

AVANCEON

Tomorrow's solutions, today.

Quarterly Report

March 31, 2024



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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

Ahsan Khalil (ACA-FPFA) Chief Financial Officer /
Company Secretary

Audit Committee

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

Human Resource & Remuneration Committee

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

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Legal Advisor

Chima & Ibrahim
Advocates & council

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
Flagstar 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
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

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Lahore 54660, Punjab, Pakistan
Phone: +92 (42) 111 940 940
Fax No: +92 (42) 375 151 28
Email: support@avanceon.ae

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@avanceon.ae

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

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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

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

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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

Jeddah, Saudia Arabia

Kuwait St. Faisaliyah District

P.O. Box 1298

Jeddah, KSA.

Phone: +966-12-6912204 x 127

Email: support.mea@avanceon.ae

Riyadh, Saudia Arabia

Avanceon Saudi for Energy Company

3141 Anas Ibn Malik-Al Malqa Dist.

Unit no. 718, Riyadh 13521 – 8292

Kingdom of Saudi Arabia

Phone: +966-5674 16724

Email: support.mea@avanceon.ae

Interim Director's Report

Directors of Avanceon Limited (the "Company") are pleased to present the Directors' Report for the three months ended March 31, 2024.

For the quarter ended
March 31, March 31,
2024 2023
 ----- (Rupees in '000) -----

OPERATING RESULTS (CONSOLIDATED)		Restated	
	Revenues	1,973,544	1,198,290
	Profit before tax	39,431	416,543
	Provision for taxation	(28,859)	(47,529)
	Profit after taxation	10,571	369,015
OPERATING RESULTS (STANDALONE)			
	Revenues	532,516	323,791
	Profit before tax	88,306	851,372
	Provision for taxation	(17,908)	(28,316)
	Profit after taxation	70,398	823,057

EARNINGS PER SHARE (CONSOLIDATED) FOR THE QUARTER ENDED March 31, 2024

The basic earnings per share after tax is Rs. -0.05 (2023: Rs. 0.85 – restated)

EARNINGS PER SHARE (STANDALONE) FOR THE QUARTER ENDED March 31, 2024

The basic earnings per share after tax is Rs. 0.19 (2023: Rs. 2.19 – restated)

The group revenue for the 1st Quarter 2024 showed an increase of 65% in comparison with 1st Quarter 2023, plus the gross margins improved considerably from 21% to 35% due to the facts of on-going projects closed at higher margin. However, the fixed cost inclusive of finance cost remained on the upper side almost at 25% in comparison to last year.

Moreover, the Profit After Tax (PAT) for the first quarter of 2024 was lower compared to the first quarter of 2023. This decrease in PAT was primarily due to the stability of the US dollar exchange rate during this period. As a result, the group did not recognize any unrealized exchange gains, which had previously contributed to higher profitability.

Our growth trajectory for the current year in terms of Purchase Order (PO) generation is exceptionally promising. We commenced the year with a substantial opening backlog valued at USD 70 million. As we progress through 2024, we are highly confident that our strategic corporate plan, known as the "Road to 100 Plan," which aims to achieve PO generation worth USD 100 million, is firmly on track. This plan is meticulously

structured, reflecting our commitment to substantial and sustainable growth. We anticipate that the successful execution of the "Road to 100 Plan" will be clearly reflected in our revenue conversion throughout the year. As POs are fulfilled and converted into completed projects, this will translate into significant revenue growth, bolstering our financial performance for 2024.

