



AVANCEON
CONSTRUCTION & COMMERCIAL BANK

2022 **ANNUAL
REPORT**

YOUR PARTNER IN DIGITAL TRANSFORMATION

AVANCEON
Tomorrow's solutions, today.



2022 ANNUAL REPORT

From Seamless Engineering to Digital Transformation

2022 One of our key priorities in 2022 was to invest in our people and build a strong organizational culture that fosters collaboration, creativity, and agility. We implemented a range of initiatives to support the well-being and development of our employees, and we are proud to see our efforts reflected in the high levels of engagement and satisfaction among our workforce.

In addition to our internal focus, we also continued to engage with our external stakeholders, including customers, partners, and the wider community. We maintained our commitment to social and environmental responsibility, investing in initiatives that create positive impact and align with our values.

We are committed and prepared to take on this new challenge.



Welcome to Avanceon
2022 Annual Report

LETTER FROM THE FOUNDER & CEO

Dear Shareholders, Partners, Customers and Team,

Welcome to Avanceon Limited's 2022 Annual Report.

Despite the challenges posed by the ongoing economic crisis in 2022, I am proud to report Avanceon has remained resilient and adapted quickly to the changing business environment. In 2022, we faced several challenges that ranged from restrictions on LCs in Pakistan to maintain foreign reserves, rising Inflation, fluctuating fuel prices, and general uncertainty due to the conflict in Ukraine which saw the entire world economy experience sluggish growth..

The inability to access LCs in Pakistan affected our operations which resulted in delayed commissioning of projects. In spite of the struggles, Pakistan business generated over -- billion PKR of Orders in 2022. Our MENA region also fared brilliantly with US\$ -- of order generation.

The restrictions on LCs imposed by the State Bank of Pakistan had an adverse effect on our operations which directly resulted in delayed commissioning of projects. It affected our revenue bottom line for the year. However, despite all the roadblocks, Pakistan business achieved over \$18.5M in order generation in 2022. If the import restrictions were not in place 2022 would have been the best business year for Pakistan. The silver lining however is that business is not lost but overflowed into 2023 which essentially means that Pakistan business can expect a bumper year in 2023.

Our MENA region performed brilliantly with \$54M of order generation. UAE and KSA overshot their order generation targets by 10 plus percent with Qatar taking the mantle. Our Qatar operations outperformed all regions by raking in \$29.5M in order generation in 2022. I see huge potential in the MENA region and will have even better news to report next year.

We've been quite busy in 2022. From new acquisitions to enhance our product portfolio, to streamlining our operations so that we can achieve our goals, Avanceon is determined to meet commitments to its customers and shareholders. Here is a brief rundown of our activities.

Acquisition of Empiric AI

In October 2022, Avanceon Limited and Dawood Hercules Corporation Limited (DHCL) entered into a Share Purchase

Agreement to facilitate the growth and realize the true value and potential of Empiric AI. An AI-based advanced analytics solutions provider that empowers industries to improve yield, reduce costs, and improve reliability, Empiric AI and Octopus Digital are now ready to embark on an exciting collaborative business plan for industrial customers looking to launch their industry 4.0 journey. This exciting collaboration between a long-standing capital conglomerate and a new-age technology venture aims to cultivate the future of integration between industrial and entrepreneurial ecosystems. This acquisition can prove transformative for the sector helping manufacturing clients in their journey to Industry 4.0. The capability brought by Avanceon Limited and the industry knowledge of DHCL can create a cutting-edge center of excellence.

Changing of the Guard – To ensure everyone is sitting in their assigned seats as we embark on this exciting journey, in December 2022 we restructured Avanceon Limited to streamline operations. Under Tanveer Karamat's leadership, Avanceon has not only expanded exponentially but also groomed professional leadership. Now it's time that our leadership team of extraordinary talent deliver our next milestone of \$100 Million.

The role of our very own Sarmad Mehmood Qureshi and Junaid Mushtaq Paracha has been elevated. Sarmad Mahmood Qureshi will now serve as President for Middle East & Africa regions with Junaid Mushtaq Paracha as President for South Asia region. Both Presidents will be responsible for Operations, P&L, and Future Strategic Direction of their respective regions. I have seen both Sarmad and Junaid build their respective regions over the past two plus decades. I am confident they will continue their march towards our Road to 100. In addition, Tanveer and I will be part of the stewardship body to guide and advise the presidents in their new roles.

Tanveer Karamat has now been tasked to take up the charge of Octopus Digital Limited as CEO and achieve what he has done for Avanceon. He will steer growth, define future strategy to capitalize intellectual capital of Empiric AI and develop leadership to realize Octopus's true potential in the global market. I wish everyone the best for the future.

Halfway There

The Road to 100 Plan is Avanceon's strategic objective to reach \$100 Million in order generation by FY 2025. 2022 was the first year of our strategic plan. I am delighted to report that by the end FY 2022, we have achieved more than 50% of our plan and I am confident that we will outperform our targets by FY 2025.

Our priority in 2022 was to invest in our people and build a strong organizational culture that fosters collaboration, creativity, and agility. We implemented a range of initiatives to support the well-being and development of our employees, and we are proud to see our efforts reflected in the high levels of engagement and satisfaction among Avanceoners. In addition to our internal focus, we also continued to engage with our external stakeholders, including customers, partners, and the wider community. We maintained our commitment to social and environmental responsibility by investing in initiatives that create a positive impact and is aligned with our values.

In the end, I would like to thank our shareholders, partners, customers, and team for their unshakeable trust in our abilities. We will continue to make you proud.

Till we meet again.

