

AVANCEON

Tomorrow's solutions, today.

Quarterly Report for the Nine Months Ended September 30, 2024



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Company Information

Directors

Khalid Hamid Wain	Director / Chairman
Bakhtiar Hameed Wain	Director / Chief Executive Officer
Tanveer Karamat	Director
Amir 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 Wain	Member
Khalid Hamid Wain	Member

Human Resource & Remuneration Committee

M. Shahid Mir	Chairman
Hanan Darwish	Member
Khalid Hamid 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 Share Registration Services (Pvt) Limited
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

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

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

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

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 nine months ended September 30, 2024.

For the nine months ended
Sep. 30, 2024 Sep. 30, 2023
 ----- (Rupees in '000) -----

OPERATING RESULTS (CONSOLIDATED)	Restated	
Revenues	9,137,532	8,148,635
Profit before tax	383,871	1,140,575
Provision for taxation	(46,908)	(61,576)
Profit after taxation	336,964	1,078,998
OPERATING RESULTS (STANDALONE)		
Revenues	1,952,460	1,209,932
Profit before tax	94,579	1,118,606
Provision for taxation	(41,721)	(27,572)
Profit after taxation	52,859	1,091,034

EARNINGS PER SHARE (CONSOLIDATED) FOR THE NINE MONTHS ENDED September 30, 2024

The basic earnings per share after tax is Rs. 0.79 (2023: Rs. 2.50 - restated)

EARNINGS PER SHARE (STANDALONE) FOR THE NINE MONTHS ENDED September 30, 2024

The basic earnings per share after tax is Rs. 0.13 (2023: Rs. 2.75 - restated)

We are pleased to report that the company's (Consolidated & Standalone) nine months ending September 30, 2024 results with the shareholders.

Avanceon Limited:

The company's revenues locked at PKR 1.9 billion, marking a 61% increase over the same nine-month period of the previous year, Gross margins also improved significantly, recorded at 35%. Revenue streams have strengthened, and the company anticipates exceeding its year-end target for December 2024. This margin improvement is expected to further enhance profitability at the bottom line.

Fixed costs experienced a moderate increase, largely driven by annual appraisal adjustments and inflationary pressures, however it remained within the planned target, reflecting our cost management and rigorous performance monitoring practices

Moreover, the company incurred an exchange loss of PKR 101 million in 9M - 2024, compared to an exchange gain of PKR 2.10 billion in 9M - 2023. This shift is attributed to the relative stability of the PKR against the USD during the reporting period. An adjusted comparison is provided in the table below, excluding the impact of exchange gains or losses for both 9M - 2024 and 9M - 2023. This illustrates that our Profit After Tax (PAT), excluding exchange gains or losses, has improved compared to the same nine - month period of the previous year.

Description	09 Months - Sep 2024	09 Months - Sep 2023
	Rs. Million	Rs. Million
Profit after tax	53	1091
Add back:		
Exchange Gain/(Loss)	(101)	2101
Profit after tax without impact of Exchange Gain/Loss	154	(1010)
EPS without Exchange Gain/Loss	0.38	(2.5)

Considering the above results complimented with a healthy pipeline of orders, the company anticipates closing the year 2024 with a strong bottom line and Profit After Tax (PAT), contributing to enhanced shareholder value and overall stakeholder wealth.

Avanceon Group:

In reviewing the financial performance of the group for 9M-2024, overall revenues fell slightly below expectations, primarily due to the timing of revenue recognition on certain projects within our Middle Eastern entities. However, we are confident in realigning these projects to support target revenues in the upcoming reporting periods.

Group gross margins remained stable in comparison to 9M-2023, while fixed costs experienced a moderate increase, largely driven by annual appraisal adjustments and inflationary pressures.

Moreover, the group recorded an exchange loss of PKR 95 million in 9M-2024, in contrast to an exchange gain of PKR 1.159 billion in 9M-2023. This shift is due to the relative stability of the PKR against the USD during the reporting period. Excluding exchange gains or losses for both 9M-2024 and 9M-2023, a detailed comparative analysis reflects a positive increase in group's PAT and EPS.