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.avanceon.ae, which contains up to date information on Company's activities and financial reports.



for and on behalf of the BOARD OF DIRECTORS

BAKHTIAR HAMEED WAIN

Chief Executive Officer

April 30, 2024

Lahore, Pakistan



TANVEER KARAMAT

Director

Avanceon
Condensed Standalone
Interim Financial Statements
for the first quarter ended March 31, 2024

AVANCEON LIMITED
CONDENCED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

	Un-audited Mar. 31, 2024	Audited Dec 31, 2023		Un-audited Mar. 31, 2024	Audited Dec 31, 2023
	(Rupees in '000)			(Rupees in '000)	
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON CURRENT ASSETS		
Authorised capital 500,000,000 (2023: 500,000,000) ordinary shares of Rs 10 each	<u>5,000,000</u>	<u>5,000,000</u>	Property and equipment	<u>637,705</u>	668,857
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			Intangible Assets		
376,297,850 (2023: 376,297,850) ordinary shares of Rs 10 each	<u>3,762,978</u>	<u>3,762,978</u>	Long term investments	<u>1,351,795</u>	1,351,795
CAPITAL RESERVES			Deposit for Long term investments	<u>4,301,800</u>	4,301,800
Share Premium	<u>451,420</u>	451,420	Long term loans and deposits	<u>5,802</u>	5,652
Employees' share compensation reserve	<u>168,683</u>	168,683		<u>6,297,102</u>	6,328,104
Surplus on revaluation of property, plant & equipment	<u>330,243</u>	330,636			
	<u>950,346</u>	950,739			
REVENUE RESERVES					
Un-appropriated profit	<u>3,184,436</u>	3,113,645			
	<u>7,897,760</u>	7,827,362			
NON CURRENT LIABILITIES			CURRENT ASSETS		
Long term diminishing musharaka	<u>109,806</u>	123,841	Stock in trade	<u>109,537</u>	85,282
Deferred Tax	<u>109,806</u>	123,841	Trade debts	<u>2,642,154</u>	2,605,932
			Advances, deposits, prepayments and other receivables	<u>796,924</u>	772,474
CURRENT LIABILITIES			Contract Assets	<u>469,564</u>	674,306
Current portion of long term diminishing musharaka	<u>60,997</u>	60,997	Short term Investments	<u>2</u>	-
Current portion of long term loan			Cash and bank balances	<u>92,154</u>	84,586
Current portion of Deferred Grant				<u>4,110,335</u>	4,222,580
Finances under mark up arrangements and other credit facilities - secured	<u>297,682</u>	294,466			
Contract Liabilities	<u>164,572</u>	249,434			
Unclaimed / Unpaid Dividend	<u>152,826</u>	152,835			
Creditors, accrued and other liabilities	<u>1,723,795</u>	1,841,749			
	<u>2,399,871</u>	2,599,481			
CONTINGENCIES AND COMMITMENTS					
	<u>10,407,437</u>	10,550,683		<u>10,407,437</u>	10,550,683

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

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Ahsan Khalil

Director
Tanveer Karamat

AVANCEON LIMITED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE FIRST QUARTER ENDED MARCH 31, 2024

	for the quarter ended		
	Note	Mar. 31, 2024	Mar. 31, 2023
	(Rupees in '000)		
Revenues		532,516	323,791
Cost of revenue		(290,307)	(204,426)
Gross profit / (Loss)		242,208	119,365
Administrative and selling expenses		(90,027)	(68,472)
Other charges	5	(30,140)	(1,655)
Other income	6	731	837,086
		(119,437)	766,960
Profit / (Loss) from operations		122,772	886,324
Finance costs		(34,466)	(34,952)
Profit / (Loss) before tax		88,306	851,372
Taxation		(17,908)	(28,316)
Profit / (Loss) for the period		70,398	823,057
			Restated
Earnings/(Loss) per share - basic		0.19	2.19
Earnings/(Loss) per share - diluted		0.18	2.16

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khalil



Director
Tanveer Karamat

AVANCEON LIMITED**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR
THE FIRST QUARTER ENDED MARCH 31, 2024**

	CAPITAL RESERVES				REVENUE	TOTAL
	Share Capital	Share Premium	Employees' Share Compensation Reserve	Surplus on Revaluation of Property & Equipment	Un-appropriated profit / (loss)	
						(Rupees in '000)
Balance as on January 01, 2023	3,247,006	314,512	155,662	332,208	1,977,814	6,027,203
Profit for the period					1,625,082	1,625,082
Other comprehensive income				(1,572)	1,572	
				(1,572)	1,626,654	1,625,082
Issuance of shares against ESOS	25,149	136,908	(124,072)			37,984
Employee share option reserve			137,094			137,094
15% bonus share issue for the period ended December 31, 2022	490,823				(490,823)	
	515,972	136,908	13,021		(490,823)	175,077
Balance as on December 31, 2023	3,762,978	451,420	168,683	330,636	3,113,645	7,827,362
Profit for the period					70,398	70,398
Transfer from revaluation surplus on account of incremental dep.				(393)	393	
				(393)	70,791	70,398
Balance as on March 31, 2024	3,762,978	451,420	168,683	330,243	3,184,436	7,897,760