Yours Sincerely,



Bakhtiar H. Wain
CEO & Founder



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

Saeed Ullah Khan Niazi
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

Chima & Ibrahim
Advocates and Corporate Council

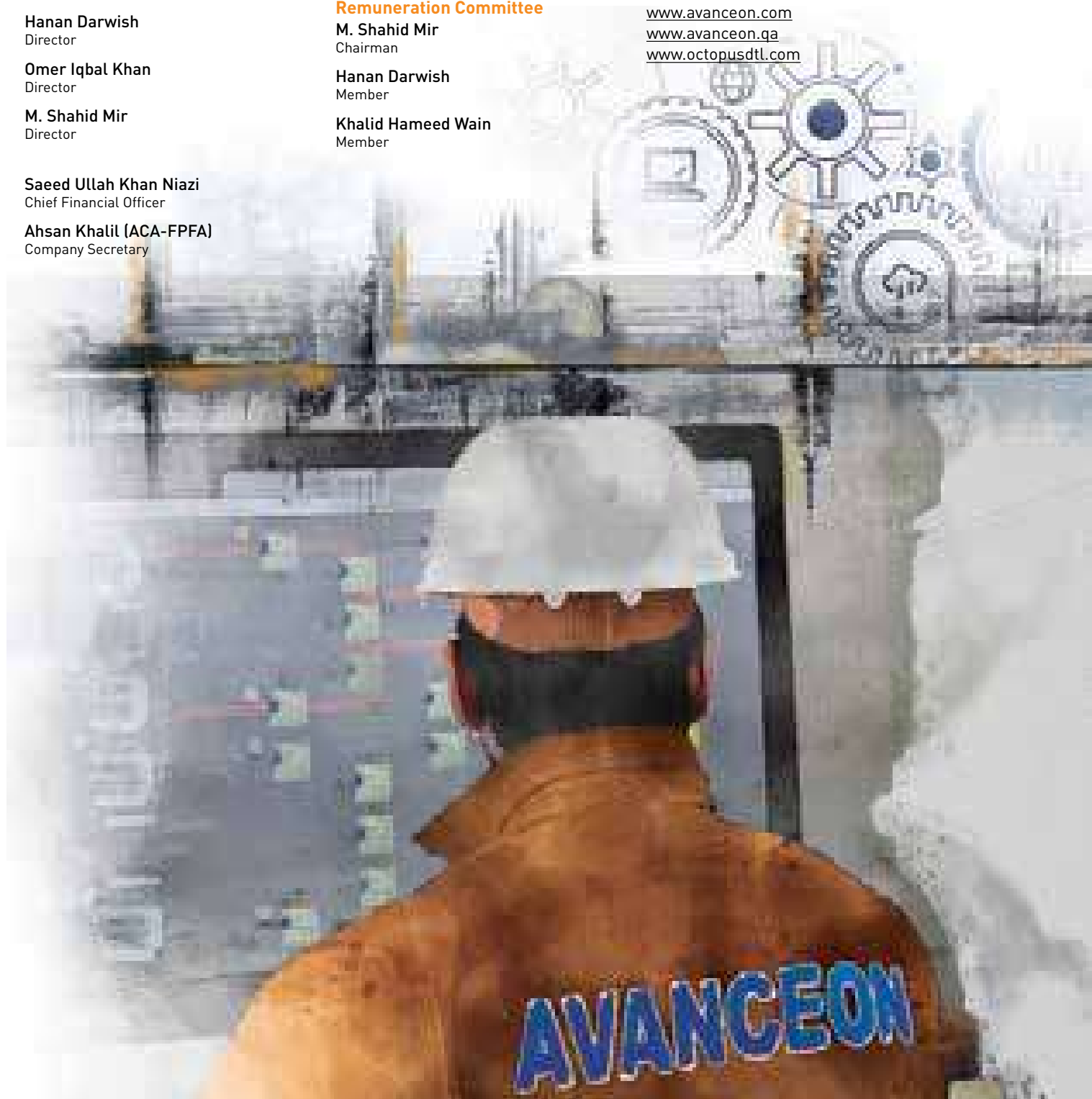
Web Presence

www.avanceon.ae

www.avanceon.com

www.avanceon.qa

www.octopusdtl.com



Bankers

Faysal Bank Limited, Pakistan
 Habib Bank Limited, Pakistan & United Arab Emirates
 National Bank of Fujairah, United Arab Emirates
 Habib Bank AG, Zurich, United Arab Emirates
 National Penn Bank, United States of America
 Bank of Singapore, United Arab Emirates
 MCB Bank Limited, Pakistan
 United Bank Limited, Pakistan, Qatar & United Arab Emirates
 National Bank of Pakistan Limited, Pakistan
 Standard Chartered Bank Limited, Pakistan
 JS Bank Limited, Pakistan
 Qatar International Islamic Bank QIIB, Qatar
 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,
 Shakra-e-Faisal, Karachi.
 Phone: +92 (21) 3438 0101-5
 Fax No: +92 (21) 3438 0106
 www.famco.com.pk

Registered Office

The Avanceon Building
 19-KM , Main Multan Road,
 Lahore 54660, Punjab, Pakistan
 Phone: +92 (42) 111 940 940
 Fax No: +92 (42) 375 151 28
 Email: support@avanceon.ae

Regional Headquarters - Middle East

Avanceon FZE - Dubai, UAE
 FZS1 BD04, JAFZA
 P.O. Box 18590
 Dubai, United Arab Emirates
 Phone: +971 4 88 60 277
 Email: support.mea@avanceon.ae

Abu Dhabi, UAE

In Partnership with Ali & Sons
 Ali & Sons Bldg.,
 Zayed 2nd Street
 P.O. Box 915
 Abu Dhabi, U.A.E.
 Phone: +971 4 88 60 277
 Email: support.mea@avanceon.ae

Doha, Qatar

Avanceon Automation Control WLL
 Office No. 12, M Floor, Al-Jaber Engg.
 HO Building, P.O. Box 15976, Fox Hills,
 Lusail, Doha, Qatar.
 Phone: +974 4040 9835
 Email: support@avanceon.qa

Jeddah, Saudia Arabia

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

Dammam, Saudia Arabia

In Partnership with ATCO LLC
 ATCO Building
 King Khalid Street
 P.O. Box 718
 Dammam, KSA.
 Phone: +966-12-6912204 x 127
 Email: support.mea@avanceon.ae

Global Headquarters

Avanceon GP – Exton, PA, USA
 300 Eagleview Blvd,
 Suite 100 Exton, PA 19341
 United States of America
 Phone: +1 610 458 8700

Regional Headquarters - South Asia

Lahore, Punjab, Pakistan

The Avanceon Building
 19-KM , Main Multan Road,
 Lahore-54660, Punjab, Pakistan
 Phone: +92 (42) 111 940 940
 Email: support.sea@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

AVANCEON
 Tomorrow's solutions, today.

BOARD OF DIRECTORS' PROFILE

BOARD OF DIRECTORS STRUCTURE & CORPORATE GOVERNANCE

Composition of Board and Directors' Independence

Implementing good governance, the Chairman of the Board is a non-executive director. The board comprises of 7 directors out of which 3 are independent / non-executive directors, and include 2 non-executive directors. The roles of Chairman and the CEO has been clearly defined and segregated. The CEO is responsible for operations of the company whereas the board performs under the Chairman.

Chairman of the Board

KHALID H. WAIN, brings over 40 years of international expertise in electrical engineering, cost engineering, project management and business strategy to the Avanceon Board of Directors. Mr. Wain is the founder of H&G Control, which he owns and operates in Canada. H&G Control designs and manufactures customized electrical control panels. He is also the co-founding partner and director of Innovative Pvt. Ltd in Pakistan. Mr. Wain graduated in electrical engineering from University of Engineering, Lahore, in 1976. His entrepreneurial acumen led him to drive business in South Asia, the Middle East, the United States and now in Canada. Khalid Wain was selected as Chairman of the Board for his international business knowledge and extensive experience of companies in the technological sector.

Directors' Profile

BAKHTIAR H. WAIN, Founder and Chief Executive Officer– brings over 30 years of exemplary leadership. An engineer with experience in leading global companies such as Exxon Chemicals, Fauji Fertilizer and ICI Ltd, he founded Avanceon in 1984 and currently holds the position of Chief Executive Officer. His entrepreneurial drive found its roots in his faith towards the educated and technically qualified human resource of Pakistan. From the onset, he wanted to build a company that could capitalize and promote this conviction globally, which he has implemented successfully ever since. Appointed CEO by the Board of Directors, he has spearheaded Avanceon towards market leadership in Pakistan and beyond. Mr. Bakhtiar Hameed Wain also serves in the capacity of Chairman of the Board of Directors of Octopus Digital Limited.

TANVEER KARAMAT, Director – brings a wealth of international business experience to Avanceon, with 20 out of 30 professional years spent selling automation solutions to the oil and gas sector. After receiving a Bachelor's degree in Chemical Engineering from the University of Pakistan he embarked on his career as an Application Engineer at Zelin Pvt Ltd in 1986. Developing his sales, management and business skills at key industry companies such as Wartsila NSD as well as Honeywell where he held the position of Country Head, Tanveer joined Avanceon in 2003 as Regional Manager. He transformed the South Region revenues in less than three years with wise strategic counsel, capitalizing on a dormant customer base and an internal reshuffle. He was promoted to GM Operations in 2006 before becoming COO in 2011. Over the past decade, Tanveer's leadership has been a major



contribution towards building value for the company. He was nominated as a member of the Board of Directors to help make informed decisions. In year 2023, Mr. Tanveer Karamat was appointed as Chief Executive Officer of Octopus Digital Limited. He now serves as non-executive director on the Avanceon Limited Board.

AMIR W. WAIN, Director – brings over 27 years of international expertise within the information technology and payments industries. Amir is founder and CEO of i2c, a global provider of payment processing and emerging commerce solutions, where he is responsible for defining the company's vision and strategic direction. After graduating from the University of Texas with a Computer Science and Engineering degree, Amir founded Innovative Private Limited in 1987. Propelled by the success of Innovative, he founded i2c in 2001 to bring next-generation processing solutions to the payments industry. Under Amir's guidance, i2c has expanded dramatically and launched a number of industry firsts which include card-linked offers, event-driven account holder communications and gift card voice personalization. Today, as market opportunities for payments & emerging commerce expand at a dramatic rate, Amir is leading i2c's continued push to innovate the enabling infrastructure and solutions that transform commerce. He was appointed to the Avanceon Board of Directors to advise on innovation and

business strategy.

