

AVANCEON

Tomorrow's solutions, today.



**Quarterly Financial Report
for the nine months ended
September 30, 2023**

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Company Information

Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Legal Advisor

Cheema & Ibrahim

Web Presence

www.avanceon.ae | www.avanceon.com
www.avanceon.qa | www.octopusdtl.com

Bankers

Faysal Bank Limited, Pakistan
Habib Bank Limited, Pakistan & United Arab Emirates
National Bank of Fujairah, United Arab Emirates
Habib Bank AGA, Zurich, United Arab Emirates
National Penn Bank, United States of America
Signature Bank, United States of America
Bank of Singapore, United Arab Emirates
MCB Bank Limited, Pakistan
United Bank Limited, Pakistan & United Arab Emirates
National Bank of Pakistan Limited, Pakistan
Standard Chartered Bank Limited, Pakistan
JS Bank Limited, Pakistan
Dubai Islamic Bank Pakistan
Qatar International Islamic Bank QIB,
Qatar Islamic Bank QIB, Qatar

Share Registrar

FAMCO Associates (Pvt) Ltd.
8-F, Next to Hotel Faran,
Nursery, Block-6, P.E.C.H.S,
Shahra-e-Faisal, Karachi.
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Phone: +92 (42) 111 940 940
Fax No: +92 (42) 375 151 28
Email: support@avanceon.com

Global Headquarters Avanceon Gp – Exton, Pa, Usa

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Exton, PA 19341
United States of America
Phone: +1 610 458 8700

Regional Headquarters - South Asia

Lahore, Punjab, Pakistan
The Avanceon Building
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Email: support.sea

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Regional Headquarters - Middle East

Avanceon FZE - Dubai, UAE

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Email: support.mea@avanceon.ae

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Doha, Qatar

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Phone: +974 4040 9835
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Jeddah, Saudia Arabia

In Partnership with ATCO LLC
ATCO Building Kuwait St. Faisaliyah District
P.O. Box 1298Jeddah, KSA.
Phone: +966-12-6912204 x 127
Email: support.mea@avanceon.ae

Dammam, Saudia Arabia

In Partnership with ATCO LLC
ATCO Building King Khalid Street
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Phone: +966-12-6912204 x 127
Email: support.mea@avanceon.ae

Trade Mark

AVANCEON
Tomorrow's solutions, today.

Interim Director's Report

Directors of Avanceon Limited (the Company) are pleased to present the Directors' Report for the nine months September 30, 2023.

(Rupees in '000)	For the nine months ended	
	September 30, 2023	September 30, 2022
Operating results (Consolidated)		
Revenues	8,148,635	4,613,635
Profit before tax	1,522,559	915,475
Provision for taxation	(61,576)	(84,956)
Profit after taxation	1,460,983	830,519
Operating results (standalone)		
Revenues	1,209,932	1,300,756
Profit before tax	1,118,606	1,717,329
Provision for taxation	(27,572)	(55,693)
Profit after taxation	1,091,034	1,661,636

Earnings per share (consolidated) for the nine months September 30, 2023

The basic earnings per share after tax is Rs. 3.93 (2022: Rs. 2.09 - restated)

Earnings per share (standalone) for the nine months September 30, 2023

The basic earnings per share after tax is Rs. 3.12 (2022: Rs. 4.75 - restated)

The group topline revenue recorded the highest ever number of revenue for nine (09) months ended September 30, 2023, total of Rs. 8.1billion (Rs. 4.6billion 2022), attributed mainly to the growth in Middle East. However, the standalone revenues remained almost at par with the corresponding year. The group performance in terms of financial numbers represent a strong straight-line trajectory to achieve the corporate plan for the 2023 and hence to the road to \$100m plan.

Avanceon Group typically experience lower revenues and profits in the first quarter, followed by increasing momentum in the second quarter, with the majority of order revenue recognized in the third and fourth quarters. This trend aligns with a consistent business cycle observed over several years.