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khalil



Director
Tanveer Karamat

AVANCEON LIMITED
CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

	for the quarter ended	
	Mar. 31, 2024	Mar. 31, 2023
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	88,306	851,372
Adjustments for:		
Depreciation on property and equipment	32,379	19,575
Unrealised exchange (gain) / loss	28,615	(834,870)
Finance cost	34,466	34,952
Profit on bank deposits	(12)	(355)
	95,448	(780,698)
Profit before working capital changes	183,754	70,674
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	(24,255)	(25,601)
- Trade debts	139,905	371,025
- Advances, deposits, prepayments and other receivables	(24,450)	(494,423)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	(152,958)	109,047
	(61,758)	(39,952)
Cash generated from operations	121,996	30,722
Finance cost paid	(46,120)	(28,286)
Income Taxes paid	(56,113)	(25,983)
Net cash generated from operating activities	(102,233)	(54,269)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,228)	(32,550)
Paid against short-term investment	(2)	
Profit on bank deposits received	12	355
Net change in long term advances and deposits	(150)	1,793
Net cash generated from / (used in) investing activities	(1,367)	(30,402)
CASH FLOWS FROM FINANCING ACTIVITIES		
Finances under mark-up arrangements and other credit facility obtained	3,216	(40,632)
Proceed from issuance of shares against ESOS		25,149
Premium on issuance of shares		12,836
Investment in stocks		(150)
Dividend paid	(10)	(75)
Repayment of lease liabilities	(14,034)	18,342
Net cash used in financing activities	(10,828)	15,470
Net increase/(decrease) in cash and cash equivalents	7,567	(38,479)

Cash and cash equivalents at the beginning of period	84,586	82,469
Cash and cash equivalents at the end of period	<u>92,154</u>	<u>43,990</u>

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khalil



Director
Tanveer Karamat

AVANCEON LIMITED
NOTES TO THE CONDENCED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

Avanceon Limited (the Company) was incorporated in Pakistan on March 26, 2003 as a private limited Company which was converted to a public Company on March 31, 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 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 UNIT

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 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 standards and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These are the unconsolidated financial statements of the Company in which investments in subsidiaries have been carried at cost, consolidated financial statements have been presented separately.

3.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for :

- measurement of certain financial instruments at fair value;
- the measurement of property at revalued amounts; and
- certain foreign currency translation adjustments.

3.3 Functional and presentation currency

These unconsolidated financial statements have been prepared in Pak Rupee, which is the functional currency of the Company. Figures have been rounded off to the nearest rupees in thousand unless stated otherwise.

4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the period ended March 31, 2024

The following standards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the unconsolidated financial statements other than certain additional disclosures.

Standard or interpretations	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimate	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the unconsolidated financial statements.

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

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's unconsolidated financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

IFRS 17 Insurance Contracts

January 01, 2026

IFRS 1 standard has been issued by IASB effective from 01, July 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

5 OTHER CHARGES

	for the quarter ended	
	Mar. 31, 2024	Mar. 31, 2023
	(Rupees in '000)	
Donations	1,525	1,655
Exchange Loss	28,615	
	30,140	1,655

6 OTHER INCOME

Income on bank deposits	12	355
Exchange gain		834,870
Others	718	1,861
	731	837,086

7 CONTINGENCIES AND COMMITMENTS**7 Contingencies**

(i) There are no contingencies to report as at March 31, 2024 (2023: Nil)

7 Commitments

(i) Bank guarantees issued amounting to Rs. 150.21 million (2023: Rs. 197.145 million) against the performance of various contracts.

