend for the year ended 31 December 2022 @ Re. 1 per share	-	-	-	-	(259,760)	(259,760)
Employee share option reserve	-	-	9,744	-	-	9,744
	681,072	169,819	(151,127)	(516)	(195,339)	503,909
Balance as at 30 June 2022 (un-audited)	3,247,006	314,007	21,530	255,781	1,887,697	5,726,021
Balance as at 01 January 2023 (audited)	3,247,006	314,512	155,662	332,208	2,911,516	6,960,904
Profit for the period	-	-	-	-	1,032,545	1,032,545
Other comprehensive income	-	-	-	-	-	-
Transfer from revaluation surplus on account of incremental depreciation	-	-	-	(786)	786	-
Issuance of shares against ESOS	25,149	12,836	-	-	-	37,985
15% bonus share issue for the period ended December 31, 2022	490,823	-	-	-	(490,823)	-
Employee share option reserve	-	-	31,420	-	-	31,420
	515,972	12,836	31,420	(786)	542,508	1,101,950
Balance as at June 30, 2023 (un-audited)	3,762,978	327,348	187,082	331,422	3,454,024	8,062,854

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Ahsan Khalil

Director
Tanveer Karamat

Unconsolidated 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	Half year ended June 30, 2022
Cash flows from operating activities		
Profit before taxation	1,049,586	783,361
Adjustments for:		
Depreciation on property and equipment	20,471	9,387
Depreciation on right-of-use assets	23,297	17,692
Revaluation loss on short-term investment	3	8
Employees' share option expense	18,745	9,744
Unrealised exchange gain	(2,039,497)	(877,798)
Gain on disposal of property and equipment	(1,323)	(7,926)
Finance cost	75,859	53,968
Provision for expected credit losses on	-	-
- long term interest free receivables	445,588	139,100
- contract assets	15,051	2,415
- trade debts	318,661	73,013
- advances	86,182	22,642
Amortization of deferred grant	-	(265)
Profit on bank deposits	(931)	(1,178)
	(1,037,894)	(559,198)
Profit before working capital changes	11,692	224,163
Effect on cash flow due to working capital changes:		
Increase in current assets		
- Stock-in-trade	(36,924)	(32,717)
- Trade debts	205,004	190,000
- Contract assets	(10,701)	12,501
- Advances, deposits, prepayments and other receivables	(390,939)	(283,337)
	(233,560)	(113,553)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	193,435	(163,722)
- Contract liabilities	110,685	31704
Cash generated from operations	304,120	(132,018)

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Ahsan Khalil

Unconsolidated 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	Half year ended June 30, 2022
Cash generated from / (used in) operations	82,252	(21,408)
Finance costs paid	(55,290)	(36,068)
Income taxes paid	(3,833)	(28,267)
Net cash generated from / (used in) operating activities	23,129	(85,743)
Cash flows from investing activities		
Purchase of property and equipment	(12,781)	(14,672)
Proceeds from sale of property and equipment	1,850	11,047
Short-term investment	(150)	-
Profit on bank deposits received	931	1,178
Decrease in long-term loans, advances, deposits and other receivables - net	1,707	729
Net cash used in investing activities	(8,443)	(1,718)
Cash flow from financing activities		
Repayment of long-term loan	-	(10,688)
Finances under mark-up arrangements and other credit facility obtained - net	(60,924)	476,901
Issuance of shares against ESOS	37,985	40,619
Dividend paid	(23,426)	(170,120)
Repayment of lease liabilities	(34,852)	(52,983)
Net cash (used in) / generated from financing activities	(81,217)	283,729
Net (decrease) / increase in cash and cash equivalents	(66,531)	196,268
Cash and cash equivalents at the beginning of the period	82,469	(233,868)
Cash and cash equivalents at the end of the period	15,938	(37,600)

The annexed notes from 1 to 23 form an integral part of these unconsolidated condensed interim financial statements.

Director
Tanveer Karamat

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

for the half year ended June 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

Avanceon Limited (the Company) was incorporated in Pakistan on March 16, 2003 as a private limited company which was converted to a public company on March 31, 2008 under the Companies Ordinance, 1984 (now Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 19 km, Multan Road, Lahore 54500. Following are the business units of the Company along with their respective locations:

Business Units	Location
Head Office	The Avanceon Building, 19 km, Multan Road, Lahore 54500.
Regional Offices	
Karachi	MA Tabba Foundation Building, First Floor, Gizri Road Block 9 Clifton Karachi, Sindh 75600
Islamabad	Manzoor Plaza (The Hive Building), First Floor, Plot 14-E Fazal-e-Haq Road, G-6/2, Blue Area, Islamabad 44000

3. BASIS OF PREPARATION

3.1 Statement of compliance

These unconsolidated 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.

These are the (unconsolidated) separate condensed interim financial statements of the Company; consolidated interim financial statements have been presented separately.

3.2 These unconsolidated 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.

Comparative unconsolidated condensed interim statement of financial position is stated from annual audited financial statements as of December 31, 2022, whereas comparatives for unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows are extracted from unconsolidated condensed interim financial statements of the Company for the six months ended June 30, 2022.

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

for the half year ended June 30, 2023

3.3 These unconsolidated 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.

3.4 Disclosure of operating segments has been made in consolidated condensed interim financial statements of the Company.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated 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 unconsolidated 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 unconsolidated condensed interim financial statements is estimated and this is subject to final adjustment in the annual financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES

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

5.2 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 unconsolidated condensed interim financial statements.

5.2.1 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 CompanyÕs operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

5.2.2 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 unconsolidated condensed interim financial statements.