Currently with US dollar stabilizing a bit and ease in import restrictions the financial year 2023 closure would be at a strong positive node. The group order generation both in Pakistan and Middle East (UAE, Qatar and KSA) is also over and above our corporate plan target 2023 which assures a hefty opening back log for 2024.

Interim Director's Report

Communication

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

October 27, 2023
Lahore, Pakistan.

For and on behalf of the
BOARD OF DIRECTORS



Bakhtiar Hameed Wain
Chief Executive Officer



Tanveer Karamat
Director

Avanceon Limited

**Condensed Standalone
Interim Financial Statements**
for the nine months ended September 30, 2023

Condensed Interim Statement of Financial Position

as at September 30, 2023

(Rupees in '000)	Un-audited September 30, 2023	Audited December 31, 2022
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital 500,000,000 (2022: 500,000,000) ordinary shares of Rs 10 each	5,000,000	5,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
376,297,850 (2022: 324,700,631) ordinary shares of Rs 10 each	3,762,979	3,247,006
CAPITAL RESERVES		
Share Premium	327,348	314,512
Employees' share compensation reserve	187,081	155,662
Surplus on revaluation of property, plant & equipment	331,422	332,208
	845,852	802,382
REVENUE RESERVES		
Un-appropriated profit	3,512,512	2,911,516
	8,121,342	6,960,904
NON CURRENT LIABILITIES		
Liabilities against assets subject to finance lease	131,701	112,707
CURRENT LIABILITIES		
Current portion of liabilities against assets subject to finance lease	57,239	40,764
Finances under mark up arrangements and other credit facilities - secured	627,158	609,997
Contract Liabilities	370,943	217,397
Unclaimed / Unpaid Dividend	152,848	176,283
Creditors, accrued and other liabilities	1,748,758	1,433,659
TOTAL EQUITY AND LIABILITIES	2,956,945	2,478,099
CONTINGENCIES AND COMMITMENTS	7	
	11,209,988	9,551,710



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khalil

(Rupees in '000)	Un-audited September 30, 2023	Audited December 31, 2022
ASSETS		
NON CURRENT ASSETS		
Property and equipment	664,094	633,475
Long term investments	1,635,721	932,140
Deposit for Long term investments	4,790,633	4,039,818
Long term loans and deposits	6,218	8,697
	7,096,667	5,614,131
CURRENT ASSETS		
Stock in trade	156,262	37,577
Trade debts	2,328,857	1,738,253
Advances, deposits, prepayments and other receivables	1,181,708	1,850,690
Contract Assets	270,102	228,416
Short term Investments	19	174
Cash and bank balances	176,372	82,469
	4,113,321	3,937,579
	11,209,988	9,551,710

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



Director
Tanveer Karamat

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

for the nine months ended September 30, 2023

(Rupees in '000)	Note	For the nine months ended		For the quarter ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Revenues		1,209,932	1,300,756	539,627	414,709
Cost of revenue		(942,275)	(869,454)	(396,175)	(277,135)
Gross profit / (Loss)		267,657	431,302	143,451	137,574
Administrative and selling expenses		(1,092,380)	(399,689)	(53,233)	(53,154)
Other charges	5	(5,207)	(6,192)	(1,888)	(3,220)
Other income	6	2,111,783	1,785,189	68,078	892,082
		1,014,196	1,379,308	12,956	835,708
Profit / (Loss) from operations		1,281,853	1,810,610	156,408	973,282
Finance costs		(163,247)	(93,280)	(87,388)	(39,314)
Profit / (Loss) before tax		1,118,606	1,717,329	69,019	933,968
Taxation		(27,572)	(55,693)	(10,531)	14,361
Profit / (Loss) for the period		1,091,034	1,661,636	58,488	948,329
Earnings / (Loss) per share - basic		3.12	Restated 4.75	0.17	Restated 2.71
Earnings/(Loss) per share - diluted		3.08	4.69	0.17	2.68

