

AVANCEON

Tomorrow's solutions, today.

Half Year Report June 30, 2025



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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 |
| Mohammad Shahid Mir | Director |
| Faaria Rehman Salahuddin | Director |
| Selina Saadia Rashid Khan | Director |
| Ahsan Khalil (ACA-FPFA) | Chief Financial Officer / Company Secretary |

Audit Committee

| | |
|--------------------------|----------|
| Faaria Rehman Salahuddin | Chairman |
| Amir Wain | Member |
| Khalid Hamid Wain | Member |

Human Resource & Remuneration Committee

| | |
|---------------------------|----------|
| Faaria Rehman Salahuddin | Chairman |
| Selina Saadia Rashid Khan | Member |
| Khalid Hamid Wain | Member |

Auditors

Crowe Hussain Chaudhury
& Co Chartered Accountants

Legal Advisor

Chima & Ibrahim
Advocates & council

Web Presence

www.avanceon.ae | 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
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, Near 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: investors@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: marketing@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: marketing@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: marketing@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: marketing@avanceon.ae

Jeddah, Saudia Arabia

Jeddah, Saudia Arabia

Kuwait St. Faisaliyah District

P.O. Box 1298

Jeddah, KSA.

Phone: +966-12-6912204 x 127

Email: marketing@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: marketing@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, 2025.

For the half year ended
Jun. 30, 2025 Jun. 30, 2024
----- (Rupees in '000) -----

| OPERATING RESULTS (CONSOLIDATED) | | | |
|---|------------------------|-----------|-----------|
| | Revenues | 5,237,704 | 5,255,724 |
| | Profit before tax | 166,339 | 60,860 |
| | Provision for taxation | 1,654 | (32,979) |
| | Profit after taxation | 167,993 | 27,881 |
| OPERATING RESULTS (STANDALONE) | | | |
| | Revenues | 1,215,569 | 1,355,416 |
| | Profit before tax | 128,846 | 80,686 |
| | Provision for taxation | 6,933 | (30,407) |
| | Profit after taxation | 135,779 | 50,280 |

EARNINGS PER SHARE (CONSOLIDATED) FOR THE HALF YEAR ENDED JUNE 30, 2025

The basic earnings per share after tax is Rs. 0.38 (2024: Rs. 0.01 – restated)

EARNINGS PER SHARE (STANDALONE) FOR THE HALF YEAR ENDED JUNE 30, 2025

The basic earnings per share after tax is Rs. 0.32 (2024: Rs. 0.13)

We are pleased to report that the company's (Consolidated & Standalone) half year ending June 30, 2025 results with the shareholders.

AVANCEON LIMITED:

For the period reported half year 2025, the company's revenues stood at Rs. 1.215 billion, slipped by 10% compared to the corresponding period of 2024. Gross margin is reported at Rs. 274 million, also showed a downward trend primarily due to the timing lag in the execution of several large projects, as well as the presence of high margin projects in the comparable period last year.

Administrative expenses and selling expenses increased by 5% to Rs. 236 million, this slight increase reflects control over fixed cost despite of inflationary pressure resulted a controlled pattern. The Company continues to exercise prudent financial discipline across its administrative functions to support overall operational efficiency.

During the half year reported, the Company's other operating expenses/income benefited from a favorable exchange gain, driven by currency fluctuations. This resulted in bottom line operating profit increased to Rs. 247 million i.e., by 53% as compared to the corresponding reported half year 2024.

Finance cost rose to Rs. 118 million nearly by 47% which is mainly due to higher average borrowing cost. Despite the increase, the finance cost remains within manageable limits, and the Company continues to optimize its funding structure to minimize the impact on profitability.

Finally, after a lower tax incidence the net profit of the company closed at Rs. 135 million (2025: EPS Rs. 0.32) as compared to Rs. 50 million (2024: EPS Rs. 0.13) in the corresponding reported half year 2024 thereby an increase of 272%.

The company's order generation stand at USD 10M, with a healthy pipeline to meet our year-end target and revenues for the upcoming period are intact as per road to 100 plan and the company expecting growth in the coming periods. The Company remains focused on achieving its annual targets and continues to pursue opportunities actively across key markets. A healthy pipeline of orders is currently in process, with several at advanced stages of negotiation and execution. Management remains confident that these efforts will translate into a strong operational and financial close to the year, contributing positively to profitability and shareholder value.

AVANCEON GROUP:

Avanceon Limited consolidated financial results present below:

Revenues reported showed a marginal down by 0.3% to Rs. 5.24 billion from Rs. 5.26 billion as compared to the corresponding reported half year 2024. The top-line remains intact and as per the corporate plan, reflects smooth business momentum with a short timing lag in the middle east region.

The cost of sales decreased by 0.8% to Rs. 3.62 billion, resulting a gross profit to a slight increase up to Rs. 1.62 billion versus Rs. 1.60 billion in the corresponding half year 2024. The major contributors are from Dubai and KSA however the Pakistan and Qatar regions showed a timing lag to catch up. The gross margin remained intact at Rs. 1.6 billion depicting 31%, which the management of the company foresee to improve at the year end.

Administrative and selling expenses surged slightly by 5.2% to Rs. 1.32 billion, The increase is in line with the group corporate plan. This impact was reduced by a fall in other expenses, which fell to Rs. 40 million from Rs. 100 million (60%), and a significant rise in other income to Rs. 162 million from Rs. 23 million, attributed by currency exchange gain thus adding in the operating profit reported at Rs. 421 million as compared to Rs. 273 million of the corresponding half year 2024 up by 54%.

The finance costs rose by almost 20% to Rs. 255 million as against Rs. 212 million. Despite of this the group performance depicted a Profit before tax of Rs. 166 million as compared to Rs. 61 million in the corresponding half year 2024.

Lastly taxation resulted in a lower incidence at the group level thus adding in the profit after tax to the tune of Rs. 168 million (2025: EPS Rs 0.38) as compared to Rs. 28 million (2024: EPS Rs. 0.01) in the corresponding half year 2024. The earnings rebound are primarily driven by cost gross margin intact, reduced non-operating charges, and upward other income.

The management of the company is confident to achieve its target for the year 2025, the current order generation stands at USD 32 million with a healthy pipeline to secure orders to meet the annual target

which will translate into a strong operational and financial close to the year, contributing positively to profitability and shareholder value.

COMMUNICATION

Communication with the shareholders is given a high priority. Financial reports are shared with shareholders within the 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

August 29, 2025
Lahore, Pakistan



Tanveer Karamat
Director

Avanceon Limited
**Condensed Standalone
Interim Financial Statements**
for the half year ended June 30, 2025



Crowe Hussain Chaudhury & Co.
 7th Floor, Gul Mohar Trade Centre,
 8-F Main Market, Gulberg II,
 Lahore-54660, Pakistan
 Main +92-42-3575 9223-5
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AVANCEON LIMITED

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **AVANCEON LIMITED** ("the Company") as at June 30, 2025 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the condensed interim unconsolidated 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 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 the 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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

Pursuant to the requirement of Section 237(1)(b) of the Companies Act, 2017, only cumulative figures for the half year, presented in the second quarter accounts are subject to a limited scope review by the statutory auditors of the company. Accordingly, the figures of the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income for the three months period ended 30 June 2025 have not been reviewed by us.

The engagement partner on the audit resulting in this independent auditor's review report is Amin Ali.

LAHORE
 Dated: 02 September 2025
 UDIN: AR202510051YtEJyTvX3


CROWE HUSSAIN CHAUDHURY & CO.
 Chartered Accountants

AVANCEON LIMITED
CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
 AS AT JUNE 30, 2025

| | | June 30, 2025 | June 30, 2024 |
|---|------|------------------|------------------|
| | Note | (Un audited) | (Un audited) |
| ----Rupees in Thousands---- | | | |
| Non Current Assets | | | |
| Property and equipment | 5 | 859,988 | 758,086 |
| Long term investments | 6 | 5,655,646 | 5,563,873 |
| Long term deposits and loans | | 9,764 | 5,505 |
| | | 6,525,398 | 6,327,464 |
| Current Assets | | | |
| Stock in trade | | 117,680 | 100,907 |
| Trade debts | 7 | 2,860,452 | 2,606,195 |
| Contract assets | | 431,769 | 580,728 |
| Advances, deposits, prepayments and other receivables | 8 | 1,330,833 | 1,302,084 |
| Cash and bank balances | | 175,574 | 19,351 |
| | | 4,916,308 | 4,609,265 |
| Total Assets | | 11,441,706 | 10,936,729 |
| EQUITY AND LIABILITIES | | | |
| Share Capital and Reserves | | | |
| Authorized share capital: 500,000 (2024: 500,000) ordinary shares of Rs. 10 each | | 5,000,000 | 5,000,000 |
| Issued, subscribed and paid up share capital | 9 | 4,175,714 | 4,150,228 |
| Share premium | | 635,235 | 508,910 |
| Revenue reserves - unappropriated profits | | 2,660,233 | 2,523,297 |
| Employees' share compensation reserve | | 351,281 | 370,740 |
| Surplus on revaluation of property | | 327,042 | 328,199 |
| Shareholders' equity | | 8,149,505 | 7,881,374 |
| Non Current Liabilities | | | |
| Long term diminishing musharaka | | 78,094 | 99,573 |
| Deferred taxation | | - | - |
| | | 78,094 | 99,573 |
| Current Liabilities | | | |
| Creditors, accrued and other liabilities | 10 | 1,806,140 | 2,016,392 |
| Contract liabilities | | 169,313 | 119,369 |
| Current portion of long term diminishing musharaka | | 59,724 | 53,748 |
| Short term borrowings | 11 | 989,238 | 532,486 |
| Unclaimed dividend | 12 | 148,884 | 149,239 |
| Provision for taxation - net | | 40,808 | 84,548 |
| | | 3,214,107 | 2,955,782 |
| Contingencies and Commitments | 13 | - | - |
| | | 11,441,706 | 10,936,729 |

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements (un-audited).