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
6. PROPERTY AND EQUIPMENT			
Operating fixed assets - tangible	6.1	440,763	448,453
Right-of-use assets - leased vehicles	6.2	215,369	185,022
		656,132	633,475
6.1 Operating fixed assets - tangible			
Opening book value		448,453	338,006
Add: Additions during the period / year-cost	6.1.1	12,781	49,009
Add: Effect of revaluation		-	80,669
		461,234	467,684
Less: Deletions during the period / year-net book value	6.1.2	(527)	(12,935)
		460,707	454,749
Less: Depreciation during the period / year		(20,471)	(19,221)
Add: Adjustment for assets transferred from leased to owned assets		527	12,925
Closing net book value (NBV)		440,763	448,453
6.1.1 Additions / transfers during the period / year - cost			
Building on free hold land		-	6,195
Tools and equipment		-	179
Computers		12,345	37,072
Furniture and fixtures		52	2,511
Office equipment and appliances		199	3,052
Vehicles		185	-
		12,781	49,009
6.1.2 Deletions during the period / year - net book value			
Plant and machinery (Electrolysers / DSA)			
Vehicles		527	12,927
Office equipment and appliances		-	8
		527	12,935
6.2 Right-of-use asset - leased vehicles			
Opening book value		185,022	85,357
Add: Additions during the period / year		54,171	153,559
Less: Transfers to operating assets during the period / year - net book value		(527)	(12,925)
		238,666	225,991
Less: Depreciation during the period / year		(23,297)	(40,969)
Closing book value		215,369	185,022

Notes to the Unconsolidated 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
7. LONG TERM INVESTMENTS			
Investment in subsidiaries - at cost			
Avanceon FZE, Dubai			
- 26 (31 December 2022 : 26) fully paid ordinary shares of AED 1 million each	7.1	473,671	473,671
- Advance against further shares	7.2	703,581	-
		1,177,252	473,671
Long term interest free receivables	7.8	3,869,384	2,519,718
Less: Allowance for expected credit losses		(563,878)	(187,369)
		3,305,506	2,332,349
		4,482,758	2,806,020
Avanceon Automation and Control W.L.L, Qatar			
- 98 (31 December 2022 : 98) fully paid ordinary shares of QAR 1,000 each	7.3	8,446	8,446
- Long term interest free receivables	7.8	1,652,906	1,306,320
Less: Allowance for expected credit losses		(206,247)	(97,140)
		1,446,659	1,209,180
		1,455,105	1,217,626
Octopus Digital Limited (ODL)			
- 101,632,595 (December 31, 2022: 101,632,595) fully paid ordinary shares	7.4	10,000	10,000
EmpiricAI (Private) Limited			
- 47,500,000 fully paid ordinary shares of Rs. 10 Each	7.5	440,023	440,023
Octopus Digital Inc.			
- Long-term interest free receivable	7.6	-	538,320
- Less: Allowance for expected credit losses		-	(40,030)
		-	498,290
		6,387,886	4,971,959

7.1 Avanceon FZE is a Free Zone Establishment with limited liability formed pursuant to Law No. 9 of 1992 of H.H. Sheikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai and Implementing Regulations issued thereunder by the Jebel Ali Free Zone Authority and was registered with the Jebel Ali Free Zone Authority under Registration No. 816 on 28 February 2004, and its registered office is situated in the Jebel Ali Free Zone, Dubai, United Arab Emirates. The principal activities of the Establishment are to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. The Establishment is wholly owned subsidiary of the Company.

7.2 Under an agreement executed between the Company and the Avanceon, FZE, Dubai, the dividend receivables of AED 9 million will be converted into 9 shares of AED 1 million. The issuance of further shares are under process in Dubai.

7.3 Avanceon Automation and Control W.L.L (AVAC) is an Establishment with limited liability registered under the Ministry of Economy and Commerce, state of Qatar on 22 May 2017 with Registration No. is 99027. Its registered office is situated in Al Jaber Engg. HO Building, PO Box:

15976, Fox Hills, Lusail, Doha - Qatar. The principal activities of the Company are to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. It is a subsidiary of the Company, as the Company has control over its financial and operating decision making under an agreement between Avanceon FZE and AVAC.

7.4 Octopus Digital Limited (ODL) is a public limited company registered under the Companies Act, 2017 and having registered office and business unit at 19 km, Multan Road, Lahore. The Company is engaged in providing after sale and related technical services. The Company is listed on Pakistan Stock Exchange Limited. The Avanceon Limited has 74.32 % shareholding in ODL.

7.5 The Company has 100% shareholding in EmpiricAI (Private) Limited, which is a private limited company, incorporated in Pakistan on May 19, 2020 under the Companies Act, 2017. The Company was established with primary objective of analyzing potential opportunities and making available digital and technology services and products inside and outside Pakistan.

7.6 Octopus Digital Inc. (ODI) (formerly "Innovative Automation & Engineering Inc.") was incorporated in the state of Pennsylvania on October 26, 2006. It is a wholly owned subsidiary of Avanceon FZE. Its registered office is 1800 John F. Kennedy Boulevard, Suite 1601, Philadelphia, PA. It holds 26.11% (2021: 26.11%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, the General Partner and has no operations.

During the period under a tripartite between Avanceon Limited, Avanceon FZE and Octopus Digital Inc., the whole amount receivable from ODI has been transferred to Avanceon FZE.

7.7 Investment in associated companies have been made in accordance with the requirements under the Companies Act, 2017.

7.8 Under the agreement between the Company and subsidiary Companies , amounts due from these subsidiary Companies have been classified as interest free long-term receivables, payable at discretion of these subsidiaries. The Company intends to make further equity investment in these subsidiaries after obtaining the applicable regulatory approvals which would then enable the subsidiaries to convert these amounts into equity. ECL on account of time value of money has been recognized on these receivables based upon the duly approved management plan to convert these balances into equity within twelve months from the reporting date.

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
8. TRADE DEBTS			
Due from related parties	8.1	2,217,717	1,538,147
Due from others		344,667	347,677
		2,562,384	1,885,824
Less: Allowance for expected credit losses	8.2	(466,232)	(147,571)
		2,096,152	1,738,253
8.1 Due from related parties			
Avanceon Free Zone Establishment, UAE		819,424	581,921
Avanceon Automation & Control WLL, Qatar		1,157,867	815,572
Octopus Digital Limited		14,621	
Avanceon Arabia Infotech - Sub Contracted		647	-
Avanceon Saudi Energy Company		225,158	140,654
		2,217,717	1,538,147

Notes to the Unconsolidated 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
8.2 Allowance for expected credit losses			
Due from related parties		441,477	146,508
Due from others		24,755	1,063
		466,232	147,571
8.2.1 Allowance for expected credit losses - Related parties			
Opening balance		146,508	57,224
Add: Allowance for the period / year		294,969	89,284
Closing balance		441,477	146,508
8.2.2 Allowance for expected credit losses - Others			
Opening balance		1,063	1,638
Add/(Less): Allowance/(Reversal) during the period / year		23,692	(575)
Balance as at June 30,		24,755	1,063
9. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECIEVABLES			
Advances - considered good			
- To employees		40,297	33,146
- To suppliers		39,713	15,356
		80,010	48,502
Prepayments		17,428	15,608
Margin paid against bank guarantees / letters of credit		33,880	13,051
Tax refunds due from government - considered good - Sales tax		47,028	40,259
Earnest money - considered good		300	300
Due from subsidiaries - unsecured	9.1	1,282,269	1,730,198
Other receivables - considered good		3,625	2,772
		1,464,540	1,850,690