Description	09 Months - Sep 2024	09 Months - Sep 2023
	Rs. Million	Rs. Million
Profit after tax	337	1079
Add back:		
Exchange Gain/(Loss)	(95)	1159
Profit after tax without impact of Exchange Gain/Loss	432	(80)
EPS without Exchange Gain/Loss	1.07	(0.20)

Currently, the purchase order (PO) pipeline stands at US\$ 62 million, providing a solid foundation to achieve our year-end revenue targets in alignment with our 'Road to 100' plan. This strong pipeline positions the company for continued growth in the upcoming periods.

COMMUNICATION

Communication with the shareholders is given a high priority. Financial reports are shared with shareholders within the time specified in the current Companies Act, 2017. 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

October 30, 2024
Lahore, Pakistan



BAKHTIAR HAMEED WAIN
Chief Executive Officer



TANVEER KARAMAT
Director

Avanceon Limited
**Condensed Standalone
Interim Financial Statements**
for the nine months ended September 30, 2024

AVANCEON LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

(Rupees in '000)	Note	Un-audited Sep. 30, 2024	Audited Dec 31, 2023		Un-audited Sep. 30, 2024	Audited Dec 31, 2023
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		5,000,000	5,000,000	Property and equipment	657,381	668,857
				Work in progress	89,640	-
ISSUED, SUBSCRIBED AND PAID UP CAPITAL				Long term investments	1,351,795	1,351,795
415,022,831 (2023: 376,297,850) ordinary shares of Rs 10 each		4,150,228	3,762,978	Deposit for Long term investments	4,177,307	4,301,800
				Long term loans and deposits	6,653	5,652
					6,282,775	6,328,104
CAPITAL RESERVES						
Share Premium		508,909	451,420			
Employees' share compensation reserve		165,920	168,683			
Surplus on revaluation of property, plant & equipm		329,457	330,636			
		1,004,286	950,739			
REVENUE RESERVES						
Un-appropriated profit		2,035,802	3,113,645			
		7,190,317	7,827,362			
NON CURRENT LIABILITIES						
Long term diminishing musharaka		95,926	123,841			
CURRENT LIABILITIES				CURRENT ASSETS		
Current portion of long term diminishing musharak		68,102	60,997	Stock in trade	105,467	85,282
Finances under mark up arrangements and other credit facilities - secured		343,742	294,466	Trade debts	2,194,403	2,605,932
Contract Liabilities		279,177	249,434	Advances, deposits, prepayments and other receivables	841,898	772,474
Unclaimed / Unpaid Dividend		159,419	152,835	Contract Assets	564,592	674,306
Creditors, accrued and other liabilities		1,951,190	1,841,748	Cash and bank balances	98,739	84,586
		2,801,631	2,599,480		3,805,099	4,222,579
CONTINGENCIES AND COMMITMENTS	7					
		10,087,874	10,550,683		10,087,874	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 NINE MONTHS ENDED SEPTEMBER 30, 2024

(Rupees in '000)	Note	for the nine months ended		for the quarter ended	
		Sep. 30, 2024	Sep. 30, 2023	Sep. 30, 2024	Sep. 30, 2023
Revenues		1,952,460	1,209,932	597,044	539,627
Cost of revenue		(1,274,506)	(942,275)	(446,522)	(396,175)
Gross profit / (Loss)		677,954	267,657	150,522	143,451
Administrative and selling expenses		(371,861)	(1,092,380)	(89,114)	(53,233)
Other charges	5	(106,411)	(5,207)	(8,903)	(1,888)
Other income	6	14,626	2,111,783	199	68,078
		(463,646)	1,014,196	(97,817)	12,956
Profit / (Loss) from operations		214,308	1,281,853	52,705	156,408
Finance costs		(119,729)	(163,247)	(38,812)	(87,388)
Profit / (Loss) before tax		94,579	1,118,606	13,893	69,019
Taxation		(41,721)	(27,572)	(11,314)	(10,531)
Profit / (Loss) for the period		52,859	1,091,034	2,579	58,488
			Restated		Restated
Earnings/(Loss) per share - basic (Rupees)		0.13	2.75	0.01	0.15
Earnings/(Loss) per share - diluted (Rupees)		0.13	2.70	0.01	0.14