MOHAMMAD SHAHID MIR, Independent Director – A senior management professional with 32 years of experience in Corporate and Commercial banking, Risk Management, Credit Administration and Trade Finance. Over the last sixteen years, Mr. Mohammad Shahid Mir has held senior positions in Wholesale Banking and Risk Management. On the business side he has a proven track record of growing business and exceeding budgets whilst ensuring portfolio health remained within accepted parameters. Mr. Mir has strong knowledge of Economy & Banking in Pakistan and the GCC region.

HANAN DARWISH, Independent Director – Hanan Darwish is a C-Level Executive Thought Leader in global energy with a history of driving growth and profitability through consult to execution approach. She is skilled in establishing and growing executive and other strategic partnerships. Her senior-level people management experience and skill in launching new sites and ventures will add value to the Avanceon Board. Hanan has previously served in senior-level strategic positions for Schneider Electric and Procter & Gamble. She is a graduate of the American University of Cairo in Human Resource Development and has a master's from INSEAD. Her expertise in leading through acquisitions and other transitions with strong change management aptitude will bring a new

perspective to the Avanceon Board. Her role within the Board will be to perform independent, quarterly, and HR policy reviews to ensure strategic decisions are aligned with Avanceon's objectives and key results.

OMER IQBAL KHAN, Independent Director – brings over 20 years of consulting and financial industry expertise, with a focus on corporate finance and business strategy. He has established networks and contacts in both corporate and financial institutions in the Middle East and North Africa region. As a business entrepreneur, he set-up AnZ Management Consulting based in Dubai, establishing and growing relationships with both corporate and financial institution clients in the Middle East and Pakistan. Omer's expertise focuses on support for M&A (buy-side and sell-side) due diligence and executions, structuring and executing corporate loans, carrying-out enterprise valuations, and building and adapting corporate business strategy. He has previously been a part of the Citi Group where he served as Head of Trade Finance and Risk Distribution. Omer has a bachelor's degree from the London School of Economics and a master's in development economics from Oxford University. Omer will bring financial perspective into Avanceon's management accounting and reporting and advise on new angles and touch areas.



CHAIRMAN REVIEW

REPORT ON BOARD PERFORMANCE

Dear Shareholder,

It gives me great pleasure to present you the Chairman's Review Report on Avanceon Limited's Board Performance for the financial year ended on December 31, 2022. During the year 2022, Avanceon continued to invest in business and solutions and as a result expanded market share. Our company formally launched our Process Business division in the Middle East, which received a positive response from our customers. We also expanded our business by partnering with a leading conglomerate in KSA, which will allow us to reach new customers and increase our revenue.

Allow me to begin with my Review Report of the Avanceon Limited's Board Performance in 2022.

Acquisition of Empiric AI

On 06 October 2022, the Avanceon Board of Directors approved and authorized Mr. Bakhtiar Hameed Wain (CEO & Founder) to enter into a share purchase agreement (SPA), under a share swap arrangement on behalf of the Company, with Dawood Hercules Corporation Limited (DAWH), for the acquisition of entire (100%) shareholding of DAWH's wholly owned subsidiary EmpiricAI (Pvt) Limited in exchange for 7,767,400 no. of shares. This transaction represented 5.68% of the paid-up capital of Octopus Digital Limited, a subsidiary of Avanceon Limited held by Avanceon Limited. EmpiricAI is an AI-based advanced analytics solutions provider that empower industries to improve yield, reduce costs, and improve reliability. This acquisition can prove transformative for the sector helping manufacturing clients in their journey to Industry 4.0. The Empiric AI product range and skill set is a perfect addition to Octopus's strategic business plan.

Launch of ESOS 5

Employees Share Options Scheme is a valuable tool for employers to attract, retain, and motivate talented employees while also providing financial benefits. In 2022, Avanceon launched ESOS 5, an Equity Based Compensation Plan by Avanceon since 2013.

Here are a few salient features of the scheme,

- 25 million shares approved by SECP for distribution. Shares Value of 25 m shares at current market price equals 2,650 million
- Maximum limit is 10% paid up capital with increase from time to time due to issuance of bonus shares. Exercise period increased to 6 months.

Mentioned below are a list of improvements from previous Employees Options Schemes Avanceon launched.

ESOS 5	Previous Schemes
Applicable from MT-1 onwards	Previously it was MT-3 onwards
Become eligible from first day of Payroll	Previously one year service was mandatory
Vesting period of scheme is 3 years	Previously it was 5 years
Exercise Period is 6 months	Previously it was approx. 2 months

Appointment of New External Auditor - The Board of Directors of the Company approved the resignation of its external auditors M/s. EY Ford Rhodes, Chartered Accountants for the year ending 31 December 2022.

In pursuant of Section 246(6) of the Companies Act, 2017, a casual vacancy has been filled by the Board of Directors of the Company and resultantly M/s BDO Ebrahim & Co. Chartered Accountants was appointed as external auditor for the year ending 31 December 2022 upon the recommendation/suggestion of the Board Audit Committee in place of M/s EY Ford Rhodes Chartered Accountants with effect from 14 October 2022 to complete the remainder term

till the conclusion of the next Annual General Meeting for 2022.

Restrictions of LCs in Pakistan – In 2022, State of Bank of Pakistan implemented restrictions on imports through LCs to control the country's foreign exchange reserves. Avanceon's project execution was severely affected as a result and mainly due to the goods and equipment cited in Chapter 84 & 85 of the July 5, 2022, vide its EPD circular 11. The goods and equipment were essential for system upgrades and Avanceon's customers, some of the biggest industrial entities in Pakistan, are relying on timely deliveries to ensure seamless production. This event played a major role in Avanceon not meeting its revenue numbers in Pakistan in 2022. I am hopeful that 2023 will bring about a friendly environment for businesses.

Disposal of Avanceon LP (USA) – Avanceon FZE withdrew its partnership interest in Avanceon LP in Pennsylvania, United States, totaling 25.056% in exchange for a payment of \$1.5 million. Avanceon will retain the rights of trademark in all territories in the world other than United States, Canada, and Mexico.

Your Company's Performance in 2022

Here is a rundown of how your company performed in FY 2022 as compared to FY 2021.

- Profit after Tax (PAT) increased by 28.6% at 2058 million PKR.
- Net Sales increased by 33.9% to 9538 million PKR and
- Earnings Per Share increased by 25% at 6.07 PKR.

The Board issued bonus shares in the proportion of 15 shares for every 100 shares held i.e., 15%.

Here is a recap of the list of Board of Directors of Avanceon Ltd:

Khalid H. Wain

(Chairman of the Board – Non-Executive)

Bakhtiar H. Wain

(Director and Chief Executive Officer)

Tanveer Karamat

(Director and Chief Operating Officer)

Amir W. Wain

(Director – Non-Executive)

Hanan Darwish

(Director – Non-Executive/Independent)

Omer Iqbal Khan

(Director – Non-Executive/Independent)

Muhammad Shahid Mir

(Director – Non-Executive/Independent)

In 2022, the Board of Directors for Avanceon Limited met on four occasions in person and online. Business decisions were taken via circulation of board resolutions. The Board carries out a review of its effectiveness and performance each year after the closure of the fiscal year, on a self-assessment basis. The overall effectiveness of the Board was assessed as satisfactory. Suitable action plans were formulated and communicated to the concerned personnel regarding areas needing improvement.

Thank you for your support.