9.1 This represents receivable from Avanceon FZE and Avanceon Automation and Control WLL, wholly owned subsidiaries.

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
Dividend receivable			
Avanceon FZE		25,653	576,326
Avanceon Automation and Control WLL		1,188,034	938,924
		1,213,687	1,515,250
Other receivables			
EmpiricAI (Private) Limited		-	62
Avanceon FZE		312,970	352,986
Avanceon Automation and Control W.L.L.		-	20,106
	9.1.1	312,970	373,154
Less: Allowance for expected credit losses	9.1.2	(244,388)	(158,206)
		1,282,269	1,730,198

9.1.1 This represents amount due from related parties in respect of expenses incurred by the Company on their behalf.

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
9.1.2 Allowance for expected credit losses			
Opening balance		158,206	139,581
Add: Allowance for the period / year		86,182	18,625
Closing balance		244,388	158,206

10. CASH AND BANK BALANCES

Cash in hand		80	21
Cash at banks			
-Current accounts			10,272
63,796			
-Savings accounts	10.1	5,586	18,652
		15,938	82,469

10.1 Profit on balances in saving accounts ranges from 8.25% to 9.5% (December 31, 2022: 7.25% to 8.75%) per annum.

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
10.2 Cash and cash equivalents			
Cash and bank balances		15,938	82,469

11. 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)	
57,166,850	57,166,850	Fully paid in cash	571,669	571,669
256,446,099	256,446,099	Fully paid bonus shares	2,564,461	2,564,461
4,505,629	4,505,629	Issued against Employees' Shares Options Scheme - I	45,056	45,056
858,519	858,519	Issued against Employees' Shares Options Scheme - II	8,585	8,585
5,723,534	5,723,534	Issued against Employees' Shares Options Scheme - III	57,235	57,235
2,514,891	-	Issued against Employees' Shares Options Scheme - III & V	25,150	-
49,082,328	-	Fully paid bonus shares	490,823	-
376,297,850	324,700,631		3,762,979	3,247,006

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

for the half year ended June 30, 2023

(Number of Shares)	Un-audited June 30, 2023	Audited December 31, 2022
11.1 Movement during the year is as follows:		
Opening balance	324,700,631	256,593,358
Shares issued under Employees' Share Options Schemes during the year	2,514,891	3,167,147
Bonus shares issued during the year	49,082,328	64,940,126
Closing balance	376,297,850	324,700,631

(Rupees in '000)	Un-audited June 30, 2023	Audited December 31, 2022
12. EMPLOYEES' SHARE COMPENSATION RESERVE		
Reserve in respect of employees' share option schemes	187,082	155,662

12.1 Share options scheme I

Employee Stock Option Scheme, 2013 was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 18, 2013 which comprises of an entitlement pool of 5 million shares. Under the scheme, share options of the Company were granted to employees of level MT3 and above. The share options can be exercised up to one year after the five year vesting period and therefore, the contractual term of each option granted is six years. A reserve amounting to Rs. 45 million was created by the Board of Directors on September 26, 2013 in order to set aside amount for issuance of shares under the scheme out of un-appropriated profit of the Company.

12.2 Share options scheme II

Employee Stock Option Scheme, 2016 was approved by the Securities and Exchange Commission of Pakistan (SECP) on September 01, 2016 which comprises of an entitlement pool of 5 million shares. Under the scheme, share options of the Company are granted to employees of level MT 1 and 2 (with minimum seven years regular service) and MT 3 and above. The share options can be exercised up to one year after the five year vesting period and therefore, the contractual term of each option granted is six years. The exercise price of the share options is equal to weighted average market price of the underlying shares for 90 days prior to the date of grant with maximum discount of 60%.

12.3 Share options scheme III

Employee Stock Option Scheme, 2018 was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 23, 2018 which comprises of an entitlement pool of 1.75 million shares. Under the scheme, share options of the Company are granted to employees of level MT-1 and 2 (with minimum seven years regular service) and MT-3 and above. The share options are exercised within one year after the one year vesting period and therefore, the contractual term of each option granted is two years. The exercise price of the share options is Rs. 10 for options issued in 2018, Rs. 10.5 in 2019, Rs. 11.03 in 2020, Rs. 11.58 in 2021 and Rs. 12.15 in 2022.

12.4 Share options scheme IV

Employee Stock Option Scheme, 2019 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 19 November 2019 which comprises of an entitlement pool of 5 million shares. Under the scheme, share options of the Company are granted to employees of level MT 1 & 2 (who have completed minimum of 7 years of service period with the Company), MT3 and above. The share options can be exercised up to one year after the one year vesting period and therefore, the contractual term of each option granted is two years. The exercise price of the share options is Rs. 10 for options issued in 2019, Rs. 10.5 in 2020, Rs. 11.03 in 2021, Rs. 11.58 in 2022 and Rs. 12.15 in 2023.

12.5 Share options scheme V

Employee Share Option Scheme, 2022 was approved by Securities and Exchange Commission of Pakistan (SECP) on January 05, 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 December 31, 2021, the pool consisted of 25.659 million shares. Under the scheme, share options of the Company will be granted to permanent employees of all cadres based on the performance ranking process of the Company. The share options can be exercised within a period of maximum six months from the expiry of the minimum vesting period. The minimum vesting period is 12 months from the date of grant of options. Exercise Price of an option shall be determined from time to time by the Board of directors of the Company at the time of grant of option(s), which shall be calculated as the weighted average of the closing quoted market price of the share of the Company for last 90 consecutive calendar days immediately preceding the date of entitlement of option(s). Provided further that options can be issued at a maximum discount of 90% of the weighted average of the closing market price of the share of the Company for last 90 consecutive calendar days immediately preceding the date of entitlement of option(s) as determined by the Board. The exercise price shall not be in any case less than face value of Rs. 10/- per share.

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
13. DEFERRED TAXATION			
The net (asset) / liability for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation / amortization		31,105	9,025
Provision for doubtful debts / earnings		(231,668)	(109,378)
Unused tax losses		(188,433)	(7,716)
Minimum tax		(68,371)	(19,026)
Tax credit under Second Schedule		(116,182)	(116,182)
Surplus on revaluation of Property and equipment		-	3,950
Deferred tax on incremental depreciation		3,690	3,804
Income taxable on receipt basis		187,405	235,523
		(382,454)	-
Unrecognized deferred tax asset	13.1	382,454	-
		-	-

13.1 Owing to uncertainty relating to future taxable profits, against which the Company can utilize its tax losses and tax credits, the Company has not recognized deferred tax asset of Rs. 290.313 million (2022: Nil).