Chief Executive Officer
 Bakhtiar Hameed Wain



Chief Financial Officer
 Ahsan Khalil



Director
 Tanveer Karamat

AVANCEON LIMITED**CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2025

| | | Half Year Ended June 30, | | Quarter Ended June 30, | |
|---|------|--------------------------|------------------------------|------------------------|------------------------------|
| | Note | 2025 | 2024 | 2025 | 2024 |
| | | (Un-audited) | (Un-audited) Reclassified | (Un-audited) | (Un-audited) Reclassified |
| ---- Rupees in Thousands ---- | | | | | |
| Revenue from contracts with customers - net | 14 | 1,215,569 | 1,355,416 | 792,470 | 822,900 |
| Cost of revenue | | (940,797) | (827,983) | (656,221) | (537,676) |
| Gross Profit | | 274,772 | 527,433 | 136,249 | 285,224 |
| Administrative and selling expenses | | (236,408) | (225,018) | (146,030) | (134,991) |
| Other operating expenses | | (21,225) | (155,237) | (19,058) | (125,097) |
| Other operating income | 15 | 230,258 | 14,426 | 185,682 | 13,695 |
| | | (27,375) | (365,829) | 20,594 | (246,393) |
| Operating Profit | | 247,397 | 161,604 | 156,843 | 38,831 |
| Finance cost | | (118,551) | (80,917) | (83,709) | (46,451) |
| Profit / (Loss) before Levy and Taxation | | 128,846 | 80,687 | 73,134 | (7,620) |
| Final tax / levies | 16 | 6,933 | (30,407) | 2,276 | (12,499) |
| Profit / (Loss) before Taxation | | 135,779 | 50,280 | 75,410 | (20,119) |
| Taxation | 16 | - | - | - | - |
| Net Profit / (Loss) for the Period | | 135,779 | 50,280 | 75,410 | (20,119) |
| Earnings / (Loss) per share - in Rupees | | | | | |
| - Basic | | 0.32 | 0.13 | 0.18 | (0.05) |
| - Diluted | | 0.32 | 0.13 | 0.18 | (0.05) |

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements (un-audited).



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khalil




Director
Tanveer Karamat

AVANCEON LIMITED**CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**

FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2025

| | Half Year Ended June 30, | | Quarter Ended June 30, | |
|--|-------------------------------|---------------|------------------------|-----------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (Un-audited) | (Un-audited) | (Un-audited) | (Un-audited) |
| | ---- Rupees in Thousands ---- | | | |
| Net Profit / (Loss) for the Period | 135,779 | 50,280 | 75,410 | (20,119) |
| Other Comprehensive Income for the period | | | | |
| <i>Items that may be re-classified subsequently to profit or loss</i> | - | - | - | - |
| <i>Items that will not be re-classified subsequently to profit or loss</i> | - | - | - | - |
| Total Comprehensive Income / (Loss) for the Period | <u>135,779</u> | <u>50,280</u> | <u>75,410</u> | <u>(20,119)</u> |

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements (un-audited).

Chief Executive Officer
 Bakhtiar Hameed Wain



Chief Financial Officer
 Ahsan Khalil



Director
 Tanveer Karamat

AVANCEON LIMITED
CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2025

| | Note | June 30, 2025 (Un audited) | June 30, 2024 (Un audited) |
|---|------|----------------------------------|----------------------------------|
| ----Rupees in Thousands---- | | | |
| Profit before Levy and Taxation | | 128,846 | 80,687 |
| Adjustments for: | | | |
| Depreciation on property and equipment | 5 | 56,891 | 52,026 |
| Employees' share option compensation | | 42,454 | 30,509 |
| Trade debts written off | | 25 | - |
| Allowance for expected credit losses - trade debts | 7 | 17,975 | 59,339 |
| Allowance for expected credit losses - contract assets | | (6,148) | (11,192) |
| Allowance for expected credit losses - long term loans | 6 | - | 61,565 |
| Provision for expected credit losses - advances | 8 | - | (51,983) |
| Exchange loss / (gain) | 15 | (138,087) | 94,261 |
| Gain on disposal of property and equipment | 15 | (6,574) | (8,425) |
| Finance cost | | 118,551 | 80,917 |
| Profit on bank deposits | 15 | (106) | (2,500) |
| Markup income on intercompany current account | 15 | (3,877) | - |
| | | 81,104 | 304,517 |
| Operating profit before working capital changes | | 209,950 | 385,204 |
| <i>(Increase) / decrease in current assets</i> | | | |
| Stock in trade | | (16,773) | (37,758) |
| Trade debts | 7 | (272,258) | 207,791 |
| Contract assets | | 155,107 | 133,074 |
| Advances, deposits, prepayments and other receivables | 8 | 84,043 | 29,289 |
| <i>Increase / (decrease) in current liabilities</i> | | | |
| Creditors, accrued and other liabilities | 10 | (270,260) | 298,453 |
| Contract liabilities | | 49,944 | 10,430 |
| Increase in long term deposits and loans | | (4,059) | - |
| Cash (Used in) / Generated from Operations | | (274,256) | 641,279 |
| Finance cost paid | | (58,542) | (89,846) |
| Final taxes / levies | | (35,196) | (121,123) |
| Net Cash (Used in) / Generated from Operating Activities | | (158,044) | 815,514 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property and equipment | 5 | (160,542) | (74,067) |
| Proceeds from disposal of property and equipment | | 8,323 | 10,408 |
| Profit on bank deposits | | 106 | 2,500 |
| Long term investment | 6 | - | (1,001) |
| Net Cash Used in Investing Activities | | (152,113) | (62,160) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Dividend paid | 12 | (355) | (746,025) |
| Issuance of shares | 9 | 25,486 | 9,956 |
| Short term borrowings - net | 11 | 456,752 | (39,637) |
| Premium on issuance of shares | | - | 114 |
| Long term diminishing musharaka - net | | (15,503) | (1,671) |
| Net Cash Generated from / (Used in) Financing Activities | | 466,380 | (777,263) |
| Net Increase / (Decrease) in Cash and Cash Equivalents | | 156,223 | (23,909) |
| Cash and cash equivalents at the beginning of the period | | 19,351 | 84,586 |
| Cash and Cash Equivalents at the End of the Period | | 175,574 | 60,677 |

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements (un-audited).


Chief Executive Officer
 Bakhtiar Hameed Wain


Chief Financial Officer
 Ahsan Khalil


Director
 Tanveer Karamat

AVANCEON LIMITED
CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2025

| Particulars | Issued, Subscribed and Paid up Share Capital | Capital Reserve | Revenue Reserve | Employees' Share Compensation Reserve | Surplus on Revaluation of Property | Total |
|--|---|-----------------|---------------------------|---|--|-----------|
| | | Share Premium | Unappropriated Profits | | | |
| ----- Rupees in Thousands ----- | | | | | | |
| Balance as at December 31, 2023 (audited) | 3,762,978 | 451,420 | 3,113,645 | 168,683 | 330,636 | 7,827,362 |
| Net profit for the period | - | - | 50,280 | - | - | 50,280 |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | 50,280 | - | - | 50,280 |
| Transfer from revaluation surplus on account of incremental depreciation | - | - | 786 | - | (786) | - |
| Transaction with Owners | | | | | | |
| 10% Bonus share for the year ended December 31, 2023 | 377,294 | - | (377,294) | - | - | - |
| 20% Cash dividend for the year ended December 31, 2023 | - | - | (754,587) | - | - | (754,587) |
| Issuance of shares against employee share option scheme | 9,956 | 57,490 | - | (57,375) | - | 10,071 |
| Employee share option reserve | - | - | - | 54,612 | - | 54,612 |
| Balance as at June 30, 2024 (unaudited) | 4,150,228 | 508,910 | 2,032,830 | 165,920 | 329,850 | 7,187,738 |
| Balance as at December 31, 2024 (audited) | 4,150,228 | 508,910 | 2,523,297 | 370,740 | 328,199 | 7,881,374 |
| Net profit for the period | - | - | 135,779 | - | - | 135,779 |
| Other comprehensive income for the period | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | 135,779 | - | - | 135,779 |
| Transfer from revaluation surplus on account of incremental depreciation | - | - | 1,157 | - | (1,157) | - |
| Transaction with Owners | | | | | | |
| Issuance of shares against employee share option scheme | 25,486 | 126,325 | - | (126,325) | - | 25,486 |
| Employee share option reserve | - | - | - | 106,866 | - | 106,866 |
| Balance as at June 30, 2025 (unaudited) | 4,175,714 | 635,235 | 2,660,233 | 351,281 | 327,042 | 8,149,505 |

The annexed notes from 1 to 19 form an integral part of these condensed interim unconsolidated financial statements (un-audited).