(ii) Letters of credit includes Rs.105.560 million (2023: 125.870 million) which relates to import acceptance bills.

8 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on __April 30, 2024__ 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

Avanceon
Consolidated Condensed
Interim Financial Statements
for the first quarter ended March 31, 2024

**AVANCEON GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024**

	Un-Audited Mar. 31 2024 (Rupees in '000)	Audited Dec 31, 2023 (Rupees in '000)		Un-Audited Mar. 31 2024 (Rupees in '000)	Audited Dec 31, 2023 (Rupees in '000)
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON CURRENT ASSETS		
Authorised capital 500,000,000 (2023: 500,000,000) ordinary shares of Rs 10 each	<u>5,000,000</u>	<u>5,000,000</u>	Property and equipment	<u>1,176,623</u>	1,199,042
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			Capital Work in Progress	<u>563,596</u>	512,989
376,297,850 (2023: 376,297,850) ordinary shares of Rs. 10 each	<u>3,762,978</u>	3,762,978	Intellectual Property	<u>4,483,427</u>	4,531,008
CAPITAL RESERVES			Goodwill	<u>221,810</u>	221,810
Share premium	<u>450,915</u>	450,915	Investment in JV	<u>200,637</u>	113,084
Employees' share compensation reserve	<u>177,949</u>	177,949	Deferred Tax Assets	<u>33,732</u>	33,929
Statutory reserve	<u>3,227</u>	3,227	Long term deposits	<u>88,553</u>	77,521
Exchange revaluation reserve	<u>2,633,632</u>	2,671,849		<u>6,768,377</u>	6,689,383
Gain on dilution of interest	<u>631,367</u>	631,367			
Surplus on revaluation of property & equipment	<u>330,243</u>	330,636			
	<u>4,227,333</u>	4,265,943			
REVENUE RESERVES			CURRENT ASSETS		
Un-appropriated Profit	<u>4,421,395</u>	4,440,188	Stock in trade	<u>345,933</u>	130,269
Non-controlling Interest	<u>650,365</u>	620,608	Trade debts	<u>6,574,126</u>	9,236,787
	<u>12,411,706</u>	12,469,109	Contract Assets	<u>5,563,391</u>	5,652,592
NON CURRENT LIABILITIES			Advances, deposits, prepayments and other receivables	<u>3,619,284</u>	3,013,657
Long Term Loans	<u>99,358</u>	108,650	Term deposits with banks	<u>92,057</u>	93,987
Liabilities against assets subject to finance lease	<u>256,534</u>	283,545	Investments in Stocks	<u>15,565</u>	10,121
Deferred Liabilities	<u>289,300</u>	294,906	Cash and bank balances	<u>2,680,820</u>	1,131,258
Deferred Taxation	<u>645,192</u>	687,101		<u>18,891,177</u>	19,268,671
CURRENT LIABILITIES				<u>25,659,555</u>	25,958,054
Current portion of Long Term Loans	<u>39,992</u>	39,992			
Current portion of lease liabilities	<u>85,264</u>	85,604			
Current portion of deferred grant					
Finances under mark up arrangements and other credit facilities - secured	<u>1,491,267</u>	1,219,616			
Unclaimed Dividend	<u>167,678</u>	167,918			
Creditors, accrued and other liabilities	<u>6,004,349</u>	7,359,944			
Contract Liabilities	<u>3,107,926</u>	2,256,775			
Taxation-Net	<u>1,055,816</u>	1,051,387			
	<u>11,952,292</u>	12,181,236			
CONTINGENCIES AND COMMITMENTS					
	<u>25,659,555</u>	25,958,054			