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
14. FINANCING UNDER MARK UP ARRANGEMENTS AND OTHER CREDIT FACILITIES			
Running finance - secured	14.1	49,073	50,000
Short term Financing (STF)			
Standard Chartered Bank Limited	14.2	200,000	200,000
Inland bill purchased - secured	14.3	-	59,997
Short-term loan from Octopus Digital Limited - un-secured	14.4	300,000	300,000
		549,073	609,997

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

for the half year ended June 30, 2023

14.1 The Company has obtained running finance facility from one commercial bank (31 December 2021: one commercial banks), with a sanctioned limit of Rs. 50 million (31 December 2021: with a section limit of Rs. 300 million and Rs. 50 million respectively), bearing mark-up at the rates prescribed therein the facility offer letters that includes 1 month KIBOR plus Bank spread of 2.25% (31 December 2021: 1 month KIBOR plus Bank spread of 2.25% and 3 month KIBOR plus Bank spread of 1% respectively). The facilities are secured against first mortgage charges created through equitable mortgage with legal mortgage of notional value over fixed assets (land & building) of the Company, ranking hypothecation charge over all present and future current assets of the Company registered with Securities and Exchange Commission of Pakistan, covering total security package.

14.2 The Company has obtained Export Invoice finance facility from Standard Chartered Bank with a sanctioned limit of Rs. 500 million (2021: Rs. Nil) bearing mark-up at the rates prescribed therein the facility offer letters that includes 6 month KIBOR plus Bank spread (2.25%). The facilities are secured against all the moveable assets for a maximum amount of Rs. 500 million (the "aggregate sale price").

14.3 This facility was a sanctioned limit of Rs. 125 million (2022: Rs. 125 million) and carried mark-up at Matching Tenor KIBOR plus 2% (2022: Matching Tenor KIBOR plus 2%) per annum. The facility was secured against invoices / bills receivable from customers (2022: invoices / bills receivable from customers).

(Rupees in '000)	Un-audited June 30, 2023	Audited December 31, 2022
14.4 Short-term loan from Octopus Digital Limited (un-secured)		
Opening	300,000	350,000
Repayment/Adjustment	-	(50,000)
	300,000	300,000

14.4.1 The Company obtained unsecured loan from Octopus Digital Limited (Subsidiary Company) which carries mark-up at the rate of one year KIBOR plus 2% per annum. The effective mark-up rate charged by Octopus Digital Limited during the year ranges from 13.79% to 17.13%. per annum.

5. CREDITORS, ACCRUED AND OTHER LIABILITIES

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
Trade creditors	15.1	718,947	580,612
Accrued expenses		46,699	38,596
Payable to provident fund		27,457	24,891
Employee share portion - Vehicles		80,465	75,493
Tax payable:			
- Withholding tax		200,168	178,023
- Income tax		182,518	191,456
Mark up accrued on:			
- Short term borrowings		91,716	71,449
Other liabilities	15.2	312,598	273,138
		1,660,568	1,433,658

15.1 This include amount of Rs. 394.756 million (2022: Rs. 366.489 million) payable to related parties, Octopus Digital Limited, in respect of subcontracting charges, installation charges and shared expenses.

15.2 This includes amount of Rs. 198.612 million (2022: Rs.260.64 million) payable to related parties, Octopus Digital Limited, on account of expenses incurred on behalf of the company. This amount is interest bearing and interest has been charged at one month KIBOR plus 2% prevailing on the start of each month.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingent liabilities

a) Enforcement Officer Punjab Revenue Authority (PRA) issued notice dated May 31, 2023 regarding the withholding tax amounting to Rs. 1,039,778/- not deducted by the client for tax period 2016, 2017 & 2018, resulting in a default by the client. As per provisions of the Punjab Sales Tax on services (Withholding) Rules, 2015, client was required to deposit the tax deducted on services received. As a consequence of non-payment for above said periods, default surcharge of Rs. 859,744/- and penalty of Rs. 51,989/- are also likely to be paid by the client. Company expects a favorable outcome of the proceedings and no provisions in this regard has been recorded.

b) Additional Commissioner, Enforcement, PRA has issued order dated January 25, 2021 u/s 24(2) of the Punjab Sales Tax on Services Act, 2012 for tax period 2019-20 raised a demand of Rs.43.480 million. Company has appealed to Commissioner Inland Revenue (CIR - A) PRA. The proceedings are pending as of the reporting date and no recovery notice has been received so far and therefore no provision in this regard has been recorded.

c) The Company received a notice u/s 28 of the Sindh Sales Tax on Services Act, 2011 in which the taxpayer was selected for tax audit The taxpayer made due compliance by submitting reply along with the CPR's for the paid amount on account of sales tax on services, default surcharge and penalty for the above mentioned period totalling to Rs. 2,682,652/- However, no order has been received by taxpayer yet.

d) Notice under rule 44(4) dated January 21, 2020 for the tax year 2019, has been issued by Assistant Commissioner Inland Revenue for reconciliation of total payments made and tax withheld by tax payer amounting to Rs. 102.604 million. Satisfactory reply has been submitted. Notice u/s 161(1A) has been issued by department dated 13-Feb 13, 2020. The taxpayer has given satisfactory reply in this regard. Order is still pending.

e) Notice regarding difference in sales as per financial statements and SRB's Returns Declaration amounting to Rs. 51.392 million for the Financial Year 2019, 2020 & 2021 was issued. Reply with reconciliation filed vide letter No.886 dated January 25, 2023. No order passed till date. Company expects a favorable outcome of the proceedings and no provision in this regard has been recorded.

16.2 Commitments

Bank guarantees have been issued amounting to Rs. 32.135 million (2022: Rs. 12.74 million) against the performance of various contracts.