سید


Chief Executive Officer
 Bakhtiar Hameed Wain


Chief Financial Officer
 Ahsan Khalil


Director
 Tanveer Karamat

AVANCEON LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
(UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2025

Note 1

Legal Status and Nature of Business

- 1.1** 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 the 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.
- 1.2** The Company is domiciled in Pakistan and its registered office 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 Tabbha 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. |

Note 2

Basis of Preparation

2.1 Separate financial statements

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

2.2 Statement of compliance

These unconsolidated condensed interim financial statements (un-audited) of the Company 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
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

- 2.3** These condensed interim unconsolidated financial statements comprise the condensed interim unconsolidated statement of financial position (un-audited) of the Company as at June 30, 2025 and the related condensed interim unconsolidated statement of profit or loss (un-audited), the condensed interim unconsolidated statement of comprehensive income (un-audited), the condensed interim unconsolidated statement of changes in equity (un-audited) and the condensed interim unconsolidated statement of cash flows (un-audited) together with the notes forming part thereof.

- 2.4** These condensed interim unconsolidated financial statements (un-audited) do not include all of the information contained in full annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended December 31, 2024.

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AVANCEON LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
(UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2025

Note 2, Basis of Preparation - Continued...

- 2.5** The comparative statement of financial position presented in these condensed interim unconsolidated financial statements (un-audited) has been extracted from the audited annual financial statements of the Company for the year ended December 31, 2024, whereas the comparative condensed interim unconsolidated statement of profit or loss, the condensed interim unconsolidated statement of comprehensive income, the condensed interim unconsolidated statement of changes in equity and the condensed interim unconsolidated statement of cash flows have been extracted from the un-audited condensed interim unconsolidated financial statements for the six months period ended June 30, 2024.
- 2.6** These condensed interim unconsolidated financial statements are unaudited and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017 ("the Act"); however, these are subject to limited scope review by external auditors as required by the Act and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations).

2.7 Basis of measurement

These condensed interim unconsolidated financial statements have been prepared under the historical cost convention except for freehold land and building on freehold land which are stated at revalued amounts.

2.8 Functional and presentation currency

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

Note 3

Material Accounting Policy Information

The Company's accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements (un-audited) are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended December 31, 2024.

Note 4

Use of Estimates and Judgements

The preparation of condensed interim financial statements (un-audited) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the financial statements for the year ended December 31, 2024.

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AVANCEON LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
(UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2025

Note 5

Property and Equipment

| | | June 30, 2025 | December 31, 2024 |
|------------------------------|------|-----------------------------|----------------------|
| | Note | (Un-audited) | (Audited) |
| | | ----Rupees in Thousands---- | |
| Property and equipment | 5.1 | 650,508 | 668,446 |
| Advance for purchase of land | 5.2 | 209,480 | 89,640 |
| | | <u>859,988</u> | <u>758,086</u> |

5.1 Property and equipment

| | | | |
|---|-------|-----------------|------------------|
| Opening written down value | | 668,446 | 668,857 |
| Additions during the period / year | 5.1.1 | 40,702 | 114,154 |
| Disposals during the period / year | 5.1.2 | (1,749) | (6,641) |
| | | <u>707,399</u> | <u>776,370</u> |
| Depreciation charge for the period / year | | <u>(56,891)</u> | <u>(107,924)</u> |
| | | <u>650,508</u> | <u>668,446</u> |

5.1.1 Following is the detail of additions during the period:**At cost**

| | | |
|---------------------------------|---------------|----------------|
| Buildings on freehold land | 1,040 | 11,229 |
| Furniture and fixture | 8,049 | 5,181 |
| Office equipment and appliances | 1,265 | 7,003 |
| Computers | 8,047 | 37,154 |
| Vehicles | 22,301 | 53,587 |
| | <u>40,702</u> | <u>114,154</u> |

5.1.2 Following is the detail of disposals during the period

| | June 30, 2025 (Un-audited) | | | December 31, 2024 (Audited) | | |
|---------------------------------|-------------------------------|--------------------------|--------------------|--------------------------------|--------------------------|--------------------|
| | Cost | Accumulated Depreciation | Written Down Value | Cost | Accumulated Depreciation | Written Down Value |
| | ----Rupees in Thousands---- | | | | | |
| Furniture and fixture | - | - | - | 333 | 333 | - |
| Office equipment and appliances | - | - | - | 662 | 662 | - |
| Vehicles | 9,936 | 8,187 | 1,749 | 93,015 | 86,374 | 6,641 |
| | <u>9,936</u> | <u>8,187</u> | <u>1,749</u> | <u>94,010</u> | <u>87,369</u> | <u>6,641</u> |

5.2 Advance for Purchase of Land

This represents advance payment for purchase of 7.07 kanal land situated at NSIT, Silicon IT District, Lahore. The amount will be transferred to Freehold Land once the acquisition is complete. The total purchase price of the land is Rs. 848 million, payable in 11 installments, with an average annual installment of Rs. 63.63 million each, to be settled latest by 2030. In addition developmental charges of Rs. 141.4 million are payable separately in 4 equal quarterly installments of Rs. 35.35 million each, to be completed by March 2026.



AVANCEON LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
(UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2025

Note 6

Long Term Investments

| | | June 30, 2025 | December 31, 2024 |
|--|------|------------------|----------------------|
| | Note | (Un-audited) | (Audited) |
| ----Rupees in Thousands---- | | | |
| Investment in subsidiaries - at cost | | | |
| Avanceon FZE Dubai (AVFZE) | | | |
| 37 (December 31, 2024 : 37) fully paid ordinary shares of AED 1 million each | 6.1 | 1,331,043 | 1,331,043 |
| Equity % held 100% (2024: 100%) | | | |
| Long term interest free receivables | 6.6 | 2,886,381 | 2,824,833 |
| | | 4,217,424 | 4,155,876 |
| Avanceon Automation and Control W.L.L, Qatar (AVAC) | | | |
| 98 (December 31, 2024 : 98) fully paid ordinary shares of QAR 1,000 each | 6.2 | 8,446 | 8,446 |
| Equity % held 49% (2024: 49%) | | | |
| Long term interest free receivables | 6.6 | 1,417,470 | 1,387,245 |
| | | 1,425,916 | 1,395,691 |
| Octopus Digital Limited (ODL) | | | |
| 101,632,595 (December 31, 2024: 101,632,595) fully paid ordinary shares | 6.3 | 10,000 | 10,000 |
| Equity % held 74% (2024: 74%) | | | |
| Avanceon Saudi For Energy Company, KSA (AVSEC) | | | |
| 10 (December 31, 2024 : 10) fully paid ordinary shares of SAR 10,000 each 1,000 | 6.4 | 754 | 754 |
| Equity % held 100% (2024: 100%) | | | |
| Avanceon QFZ LLC Qatar (AVQFZ) | | | |
| 20 (December 31, 2024 :20) fully paid ordinary shares of QAR 20,000 each 1,000 | 6.5 | 1,552 | 1,552 |
| Equity % held 100% (2024: 100%) | | | |
| | | 5,655,646 | 5,563,873 |

6.1 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 February 28, 2004. 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.

6.2 Avanceon Automation and Control W.L.L (AVAC) is an Establishment with limited liability registered under the Ministry of Commerce and Industry, state of Qatar on May 22, 2017 with Registration No. 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. The Company owns 49% equity shares of AVAC. However, based on an agreement signed between the Company and other shareholders, the Company has control over its financials and operating decision making of AVAC

6.3 Octopus Digital Limited (ODL) was incorporated in Pakistan on December 29, 2017 as a private limited company under the Companies Act, 2017, which was converted into a public Company on November 11, 2020. ODL is a subsidiary of the Company and is listed on Pakistan Stock Exchange Limited. The prime business of ODL is to carry out Information Technology enabled services which include but are not limited to online data/information storage, online monitoring and review of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related softwares and equipment etc.



AVANCEON LIMITED
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(UN-AUDITED)
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Note 6, Long Term Investments - Continued...