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 Khali



Director
Tanveer Karamat

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the nine months ended September 30, 2023

(Rupees in '000)	For the nine months ended		For the quarter ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Profit /(loss) for the period	1,091,034	1,661,636	58,488	948,329
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	1,091,034	1,661,636	58,488	948,329

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

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

for the nine months ended September 30, 2023

	CAPITAL RESERVES				REVENUE	Total
	Share Capital	Share Premium	Employees' share compensation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (lose)	
(Rupees in '000)						
Balance as on January 01, 2022	2,565,934	144,188	172,657	256,297	2,083,036	5,222,112
Profit for the period	-	-	-	-	1,736,812	1,736,812
Other comprehensive income	-	-	-	76,741	-	76,741
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	-	-	-
	-	-	-	76,741	1,736,812	1,813,553
Issuance of shares against ESOS	31,671	170,324	(161,377)	-	-	40,619
Transfer from revaluation surplus on account of incremental depreciation	-	-	-	(830)	830	-
25% bonus share issue for the period ended December 31, 2021	649,401	-	-	-	(649,401)	-
10% final dividend for the period ended December 31, 2021 @ Re. 1 per share	-	-	-	-	(259,761)	(259,761)
Employee share option reserve	-	-	144,382	-	-	144,382
	681,073	170,324	(16,995)	75,911	828,480	(74,760)
Balance as on December 31, 2022	3,247,006	314,512	155,662	332,208	2,911,516	6,960,904
Profit for the period	-	-	-	-	1,091,034	1,091,034
Transfer from revaluation surplus on account of incremental dep.	-	-	-	(786)	786	-
	-	-	-	(786)	1,091,820	1,091,034
Issuance of shares against ESOS	25,149	12,836	-	-	-	37,985
Employee share option reserve	-	-	31,420	-	-	31,420
15% bonus share issue for the period ended December 31, 2022	490,823	-	-	-	(490,823)	-
	515,972	12,836	31,420	-	(490,823)	69,405
Balance as on September 30, 2023	3,762,979	327,348	187,081	331,422	3,512,512	8,121,342

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

Condensed Interim Statement of Cash Flows (Un-audited)

for the nine months ended September 30, 2023

(Rupees in '000)	For the nine months ended	
	September 30, 2023	September 30, 2022
Cash flows from operating activities		
Profit / (loss) before tax	1,118,606	1,717,329
Adjustments for:		
Depreciation on property and equipment	66,482	42,445
Revaluation loss on short-term investment	3	8
Employees' share option expense	18,745	9,744
Unrealised exchange (gain) / loss	(2,101,414)	(1,641,867)
Gain on disposal of property and equipment	(1,323)	(9,144)
Finance cost	163,247	93,280
Provision for expected credit losses - long term interest free receivables	445,586	241,782
Provision for expected credit losses - contract asset	15,051	-
Provision for expected credit losses - trade debts	318,662	-
Provision for expected credit losses - advances	86,182	-
Amortization of deferred grant	-	(269)
Profit on bank deposits	(1,534)	(1,429)
	(990,314)	(1,265,447)
Profit before working capital changes	128,292	451,882
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	(118,685)	(53,269)
- Trade debts	(60,989)	(154,150)
- Advances, deposits, prepayments and other receivables	(108,107)	(490,569)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	420,844	299,761
	133,063	(398,227)
Cash generated from operations	261,355	53,656