		Half year ended		Second Quarter ended	
(Rupees in '000)	Note	Un-audited June 30, 2023	Un-audited June 30, 2022	Un-audited June 30, 2023	Un-audited June 30, 2022
17. REVENUE FROM CONTRACTS WITH CUSTOMERS					
Local sales and services					
-Sale of goods		379,580	392,288	236,892	228,271
-Services rendered		40,586	122,331	17,482	72,145
-Management fee		-	30,000	-	30,000
Export sales and services					
-Agency commission		6,309	5,633	5,746	2,370
-Project revenue		133,493	95,188	86,394	49,694
-IT enabled back-office support		42,585	56,578	-	30,018
-IT enabled engineering		67,752	123,260	-	10,797
-Management fee		-	60,770	-	60,770
		670,305	886,048	346,514	484,065

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

for the half year ended June 30, 2023

(Rupees in '000)	Un-audited June 30, 2023	Un-audited June 30, 2022
17.1 Timing of revenue recognition		
At a point in time	385,889	397,921
Over the time	284,416	488,127
	670,305	886,048

18. ADMINISTRATIVE AND SELLING EXPENSES

These includes expected credit losses on long term receivables, trade debts and contract assets amounting to Rs. 939.176 million (2022: Rs. 241.782 million)

(Rupees in '000)	Un-audited June 30, 2023	Un-audited June 30, 2022
19. OTHER INCOME		
Income from financial assets		
Exchange gain - net	2,039,497	877,798
Profit on bank deposits	931	1,178
	2,040,428	878,976
Income from non-financial assets		
Gain on disposal of fixed assets	1,323	7,926
Amortization of deferred grant	-	265
Others	1,954	5,940
	3,277	14,131
	2,043,705	893,107

20. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise holding company, associated undertakings, subsidiaries, post employment benefit plans and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

(Rupees in '000)		Half year ended	
		Un-audited June 30, 2023	Un-audited June 30, 2022
Name of related parties and relationship	Nature of transactions		
i. Subsidiaries			
Avanceon FZE - UAE (AFZE)	Agency commission charged	6,309	5,633
	Income against engineering / support services	8,133	11,288
	Fee for back office support	21,293	28,219
	Revenue recognized on the projects	44,441	28,714
	Payments to suppliers by AFZE	97,331	58,622
	Payment made during the period to AFZE	35,000	67,966
	Collection / adjustment from AFZE	4,473	15
	Payments to suppliers by AVL	3,894	232,310
	Management fee charged by AVL	-	30,385
	Payments to employees by AVL	16,632	39,561
	Payments to employees by AVFZE	7,136	-
	ESOS	3,125	-

(Rupees in '000)		Half year ended	
		Un-audited June 30, 2023	Un-audited June 30, 2022
Name of related parties and relationship	Nature of transactions		
	Transfer of long-term interest free receivables from Octopus Digital Inc. to Avanceon, FZE, Dubai	538,320	-
Avanceon Automation and Control W.L.L, Qatar (AVAC)	Income against engineering / support services	59,619	111,973
	Fee for technical services	21,293	28,359
	Revenue recognized on the project	43,527	56,261
	Payment to employees by AVAC	1,417	-
	Payments received during the period	54,536	43,323
	Payment to suppliers by AVL	13,258	9,491
	Payments to suppliers by AVAC	19,115	7,551
	Management fee charged by AVL	-	30,385
	Payment to employees by AVL	4,991	11,498
	ESOS	6,638	-
Octopus Digital Limited (ODL)	Reimbursement of expenses	-	-
	Salaries payment to employees by AVL	86,970	44,028
	Subcontracting charges incurred	13,010	16,186
	Payments to suppliers by AVL	10,035	40,048
	Payments during the period	-	186,000
	Payments received during the period	-	186,000
	Building rent charged to ODL	180	180
	Installation charges	6,486	33,035
	Funds received to purchase intellectual property on behalf of ODL	-	125,690
	Short-term loan obtained	-	350,000
	Markup on short-term loan	31,014	11,362
	Back office Support	12,600	25,200
	Management fee charged by AVL	-	30,000
	Fee for technical services	6,000	12,000
	Payment to employees by ODL	3,267	-
	Payment to employees by AVL	1,615	-
	Product sales	4	-
	Payment to suppliers by ODL	3,549	-
	Repayment of advances to ODL	34,658	-
	Advances received from ODL	67,920	-
Avanceon Saudi Energy Company - KSA (AVSEC)	Collection from AVSEC	9,623	-
	Payment to suppliers by AVL	144	66
	Payment to employees by AVL	4,288	1,452
	Revenue recognized on the projects	44,878	10,213
	ESOS	2,912	-
Joint venture Avanceon Arabia Infotech	Revenue recognized on the projects	647	-
Employees' Provident Fund	Expense charged in respect of retirement benefit plan	3,595	8,775
Key management personnel	Remuneration and other benefits	102,335	93,032
Chief executive	Loan to AVL	-	-
	Repayment of loan to Director	-	35,000

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

for the half year ended June 30, 2023

21. 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, 2022.

21.1. Financial instruments by categories

Set out below, is an overview of financial assets, 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
Financial assets at amortized cost		
Long-term loans and deposits	6,991	8,697
Trade debts	2,096,152	1,738,253
Contract asset	224,066	228,416
Deposits and other receivables	1,320,074	1,746,321
Cash and bank balances	15,938	82,448
Equity instruments at fair value through profit / (loss)		
Short term investments	19	174
Total	3,663,240	3,804,309

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

(Rupees in '000)	Un-audited June 30, 2023	Un-audited June 30, 2022
Financial liabilities at amortized cost		
Creditors, accrued and other liabilities	1,660,568	1,039,288
Unclaimed dividend	152,857	176,283
Interest bearing loans and borrowings		
Financing under mark-up arrangements	549,073	609,997
Lease liabilities	234,483	206,318
Total	2,596,981	2,031,886

21.2 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value of short-term investments is derived from quoted market prices in active markets. The carrying values of other financial assets and financial liabilities reflected in financial statements approximate to their fair values.