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

AVANCEON GROUP
CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

	Note	for the quarter ended	
		Mar. 31 2024	Mar. 31, 2023
(Rupees in '000)			
			Restated
Revenues		1,973,544	1,198,290
Cost of revenue		(1,277,243)	(951,710)
Gross Profit / (Loss)		696,301	246,581
Administrative and selling expenses		(500,549)	(454,044)
Other expenses	3	(37,822)	(1,655)
Other income	4	2,251	683,263
		(536,120)	227,564
Profit / (Loss) from operations		160,182	474,144
Finance costs		(120,751)	(57,601)
Profit / (Loss) before tax		39,431	416,543
Taxation		(28,859)	(47,529)
Income for the period from operations		10,571	369,015
Attributable to:			
Equity holders of the Holding Company		(19,186)	320,372
Non-Controlling Interest		29,757	48,643
		10,571	369,015
Combined earnings per share			
Basic		(0.05)	0.85
Diluted		(0.05)	0.84

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

AVANCEON GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

	for the period ended	
	<u>Mar. 31 2024</u>	<u>Mar. 31, 2023</u>
	(Rupees in '000)	
Profit / (Loss) for the period	10,571	369,015
Other comprehensive income		
- Exchange difference on translating foreign operations	(38,217)	2,101,455
- Surplus on revaluation of property and equipment realised through incremental depreciation charged on related assets for the period-net of tax		(393)
Total comprehensive income for the period	<u>(27,646)</u>	<u>2,470,077</u>
Attributable to:		
Equity holders of the Holding Company	(57,403)	2,407,619
Non-Controlling Interest	29,757	62,458
	<u>(27,646)</u>	<u>2,470,077</u>

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



Chief Executive Officer
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Chief Financial Officer
Ahsan Khalil



Director
Tanveer Karamat

AVANCEON GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2024

	CAPITAL RESERVES							REVENUE RESERVES	Non-Controlling Interest	TOTAL
	Share capital	Share premium reserve	Gain on dilution of interest	Employee share compensation reserve	Statutory Reserve	Exchange revaluation reserve	Surplus on Revaluation of Property, Plant and Equipment	Un-appropriated (loss) / profit		
										(Rupees in '000)
Balance as on January 01, 2023	3,247,006	314,007	631,367	155,663	3,002	1,465,144	332,208	2,414,048	525,260	9,087,705
Profit for the period								2,515,390	95,348	2,610,738
Other comprehensive income						1,206,705	(1,572)	1,572		1,206,705
						1,206,705	(1,572)	2,516,962	95,348	3,817,443
Issuance of shares against employee share option scheme	25,149	136,908		(124,072)						37,985
Statutory reserve adjustment AVSEC.					225			-		225
20% bonus share issue for the period ended December 31, 2021	490,823			146,358				(490,823)		146,358
Employee share option reserve	515,972	136,908		22,286	225			(490,823)		184,568
Balance as on December 31, 2023	3,762,978	450,915	631,367	177,949	3,227	2,671,849	330,636	4,440,188	620,608	13,089,717
Profit for the period								(19,186)	29,757	10,571
Other comprehensive income						(38,217)	(393)	393		(38,217)
						(38,217)	(393)	(18,793)	29,757	(27,646)
Balance as on March 31, 2024	3,762,978	450,915	631,367	177,949	3,227	2,633,632	330,243	4,421,395	650,365	13,062,071

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

AVANCEON GROUP CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED) FOR THE FIRST QUARTER ENDED MARCH 31, 2024

	for the quarter ended	
	Mar. 31 2024	Mar. 31, 2023
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax	39,431	416,543
Adjustments for:		
Depreciation on property and equipment	43,372	31,979
Exchange gain	36,215	816,116
Finance cost	120,751	57,601
Provision for ECL - trade debts	52	
Income on bank deposits	(90)	(355)
	200,300	905,342
	239,731	1,321,885
Profit before working capital changes		
(Increase) / decrease in current assets		
- Stock in trade	(215,664)	(213,161)
- Trade debts	2,626,394	635,877
- Contract Assets	89,201	(679,216)
- Advances, deposits, prepayments and other receivables	(605,627)	(910,413)
(decrease) / Increase in current liabilities		
- Creditors, accrued and other liabilities	(1,355,615)	(813,642)
- Contract Liabilities	851,151	1,913,533
	1,389,839	(67,021)
Cash (used in) / generated from operations	1,629,570	1,254,864