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khalil

Condensed Interim Statement of Cash Flows (Un-audited)

for the nine months ended September 30, 2023

(Rupees in '000)	For the nine months ended	
	September 30, 2023	September 30, 2022
Cash generated from operations	261,355	53,656
Finance cost paid	(113,398)	(59,243)
Income Taxes paid	(29,319)	(20,514)
Net cash generated from operating activities	(142,717)	(79,757)
Cash flows from investing activities		
Purchase of property and equipment	(13,126)	(29,821)
Proceeds from sale of property and equipment	1,850	13,752
Paid against short-term investment	(150)	-
Profit on bank deposits received	1,534	1,429
Net change in long term advances and deposits	2,479	(6,481)
Net cash generated from / (used in) investing activities	(7,412)	(21,122)
Cash flows from financing activities		
Repayment of long-term loan	-	(17,167)
Finances under mark-up arrangements and other credit facility obtained	17,161	181,644
Proceed from issuance of shares against ESOS	25,149	31,671
Premium on issuance of shares	12,836	8,947
Dividend paid	(23,435)	(170,681)
Repayment of lease liabilities	(49,034)	(35,132)
Net cash used in financing activities	(17,323)	(716)
Net increase/(decrease) in cash and cash equivalents	93,903	(47,940)
Cash and cash equivalents at the beginning of period	82,469	111,387
Cash and cash equivalents at the end of period	176,372	63,447

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



Director
Tanveer Karamat

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

for the nine months ended September 30, 2023

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

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, 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 financial statements have been prepared under the historical cost convention unless otherwise stated in respective notes.

3.3 Functional and presentation currency

These 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.

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

for the nine months ended September 30, 2023

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 nine months ended September 30, 2023.

The following standards, amendments and interpretations are effective for the nine months ended September 30, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

Standard or Interpretation	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

- 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 financial statements other than certain additional disclosures

Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
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Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

(Rupees in '000)	For the nine months ended	
	September 30, 2023	September 30, 2022
5. OTHER CHARGES		
Donations	5,204	6,184
Fair value loss on short term investment	3	8
	5,207	6,192
6. OTHER INCOME		
Income on bank deposits	1,534	1,429
Gain on disposal of property and equipment	1,323	9,144
Exchange gain	2,101,414	1,641,866
Amortization of deferred grant	-	269
Dividend Income	-	126,024
Others	7,511	6,457
	2,111,783	1,785,189

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

- (i) There are no contingencies to report as at September 30, 2023 (2022: Nil)

7.2 Commitments

- (i) Bank guarantees issued amounting to Rs. 28.31 million (2022: Rs. 12.74 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.15.26 million (2022: 18.59) which relates to import acceptance bills.

8. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on October 27, 2023 by the Board of Directors of the Holding Company.

9. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khalil



Director
Tanveer Karamat

Avanceon Limited

**Consolidated Condensed
Interim Financial Statements**
for the nine months ended September 30, 2023

Consolidated Condensed Interim Statement of Financial Position

as at September 30, 2023

(Rupees in '000)	Note	Un-audited September 30, 2023	Audited December 31, 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital (500,000,000 (2022: 500,000,000) ordinary shares of Rs. 10 each)		5,000,000	5,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
376,297,850 (2022: 324,700,631) ordinary shares of Rs. 10 each		3,762,979	3,247,006
CAPITAL RESERVES			
Share premium		326,843	314,007
Employees' share compensation reserve		187,083	155,663
Statutory reserve		3,002	3,002
Exchange revaluation reserve		3,503,360	1,495,461
Gain on dilution of interest		631,367	631,367
Surplus on revaluation of property & equipment		331,422	332,208
		4,983,077	2,931,708
REVENUE RESERVES			
Un-appropriated Profit		5,752,705	4,869,724
		14,498,760	11,048,439
NON-CONTROLLING INTEREST			
		613,225	525,260
		15,111,985	11,573,698
NON CURRENT LIABILITIES			
Long term loans		132,576	93,537
Liabilities against assets subject to finance lease		260,824	214,082
Deferred liabilities		251,214	187,203
		644,613	494,822
CURRENT LIABILITIES			
Current portion of Long Term Loans		26,080	-
Current portion of lease liabilities		65,639	62,061
Finances under mark up arrangements and other credit facilities - secured		1,185,079	616,408
Unclaimed Dividend		189,795	215,624
Creditors, accrued and other liabilities		5,131,284	6,067,180
Contract Liabilities		4,074,598	1,739,191
Taxation-Net		80,558	76,200
		10,753,034	8,776,664
CONTINGENCIES AND COMMITMENTS			
	6	26,509,632	20,845,185