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
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(Rupees in '000)	for the nine months ended		for the quarter ended	
	Sep. 30, 2024	Sep. 30, 2023	Sep. 30, 2024	Sep. 30, 2023
Profit / (loss) for the period	52,859	1,091,034	2,579	58,488
Other comprehensive income				
Total comprehensive income / (loss) for the period	52,859	1,091,034	2,579	58,488

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 NINE MONTHS ENDED SEPTEMBER 30, 2024

(Rupees in '000)	for the nine months ended	
	Sep. 30, 2024	Sep. 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	94,579	1,118,606
Adjustments for:		
Depreciation on property and equipment	78,116	66,482
Revaluation loss on short-term investment		3
Employees' share option expense	30,509	18,745
Unrealised exchange (gain) / loss	100,982	(2,101,414)
Gain on disposal of property and equipment	(7,925)	(1,323)
Finance cost	119,729	163,247
Provision for expected credit losses - long term interest free receivables	61,563	445,586
Provision for expected credit losses - contract asset	(11,192)	15,051
Provision for expected credit losses - trade debts	59,339	318,662
Provision for expected credit losses - advances	(51,983)	86,182
Profit on bank deposits	(2,771)	(1,534)
	376,366	(990,314)
Profit before working capital changes	470,946	128,292
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	(20,185)	(118,685)
- Trade debts	320,534	(4,252)
- Contract Assets	120,906	(56,736)
- Advances, deposits, prepayments and other receivables	264	(108,107)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	203,208	267,298
- Contract Liabilities	29,743	153,546
	654,470	133,063
Cash generated from operations	1,125,416	261,355

(Rupees in '000)	for the nine months ended	
	Sep. 30, 2024	Sep. 30, 2023
Cash generated from operations	1,125,416	261,355
Finance cost paid	(124,051)	(113,398)
Income Taxes paid	(131,164)	(29,319)
Net cash generated from operating activities	(255,216)	(142,717)
Cash flows from investing activities		
Purchase of property and equipment	(162,920)	(13,126)
Proceeds from sale of property and equipment	14,567	1,850
Paid against short-term investment		(150)
Profit on bank deposits received	2,771	1,534
Net change in long term advances and deposits	(1,001)	2,479
Net cash generated from / (used in) investing activities	(146,582)	(7,412)
Cash flows from financing activities		
Finances under mark-up arrangements and other credit facilities	49,277	17,161
Proceed from issuance of shares against ESOS	9,956	25,149
Premium on issuance of shares	114	12,836
Dividend paid	(748,003)	(23,435)
Repayment of diminishing musharka	(20,809)	(49,034)
Net cash used in financing activities	(709,465)	(17,323)
Net increase/(decrease) in cash and cash equivalents	14,153	93,903
Cash and cash equivalents at the beginning of period	84,586	82,469
Cash and cash equivalents at the end of period	98,739	176,372

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 NINE MONTHS ENDED SEPTEMBER 30, 2024**

	CAPITAL RESERVES				REVENUE RESERVES	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					52,859	52,859
Transfer from revaluation surplus on account of incremental dep.				(1,179)	1,179	
				(1,179)	54,038	52,859
Issuance of shares against ESOS	9,956	57,490	(57,375)			10,071
20% dividend for the period ended December 31, 2023					(754,587)	(754,587)
Employee share option reserve			54,613			54,613
10% bonus share issue for the period ended December 31, 2023	377,293				(377,293)	
	387,250	57,490	(2,763)		(1,131,880)	(689,904)
Balance as on September 30, 2024	4,150,228	508,909	165,920	329,457	2,035,802	7,190,317

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 NINE MONTHS ENDED SEPTEMBER 30, 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

September 30, 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
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 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 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.

(Rupees in '000)	for the nine months ended	
	Sep. 30, 2024	Sep. 30, 2023
5 OTHER CHARGES		
Donations	5,429	5,204
Exchange Loss	100,982	-
Fair value loss on short term investment	-	3
	106,411	5,207
6 OTHER INCOME		
Income on bank deposits	2,771	1,534
Gain on disposal of property, plant and equipment	7,925	1,323
Exchange gain	-	2,101,414
Markup Income on Current Accounts	131	-
Others	3,799	7,511
	14,626	2,111,783
7 CONTINGENCIES AND COMMITMENTS		
7.1 Contingencies		
(i) There are no contingencies to report as at September 30, 2024 (2023: Nil)		
7.2 Commitments		
(i) Bank guarantees issued amounting to Rs. 373.57 million (2023: Rs. 197.145 million) against the performance of various contracts.		
(ii) Letters of credit includes Rs.103.250 million (2023: 125.870 million) which relates to import acceptance		
8 DATE OF AUTHORIZATION FOR ISSUE		
The condensed interim standalone financial information was authorised for issue on October 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 Limited
**Condensed Consolidated
Interim Financial Statements**
for the nine months ended September 30, 2024