6.4 This represents the Company's investment in 100 percent shares in AVSEC amounting to Rs. 0.754 million made in 2023 AVSEC is a Single Person Mixed Limited Liability Company registered in Kingdom of Saudi Arabia and operating under Commercial Registration No. 1010676690 dated 12/05/1442 hijra, corresponding to 27/12/2021. AVSEC is engaged in repairs and maintenance of power and control stations, installation of control equipment for industrial operation, design and programming of special projects, registering for providing cloud services and management of energy efficiency projects. The registered office of AVSEC is in Riyadh, Saudi Arabia.

6.5 Avanceon QFZ L.L.C. (AVQFZ), 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 AVQFZ is in Zone No. PA-WH-04, Area-Ras Bufontas Free Zone, Street No. PO Box: 45976, Doha-Qatar. The primary objective of AVQFZ is the manufacturing of measuring, testing, navigating and control equipment.

6.6 Long-term interest free receivables

| | June 30, 2025 (Un-audited) | December 31, 2024 (Audited) |
|---|----------------------------------|-----------------------------------|
| | --- Rupees in Thousands --- | |
| Avanceon FZE - AED 43,054,315 (December 31, 2024: AED 43,054,315) | 3,330,628 | 3,269,080 |
| Less: Allowance for expected credit losses (ECL) | (444,247) | (444,247) |
| | 2,886,381 | 2,824,833 |
| Avanceon Automation and Control W.L.L - QAR 20,956,388 | 1,635,634 | 1,605,409 |
| (December 31, 2024: QAR 20,956,388) | (218,164) | (218,164) |
| Less: Allowance for expected credit losses (ECL) | 1,417,470 | 1,387,245 |
| | 4,303,851 | 4,212,078 |

6.7 The Company on passing special resolution dated January 05, 2022 in the extraordinary general meeting of Avanceon Limited resolved that the amounts due from Avanceon FZE and Avanceon Automation and Control W.L.L amounting to Rs. 1,785.679 million and Rs. 475.526 million respectively be classified as long term interest free receivables, to be converted to equity as fully paid ordinary shares in the respective subsidiaries with applicable regulatory approvals with effect from December 31, 2021. The Company also intends to make further equity investments in these subsidiaries, subject to obtaining the necessary regulatory approvals, which would enable the subsidiaries to convert these amounts into equity.

Note 7

Trade Debts

| | | June 30, 2025 (Un-audited) | December 31, 2024 (Audited) |
|--|-----|----------------------------------|-----------------------------------|
| | | --- Rupees in Thousands --- | |
| Due from related parties | | | |
| - Considered good | 7.1 | 2,036,621 | 1,667,992 |
| - Considered doubtful | | 371,084 | 371,084 |
| | | 2,407,705 | 2,039,076 |
| Less: Allowance for expected credit loss | 7.2 | (371,084) | (371,084) |
| | | 2,036,621 | 1,667,992 |
| Due from others | | | |
| - Considered good | | 823,831 | 938,203 |
| - Considered doubtful | | 39,014 | 21,039 |
| | | 862,845 | 959,242 |
| Less: Allowance for expected credit loss | 7.3 | (39,014) | (21,039) |
| | | 823,831 | 938,203 |
| | | 2,860,452 | 2,606,195 |

AVANCEON LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
(UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2025

Note 7, Trade Debts - Continued...

| | June 30, 2025 (Un-audited) | December 31, 2024 (Audited) |
|---|--|-----------------------------------|
| | --- Rupees in Thousands --- | |
| 7.1 Due from related parties | | |
| Avanceon FZE | 494,022 | 481,710 |
| Avanceon Automation & Control WLL | 738,576 | 479,896 |
| Octopus Digital Limited | 12,956 | 41,073 |
| Avanceon Saudi Energy Company | 687,883 | 569,716 |
| Avanceon QFZE | 410,589 | 403,002 |
| Empiric AI (Private) Limited | 63,679 | 63,679 |
| | <u>2,407,705</u> | <u>2,039,076</u> |
| 7.2 Allowance for expected credit loss - Related parties | | |
| Opening balance | 371,084 | 315,206 |
| Add: Allowance for the period / year | - | 55,878 |
| Closing balance | <u>371,084</u> | <u>371,084</u> |
| 7.3 Allowance for expected credit loss - others | | |
| Opening balance | 21,039 | 20,265 |
| Add: Allowance during the period / year | 17,975 | 774 |
| Closing balance | <u>39,014</u> | <u>21,039</u> |
| 7.4 | The amounts due from related parties are interest free and repayable in normal course of business. | |

Note 8

Advances, Deposits, Prepayments and Other Receivables

| | | June 30, 2025 (Un-audited) | December 31, 2024 (Audited) |
|---|-----|----------------------------------|-----------------------------------|
| | | --- Rupees in Thousands --- | |
| Advances - considered good | | | |
| - To employees against expenses | | 25,979 | 28,667 |
| - To suppliers | | 51,834 | 80,012 |
| | | <u>77,813</u> | <u>108,679</u> |
| Prepayments | | 10,759 | 11,783 |
| Margin paid against bank guarantees / letters of credit | | 38,602 | 39,566 |
| Sales tax refundable - considered good | | 60,200 | 61,811 |
| Retention money | | 2,486 | 2,486 |
| Due from subsidiaries - (unsecured - considered good) | | | |
| - Dividend receivable | 8.1 | 999,010 | 979,130 |
| - Others | 8.2 | 89,605 | 53,781 |
| | | <u>1,088,615</u> | <u>1,032,911</u> |
| Markup receivable on intercompany current account | | 43,874 | 40,338 |
| Other receivables - considered good | | 8,484 | 4,510 |
| | | <u>1,330,833</u> | <u>1,302,084</u> |

- 8.1** This represents dividend receivable from Avanceon FZE and Avanceon Automation and Control WLL, wholly owned subsidiaries.

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AVANCEON LIMITED**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)**

FOR THE HALF YEAR ENDED JUNE 30, 2025

Note 8, Advances, Deposits, Prepayments and Other Receivables - Continued...

| | | June 30, 2025 | December 31, 2024 |
|--|---|-----------------------------|----------------------|
| | Note | (Un-audited) | (Audited) |
| | | --- Rupees in Thousands --- | |
| Avanceon FZE - AED 124,136 (2024: AED 124,136) | | 9,603 | 9,426 |
| Avanceon Automation and Control WLL - QAR 9,777,202 (2024: QAR 9,777,202) | | 757,935 | 754,174 |
| Avanceon Saudi Energy - SAR 4,000,000 (2024: SAR 4,000,000) | | 313,382 | 297,440 |
| Total dividend receivable | | 1,080,920 | 1,061,040 |
| Less: Allowance for expected credit losses | 8.1.1 | (81,910) | (81,910) |
| | | <u>999,010</u> | <u>979,130</u> |
| 8.1.1 Allowance for Expected Credit Loss | | | |
| Opening balance | | 81,910 | 76,739 |
| Add: Allowance for the period / year | | - | 5,171 |
| Less: Reversal for the period / year | | - | - |
| Closing balance | | <u>81,910</u> | <u>81,910</u> |
| 8.2 | This represents amount due from following related parties in respect of expenses incurred by the Company on their behalf: | | |
| Avanceon Saudi Energy Company | | 14,930 | 15,973 |
| Avanceon Arabia Infotech (AAIT) | | 4,170 | 2,846 |
| Avanceon FZE | | 1,961 | 3,373 |
| Avanceon Automation and Control W.L.L. | | 80,022 | 43,067 |
| Less: Allowance for expected credit losses | | (11,478) | (11,478) |
| | | <u>89,605</u> | <u>53,781</u> |

Note 9

Issued, Subscribed and Paid up Share Capital

| June 30, 2025 | December 31, 2024 | | June 30, 2025 | December 31, 2024 |
|------------------------------|----------------------|--|-------------------------------|----------------------|
| (Un-audited) | (Audited) | | (Un-audited) | (Audited) |
| Number of Shares in Thousand | | | ---- Rupees in Thousands ---- | |
| 57,167 | 57,167 | Ordinary shares of Rs. 10 each fully paid in cash | 742,965 | 571,669 |
| 343,258 | 343,258 | Ordinary shares of Rs. 10 each fully paid bonus shares | 3,432,578 | 3,432,578 |
| 4,676 | 4,676 | Issued against employee's Share Option Scheme - I | 47 | 46,756 |
| 1,751 | 1,751 | Issued against Employees' Shares Options Scheme - II | 18 | 17,508 |
| 5,808 | 5,808 | Issued against Employees' Shares Options Scheme - III | 58 | 58,082 |
| 1,421 | 1,421 | Issued against Employees' Shares Options Scheme - IV | 14 | 14,210 |
| 943 | 943 | Issued against Employees' Shares Options Scheme - V | 9 | 9,425 |
| 2,549 | - | Issued against Employees' Shares Options Scheme - V | 25 | - |
| <u>417,573</u> | <u>415,024</u> | | <u>4,175,714</u> | <u>4,150,228</u> |