The annexed notes 1 to 8 form an integral part of these consolidated condensed financial statements.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khalil

(Rupees in '000)	Note	Un-audited September 30, 2023	Audited December 31, 2022
ASSETS			
NON CURRENT ASSETS			
Property and equipment		1,081,512	953,431
Capital work in Progress		465,816	463,990
Intellectual property	3	4,692,270	-
Goodwill		221,810	221,810
Deferred Tax Assets		15,581	15,401
Long term deposits		74,270	57,477
		6,551,258	1,712,108
CURRENT ASSETS			
Stock in trade		720,599	67,108
Trade debts		10,39,962	8,615,116
Contract Assets		4,905,366	6,638,724
Advances, deposits, prepayments and other receivables		2,030,590	956,960
Term deposits with banks		94,518	74,664
Investments in Stocks		19	174
Cash and bank balances		1,667,320	1,347,281
		19,958,374	17,700,027
Non current assets held for sale		-	1,433,050
		26,509,632	20,845,185



Director
Tanveer Karamat

Consolidated Statement of Profit or Loss (Un-audited)

for the nine months ended September 30, 2023

(Rupees in '000)	Note	For the nine months ended		For quarter ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
			Restated		Restated
Revenues		8,148,635	4,613,635	2,244,264	2,304,425
Cost of revenue		(5,764,072)	(3,348,865)	(1,569,230)	(1,773,209)
Gross Profit / (Loss)		2,384,563	1,264,770	675,034	531,216
Administrative and selling expenses		(6,298,075)	(1,024,652)	(400,996)	(402,677)
Other expenses	4	(5,207)	(7,670)	(1,888)	(4,698)
Other income	5	5,649,567	831,773	129,883	387,811
		(653,715)	(200,549)	(273,002)	(19,563)
Profit / (Loss) from operations		1,730,849	1,064,221	402,032	511,653
Finance costs		(208,290)	(148,746)	(90,545)	(65,770)
Profit / (Loss) before tax		1,522,559	915,475	311,487	445,883
Taxation		(61,576)	(84,956)	(20,877)	6,207
Income for the period from operations		1,460,983	830,519	290,610	452,089
Attributable to:					
Equity holders of the Holding Company		1,373,018	730,200	272,459	399,829
Non-Controlling Interest		87,965	100,319	18,151	52,261
		1,460,983	830,519	290,610	452,089
Combined earnings per share					
Basic		3.93	2.09	0.83	1.29
Diluted		3.88	2.06	0.82	1.28

The annexed notes 1 to 8 form an integral part of these consolidated condensed financial statements.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khali



Director
Tanveer Karamat

Consolidated Statement of Comprehensive Income (Un-audited)

for the nine months ended September 30, 2023

(Rupees in '000)	For the nine months ended		For quarter ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Profit / (Loss) for the period	1,460,983	830,519	290,610	452,089
Other comprehensive income		Restated		Restated
Exchange difference on translating foreign operations	2,007,899	1,674,059	(216,783)	910,874
Total comprehensive income for the period	3,468,882	2,504,578	73,826	1,362,963
Attributable to:				
Equity holders of the Holding Company	3,380,917	2,404,259	55,675	1,310,703
Non-Controlling Interest	87,965	100,319	18,151	52,261
	3,468,882	2,504,578	73,826	1,362,963

The annexed notes 1 to 8 form an integral part of these consolidated condensed financial statements.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khalil