AVANCEON GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

(Rupees in '000)	Note	Un-Audited Sep. 30, 2024	Audited Dec 31, 2023	Un-Audited Sep. 30, 2024	Audited Dec 31, 2023
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Authorised capital 500,000,000 (2023: 500,000,000) ordinary shares of Rs 10 each		5,000,000	5,000,000		
ISSUED, SUBSCRIBED AND PAID UP CAPITAL					
415,022,831 (2023: 376,297,850) ordinary shares of Rs. 10 each		4,150,228	3,762,978		
CAPITAL RESERVES					
Share premium		508,405	450,915		
Employees' share compensation reserve		185,916	177,949		
Statutory reserve		3,227	3,227		
Exchange revaluation reserve		2,525,770	2,671,849		
Gain on dilution of interest		631,367	631,367		
Surplus on revaluation of property & equipment		329,457	330,636		
		4,184,141	4,265,943		
REVENUE RESERVES					
Un-appropriated Profit		3,622,836	4,440,188		
		11,957,205	12,469,109		
Non-controlling Interest		644,222	620,608		
		12,601,427	13,089,717		
NON CURRENT LIABILITIES					
Long Term Loans		102,518	108,650		
Liabilities against assets subject to finance lease		238,034	283,545		
Deferred Liabilities		331,152	294,906		
		671,704	687,101		
CURRENT LIABILITIES					
Current portion of Long Term Loans		25,106	39,992		
Current portion of lease liabilities		92,706	85,604		
Finances under mark up arrangements and other credit facilities - secured		664,626	1,219,616		
Unclaimed Dividend		174,263	167,918		
Creditors, accrued and other liabilities		6,155,816	7,359,944		
Contract Liabilities		2,477,094	2,256,775		
Taxation-Net		1,077,257	1,051,387		
		10,666,869	12,181,236		
CONTINGENCIES AND COMMITMENTS	5				
		23,940,000	25,958,054		
ASSETS					
NON CURRENT ASSETS					
Property and equipment				1,212,833	1,199,042
Capital Work in Progress				386,929	262,064
Intellectual Property				4,854,911	4,781,933
Goodwill				221,810	221,810
Investment in JV				200,446	113,084
Deferred Tax Assets				56,540	33,929
Long term deposits				89,769	77,521
				7,023,238	6,689,383
CURRENT ASSETS					
Stock in trade				242,329	130,269
Trade debts				6,161,667	9,236,787
Contract Assets				6,390,317	5,652,592
Advances, deposits, prepayments and other receivables				3,220,536	3,013,657
Term deposits with banks				92,603	93,987
Investments in Stocks				524	10,121
Cash and bank balances				808,785	1,131,258
				16,916,762	19,268,671
				23,940,000	25,958,054

The annexed notes 1 to 7 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 NINE MONTHS ENDED SEPTEMBER 30, 2024**

(Rupees in '000)	Note	for the nine months ended		for the quarter ended	
		Sep. 30, 2024	Sep. 30, 2023	Sep. 30, 2024	Sep. 30, 2023
			Restated		
Revenues		9,137,532	8,148,635	3,881,808	2,244,264
Cost of revenue		(6,582,251)	(5,764,072)	(2,930,882)	(1,569,230)
Gross Profit / (Loss)		2,555,281	2,384,563	950,926	675,034
Administrative and selling expenses		(1,818,574)	(6,298,075)	(543,884)	(400,996)
Other expenses	3	(102,191)	(5,207)	(23,473)	(1,888)
Other income	4	39,146	5,267,583	16,559	129,883
		(1,881,618)	(1,035,699)	(550,798)	(273,002)
Profit / (Loss) from operations		673,663	1,348,864	400,127	402,032
Finance costs		(289,791)	(208,290)	(77,116)	(90,545)
Profit / (Loss) before tax		383,871	1,140,575	323,011	311,487
Taxation		(46,908)	(61,576)	(13,929)	(20,877)
Income for the period from operations		336,964	1,078,998	309,082	290,610
Attributable to:					
Equity holders of the Holding Company		313,349	991,033	308,697	272,459
Non-Controlling Interest		23,614	87,965	386	18,151
		336,964	1,078,998	309,082	290,610
Earnings per share (Rupees)			Restated		Restated
Basic		0.79	2.50	0.78	0.73
Diluted		0.78	2.45	0.76	0.72