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AVANCEON LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
(UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2025

Note 10

Creditors, Accrued and Other Liabilities

| | | June 30, 2025 | December 31, 2024 |
|--|------|-----------------------------|----------------------|
| | Note | (Un-audited) | (Audited) |
| | | --- Rupees in Thousands --- | |
| Trade creditors | | 343,471 | 451,336 |
| Accrued expenses | | 22,263 | 151,331 |
| Payable to provident fund | | 98,079 | 54,886 |
| Employee share portion - vehicle | | 93,343 | 104,021 |
| Workers welfare fund | | 49 | 51 |
| Withholding tax payable | | 120,596 | 285,967 |
| Accrued markup | | 22,178 | 19,131 |
| Markup payable on intercompany current account | | 145,721 | 88,760 |
| Payable to related parties | 10.1 | 936,590 | 836,053 |
| Other payable | | 23,850 | 24,856 |
| | | <u>1,806,140</u> | <u>2,016,392</u> |

10.1 Payable to related parties

| | June 30, 2025 | December 31, 2025 | Maximum Outstanding |
|--|-----------------------------|----------------------|------------------------|
| | --- Rupees in Thousands --- | | |
| Innovative Travels (Private) Limited - | | | |
| Trade payables | 1,320 | 1,320 | 1,320 |
| Avanceon FZE | | | |
| - Current account | 684,489 | 475,782 | 688,359 |
| - Trade payables | - | 1,319 | - |
| Octopus Digital Limited | | | |
| - Current account | 185,597 | 92,549 | 199,145 |
| - Trade payables | 40,851 | 240,750 | - |
| Empiric AI (Private) Limited | | | |
| - Current account | 24,333 | 24,333 | 24,333 |
| | <u>936,590</u> | <u>836,053</u> | |

Note 11

Short Term Borrowings

| | June 30, 2025 | December 31, 2024 |
|--|-----------------------------|----------------------|
| | (Un-audited) | (Audited) |
| | --- Rupees in Thousands --- | |
| Banking companies (secured) - markup bearing | | |
| JS Bank Limited | - | 44,302 |
| Standard Chartered Bank Limited | 358,722 | 152,546 |
| Habib Metropolitan Bank | 145,770 | 145,773 |
| United Bank Limited | 100,000 | - |
| Islamic mode of financing (secured) | | |
| MCB Islamic Bank Limited | 99,340 | 99,865 |
| Director's interest free loan - repayable on demand | <u>285,406</u> | <u>90,000</u> |
| | <u>989,238</u> | <u>532,486</u> |



AVANCEON LIMITED
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Note 12

Unclaimed Dividend

| | June 30, 2025 (Un-audited) | December 31, 2024 (Audited) |
|--|----------------------------------|-----------------------------------|
| | --- Rupees in Thousands --- | |
| Opening balance | 149,239 | 152,835 |
| Dividend declared during the period / year | - | 754,587 |
| Dividend paid during the period / year | (355) | (758,183) |
| Closing balance | 148,884 | 149,239 |

- 12.1** This includes dividend payable to the Chief Executive, Mr. Bakhtiar Hameed Wain amounting to Rs. 113.96 million (2024: Rs. 113.96 million).

Note 13

Contingencies and Commitments**Contingencies:**

- 13.1** 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 Company for tax period 2016, 2017 and 2018, resulting in a default by the Company. As per provisions of the Punjab Sales Tax on Services (Withholding) Rules, 2015, the Company was required to deposit the tax deducted on services received. Based on the advisors opinion 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 Company.
- 13.2** 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 and raised a demand of Rs. 43.480 million. The 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. Based on the advisor's opinion the Company expects a favorable outcome of the proceedings and no provisions in this regard has been recorded in these unconsolidated financial statements.
- 13.3** The Company received a notice u/s 28 of the Sindh Sales Tax on Services Act, 2011 in which the Company was selected for tax audit. The taxpayer made due compliance by submitting reply along with the CPRs 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 the Company and based on the advisor's opinion the Company expects a favorable outcome of the proceedings and no provisions in this regard has been recorded in these unconsolidated financial statements.
- 13.4** 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 the department dated February 13, 2020. Another notice u/s 161(A) has been issued on February 14, 2025 which is due for compliance. The Company has given satisfactory reply in this regard and expects a favourable outcome based on advisor's opinion. The order is still pending.
- 13.5** Notice regarding difference in sales as per unconsolidated financial statements and SRB's Returns Declaration amounting to Rs. 51.392 million for the Financial Year 2019, 2020 and 2021 was issued. Reply with reconciliation filed vide letter No.886 dated January 25, 2023. No order is passed till date. The Company expects a favorable outcome of the proceedings and no provision in this regard has been recorded.
- 13.6** The Assistant Commissioner Inland Revenue issued a notice under section 4C on March 29, 2024 for the year 2023. The taxpayer duly responded; however, the commissioner passed an order on April 30, 2024, raising a demand of Rs.20,052,336/-. Being aggrieved, the taxpayer filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). Based on the advisor's opinion the Company expects a favorable outcome of the proceedings and no provisions in this regard has been recorded in these unconsolidated financial statements.



AVANCEON LIMITED**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
(UN-AUDITED)**

FOR THE HALF YEAR ENDED JUNE 30, 2025

Note 13, Contingencies and commitments - Continued...

- 13.7** The Additional Commissioner issued a notice under section 122(9) on April 17, 2024. This notice pertains for the period 2018. The taxpayer duly responded along with complete documentary evidence, but the Additional Commissioner Inland Revenue passed an order dated June 30, 2024, raising a demand of Rs. 90,443,623. Being aggrieved, the taxpayer filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication. Based on the advisor's opinion the Company expects a favorable outcome of the proceedings and no provisions in this regard has been recorded in these unconsolidated financial statements.

Commitments

- 13.8** Bank guarantees have been issued amounting to Rs. 159.58 million (2024: Rs. 352.173 million) against the performance of various contracts.
- 13.9** Letters of credit outstanding at year end amount to Rs. 88.79 million (2024: Rs. 121.588 million) which relates to import acceptance bills.

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AVANCEON LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
(UN-AUDITED)
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Note 14

Revenue from Contracts with Customers - Net

| | Half Year Ended June 30, | | Quarter Ended June 30, | |
|--|-------------------------------|--------------|------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (Un-audited) | (Un-audited) | (Un-audited) | (Un-audited) |
| | ---- Rupees in Thousands ---- | | | |

Disaggregation of revenue from contract with customers

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Local Sales

| | | | | |
|---------------------|---------|-----------|---------|---------|
| - Sale of goods | 627,111 | 650,038 | 500,124 | 457,037 |
| - Services rendered | 213,985 | 368,831 | 149,041 | 269,976 |
| | 841,096 | 1,018,869 | 649,165 | 727,013 |

Export Sales

| | | | | |
|----------------------------------|---------|---------|---------|---------|
| - Agency commission | 22,423 | 21,101 | 20,248 | 11,006 |
| - Project revenue | 371,809 | 303,362 | 219,192 | 151,092 |
| - IT enabled back-office support | 129,177 | 188,104 | 19,552 | 59,252 |
| | 523,409 | 512,567 | 258,992 | 221,350 |

Less: Sales tax

| | | | | |
|-------------------|-----------|-----------|-----------|-----------|
| Sale of goods | (115,156) | (117,007) | (92,298) | (82,267) |
| Services rendered | (33,780) | (59,013) | (23,389) | (43,196) |
| | (148,936) | (176,020) | (115,687) | (125,463) |
| | 1,215,569 | 1,355,416 | 792,470 | 822,900 |

14.1 Timing of revenue recognition:

| | | | | |
|----------------------|-----------|-----------|---------|---------|
| - At a point in time | 534,378 | 554,132 | 428,074 | 385,776 |
| - Over the time | 681,191 | 801,284 | 364,396 | 437,124 |
| | 1,215,569 | 1,355,416 | 792,470 | 822,900 |

Note 15

Other Income

| | Half Year Ended June 30, | | Quarter Ended June 30, | |
|--|-------------------------------|--------------|------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| | (Un-audited) | (Un-audited) | (Un-audited) | (Un-audited) |
| | ---- Rupees in Thousands ---- | | | |

Income from financial assets

| | | | | |
|-----------------------------------|---------|-------|--------|-------|
| Exchange gain - net | 138,087 | - | 93,878 | - |
| Markup income on current accounts | 3,877 | 130 | 3,877 | 130 |
| Profit on bank deposits | 106 | 2,500 | 106 | 2,487 |
| | 142,070 | 2,630 | 97,861 | 2,617 |

Income from non-financial assets

| | | | | |
|--|---------|--------|---------|--------|
| Gain on disposal of property and equipment | 6,574 | 8,425 | 6,574 | 8,425 |
| Reversal of allowance for expected credit loss | 6,148 | - | 6,147 | - |
| Others | 75,466 | 3,371 | 75,100 | 2,653 |
| | 88,188 | 11,796 | 87,821 | 11,078 |
| | 230,258 | 14,426 | 185,682 | 13,695 |

15.1 The Company announced bonus of Rs. 62 million in the previous financial years. During the current period, the management decided not to proceed with the payment; hence, the associated liability has been reversed.