Fair value hierarchy

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

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

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

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

Recurring fair value measurements of following items:

(Rupees in '000)	Level 1	Level 2	Level 3	Total
June 30, 2023				
Freehold land	-	-	290,550	290,550
Buildings on freehold land	-	-	106,109	106,109
Short-term investment	19	-	-	19
	19	-	396,659	396,659
December 31, 2022				
Freehold land	-	-	290,550	290,550
Buildings on freehold land	-	-	107,984	107,984
Short-term investment	174	-	-	174
	174	-	398,534	398,708

22. GENERAL

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

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

23. DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Ahsan Khalil

Director
Tanveer Karamat

Avanceon Limited

Consolidated Condensed Interim Financial Statements

for the half year ended June 30, 2023

Consolidated Condensed Interim Statement of Financial Position

as at June 30, 2023

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
500,000,000 (2022: 500,000,000) ordinary shares of Rs. 10 each		5,000,000	5,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
376,297,850 (2022: 324,700,631) ordinary shares of Rs. 10 each		3,762,979	3,247,006
CAPITAL RESERVES			
Share premium		326,843	314,007
Employees' share compensation reserve		187,083	155,663
Statutory reserve		3,002	3,002
Exchange revaluation reserve		3,720,143	1,495,461
Gain on diluation of interest		631,367	631,367
Surplus on revaluation of property & equipment		331,422	332,208
		5,199,860	2,931,708
REVENUE RESERVES			
Un-appropriated Profit		5,480,246	4,869,724
		14,443,085	11,048,439
NON-CONTROLLING INTEREST		595,074	525,260
		15,038,159	11,573,698
NON CURRENT LIABILITIES			
Long Term Loans		164,072	93,537
Liabilities against assets subject to finance lease		239,088	214,082
Provision for gratuity		249,627	187,203
		652,787	494,822
CURRENT LIABILITIES			
Current portion of lease liabilities		73,509	62,061
Finances under mark up arrangements and other credit facilities - secured		769,456	616,408
Unclaimed Dividend		189,613	215,624
Creditors, accrued and other liabilities		5,345,242	6,067,180
Contract Liabilities		3,803,485	1,739,191
Taxation-Net		98,673	76,200
		10,279,979	8,776,664
CONTINGENCIES AND COMMITMENTS	6		
		25,970,925	20,845,185

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Ahsan Khalil

(Rupees in '000)	Note	Un-audited June 30, 2023	Audited December 31, 2022
ASSETS			
NON CURRENT ASSETS			
Property and equipment		1,066,297	953,431
Capital Work in Progress		502,691	463,990
Intellectual property	3	4,583,668	-
Goodwill		221,810	221,810
Deferred Tax Assets		15,548	15,401
Long term deposits		70,668	57,477
		6,480,681	1,712,108
CURRENT ASSETS			
Stock in trade		211,265	67,108
Trade debts		11,230,338	8,615,116
Contract Assets		4,639,218	6,638,724
Advances, deposits, prepayments and other receivables		1,828,560	956,960
Term deposits with banks		94,464	74,664
Investments in Stocks		19	174
Cash and bank balances		1,506,379	1,347,281
		19,510,243	17,700,027
Non current assets held for sale		-	1,433,050
		25,970,925	20,845,185

The annexed notes 1 to 9 form an integral part of these consolidated condensed financial statements.

Director
Taveer Karamat

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

for the half year ended June 30, 2023

(Rupees in '000)	Note	Half year ended June 30, 2023	Half year ended June 30, 2022	Second quarter ended June 30, 2023	Second quarter ended June 30, 2022
Revenues		5,904,371	2,309,210	4,706,080	979,574
Cost of revenue		(4,194,841)	(1,575,656)	(3,243,132)	(709,757)
Gross profit / (Loss)		1,709,529	733,554	1,462,949	269,816
Administrative and selling expenses		(5,897,079)	(621,976)	(5,443,035)	(400,924)
Other expenses	4	(3,319)	(2,972)	(1,664)	(1,871)
Other income	5	5,519,685	984,842	4,454,438	804,370
		(380,713)	359,895	(990,261)	401,576
Profit / (Loss) from operations		1,328,816	1,093,448	472,688	671,392
Finance costs		(117,744)	(82,976)	(60,144)	(36,727)
Profit / (Loss) before tax		1,211,072	1,010,473	412,544	634,665
Taxation		(40,699)	(91,163)	6,830	(75,818)
Income for the period from operations		1,170,373	919,310	419,374	558,847
Attributable to:					
Equity holders of the Holding Company		1,100,559	871,252	412,018	531,753
Non-Controlling Interest		69,814	48,058	7,356	27,094
		1,170,373	919,310	419,374	558,847
Combined earnings per share			Restated		Restated
Basic		3.29	2.60	1.25	1.67
Diluted		3.24	2.57	1.24	1.65

The annexed notes 1 to 9 form an integral part of these consolidated condensed financial statements.

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Ahsan Khalil

Director
Tanveer Karamat

Consolidated 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 / (Loss) for the period	1,170,373	919,310	419,374	558,847
Other comprehensive income				
Exchange difference on translating foreign operations	2,224,682	222,305	2,288,274	185,489
- Surplus on revaluation of property and equipment realised through incremental depreciation charged on related assets for the period-net of tax				
Total comprehensive income for the period	3,395,056	1,141,614	2,707,647	744,336
Attributable to:				
Equity holders of the Holding Company	3,325,242	1,093,556	2,700,291	717,242
Non-Controlling Interest	69,814	48,058	7,356	27,094
	3,395,056	1,141,614	2,707,647	744,336

The annexed notes 1 to 9 form an integral part of these consolidated condensed financial statements.

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Ahsan Khalil

Director
Tanveer Karamat

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

for the half year ended June 30, 2023

(Rupees in '000)	CAPITAL RESERVES							REVENUE RESERVES		
	Share Capital	Share Premium reserve	Gain on diluation of interest	Employees' share compensa-tion reserve	Statutory Reserve	Exchange revaluation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)	Non-Controlling Interest	TOTAL
Balance as on January 01, 2022	2,565,934	144,189	631,367	172,658	3,002	754,971	256,297	3,476,887	328,068	8,333,373
Profit for the period	-	-	-	-	-	-	-	1,977,325	81,013	2,058,337
Other comprehensive income	-	-	-	-	-	740,490	76,741	-	-	817,231
	-	-	-	-	-	740,490	76,741	1,977,325	81,013	2,875,568
Issuance of shares against employee share option scheme	31,671	169,818	-	(161,377)	-	-	-	-	-	40,113
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	-	-	-	(829,954)	829,954	-	-
20% bonus share issue for the period ended December 31, 2021	649,401	-	-	-	-	-	-	(649,401)	-	-
Acquisition of EPL	-	-	-	-	-	-	-	323,844	116,179	440,023
10% final dividend for the period ended December 31, 2022 @ Re. 1 per share	-	-	-	-	-	-	-	(259,761)	-	(259,761)
Employee share option reserve	-	-	-	144,382	-	-	-	-	-	144,382
	681,073	169,818	-	(16,995)	-	-	(830)	(584,488)	116,179	364,757
Balance as on December 31, 2022	3,247,006	314,007	631,367	155,663	3,002	1,495,461	332,208	4,869,724	525,260	11,573,698
Profit for the period	-	-	-	-	-	-	-	1,100,559	69,814	1,170,373
Other comprehensive income	-	-	-	-	-	2,224,682	(786)	786	-	2,224,682
	-	-	-	-	-	2,224,682	(786)	1,101,345	69,814	3,395,056
15% bonus share issue for the period ended December 31, 2022	490,823	-	-	-	-	-	-	(490,823)	-	-
Employee share option reserve	-	-	-	31,420	-	-	-	-	-	31,420
Issuance of shares against employee share option scheme	25,149	12,836	-	-	-	-	-	-	-	37,985
	515,972	12,836	-	31,420	-	-	-	(490,823)	-	69,405
Balance as on June 30, 2023	3,762,979	326,843	631,367	187,083	3,002	3,720,143	331,422	5,480,246	595,074	15,038,159

The annexed notes 1 to 9 form an integral part of these consolidated condensed financial statements.