The annexed notes 1 to 7 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 NINE MONTHS ENDED SEPTEMBER 30, 2024

(Rupees in '000)	for the nine months ended		for the quarter ended	
	Sep. 30, 2024	Sep. 30, 2023	Sep. 30, 2024	Sep. 30, 2023
		Restated		
Profit / (Loss) for the period	336,964	1,078,998	309,082	290,610
Other comprehensive income				
- Exchange difference on translating foreign operations	(146,079)	2,389,884	(107,862)	(216,783)
Total comprehensive income for the period	190,884	3,468,882	201,220	73,826
Attributable to:		Restated		
Equity holders of the Holding Company	167,270	3,380,917	200,835	55,675
Non-Controlling Interest	23,614	87,965	386	18,151
	190,884	3,468,882	201,220	73,826

The annexed notes 1 to 7 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 NINE MONTHS ENDED SEPTEMBER 30, 2024**

(Rupees in '000)	for the nine months ended	
	Sep. 30, 2024	Sep. 30, 2023
		Restated
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax	383,871	1,140,575
Adjustments for:		
Depreciation on property and equipment	136,096	107,745
Exchange gain	95,420	(1,158,733)
Exchange revaluation reserve	(146,079)	(429,515)
Unrealised (gain)/loss on short term investment	-	3
Finance cost	289,791	208,290
Employee share option exp.	65,344	18,745
Provision for ECL – contract assets	244	3,006,921
Provision for ECL – trade debts	9,386	426,544
Gain on disposal of fixed Assets	(7,925)	(594)
Income on bank deposits	(3,235)	(2,960)
Loss on dispsal of Investment	-	337,308
Income on recognition of TM	-	(4,487,281)
	439,042	(1,973,528)
	822,914	(832,953)
Profit before working capital changes		
(Increase) / decrease in current assets		
- Stock in trade	(112,060)	(653,491)
- Trade debts	2,998,088	(1,447,318)
- Contract Assets	(737,969)	1,733,358
- Advances, deposits, prepayments and other receivables	(207,365)	(573,980)
(decrease) / Increase in current liabilities		
- Creditors, accrued and other liabilities	(1,090,818)	(587,545)
- Contract Liabilities	220,320	2,335,407
	1,070,196	806,431
Cash (used in) / generated from operations	1,893,110	(26,523)

(Rupees in '000)	for the nine months ended	
	Sep. 30, 2024	Sep. 30, 2023
Cash generated from continuing operations	1,893,110	(26,523)
Finance costs	(308,451)	(210,119)
Deferred liabilities	36,246	10,028
Taxes	(138,299)	133,305
Net cash (used in) / generated from operating activities	1,482,607	(93,309)
Cash flows from investing activities		
Purchase of property and equipment	(156,529)	(66,906)
Proceeds from disposal of property and equipment	14,567	-
Additions in intangible assets - capital work in progress	(124,864)	(1,827)
Additions in Intellectual property	(142,305)	-
Increase / decrease in short term investments	10,981	(19,703)
Investment in JV	(87,362)	-
Profit on bank deposit	3,235	2,960
Net change in long term advances and deposits	(12,249)	(16,793)
Net cash (used in) / generated from investing activities	(494,527)	(102,269)
Cash flows from financing activities		
Dividend paid	(748,242)	(25,830)
Issuance of shares	9,956	25,149
Premium on issuance of shares	114	12,836
Long term loan received / (repaid)	21,018	(31,025)
Finances under mark up arrangements and other credit facilities	(554,990)	568,671
Repayment of lease liabilities	(38,409)	(34,184)
Net cash (used in) / generated from financing activities	(1,310,552)	515,617
Net (decrease) / increase in cash and cash equivalents	(322,473)	320,039
Cash and cash equivalents at the beginning of year	1,131,258	1,347,281
Cash and cash equivalents at the end of period	808,785	1,667,320

The annexed notes 1 to 7 form an integral part of these consolidated condensed financial statements.