AVANCEON LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
(UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2025

Note 16

Final Taxes / Levies

| | Half Year Ended June 30, | | Quarter Ended June 30, | |
|-------------------------------|--------------------------|----------------------------------|------------------------|----------------------------------|
| | 2025 (Un-audited) | 2024 (Un-audited) Restated | 2025 (Un-audited) | 2024 (Un-audited) Restated |
| ---- Rupees in Thousands ---- | | | | |
| Final taxes / levies | 1,477 | 1,178 | - | - |
| Minimum tax | 28,868 | 29,229 | (2,276) | 12,499 |
| Current | | | | |
| - for the year | - | - | - | - |
| - prior year | 16.1 (37,278) | - | - | - |
| | <u>(6,933)</u> | <u>30,407</u> | <u>(2,276)</u> | <u>12,499</u> |

16.1 The Company has adjusted excess tax liabilities relating to tax year 2019 and periods prior to it. There are no outstanding tax liabilities / tax audit notices or contingencies pertaining to those tax years. Accordingly, based on self- assessment, the said liabilities have been adjusted.

Note 17

Transactions with Related Parties

Related parties comprise the holding company, associated companies due to common directorship, staff retirement funds, directors and key management personnel. The Company in the normal course of business carries out transactions with various related parties. The Company enters into transactions with related parties on the basis of mutually agreed terms. There have been no guarantees provided or received for any related party's receivable or payable. Significant transactions with related parties are as follows:

| Name of related party | Relationship | Nature of transaction | June 30, 2025 Un-audited | June 30, 2024 Un-audited |
|-----------------------|-----------------|--|--------------------------------|--------------------------------|
| | | | --- Rupees in Thousands --- | |
| Avanceon FZE- UAE | 100% Subsidiary | Agency commission charged | 22,423 | 21,101 |
| | | Back office support income | 88,859 | 38,352 |
| | | Revenue recognised on the projects based on the stage completion | | |
| | | | 58,732 | 61,189 |
| | | Collection / adjustment from AVFZE | 165,839 | 256,189 |
| | | Payment to suppliers by AFZE on behalf of the Company | 279,061 | 156,929 |
| | | Payment to employees by AVL on behalf of the Company | 1,742 | 667 |
| | | Payments to employees by AVFZE | 26 | 85 |
| | | Employee share option expense charged | 3,871 | 4,823 |
| | | Payment to suppliers by AVL on behalf of AVFZE | 7,159 | 2,187 |
| | | | | |

AVANCEON LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
(UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2025

Note 17, Transactions with Related Parties - Continued...

| Name of related party | Relationship | Nature of transaction | June 30, 2025 Un-audited | June 30, 2024 Un-audited |
|--|-----------------|--|--------------------------------|--------------------------------|
| | | | --- Rupees in Thousands --- | |
| Avanceon Automation and Control - AVAC | 49% Subsidiary | Back office support income | 22,386 | 44,469 |
| | | Revenue recognised on the projects based | 224,838 | 129,852 |
| | | Payment to suppliers by AVAC on behalf of the Company | 6,013 | 6,426 |
| | | Payment to employees by AVL on behalf of AVAC | 2,256 | 211 |
| | | Payments to employees by AVAC | 222 | 558 |
| | | Payment to suppliers by AVL on behalf of AVAC | 1,939 | 562 |
| | | Employee share option expense charged | 38,206 | 8,639 |
| | | Cash received from AVAC | - | 4,920 |
| Avanceon Saudi Energy Company- KSA | 100% Subsidiary | Payment to suppliers by AVL on behalf of the AVSEC | 364 | 320 |
| | | Payment to suppliers by AVSEC | 13,876 | - |
| | | Reimbursement of expenses | - | 11,480 |
| | | Revenue recognised on the projects | 88,287 | 112,321 |
| | | Back office support charged | 17,931 | 70,470 |
| | | Payment to employees of AVSEC by AVL | - | 1,582 |
| | | Employee share option expense charged | 12,524 | 3,559 |
| | | Payment to the Company's employees by AVSEC | 121 | 713 |
| Octopus Digital Limited- ODL | 74% Subsidiary | Reimbursement of expenses | 22,433 | 32,595 |
| | | Salaries payment to employees by AVL | 501 | 121,247 |
| | | Back office support income | 56,702 | 25,831 |
| | | Installation charges incurred | - | - |
| | | Subcontracting charges incurred | 25,161 | 37,787 |
| | | Payments to employees by AVL | 178 | 4,987 |
| | | Payments to Employees by ODL | - | 1,810 |
| | | AMS business services rendered | 48,000 | 53,064 |
| | | Payments received or made to suppliers by ODL on behalf of AVL | 1,652 | 3,625 |
| | | Repayment of advances to ODL | 82,068 | 112,835 |
| | | Markup on current Account - AVL | 4,270 | - |
| | | Payment to suppliers by AVL | 1,623 | 4,571 |
| | | Employee share option expense charged | 9,811 | - |
| | | Trade Debts | 40,730 | - |
| | | Trade Payables | 31,170 | - |
| | | Payment of Salaries by ODL | 6,759 | - |
| | | Payment to Employees by ODL | 345 | - |

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AVANCEON LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
(UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2025

Note 17, Transactions with Related Parties - Continued...

| | | | June 30, 2025 | June 30, 2024 |
|--------------------------------------|-------------------|---|------------------|------------------|
| | | | Un-audited | Un-audited |
| --- Rupees in Thousands --- | | | | |
| Name of related party | Relationship | Nature of transaction | | |
| Empiric AI (Private) Limited (EAI) | 74% Subsidiary | Payment to employee by AVL | - | 12,625 |
| | | Funds tranferred from EAI | - | 15,000 |
| Avanceon Arabia Infotech | 60% Joint venture | Payment made by AVL on behalf of AVSEC | 112 | 88 |
| | | Payment to Employees by AVL | 1,144 | 172 |
| Bakhtiar Hameed Wain | Key management | Loan received | 285,406 | 75,000 |
| Contribution to staff provident fund | Provident fund | Expense charged in respect of retirements benefit plans | 19,629 | 16,675 |
| Avanceon FZE- UAE | 100% Subsidiary | Trade debts | 494,022 | 481,710 |
| | | Long-term interest free receivables | 2,886,381 | 2,824,833 |
| | | Accounts receivable | 306,866 | 310,239 |
| | | Creditors, accrued and other liabilities | - | 452,069 |
| Avanceon Automation | 49% Subsidiary | Trade debts | 738,576 | 479,896 |
| | | Long-term interest free receivables | 1,417,471 | 1,387,245 |
| | | Accounts receivable | 834,196 | 797,241 |
| Avanceon Saudi Energy | 100% Subsidiary | Trade debts | 687,883 | 569,716 |
| | | Accounts receivable | 14,930 | 17,593 |
| Octopus Digital Limited- ODL | 74% Subsidiary | Trade debts | 12,956 | 41,073 |
| | | Creditors, accrued and other liabilities | 40,851 | 338,609 |
| Empiric AI (Private) Limited | 74% Subsidiary | Trade debts | 63,679 | 63,679 |
| | | Creditors, accrued and other liabilities | 243,331 | 243,331 |
| Avanceon Arabia Infotech | 60% Joint venture | Accounts receivable | 4,170 | 160 |
| Inovative Travels (Private) Limited | | Creditors, accrued and other liabilities | 1,320 | 1,320 |

17.1 There were no transactions with key management personnel other than those undertaken as per terms of their employment.

Note 18

Authorization of Financial Statements

These financial statements were approved and authorized for issuance by the Board of Directors of the Company on August 29, 2025.