Director
Tanveer Karamat

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

for the nine months ended September 30, 2023

	CAPITAL RESERVES						REVENUE RESERVES	Non-Controlling Interest	TOTAL	
	Share Capital	Share Premium reserve	Gain on dilution of interest	Employees' share compensation reserve	Statutory Reserve	Exchange revaluation reserve	Surplus on revaluation of property and equipment			Un-appropriated profits / (loss)
(Rupees in '000)										
Balance as on January 01, 2022	2,565,934	144,189	631,367	172,658	3,002	754,971	256,297	3,476,887	328,068	8,333,373
Profit for the period	-	-	-	-	-	-	-	1,977,325	81,013	2,058,337
Other comprehensive income	-	-	-	-	-	740,490	76,741	-	-	817,231
						740,490	76,741	1,977,325	81,013	2,875,568
Issuance of shares against employee share option scheme	31,671	169,818	-	(161,377)	-	-	-	-	-	40,113
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	-	-	-	(829,954)	829,954	-	-
20% bonus share issue for the period ended December 31, 2021	649,401	-	-	-	-	-	-	(649,401)	-	-
Acquisition of EPL	-	-	-	-	-	-	-	323,844	116,179	440,023
10% final dividend for the period ended December 31, 2022 @ Re 1 per share	-	-	-	-	-	-	-	(259,761)	-	(259,761)
Employee share option reserve	-	-	-	144,382	-	-	-	-	-	144,382
	681,073	169,818	-	(16,995)	-	-	(830)	(584,488)	116,179	364,757
Balance as on December 31, 2022	3,247,006	314,007	631,367	155,663	3,002	1,495,461	332,208	4,869,724	525,260	11,573,698
Profit for the period	-	-	-	-	-	-	-	1,373,018	87,965	1,460,983
Other comprehensive income	-	-	-	-	-	2,007,899	(786)	786	-	2,007,899
	-	-	-	-	-	2,007,899	(786)	1,373,804	87,965	3,468,882
15% bonus share issue for the period ended December 31, 2022	490,823	-	-	-	-	-	-	(490,823)	-	-
Employee share option reserve	-	-	-	31,420	-	-	-	-	-	31,420
Issuance of shares against employee share option scheme	25,149	12,836	-	-	-	-	-	-	-	37,985
	515,972	12,836	-	31,420	-	-	-	(490,823)	-	69,405
Balance as on September 30, 2023	3,762,979	326,843	631,367	187,083	3,002	3,503,360	331,422	5,752,705	613,225	15,111,985

The annexed notes 1 to 8 form an integral part of these consolidated condensed financial statements.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khali



Director
Tanveer Karamat

Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

for the nine months ended September 30, 2023

(Rupees in '000)	For the nine months ended	
	September 30, 2023	September 30, 2022
Cash flow from operating activities		
Profit/ (loss) before tax	1,522,559	915,475
Adjustments for:		
Depreciation on property and equipment	107,745	63,513
Exchange gain	(1,158,733)	(807,132)
Exchange revaluation reserve	(811,500)	(187,944)
Unrealised (gain)/loss on short term investment	3	-
Finance cost	208,290	148,746
Employee share option exp.	18,745	-
Provision for ECL - contract assets	3,006,921	-
Provision for ECL - trade debts	426,544	-
Gain on disposal of fixed Assets	(594)	(9,144)
Income on bank deposits	(2,960)	(6,179)
Loss on disposal of Investment	337,308	-
Written off long term receivables	-	-
Income on recognition of TM	(4,487,281)	-
	(2,355,512)	(798,139)
	(832,953)	117,336
Profit before working capital changes		
(Increase) / decrease in current assets		
- Stock in trade	(653,491)	(138,510)
- Trade debts	2,621,447	861,373
- Advances, deposits, prepayments and other receivables	(573,980)	(454,133)
(decrease) / Increase in current liabilities		
- Creditors, accrued and other liabilities	(587,545)	(257,844)
	806,431	10,886
Cash (used in) / generated from operations	(26,523)	128,222