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khalil



Director
Tanveer Karamat

	for the quarter ended	
	Mar. 31 2024	Mar. 31, 2023
	(Rupees in '000)	
Cash generated from continuing operations	1,629,570	1,254,864
Finance costs	(132,405)	(64,375)
Deferred liabilities	(57,561)	(6,037)
Taxes	(12,559)	(32,108)
Net cash (used in) / generated from operating activities	1,427,045	1,152,343
Cash flows from investing activities		
Purchase of property and equipment	(3,243)	(45,062)
Additions in intangible assets - capital work in progress	(50,607)	(14,399)
Increase / decrease in short term investments	(3,515)	(18,966)
Investment in JV	(87,553)	
Profit on bank deposit	90	355
Net change in long term advances and deposits	(11,032)	(12,295)
Net cash (used in) / generated from investing activities	(155,860)	(90,368)
Cash flows from financing activities		
Dividend paid	(241)	
Issuance of shares		25,149
Premium on issuance of shares		12,836
Long term loan received / (repaid)	34,318	
Finances under mark up arrangements and other credit facilities	271,651	339,258
Repayment of lease liabilities	(27,351)	30,924
Net cash (used in) / generated from financing activities	278,377	408,168
Net (decrease) / increase in cash and cash equivalents	1,549,562	1,470,143
Cash and cash equivalents at the beginning of year	1,131,258	1,347,281
Cash and cash equivalents at the end of period	2,680,820	2,817,424

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

AVANCEON GROUP NOTES TO THE CONSOLIDATED CONDENCED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE FIRST QUARTER ENDED MARCH 31, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

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

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	74.32%
- 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. (ODI) registered office is 1800 John F. Kennedy Boulevard, Suite 1601, Philadelphia, PA. The ODI holds Nil (2023: Nil%) 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 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 December 31, 2020, ODL entered into a Business Arrangement Contract dated December 08, 2020 with the Holding Company to transfer the entire business of AMS segment to ODL along-with the existing customer contracts. ODL acquired the rights to carry on AMS business with effect from January 01, 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 Group 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 previous year, the Group has acquired 100% shareholding in Empiric AI (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.

Avanceon QFZ LLC is incorporated as a limited liability Company under the Companies regulations of Qatar Free Zone Authority. Avanceon QFZ L.L.C. ('the Company'), is a Limited Liability Company registered with the Qatar Free Zone Authority under FZA License No. FZA 194 obtained on November 05, 2020. The registered office of the Company is at Zone No. PA-WH-04, Area-Ras Bufontas Free Zone, Street No. PO Box: 45976, Doha-Qatar. The primary objective is to manufacturing of measuring, testing, navigating and control equipment.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

2.2.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2023

The following standards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Group's operations or did not have significant impact on the consolidated financial statements other than certain additional disclosures.

Standard or Interpretations	Effective date (annual periods beginning on
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimate	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Group adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after January 01, 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.

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

Management reviewed the accounting policies and updates to the information disclosed in Note 5 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are.

2.2.2 New accounting standards, amendments and interpretations that are

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025

IFRS 1 standard has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However, SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

	for the quarter ended	
	Mar. 31 2024	Mar. 31, 2023
3 OTHER EXPENSES		
Donations	1,604	1,655
Exchange Loss	36,215	
Loss on Current Accounts	3	
	37,822	1,655
4 OTHER INCOME		
Income on bank deposits	90	355
Exchange gain		681,019
Other Income	2,161	1,889
	2,251	683,263
5 CONTINGENCIES AND COMMITMENTS		
5.1 Commitments		

- (i) Bank guarantees issued amounting to Rs. 158.13 million (2023: Rs. 197.145 million) against the performance of various contracts
- (ii) Letters of credit includes Rs.110.305 million (2023: 125.870) which relates to import acceptance bills.

7 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on ___April 30, 2024___ by the Board of Directors of the Holding Company.

8 GENERAL

Figures have been rounded off to the nearest thousand rupees.



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AVANCEON

Tomorrow's solutions, today.

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