Best Regards,



Khalid H. Wain

Chairman of the board – Non-Executive

Lahore

Dated: April 2023

THE ROAD TO 100 PLAN

Dawood Hercules Corporation Ltd (DHCL) and Avanceon Ltd (AVN) sign a share-swap Sale Purchase Agreement for underlying technology companies, kicking off an exciting and collaborative business plan

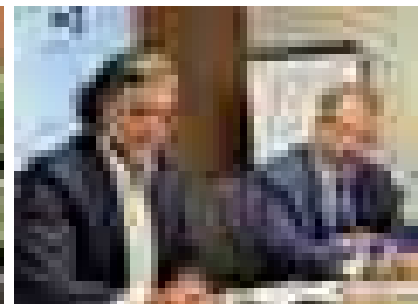
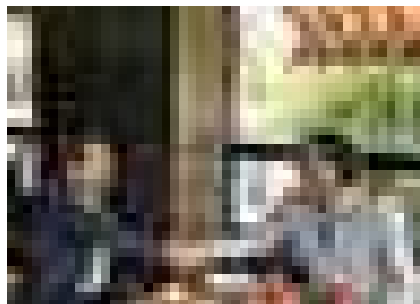
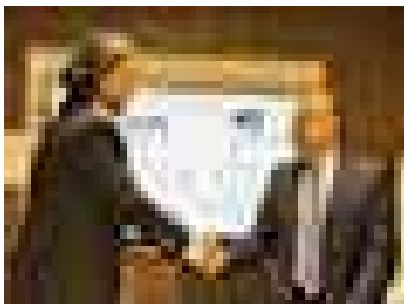
As approved by the Board of Directors of Dawood Hercules Corporation Ltd, DHCL has signed a Sale Purchase Agreement with Avanceon Ltd for the swapping of 100% of the shares of DHCL's subsidiary EmpiricAI (Pvt) Ltd in exchange for a minority stake in Octopus Digital Ltd, a subsidiary of Avanceon Ltd, subject to all necessary shareholder and regulatory approvals. This is an exciting collaboration between a long-standing capital conglomerate and a new-age technology venture, representing the future of integration between industrial and entrepreneurial ecosystems.

DHCL and AVN are entering this partnership to jointly develop their underlying technology assets, drawing from mutual expertise and synergies. EmpiricAI (Pvt) Ltd was set up by DHCL with a vision to be a leading provider of AI-based analytics solutions for manufacturing equipment, enabling industries to improve the performance of their manufacturing assets. Octopus Digital Ltd provides cloud data enablement, business intelligence and data-driven services to digitalize supply chain, manufacturing, and operational workflows. The synergy of these business models makes joint management for both assets an ideal value proposition, ultimately leading to increased value for our customers. Avanceon has built tremendous market credibility based on capability, knowledge, and customer focus while DHCL has decades of manufacturing expertise that will play a pivotal role in aligning products and services with client needs. DHCL will also as a significant minority shareholder in Octopus, occupy a position on the Board

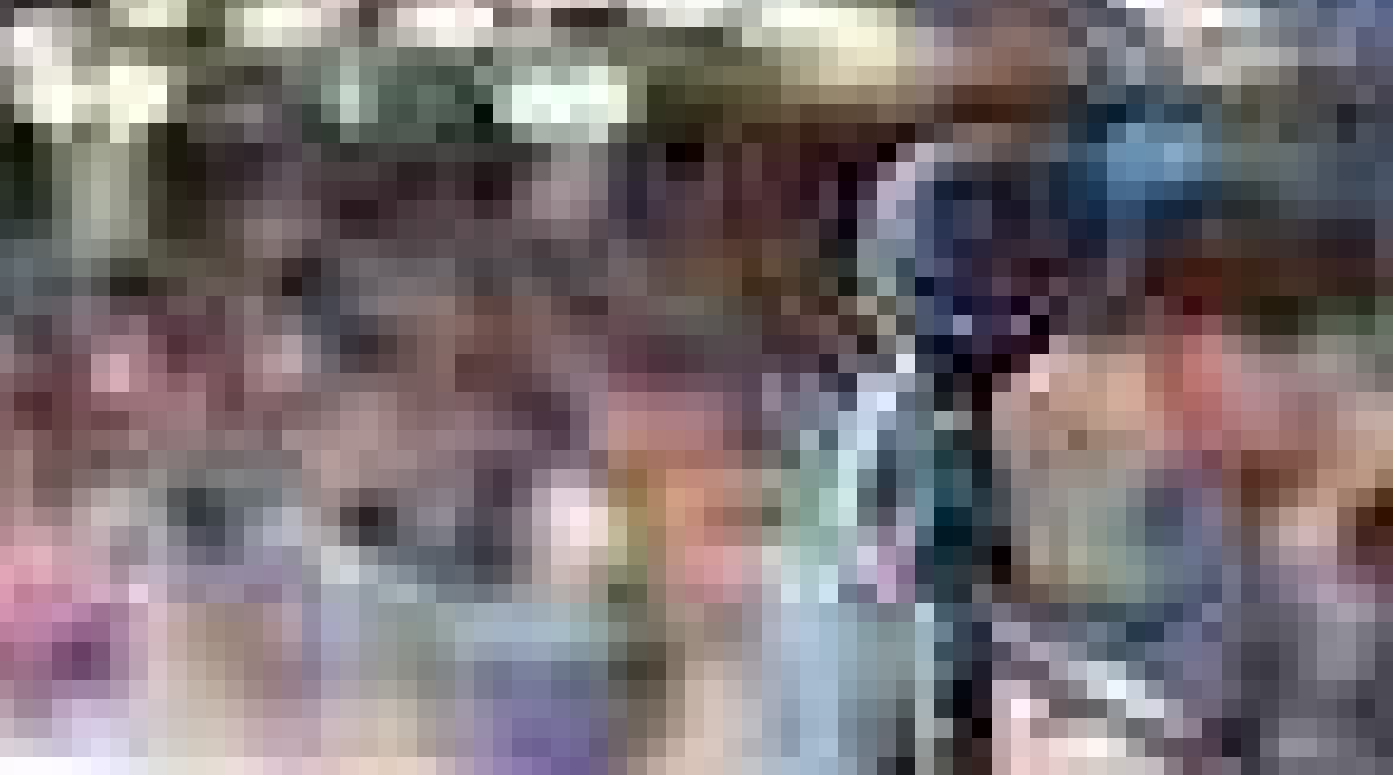
of Directors and play a role in capital stewardship and governance of the asset.

Such a partnership can prove transformative for the sector by helping manufacturing clients in their journey to Industry 4.0. The capability brought by AVN and the industry knowledge of DHCL can create a cutting-edge center of excellence. DHCL's link with Engro Corporation Ltd, one of Pakistan's leading manufacturing conglomerates, can also enable further use cases for such technology ventures as they jointly make the transition towards Industry 4.0. In any business landscape, capital, capability, and vertical knowledge are partners that create prosperity and value for all stakeholders. South Asia is already a budding success story in building globally competitive companies and exporting technology services worldwide; a deeper degree of integration among local partners can provide the necessary collaboration, discipline, and network to truly elevate our entrepreneurial companies to a global scale.

According to Shamoan Chaudry, CEO of DHCL, "We are very impressed with the leadership of Avanceon which is what excites us about the potential of this organization; they have an excellent management team in place that is more than capable of elevating EmpiricAI into the next generation of technology companies." This kind of collaboration between multi-generational investors with manufacturing expertise and technology companies could prove to be the most exciting development in Pakistan's technology ecosystem. Bakhtiar Wain, founder, and CEO of Avanceon said, "Pakistan has tremendous potential to build IPs and businesses that are globally successful. I have always believed real value for Industry 4.0 technology companies is created by bridging the divide between technology and business knowledge. This partnership with Dawood Hercules Corporation provides the best possible structure for this vision. Our team cannot wait to kick off this journey and create unmatched value for our shareholders."



NOTICE OF 20TH ANNUAL GENERAL MEETING



Notice is hereby given that the 20th Annual General Meeting of Avanceon Limited "Company" will be held on Monday, 29 May 2023 at 03:30 P.M. at Nishat Hotel, Gate No. 7, Imperial Ball Room - B, Adjacent to Emporium Mall, Abdul Haq Road, Johar Town, Lahore, to transact the following business:

A. ORDINARY BUSINESS

1. To confirm the minutes of the 19th Annual General Meeting held on 29 April 2022.
2. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 December 2022 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

As required under section 223(7) of the Companies Act 2017, Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link:

<https://www.avanceon.ae/investor-information/>



3. To appoint Auditors of the Company and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of M/s BDO Ebrahim & Co. Chartered Accountants for re-appointment as auditors of

the Company for the year ending 31 December 2023.

4. To consider and approve, as recommended by the Board of Directors, the issue of bonus shares @ 15% and pass the following resolution;

"RESOLVED that Ordinary Shares of Rs. 10/- each to be issued as Bonus Shares and that the said shares be allotted as fully paid Ordinary Shares to the Members of the Company whose names appear on the Register of Members as at the close of the business on Friday, 19 May 2023 in the proportion of 15 Bonus Share for every 100 Shares held, that is at the rate of 15%.