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Ahsan Khalil

Director
Tanveer Karamat

Consolidated 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	Half year ended June 30, 2022
Cash flow from operating activities		
Profit / (loss) before tax	1,211,072	1,010,473
Adjustments for:		
Depreciation on property and equipment	70,046	38,657
Exchange gain	(1,119,403)	(964,210)
Exchange revaluation reserve	(1,066,752)	(412,356)
Unrealised (gain)/loss on short term investment	3	8
Finance cost	117,744	82,976
Employee share option exp.	18,745	9,744
Provision for ECL - contract assets	2,950,275	-
Provision for ECL - trade debts	418,508	-
Gain on disposal of fixed Assets	(594)	(7,926)
Amortization of deferred grant	-	(265)
Income on bank deposits	(2,357)	(5,928)
Loss on dispsal of Investment	330,953	-
Written off long term receivables	760,439	-
Income on recognition of TM	(4,397,331)	-
	(1,919,723)	(1,259,300)
	(708,651)	(248,828)
Profit before working capital changes		
(Increase) / decrease in current assets		
- Stock in trade	(144,157)	(179,869)
- Trade debts	1,907,672	1,086,539
- Advances, deposits, prepayments and other receivables	(384,429)	(357,895)
(Decrease) / Increase in current liabilities		
- Creditors, accrued and other liabilities	(531,946)	(459,130)
	847,140	89,645
Cash (used in) / generated from operations	138,489	(159,183)

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Ahsan Khalil

(Rupees in '000)	Half year ended June 30, 2023	Half year ended June 30, 2022
Cash generated from continuing operations	138,489	(159,183)
Finance costs	(128,491)	(88,763)
Deferred liabilities	10,102	36,136
Taxes	145,404	(26,479)
Net cash (used in) / generated from operating activities	165,504	(238,289)
Cash flows from investing activities		
Purchase of property and equipment	(48,383)	(30,246)
Additions in intangible assets - capital work in progress	(38,701)	(26,029)
Increase / decrease in short term investments	(19,649)	304,198
Profit on bank deposit	2,357	5,928
Net change in long term advances and deposits	(13,191)	(5,187)
Net cash (used in) / generated from investing activities	(117,567)	248,664
Cash flows from financing activities		
Dividend paid	(26,011)	(177,281)
Issuance of shares	25,149	31,671
Premium on issuance of shares	12,836	8,441
Long term loan received / (repaid)	(36,144)	(10,689)
Finances under mark up arrangements and other credit facilities	153,048	(213,370)
Repayment of lease liabilities	(17,717)	(27,026)
Net cash (used in) / generated from financing activities	111,161	(388,252)
Net (decrease) / increase in cash and cash equivalents	159,098	(377,877)
Cash and cash equivalents at the beginning of year	1,347,281	1,312,336
Cash and cash equivalents at the end of period	1,506,379	934,459

The annexed notes 1 to 9 form an integral part of these consolidated condensed financial statements.

Director
Taveer Karamat

Notes to the consolidated condensed Interim financial Statements (Un-audited)

for the half year ended June 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

Avanceon Limited (the Holding Company) was incorporated in Pakistan on 26 March 2003 as a private limited Company which was converted to a public Company on 31 March 2008 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited.

The principal activity of the Holding Company is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. Following are the business units of the Holding Company along with their respective locations:

Business Unit	Location
Head Office	19 km, Multan Road, Lahore 54500.
Regional Offices	
Karachi	MA Tabba Foundation Building, First Floor, Gizri Road Block 9 Clifton Karachi, Sindh 75600
Islamabad	Manzoor Plaza (The Hive Building), First Floor, Plot 14-E Fazal-e-Haq Road, G-6/2, Blue Area, Islamabad 44000

1.1 The "Group" consists of:

Holding Company

Avanceon Limited (AVL)

Subsidiary companies

	Note	% age of Holding
- Avanceon Free Zone Establishment, UAE (AFZE)	1.1.1	100%
- Octopus Digital Inc. USA (ODI)	1.1.2	100%
- Avanceon Automation and Control W.L.L (AVAC)	1.1.3	49%
- Octopus Digital Limited	1.1.4	74.32%
- Avanceon Saudi Energy Company (AVSEC)	1.1.5	100%
- EmpiricAI (Private) Limited	1.1.6	100%
- Avanceon QFZ LLC	1.1.7	100%

1.1.1 The Avanceon FZE is a Free Zone Establishment which was incorporated in Jebel Ali Free Zone of Dubai as a private limited company under the Jebel Ali Free Zone Companies under Implementation Regulations 2016. The principal activity of the Establishment is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. The registered office and business unit of FZE is located at FZS 1BD04 Jebel Ali Free Zone.

1.1.2 Octopus Digital Inc. registered office is 1800 John F. Kennedy Boulevard, Suite 1601, Philadelphia, PA. The Group holds 26.11% (2020: 26.11%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, The General Partner.

1.1.3 The Avanceon Automation and Control W.L.L (AVAC) is a limited liability formed pursuant to Commercial Companies Law No. (11) 2015 and was registered with the Ministry of Economy

Notes to the consolidated condensed Interim financial Statements (Un-audited)

for the half year ended June 30, 2023

and Commerce under Registration No. 99027 on May 22, 2017, and its registered office and business unit is situated in the Office No. 12, M Floor, Al Jabber, Engg. HO Building, PO Box 15976, Fox Hills, Lusail, Doha, Qatar. The principal activity of the Company is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services.

The other shareholder in AVAC, Arkan Integrated Development LLC holds 51% of the share capital but has no interest in the Establishment as per the shareholder ' s Agreement, except 3% share of any dividends, when announced by Avanceon FZE.