Chief Executive Officer
Bakhtiar Hameed Wain

 www.avanceon.ae



Chief Financial Officer
Ahsan Khalil



Director
Tanveer Karamat

**AVANCEON GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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)					225	37,985
Statutory reserve adjustment AVSEC.					225		-	-		
20% bonus share issue for the period ended December 31, 2021	490,823							(490,823)		
Employee share option reserve				146,358						146,358
	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								313,349	23,614	336,964
Other comprehensive income						(146,079)	(1,179)	1,179		(146,079)
						(146,079)	(1,179)	314,528	23,614	190,884
Issuance of shares against ESOS	9,956	57,490		(57,375)						10,071
Employee share option reserve				65,342						65,342
20% dividend for the period ended December 31, 2023								(754,587)		(754,587)
10% bonus share issue for the period ended December 31, 2023	377,293							(377,293)		
	387,250	57,490		7,967				(1,131,880)		(679,174)
Balance as on September 30, 2024	4,150,228	508,405	631,367	185,916	3,227	2,525,770	329,457	3,622,836	644,222	12,601,427

The annexed notes 1 to 7 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 LIMITED
NOTES TO THE CONSOLIDATED CONDENCED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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,

1.1 The "Group" consists of:

Holding Company

Avanceon Limited (AVL)

Subsidiary Companies

	Note	% age of
- Avanceon Free Zone Establishment, UAE (AVFZE)	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 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.
- 1.1.7 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

(Rupees in '000)		for the nine months ended	
		Sep. 30, 2024	Sep. 30, 2023
3	OTHER EXPENSES		
	Donations	6,691	5,204
	Fair value loss on short term investment	-	3
	Exchange Loss	95,420	-
	Zakat	79	-
		102,191	5,207
4	OTHER INCOME		
	Income on bank deposits	3,235	2,960
	Gain on disposal of property, plant and equipment	7,925	594
	Exchange gain	-	776,748
	Other Income	27,987	4,487,281
		39,146	5,267,583

5 CONTINGENCIES AND COMMITMENTS

5.1 Commitments

- (i) Bank guarantees issued amounting to Rs. 706.52 million (2023: Rs. 197.145 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.128.08 million (2023: 125.870) which relates to import acceptance bills.

6 DATE OF AUTHORIZATION FOR ISSUE

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

7 GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer

Bakhtiar Hameed Wain

www.avanceon.ae



Chief Financial Officer

Ahsan Khalil



Director

Tanveer Karamat



www.avanceon.ae

AVANCEON

Tomorrow's solutions, today.

Dubai, UAE

Office/ Plot No. MO-0240, Street N403,
Jebel Ali Free Zone (North), JAFZA
PO Box: 18590, Dubai, United Arab Emirates
Phone: +971 48 86 0277

Islamabad, Pakistan

The Hive, 6th Floor, Islamabad Stock
Exchange Tower, Block J F7/1 Blue
Area, Islamabad, Pakistan.
Phone: +92 51-7080580

Lahore, Pakistan

The Avanceon Building - 19 km
Multan Road, Lahore, 54660, Pakistan.
Phone: +92 42 111 940 940

Dammam, KSA

3141 Anas Ibn Malik-Al Malqa Dist,
Unit:718, Riyadh 13521 – 8292,
Kingdom of Saudi Arabia
Phone: +966 533 224138

Karachi, Pakistan

The Hive, 2nd Floor M A Tabba
Foundation Building, Block 9,
Gizri Road, Clifton, Karachi, Pakistan.
Phone: +92 21 111 940 940

Doha, Qatar

Office No: RA16, Ras Bufontas
Qatar Free Zone, Doha, Qatar-
PO Box 13565
Office B1-A6-31 Al Wukair Logistics
Park Doha, Qatar- PO Box 15976
Phone: +974 4141 7300



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@avanceonmea



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Avanceon Limited