These Bonus Shares shall rank pari passu as regards dividend and in all other respects with the existing Ordinary Shares of the Company.

FURTHER RESOLVED

that fractional entitlements of the members shall be consolidated into whole shares and sold in the stock market and the sale proceeds shall be donated to a charitable institution.

5. To elect 07 (Seven) directors of the Company for the term of three years commencing from 29 May 2023 in accordance with the provision of section 159 of the Companies Act, 2017 and Memorandum and Articles of Association. The names of retiring Directors are as under:

- | | |
|-----------------------------|----------------------------|
| 1. Mr. Khalid Hameed Wain | 5. Mr. Mohammad Shahid Mir |
| 2. Mr. Bakhtiar Hameed Wain | 6. Mr. Omer Iqbal Khan |
| 3. Mr. Amir Waheed Wain | 7. Ms. Hanan Darwish |
| 4. Mr. Mr. Tanveer Karamat | |

B. SPECIAL BUSINESS

6. To consider and approve, in pursuant of S.R.O. 389

(I)/2023 dated 21 March 2023 the circulation of annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("annual audited financial statements") to the members through QR enabled code and weblink and passed the following resolution;

"RESOLVED that in pursuant of S.R.O. 389 (I)/2023 dated 21 March 2023 and Under Section 223(6) of The Companies Act, 2017, annual balance sheet and profit and loss account, auditor's report and directors report, etc ("Annual Audited Financial Statements") shall be circulated to the members of the company through QR enabled code and weblink.

7. To consider and if deemed fit, to pass the following resolutions as special resolutions, with or without any modifications, related to "Avanceon Limited Employee Stock Option Scheme 2022" (the ESOS 2022);

RESOLVED

that, under The Companies (Further Issue of Shares) Regulations, 2020, the grant of options equal to or exceeding (1%) one percent of the issued or paid-up capital of the company at the time of grant of options, within one year, to identified employees be and is hereby approved."

FURTHER RESOLVED

that, under The Companies (Further Issue of Shares) Regulations, 2020 the grant of options to any employee of the Company and/or its subsidiary Company(ies), be and is hereby approved."

FURTHER RESOLVED

that, Chief Executive Officer and/or Company Secretary of the company jointly and/or severally, to execute any document(s) and to take all actions necessary to give effect to the proposed resolution.

8. To consider and if deemed fit, to pass the following resolutions as special resolutions, with or without any modifications, the Company be and is hereby authorized that under Clause v(a) and Clause viii of Regulation No. 7(1) of the Companies (Further Issue of Shares) Regulations, 2020, the following amendment are being made in the Employees Stock Option Scheme 2022:

RESOLVED

that, Clause 1.1, Interpretation of Eligible Employee is hereby amended and read as follows

"Eligible Employee: Means:

- a) A full-time regular employee who is on the payroll of the company and/or its subsidiary company(ies) as an employee, (and who is admitted in the scheme by the Board).
- b) the Chief Executive officer of the company, an Executive Director who is on the payroll of the Company."

FURTHER RESOLVED

that, Clause 7.1 of Employees Stock Option Scheme 2022 is hereby amended and read as follows:

"The grant of option to eligible identified employees in any one year equal to or over 1% of the paid-up capital of the company (as increase from time to time excluding

outstanding conversions) shall require a separate resolution of the shareholders of the company.

It is also clarified that the committee, in its discretion may grant options to Eligible Employees including those presently in employment of the Company and/or its subsidiary Company(ies) and those who join in the future. Whether further options are to be granted to any such employee who has already been granted Options in any one year will also be in the discretion of the committee."

9. To consider and approve, pursuant of section 183 of the Companies Act, 2017 and subject to the grant of all approvals and consents, as required under law, Octopus Digital Inc. Pennsylvania USA (formerly Engro Innovative, Inc.), is a "Special Purpose Vehicle company" (SPV) (Invest company), a wholly owned subsidiary of **Avanceon FZE, Dubai, UAE**, which is in ultimate turn is the wholly owned subsidiary of Avanceon Limited Pakistan, which holds 25.0656% of the Limited Partnership Percentage Interest (the "Partnership Interest"), in, Avanceon LP, a Pennsylvania USA limited Partnership (the "Company"), and holds 25.0656% Percentage Interest in GP (the "**GP Interest**,"), hereby withdraw from the "Company and GP", sells, transfers and assigns to the Company, all right, title and interest in and to the Partnership Interest.

In consideration of;

- a. One Million Five Hundred Thousand Dollars (\$1,500,000) to Octopus Digital Inc. Pennsylvania USA (formerly Engro Innovative, Inc.), is a "Special Purpose Vehicle company" (SPV) and,
- b. The transfer of rights of trademark and/or service mark/brand "AVANCEON" to the holding company "Avanceon FZE, Dubai, UAE", in the territories forming part of the world other than United States, Canada or Mexico ("North America").

FURTHER RESOLVED

THAT Mr. Bakhtiar Hameed Wain (CEO) and/or Mr. Saeed Ullah Khan Niazi (CFO) and/or Mr. Ahsan Khalil (Company Secretary) be and are hereby authorized to do all acts, deeds and things, to execute such agreements, documents and papers and make any applications, including but not limited to any applications, notices, disclosures required to be filed with the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited and any other regulatory authorities, and undertake all such steps for the purposes of withdrawal, sell, transfer, dispose-off as the aforesaid officer(s) of the Company.

C. ANY OTHER BUSINESS:

10. To transact any other business with the permission of the Chair.

By Order of the Board

Ahsan Khalil
Company Secretary

Lahore | Dated: 08 May 2023

Notice of 20th Annual General Meeting

WEBLINK FOR ONLINE MEETING VIA ZOOM:

Members are encouraged to attend the AGM through video conference facility managed by the Company, follow the below link:

https://us02web.zoom.us/webinar/register/WN_luLqSqSzRsCxRd_4Y9yNbw

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address madnan@avanceon.ae. Guidance as how-to login on Zoom to attend the AGM link: <http://www.avanceon.ae/investor-relations/>

NOTES:

1. The share transfer books of the Company will be closed and no transfer of shares will be accepted for registration from Monday, 22 May 2023 to Monday, 29 May 2023 (both days inclusive). Transfer received in order at our Registrar, M/S FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi by the close of business hours on Friday, 19 May 2023 will be treated to have been in time for the purposes of entitlement of bonus shares to the transferees and to attend & vote at the meeting.
2. A member entitled to attend and vote at this Meeting shall be entitled to appoint another person, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking, and voting at the Meeting as are available to a member. Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the company.
3. Members are required to timely notify any change in their address to Company's Shares Registrar, M/S FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.

FOR ATTENDING THE SHAREHOLDERS' MEETING

1. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his/her identity by his/her Computerized National Identity Card (CNIC) or passport at the time of online registration/attending the meeting.
2. The shareholders registered on CDC are also requested to provide their particulars ID numbers and account numbers in CDS at the time of online registration/attending the meeting.
3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be provided at the time of online registration/attending the meeting.

FOR APPOINTING PROXIES:

1. In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as

per the Regulations, shall submit the duly completed and stamped proxy form accordingly.

2. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. The proxy shall provide his/her CNIC or passport at the time of online registration/attending the meeting.
5. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

STATEMENT(S) UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 AND DISCLOSURES UNDER SRO 423(I)/2018 ISSUED BY THE SECP AND DATED 03 APRIL 2018

This Statement is annexed to the Notice of the 20th Annual General Meeting of Avanceon Limited to be held on Monday, 29 May 2023 at which certain Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such special business;

1. ITEM 6 OF AGENDA

Considering the optimum use of advancements in technology and in order to fulfil the Company's corporate social responsibility to the environment and sustainability, Members approval is sought for the circulation of the Annual Report (including annual audited financial statements and other reports contained therein) to the Members of the Company through QR enabled code and weblink in accordance with S.R.O. 389(I)/2023 dated March 21, 2023.