1.1.4 Octopus Digital Limited (ODL) is a public limited company registered under the Companies Act, 2017 and having registered office and business unit at 19 km, Multan Road, Lahore. The Company is engaged in providing after sale and related technical services. The Company is wholly owned subsidiary of the Holding Company. During the year 31 December 2020, ODL entered into a Business Arrangement Contract dated 08 December 2020 with the Holding Company. Under the contract, entire business of AMS segment was transferred to ODL along-with the existing customer contracts. ODL acquired the rights to carry on AMS business with effect from 01 January 2020 against consideration of Rs. 1,084 million settled through issuance of 108,400,000 shares of ODL at face value of Rs. 10 each. The Company is listed on Pakistan Stock Exchange Limited.

1.1.5 This represents the investment in Avanceon Saudi Energy Company a single member company with Limited Liability registered in Riyadh, Saudi Arabia. The Establishment holds 100% capital of Avanceon Saudi energy company. The principal activity of the entity is repair and maintenance of power and control stations, installation of control equipment and management of energy efficiency projects.

1.1.6 During the year, the company has acquired 100% shareholding in EmpiricAI (Private) Limited, which is a private limited company, incorporated in Pakistan on May 19, 2020 under the Companies Act, 2017. The Company was established with primary objective of analyzing potential opportunities and making available digital and technology services and products inside and outside Pakistan.

1.1.7 Avanceon QFZ LLC is incorporated as a limited liability Company under the Companies regulations of Qatar Free Zone Authority.

2. BASIS OF PREPARATION

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

- International Financial Reporting Standards (IFRS) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. INTELLECTUAL PROPERTY

During the current year the company disposed of its Long-Term investment in Avanceon LP through its subsidiary company Octopus Digital Inc., whereby it withdraws, sell, transfer, and assign all its right, title, and interest in and of the Partnership Interest to Avanceon LP, a Pennsylvania USA Limited Partnership.

As a result of this disposal the company has been assigned Trademark Avanceon, including as any right, title and/or interest Avanceon LP may have in and to the Trademark in Company's Territory, comprising of mainly of United Arab Emirates, along with any and all renewals and extensions thereof, together with the goodwill associated therewith. The total value of the Trade Mark assigned is $15.9m based on the independent valuation carried out by Crowe Mak Consulting an independent valuer. The valuation techniques applied includes was Income method which is commonly used method for calculating brand valuation through relief from royalty approach which is widely accepted in the industry.

The Intangible asset, Trademark are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use). If the recoverable amount of the intangible asset Trademark is estimated to be less than it carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognized as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

(Rupees in '000)	Un-audited June 30, 2022	Un-audited June 30, 2021
4. OTHER EXPENSES		
Donations	3,316	2,964
Fair value loss on short term investment	3	8
	3,319	2,972
5. OTHER INCOME		
Income on bank deposits	2,357	5,928
Gain on disposal of property, plant and equipment	594	7,926
Amortization of deferred grant	-	265
Exchange gain	1,119,403	964,210
Capital Gain	-	-
Reversal of provisions for ECL	-	-
Other Income	4,397,331	6,512
	5,519,685	984,842

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

(i) Enforcement Officer Punjab Revenue Authority (PRA) issued notice dated May 31, 2023 regarding the withholding tax amounting to Rs. 1,039,778/- not deducted by the client for tax period 2016, 2017 & 2018, resulting in a default by the client. As per provisions of the Punjab Sales Tax on services (Withholding) Rules, 2015, client was required to deposit the tax deducted on services received. As a consequence of non-payment for above said periods, default surcharge of Rs. 859,744/- and penalty of Rs. 51,989/- are also likely to be paid by the client. Company expects a favorable outcome of the proceedings and no provisions in this regard has been recorded.

Additional Commissioner, Enforcement, PRA has issued order dated January 25, 2021 u/s 24(2) of the Punjab Sales Tax on Services Act, 2012 for tax period 2019-20 raised a demand of Rs.43.480 million. Company has appealed to Commissioner Inland Revenue (CIR - A) PRA. The proceedings are pending as of the reporting date and no recovery notice has been received so far and therefore no provision in this regard has been recorded.

Notes to the consolidated condensed Interim financial Statements (Un-audited)

for the half year ended June 30, 2023

The Company received a notice u/s 28 of the Sindh Sales Tax on Services Act, 2011 in which the taxpayer was selected for tax audit The taxpayer made due compliance by submitting reply along with the CPR's for the paid amount on account of sales tax on services, default surcharge and penalty for the above mentioned period totalling to Rs. 2,682,652/- However, no order has been received by taxpayer yet.

Notice under rule 44(4) dated January 21, 2020 for the tax year 2019, has been issued by Assistant Commissioner Inland Revenue for reconciliation of total payments made and tax withheld by tax payer amounting to Rs. 102.604 million. Satisfactory reply has been submitted. Notice u/s 161(1A) has been issued by department dated 13-Feb 13, 2020. The taxpayer has given satisfactory reply in this regard. Order is still pending.

Notice regarding difference in sales as per financial statements and SRB's Returns Declaration amounting to Rs. 51.392 million for the Financial Year 2019, 2020 & 2021 was issued. Reply with reconciliation filed vide letter No.886 dated January 25, 2023. No order passed till date. Company expects a favorable outcome of the proceedings and no provision in this regard has been recorded.

6.2 Commitments

(i) Bank guarantees issued amounting to Rs. 45.63 million (2022: Rs. 14.34 million) against the performance of various contracts.

(ii) Letters of credit includes Rs.22.08 million (2022: 18.59) which relates to import acceptance bills.

7. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the three months period for remuneration, including certain benefits, to the full time working directors and certine executives of the company is as follows:

	Chief Executive Officer		Director		Others Executives	
(Rupees in '000)	2023	2022	2023	2022	2023	2022
Managerial remuneration	62,657	36,015	5,748	6,568	331,061	112,815
House rent	16,065	9,830	1,073	1,920	92,014	39,264
Utilities	8,547	5,530	268	480	23,902	10,396
Provident Fund / Gratuity	2,653	6,703	646	736	13,261	11,004
Others	914	922	233	601	12,747	8,679
	90,837	59,000	7,967	10,304	472,985	182,158
Number of persons	2	1	4	1	76	65

The Company also provides the director and certain executives with company maintained cars.

8. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on 29, August 2023 by the Board of Directors of the Holding Company.

9. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Ahsan Khalil

Director
Tanveer Karamat