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khalil

Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

for the nine months ended September 30, 2023

(Rupees in '000)	For the nine months ended	
	September 30, 2023	September 30, 2022
Cash (used in) / generated from operations		
Cash generated from continuing operations	(26,523)	128,222
Finance costs	(210,119)	(140,226)
Deferred liabilities	10,028	-
Taxes	133,305	(36,915)
Net cash (used in) / generated from operating activities	(93,309)	(48,919)
Cash flows from investing activities		
Purchase of property and equipment	(66,906)	(49,533)
Proceeds from disposal of property and equipment	-	13,093
Additions in intangible assets - capital work in progress	(1,827)	(47,486)
Increase / decrease in short term investments	(19,703)	303,029
Profit on bank deposit	2,960	-
Net change in long term advances and deposits	(16,793)	(17,078)
Net cash (used in) / generated from investing activities	(102,269)	202,025
Cash flows from financing activities		
Dividend paid	(25,830)	(190,808)
Issuance of shares	25,149	31,671
Premium on issuance of shares	12,836	8,947
Long term loan received / (repaid)	(31,025)	(17,167)
Finances under mark up arrangements and other credit facilities	568,671	(230,335)
Repayment of lease liabilities	(34,184)	(49,050)
Net cash (used in) / generated from financing activities	515,617	(446,741)
Net (decrease) / increase in cash and cash equivalents	320,039	(293,634)
Cash and cash equivalents at the beginning of year	1,347,281	1,312,336
Cash and cash equivalents at the end of period	1,667,320	1,018,702

The annexed notes 1 to 8 form an integral part of these consolidated condensed financial statements.



Director
Tanveer Karamat

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

for the nine months ended September 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

1.1 The "Group" consists of:

Holding Company

Avanceon Limited (AVL)

Subsidiary Companies

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

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

1.1.2 Octopus Digital Inc. registered office is 100 Redwood Shores Parkway, Suite 100 Redwood City, CA 94065. The Group holds NIL % (2022: 26.11%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, The General Partner.

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

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

for the nine months ended September 30, 2023

PO Box 15976, Fox Hills, Lusail, Doha, Qatar. The principal activity of the Company is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services.

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

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

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

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

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

2. BASIS OF PREPARATION

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. INTELLECTUAL PROPERTY

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

As a result of this disposal the company has been assigned Trademark "Avanceon", including as any right, title and/or interest Avanceon LP may have in and to the Trademark in Company's Territory, comprising of mainly of United Arab Emirates, along with any and all renewals and extensions thereof, together with the goodwill associated therewith. The total value of the Trade Mark assigned is \$15.9m based on the independent valuation carried out by Crowe Mak

Consulting an independent valuer. The valuation techniques applied includes was Income method which is commonly used method for calculating brand valuation through relief from royalty approach which is widely accepted in the industry.

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

(Rupees in '000)	For the nine months ended	
	September 30, 2023	September 30, 2022
4. OTHER EXPENSES		
Donations	5,204	7,661
Fair value loss on short term investment	3	8
	5,207	7,670
5. OTHER INCOME		
Income on bank deposits	2,960	6,179
Gain on disposal of property, plant and equipment	594	9,144
Amortization of deferred grant	-	269
Exchange gain	1,158,733	1,808,684
Other Income	4,487,281	9,049
	5,649,567	1,833,325

6. CONTINGENCIES AND COMMITMENTS

6.1 Commitments

(i) Bank guarantees issued amounting to Rs. 46.38 million (2022: Rs. 14.34 million) against the performance of various contracts.

(ii) Letters of credit includes Rs.29.34 million (2022: 18.59) which relates to import acceptance bills.

7. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on October 27, 2023 by the Board of Directors of the Holding Company.

8. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Ahsan Khali



Director
Tanveer Karamat