2. ITEM 7 OF AGENDA

A separate special resolution is being passed as required under Regulation No. 7(1) v(a) of the Companies (Further Issue of Shares) Regulations, 2020, for the grant of option to eligible identified employees of the Company and/or its subsidiary Company(ies) under Employees Stock Option Scheme 2022 of the company.

3. ITEM 8 OF AGENDA

The clause 1.1, Interpretation and clause 7.1 "Grant of Options" of the Employees Stock Option Scheme 2022 is amended to include employees of the Company, its holding Company and/or its subsidiary Company(ies).

4. ITEM 9 OF AGENDA

Sr. No.	Particulars	Relevant Information
1	Detail of assets to be sold, leased or disposed of shall include the following:	
(i)	Description/Name of asset	a) 25.0656% of the Limited Partnership Percentage Interest (the "Partnership Interest"), in, Avanceon LP, a Pennsylvania USA limited Partnership. b) 25.0656% Percentage Interest in GP (the "GP Interest,")
(ii)	Acquisition date of the asset	01 February 2007
(iii)	Cost	USD 5,435,113 (net realizable cost)
(iv)	Revalued amount and date of revaluation (if applicable)	Not Applicable
(v)	Book value	USD 5,435,113 (the book value consists of investment which is executed by the holding company Avanceon FZE, Dubai, UAE
(vi)	Approximate current market price/fair value	USD 1,500,000/- (US Dollars One Million and Five Hundred Thousand Only).
(vii)	In case of sale, if the expected sale price is lower than book value or fair value, then the reasons thereof	The consideration received consist of two things; a) USD 1,500,000/- cash to Octopus Digital Inc. Pennsylvania USA (formerly Engro Innovative, Inc.), is a "Special Purpose Vehicle company" (SPV). b) The transfer of rights of trademark and/or service mark/brand "AVANCEON" to the holding company Avanceon FZE, Dubai, UAE, in the territories forming part of the world other than United States, Canada or Mexico ("North America") which is valued approximately USD 16m.
2	The proposed manner of disposal of the said assets	Withdrawal of 25.0656% interest in both "Avanceon LP" and "Avanceon GP" under an agreement and transfer of the consideration.
3	In case the company has identified a buyer, who is a related party the fact shall be disclosed in the statement of material facts	Not Applicable
4	Purpose of the sale, lease or disposal of assets along with following details:	
(a)	Utilization of the proceeds received from the transaction	Expansion in United States under the name and style of Octopus Digital Inc. for the digital drive.
(b)	Effect on operational capacity of the company, if any	No major effect on the capacity of the group as the group plan to relaunch / re-initiate the digital drive under the name and style of Octopus Digital Inc.
(c)	Quantitative and qualitative benefits expected to accrue to the members	a. One Million Five Hundred Thousand Dollars (\$1,500,000) to Octopus Digital Inc. Pennsylvania USA (formerly Engro Innovative, Inc.), is a "Special Purpose Vehicle company" (SPV).and, b. The transfer of rights of trademark and/or service mark/ brand "AVANCEON" to the holding company " Avanceon FZE, Dubai, UAE ", in the territories forming part of the world other than United States, Canada or Mexico ("North America").

Pursuant to requirements of Section 134(3) of the Companies Act 2017, the documents referred including this Agenda(s) and resolution(s) are available at the registered office of the Company and can be inspected during office hours.

SHAREHOLDERS INFORMATION

Notice is hereby given that the 20th Annual General Meeting of Avanceon Limited "Company" will be held on Monday, 29 May 2023 at 03:30 P.M. at Nishat Hotel, Gate No. 7, Imperial Ball Room - B, Adjacent to Emporium Mall, Abdul Haq Road, Johar Town, Lahore, any shareholder may appoint a proxy to vote on his or her behalf. The Proxies should be filed with the company at least 48 hours before the meeting time.

Weblink For Online Meeting Via Zoom:

Members are encouraged to attend the AGM through video conference facility managed by the Company, follow the below link:

https://us02web.zoom.us/webinar/register/WN_lulqSqzRsCxRd_4Y9yNbw

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address madnan@avanceon.ae

Guidance as how-to login on Zoom to attend the AGM link: <http://www.avanceon.ae/investor-relations/>

Major Resolution - Shareholders information

CHANGES OF ESOS SYEM AND APPROVAL OF OPTION GRANTS FOR SUBSIDIARY AND HOLDING COMPANY

1. Approval of minutes of the 19th Annual General Meeting.
2. Approval of Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 December 2022.
3. Appointment as external auditors of the Company for the year ending 31 December 2023.
4. The Board of Directors recommended 15% Bonus share issue i.e. 15 shares for every 100 shares held to the members of the company.

The share transfer books of the Company will be closed and no transfer of shares will be accepted for registration from Monday, 22 May 2023 to Monday, 29 May 2023 (both days inclusive). Transfer received in order at our Registrar, M/S FAMCO Associates (Private)

Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi by the close of business hours on Friday, 19 May 2023 will be treated to have been in time for the purposes of entitlement of dividend and bonus shares to the transferees and to attend & vote at the meeting.

5. Elect 07 (Seven) directors of the Company for the term of three years commencing from 29 May 2023.
6. Approval of circulating annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("Annual Audited Financial Statements") through QR enabled code and weblink.
7. Changes in ESOS-2022 Scheme and provision of grant of options to employee of the Company and/or its subsidiary Company(ies).
8. Disposal of 25.0656% interest of Avanceon LP, a Pennsylvania USA limited Partnership and GP, associated undertaking in Pennsylvania USA for consideration of \$1,500,000 cash to Octopus Digital Inc. Pennsylvania USA (formerly Engro Innovative, Inc.), and Avanceon brand to the holding company Avanceon FZE, Dubai, UAE, in the territories forming part of the world other than United States, Canada or Mexico ("North America").

Ownership

As on 31 December 2022 there were 11,202 holders on record of the Company's ordinary shares.

Quarterly Results

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in FY 2023 are

1st quarter	: 30 May 2023
Half yearly	: 29 August 2023
3rd quarter	: 30 October 2023

All our quarterly reports are regularly posted to Pakistan Stock Exchange, all annual/quarterly reports are also placed at the Company's website: www.avanceon.ae The Company

reserves the right to change any of the above dates.

As required under section 223(7) of the Companies Act 2017, Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link: <https://www.avanceon.ae/investor-information/>



Under Section 223(6) of The Companies Act, 2017, circulation of Audited Financial Statements and the Notice of Annual General Meeting has been allowed to be circulated in electronic format through email. The Annual Report of the Company shall be circulated via email to those shareholders whose email addresses are present in the records/database of the CDC and Share Registrar. The shareholders are encouraged to send/update their email addresses on the above-mentioned link or email or postal address. The Annual Report has also been uploaded at the Company's website www.avanceon.ae and is readily accessible to the shareholders.

All registered shareholders should send information on changes of address to:

FAMCO Associates (Pvt) Ltd.

8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi.

Phone: +92 [21] 3438 0101-5

Fax No: +92 [21] 3438 0106

www.famco.com.pk

Key Highlights

Global Presence	16
Our History	18
Financial Highlights	20

Introductory

Vision & Mission Statement	22
Profile & Group Structure	24
Message from the Presidents	26
Code of Business Conduct & Ethical Principles	28
Organizational Chart South Asia	30
Organizational Chart Middle East	32
Organizational Chart North America	34
Nature of Our Business	36
Strategic Partnerships	38
Core Competencies	41
Customer Portfolio	44
QHSE Updates	46

Corporate Governance

Corporate Governance	48
Avanceon's Whistleblower Policy - "Speak Out!"	51
Independent Auditor's Review Report	52
Statement of Compliance	53
Corporate Policies	55
Directors' Report	58

Stakeholder's Information

6 Years at a Glance	70
Analysis of Financial Statements	72
6 Years Vertical & Horizontal Analysis	76
DuPont Analysis	81
Graphical Representation 2017-2022	82
Pattern of Shareholding	87
Statement of Value Addition	93

Unconsolidated Financial Statements

Independent Auditor's Report to the Members	97
Statement of Financial Position	102
Statement of Profit or Loss	104
Statement of Comprehensive Income	105
Statement of Changes in Equity	106
Statement of Cash Flows	107
Notes to the Financial Statements	108

Consolidated Financial Statements

Independent Auditor's Report to the Members	156
Statement of Financial Position	160
Statement of Profit or loss	162
Statement of Comprehensive Income	163
Statement of Changes in Equity	164
Statement of Cash Flows	165
Notes to the Consolidated Financial Statements	166

Annexures

Definition of Glossary of Terms	216
Event Calendar of the Company	217
Directors' Report (Urdu)	225
Notice of AGM (Urdu)	231
Form of Proxy (Urdu)	232
Form of Proxy (English)	234





GLOBAL PRESENCE

Ranked amongst the Top System Integrators Worldwide, Avanceon is a Global Engineering Firm specializing in Turnkey Solutions for Automation and Control.