AVANCEON LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS
(UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2025

Note 19
General

Corresponding figures are re-arranged / reclassified, wherever necessary, to facilitate comparison. The following immaterial rearrangements / reclassifications have been made in these financial statements for better presentation:

| Nature | From | To | Amount |
|---------------------------|--|---|-------------------------------|
| | | | ---- Rupees in Thousands ---- |
| Trade creditors | Related Party - Current Account (Note 10) | Related Party - Creditor Account (Note 10) | 242,069 |
| Provident fund | Accrued expenses (Note 10) | Payable to provident fund (Note 10) | 940 |
| Taxation | Taxation (Note 16) | Final tax / levies (Note 16) | 30,407 |
| Taxation | Taxation (Note 16) | Final tax / levies (Note 16) | 12,499 |
| ECL - Reclassification | Administrative and selling expenses | Other operating expenses | 57,729 |


Chief Executive Officer
 Bakhtiar Hameed Wain


Chief Financial Officer
 Ahsan Khalil


Director
 Tanveer Karamat

Avanceon Limited
**Condensed Consolidated
Interim Financial Statements**
for the half year ended June 30, 2025

AVANCEON LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 AS AT JUNE 30, 2025

| | Un-Audited June 30, 2025 (Rupees in '000) | Audited Dec. 31, 2024 | | Un-Audited June 30, 2025 (Rupees in '000) | Audited Dec. 31, 2024 |
|---|---|--------------------------|--|---|--------------------------|
| Note | | | | | |
| EQUITY AND LIABILITIES | | | ASSETS | | |
| SHARE CAPITAL AND RESERVES | | | | | |
| Authorised capital 500,000,000 (2024: 500,000,000) ordinary shares of Rs 10 each | <u>5,000,000</u> | <u>5,000,000</u> | NON CURRENT ASSETS | | |
| ISSUED, SUBSCRIBED AND PAID UP CAPITAL | | | Property and equipment | 1,367,282 | 1,274,588 |
| 417,571,424 (2024: 415,022,831) ordinary shares of Rs. 10 each | 4,175,714 | 4,150,228 | Capital Work in Progress | 528,965 | 402,884 |
| | | | Intellectual Property | 4,913,308 | 4,840,528 |
| | | | Goodwill | 221,810 | 221,810 |
| CAPITAL RESERVES | | | Investment in JV | 387,861 | 379,669 |
| Share premium | 634,730 | 508,405 | Deferred Tax Assets | 33,005 | 32,697 |
| Employees' share compensation reserve | 410,198 | 408,223 | Long term deposits | 75,522 | 82,205 |
| Statutory reserve | 3,227 | 3,227 | | 7,527,754 | 7,234,381 |
| Exchange revaluation reserve | 2,937,796 | 2,639,098 | | | |
| Gain on dilution of interest | 631,367 | 631,367 | | | |
| Surplus on revaluation of property & equipment | 327,042 | 328,199 | | | |
| | 4,944,359 | 4,518,519 | | | |
| REVENUE RESERVES | | | | | |
| Un-appropriated Profit | 5,467,536 | 5,306,198 | | | |
| | 14,587,609 | 13,974,945 | | | |
| Non-controlling Interest | 694,420 | 686,608 | | | |
| | 15,282,029 | 14,661,553 | | | |
| NON CURRENT LIABILITIES | | | | | |
| Long Term Loans | 85,454 | 96,241 | | | |
| Liabilities against assets subject to finance lease | 131,501 | 115,274 | | | |
| Deferred Liabilities | 354,420 | 333,149 | | | |
| Diminishing Musharaka | 100,414 | 112,382 | | | |
| | 671,790 | 657,046 | | | |
| CURRENT LIABILITIES | | | CURRENT ASSETS | | |
| Current portion of Long Term Loans | 25,636 | 25,106 | Stock in trade | 377,257 | 173,619 |
| Current portion of Diminishing Musharaka | 66,124 | 58,209 | Trade debts | 5,353,879 | 7,131,935 |
| Current portion of lease liabilities | 49,694 | 48,586 | Contract Assets | 9,447,673 | 9,319,803 |
| Finances under mark up arrangements and other credit facilities - secured | 2,215,290 | 1,503,297 | Advances, deposits, prepayments and other receivables | 4,006,870 | 3,445,266 |
| Unclaimed Dividend | 160,541 | 163,298 | Term deposits with banks | 101,178 | 100,233 |
| Creditors, accrued and other liabilities | 7,134,096 | 8,439,613 | Investments in Stocks | 558 | 539 |
| Contract Liabilities | 1,334,014 | 2,156,718 | Cash and bank balances | 491,748 | 756,748 |
| Taxation-Net | 367,702 | 449,098 | | 19,779,163 | 20,928,143 |
| | 11,353,097 | 12,843,925 | | | |
| CONTINGENCIES AND COMMITMENTS | 5 | | | | |
| | <u>27,306,916</u> | <u>28,162,524</u> | | <u>27,306,916</u> | <u>28,162,524</u> |

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 HALF YEAR ENDED JUNE 30, 2025

| | Note | for the half year ended | | for the quarter ended | |
|--|------|-------------------------|------------------|-----------------------|------------------|
| | | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| | | (Rupees in '000) | (Rupees in '000) | (Rupees in '000) | (Rupees in '000) |
| | | | Reclassification | | Reclassification |
| Revenues | | 5,237,704 | 5,255,724 | 2,716,853 | 3,282,179 |
| Cost of revenue | | (3,621,015) | (3,651,369) | (2,078,120) | (2,374,125) |
| Gross Profit / (Loss) | | 1,616,689 | 1,604,355 | 638,733 | 908,054 |
| Administrative and selling expenses | | (1,317,960) | (1,252,843) | (757,395) | (752,346) |
| Other expenses | 3 | (39,668) | (100,565) | (37,464) | (62,691) |
| Other income | 4 | 162,326 | 22,587 | 146,238 | 20,336 |
| | | (1,195,302) | (1,330,820) | (648,621) | (794,700) |
| Profit / (Loss) from operations | | 421,387 | 273,535 | (9,889) | 113,353 |
| Share of profit from a Joint Venture | | | | | |
| Finance costs | | (255,048) | (212,675) | (108,358) | (91,924) |
| Profit / (Loss) before tax | | 166,339 | 60,860 | (118,247) | 21,430 |
| Taxation | | 1,654 | (32,979) | 14,609 | (4,120) |
| Profit / (Loss) for the period | | 167,993 | 27,881 | (103,637) | 17,310 |
| Attributable to: | | | | | |
| Equity holders of the Holding Company | | 160,181 | 4,646 | (109,093) | 25,839 |
| Non-Controlling Interest | | 7,812 | 23,235 | 5,456 | (8,529) |
| | | 167,993 | 27,881 | (103,637) | 17,310 |
| Combined earnings per share | | | | | |
| | | | Restated | | |
| Basic | | 0.38 | 0.01 | (0.25) | 0.04 |
| Diluted | | 0.37 | 0.01 | (0.24) | 0.04 |

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 HALF YEAR ENDED JUNE 30, 2025

| | for the half year ended | | for the quarter ended | |
|---|-------------------------|------------------|-----------------------|-----------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| | (Rupees in '000) | | (Rupees in '000) | |
| Profit / (Loss) for the period | 167,993 | 27,881 | (103,637) | 17,310 |
| Other comprehensive income | | | | |
| - Exchange difference on translating foreign operations | 298,698 | (143,111) | 208,393 | (104,894) |
| Total comprehensive income for the period | 466,691 | (115,230) | 104,756 | (87,584) |
| Attributable to: | | | | |
| Equity holders of the Holding Company | 458,879 | (138,466) | 99,300 | (79,055) |
| Non-Controlling Interest | 7,812 | 23,235 | 5,456 | (8,529) |
| | 466,691 | (115,230) | 104,756 | (87,584) |

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 HALF YEAR ENDED JUNE 30, 2025

| | for the half year ended | |
|---|-------------------------|----------------|
| | June 30, 2025 | June 30, 2024 |
| | (Rupees in '000) | |
| <u>CASH FLOW FROM OPERATING ACTIVITIES</u> | | |
| Profit/ (loss) before tax | 166,339 | 60,860 |
| Adjustments for: | | |
| Depreciation on property and equipment | 101,715 | 91,957 |
| Exchange gain | (42,427) | 74,191 |
| Exchange revaluation reserve | 298,698 | (143,111) |
| Amortization | 28,255 | 11,115 |
| Provision for gratuity | 57,750 | 59,484 |
| Finance costs | 255,048 | 212,675 |
| Employees' share option expense | 130,647 | 65,353 |
| Provision for ECL - contract assets | (6,148) | 13,839 |
| Provision for ECL - trade debts | 30,039 | 8,009 |
| Gain on disposal of fixed Assets | (6,574) | (8,425) |
| Income on bank deposits | (401) | (2,935) |
| | 846,602 | 382,151 |
| | 1,012,941 | 443,011 |
| Profit before working capital changes | | |
| (Increase) / decrease in current assets | | |
| - Stock in trade | (203,638) | (444,543) |
| - Trade debts | 1,793,980 | 2,216,536 |
| - Contract Assets | (121,721) | (196,069) |
| - Advances, deposits, prepayments and other receivables | (573,332) | (244,717) |
| (decrease) / Increase in current liabilities | | |
| - Creditors, accrued and other liabilities | (1,304,095) | (1,034,651) |
| - Contract Liabilities | (822,703) | 99,061 |
| | (1,231,509) | 395,618 |
| Cash (used in) / generated from operations | (218,568) | 838,629 |
| Finance costs paid | (252,244) | (235,942) |
| Gratuity paid | (36,478) | (27,660) |
| Taxes paid | (80,051) | (109,585) |
| Net cash (used in) / generated from operating activities | (587,341) | 465,442 |