Affiliate Office
North America
Regional Operations Center
Exton, PA, USA

Africa
Regional Operations Center
Nigeria



+30 years
of commitment



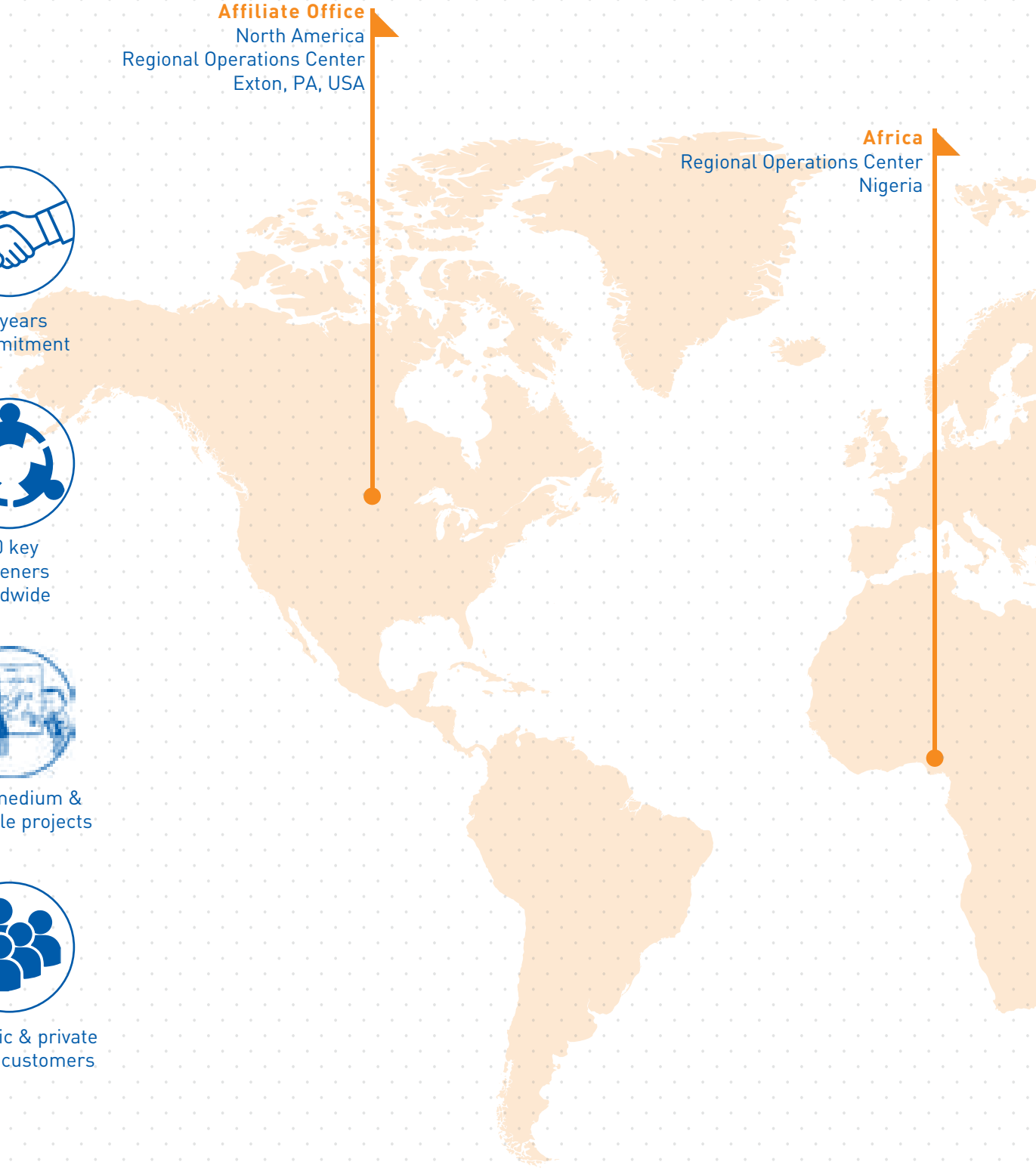
+10 key
Parteners
worldwide



+1,000 medium &
large scale projects



+150 public & private
blue chip customers





ISO 9001 : 2015
ISO 14001 : 2015
BS OHSAS 18001 : 2007



AVANCEON
Tomorrow's solutions, today.

Middle East

Regional Operations Centers
Dubai, UAE,
Doha, Qatar
Riyadh, KSA

Sutheast Asia

Regional Operations Center
Lahore, Pakistan
Karachi, Pakistan
Islamabad, Pakistan



+200
employee



+10 offices,
3 operating centers



+15 industrial
segments served



+70% control
system engineering

OUR HISTORY

Establishment of Advance Automation Associates Inc. in Exton, Pennsylvania, USA

1984

First successful implementation of EMS project
Establishment and acquisition of Innovative Automation & Engineering Pvt Ltd. by Engro from Innovative Pvt Ltd.

2003

Entrance into Middle East by Establishment of wholly owned subsidiary in UAE

2004

Incorporation of Engro Innovative Inc, USA, an investment company for strategic acquisitions in US Market
Recognition as the System Integrator of the Year by Control Engineering Magazine
Acquisition of Advanced Automation Associates, USA by Engro Innovative Inc. USA

2007

After Market Solutions launched
Naming & branding as a global company called "Avanceon"
Conversion into Public Limited Company

2008

First EMS project implemented in USA

2010

Launched in-house training including development and certification of engineers
Rolling out Carbon Credit Program