AVANCEON GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2025

| | for the half year ended | |
|---|-------------------------|------------------|
| | June 30, 2025 | June 30, 2024 |
| | (Rupees in '000) | |
| Net cash (used in) / generated from operating activities | (587,341) | 465,442 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Purchase of property and equipment | (194,409) | (133,654) |
| Proceeds from disposal of property and equipment | - | 10,408 |
| Additions in intangible assets - capital work in progress | (126,081) | 7,290 |
| Additions in Intellectual property | (101,035) | (106,586) |
| Long term investments made | - | (87,525) |
| Decrease / (Increase) in short term investments | (965) | 10,901 |
| Profit on bank deposit | 401 | 2,935 |
| Net change in long term advances and deposits | 6,683 | (12,328) |
| Net cash (used in) / generated from investing activities | (415,406) | (308,559) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| Dividend paid | (2,757) | (746,255) |
| Issuance of shares | 25,486 | 9,956 |
| Premium on issuance of shares | - | 114 |
| Long term loan (repaid)/ received | (10,257) | 14,601 |
| Finances under mark up arrangements and other credit facilities | 711,992 | (231,059) |
| Repayment of diminishing mosharka | (4,052) | - |
| Repayment of lease liabilities | 17,336 | (18,356) |
| Net cash (used in) / generated from financing activities | 737,747 | (970,997) |
| Net (decrease) / increase in cash and cash equivalents | (265,000) | (814,114) |
| Cash and cash equivalents at the beginning of year | 756,748 | 1,131,258 |
| Cash and cash equivalents at the end of period | 491,748 | 317,144 |

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 CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2025

| | 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, 2024 | 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 | | | | | | | | 2,008,811 | 52,643 | 2,061,454 |
| Other comprehensive income | | | | | | (32,751) | (2,437) | 2,437 | | (32,751) |
| | | | | | | (32,751) | (2,437) | 2,011,248 | 52,643 | 2,028,702 |
| Issuance of shares against ESOS | 9,956 | 57,490 | | 147,445 | | | | - | | 214,890 |
| Adjustment of NCI | | | | | | | | (13,357) | 13,357 | |
| Employee share option reserve | | | | 82,829 | | | | - | | 82,829 |
| 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 | | 230,274 | | | | (1,145,237) | 13,357 | (456,867) |
| Balance as on December 31, 2024 | 4,150,228 | 508,405 | 631,367 | 408,223 | 3,227 | 2,639,098 | 328,199 | 5,306,198 | 686,608 | 14,661,553 |
| Profit for the period | | | | | | | | 160,181 | 7,812 | 167,993 |
| Other comprehensive income | | | | | | 298,698 | (1,157) | 1,157 | | 298,698 |
| | | | | | | 298,698 | (1,157) | 161,338 | 7,812 | 466,691 |
| Issuance of shares against ESOS | 25,486 | | | 128,299 | | | | | | 153,785 |
| Employee share option reserve | | 126,325 | | (126,325) | | | | | | |
| | 25,486 | 126,325 | | 1,975 | | | | | | 153,785 |
| Balance as on June 30, 2025 | 4,175,714 | 634,730 | 631,367 | 410,198 | 3,227 | 2,937,796 | 327,042 | 5,467,536 | 694,420 | 15,282,029 |

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

NOTES TO THE CONSOLIDATED CONDENCED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2025

1 Legal Status and Nature of Business

1.1 Legal status and operations

The Group comprises:

NoI **Status within the Group**

| | |
|--|---------------------|
| - Avanceon limited (AVL) | Holding Company |
| - Avanceon Free Zone Establishment, UAE (AFZE) | 1 Subsidiary of AVL |
| - Avanceon Automation and Control W.L.L (AVAC) | 1 Subsidiary of AVL |
| - Avanceon Saudi Energy Company (AVSEC) | 2 Subsidiary of AVL |
| - Octopus Digital limited (ODL) | 2 Subsidiary of AVL |
| - Avanceon QFZ LLC (AVQFZ) | 2 Subsidiary of AVL |
| - Empiric AI (Private) Limited (EAL) | 2 Subsidiary of ODL |
| - Octopus Digital FZ (ODFZ) | 2 Subsidiary of ODL |

- 1.2** 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 the 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. Following are the business units of the holding Company along with their respective locations:

BUSINESS UNIT

LOCATION

Head office The Avanceon Building, 19 km, Multan Road, Lahore

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.

- 1.3** AFZE 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 February 28, 2004. Its registered office is situated in the Jebel Ali Free Zone, Dubai, United Arab Emirates. The principal activities of AFZE 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 Group.

- 1.4** AVAC is an Establishment with limited liability registered under the Ministry of Commerce and Industry, state of Qatar on May 22, 2017 with Registration No. 99027. Its registered office is situated in Al Jaber Engg. HO Building, PO Box: 15976, Fox Hills, Lusail, Doha - Qatar. The principal activities of AVAC 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 Group owns 49% equity shares of AVAC. However, based on an agreement signed between the holding Company and other shareholders, the Group has control over its financials and operating decision making of AVAC.

AVANCEON GROUP**NOTES TO THE CONSOLIDATED CONDENCED INTERIM FINANCIAL STATEMENTS**
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- 1.5** AVSEC is a Single Person Mixed Limited Liability Company registered in Kingdom of Saudi Arabia and operating under Commercial Registration No. 1010676690 dated 12/05/1442 hijra, corresponding to 27/12/2021. AVSEC is engaged in repairs and maintenance of power and control stations, installation of control equipment for industrial operation, design and programming of special projects, registering for providing cloud services and management of energy efficiency projects. The registered office of AVSEC is in Riyadh, Saudi Arabia. AVSEC is the wholly owned subsidiary of the Group.
- 1.6** ODL was incorporated in Pakistan on December 29, 2017 as a private limited company under the Companies Act, 2017, which was converted into a public Company on November 11, 2020. ODL is a subsidiary of the Group and is listed on Pakistan Stock Exchange Limited. The prime business of ODL is to carry out Information Technology enabled services which include but are not limited to online data / information storage, online monitoring and review of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related softwares and equipment etc. The Group owns 74.32% equity shares of ODL.
- 1.7** AQFZ is incorporated as a limited liability Company under the Companies regulations of 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. AVQFZ is the wholly owned subsidiary of the Group.
- 1.8** EAI is incorporated as a private limited company under the Companies Act, 2017 of Pakistan on May 19, 2020. The registered office of the Company is located in Pakistan. The primary objective of the Company is to analyze potential opportunities and to provide digital and technology services and products both within Pakistan and internationally. EAI is the wholly owned subsidiary of ODL. The Group owns 74.32% equity shares of ODL.
- 1.9** ODFZ is a Limited Liability Company incorporated pursuant to the regulations of the Dubai Development Authority, Government of Dubai, United Arab Emirates, and was issued Commercial License No. 103074 on June 16, 2023. Its registered office is located at DMC-BLD05-VD-G00-792, Ground Floor, DMC5 Building, Dubai Media City, Dubai, United Arab Emirates. The principal activities of the Entity are to provide software consultancy, software customer service, software development, software solutions, and software support services. The management of the Entity is vested with its Director, Mr. Bakhtiar Hameed Wain, a Pakistani national. ODFZ is the wholly owned subsidiary of ODL. The Group owns 74.32% equity shares of ODL.

AVANCEON GROUP
NOTES TO THE CONSOLIDATED CONDENCED INTERIM FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED JUNE 30, 2025

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 standards and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 Other Expenses

| | for the half year ended | |
|--|-------------------------|----------------|
| | June 30, 2025 | June 30, 2024 |
| | (Rupees in '000) | |
| Donations | 3,040 | 4,447 |
| Exchange Loss | | 74,191 |
| Provision for expected credit losses - contract assets | 534 | 244 |
| Provision for expected credit losses - trade debts | 30,039 | 1,714 |
| Balances written off | 3,428 | 19,890 |
| Penalty Charges | 2,141 | - |
| Zakat | 50 | 79 |
| | 39,668 | 100,565 |

AVANCEON GROUP
NOTES TO THE CONSOLIDATED CONDENCED INTERIM FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED JUNE 30, 2025

4 Other Income

| | | |
|---|----------------|---------------|
| Profit on bank deposits | 401 | 2,935 |
| Gain on disposal of property, plant and equipment | 6,574 | 8,425 |
| Reversal of provisions for ECL | 6,148 | - |
| Exchange gain | 42,427 | - |
| Other Income | 106,776 | 11,227 |
| | 162,326 | 22,587 |

5 Contingencies And Commitments

5.1 Commitments


- (i) Bank guarantees issued amounting to Rs. 176.20 million (2024: Rs. 158.13 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.111.35 million (2024: 110.31) which relates to import acceptance bills.

6 Date Of Authorization For Issue

The condensed interim consolidated financial information was authorised for issue on August 29, 2025 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



Chief Financial Officer
 Ahsan Khalil



Director
 Tanveer Karamat

AVANCEON

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