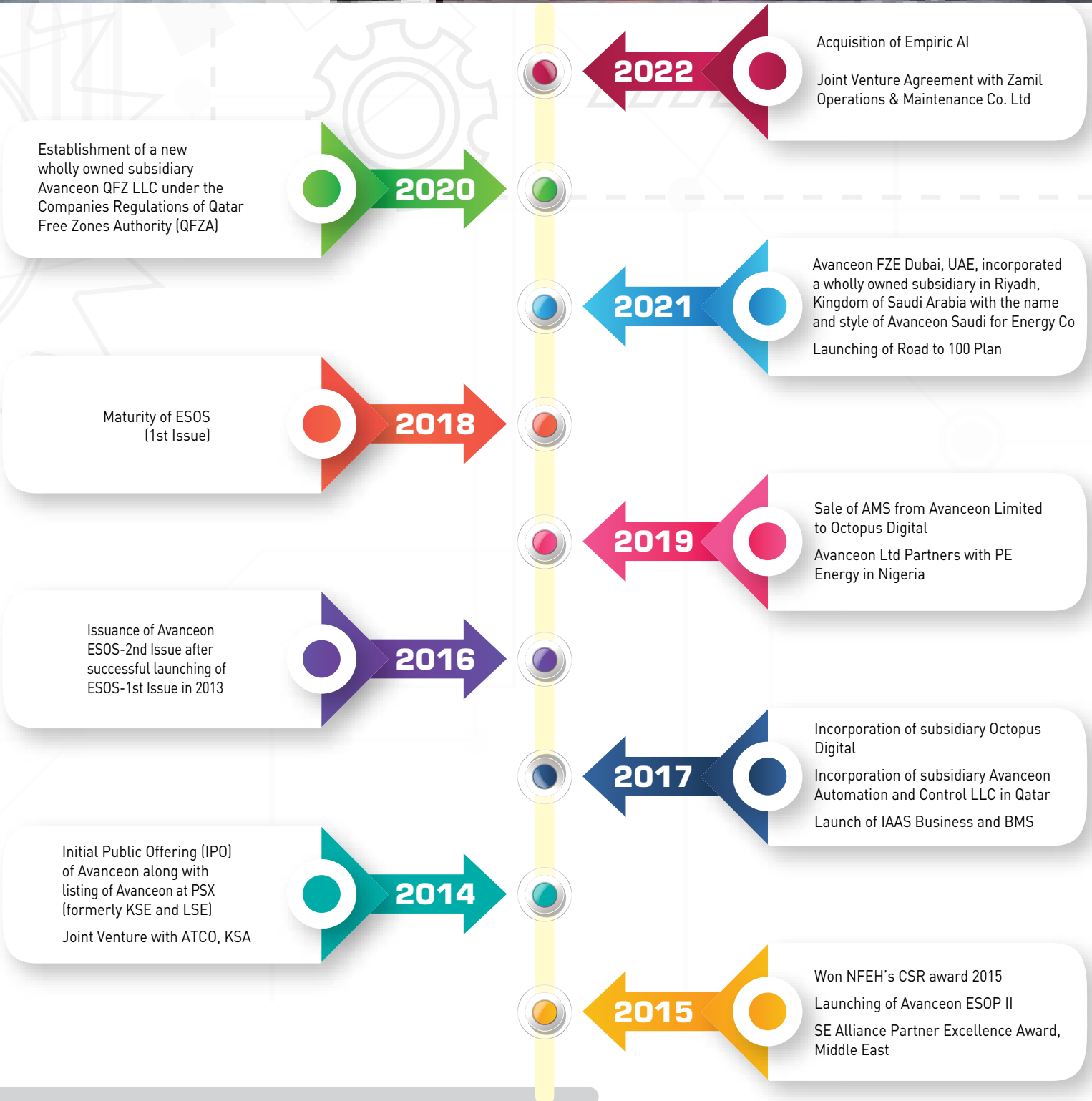
2011

The Global Restructuring Agreement with Engro Corporation

2012

Launching of Highway-50 Plan
Launching of Avanceon Employee Stock Option Scheme 1st Issue

2013



FINANCIAL HIGHLIGHTS

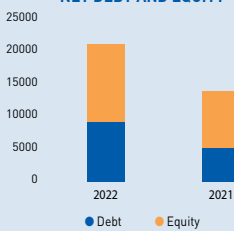
(AS AT DECEMBER 31, 2022) CONSOLIDATED



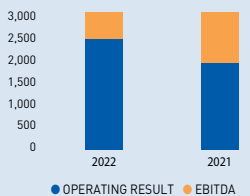
BAKHTIAR H. WAIN
Founder & CEO

As responsible stewards of our business, Avanceon continues to strive to create value and deliver sustainable solutions to our customers. 2021 has been a year of remarkable achievements and humble learnings and we will build on it for future success.

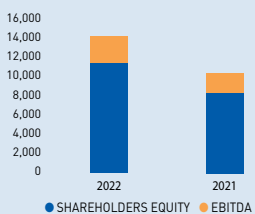
NET DEBT AND EQUITY



OPERATING RESULT AND EBITDA

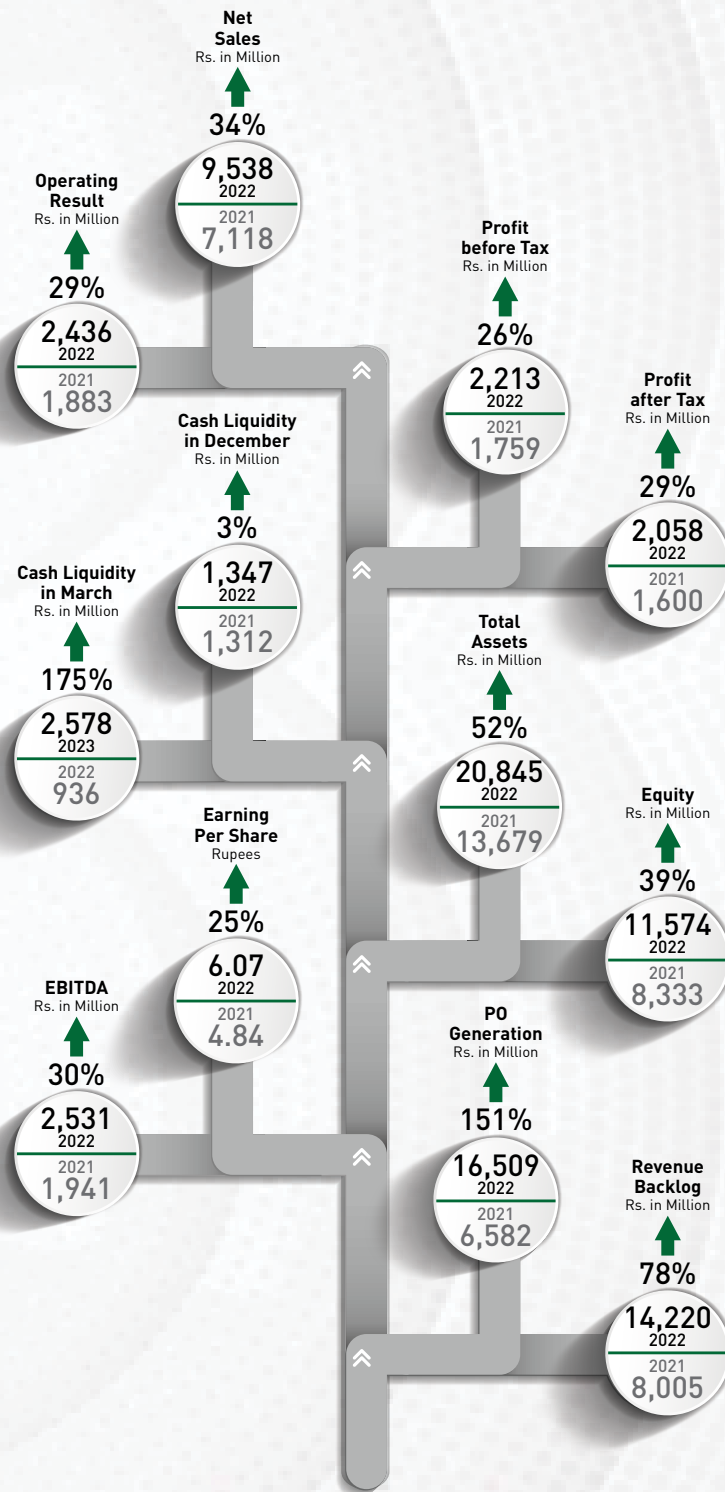


SHAREHOLDERS EQUITY AND EBITDA



FINANCIAL HIGHLIGHTS

AS ON DEC 31, 2022





INTRODUCTORY

VISION & MISSION STATEMENT

Avanceon Limited [PSX: AVN] has been in the automation business since 1984. Over the years, the Company has transformed into a 360 degree solution provider for automation, energy management, engineering services and maintenance for major blue chip companies. A certified member of the select group of Control System Integrators Association, Avanceon is also listed on the Control Engineering Magazine's System Integrator Hall of Fame.

Avanceon's values are deeply rooted within its processes and act as a guide when interacting with our internal and external stakeholders. At Avanceon, we are defined by our mission, our vision / mantra and our values.





PROFILE & GROUP STRUCTURE

CORPORATE PROFILE

Avanceon Limited [PSX: AVN] is the leading provider of industrial automation, process control and systems integration as well as proprietary energy management solutions and support services. We have a strong market footprint through our offices in Dubai, United Arab Emirates and Doha, Qatar covering the Middle East region. Avanceon also has presence in Lahore, Karachi, and Islamabad in Pakistan.

Avanceon has been in the automation business for the last 30 years and has transformed into a 360-degree solution provider for automation, energy management, engineering services and maintenance for major blue-chip companies. A certified member of the select group of Control System Integrators Association, Avanceon is also listed on the Control Engineering Magazine's System Integrator Hall of Fame. Avanceon recently expanded its footprint in the Middle East by setting up offices in Qatar and Kingdom of Saudi Arabia.

ORGANIZATIONAL STRUCTURE

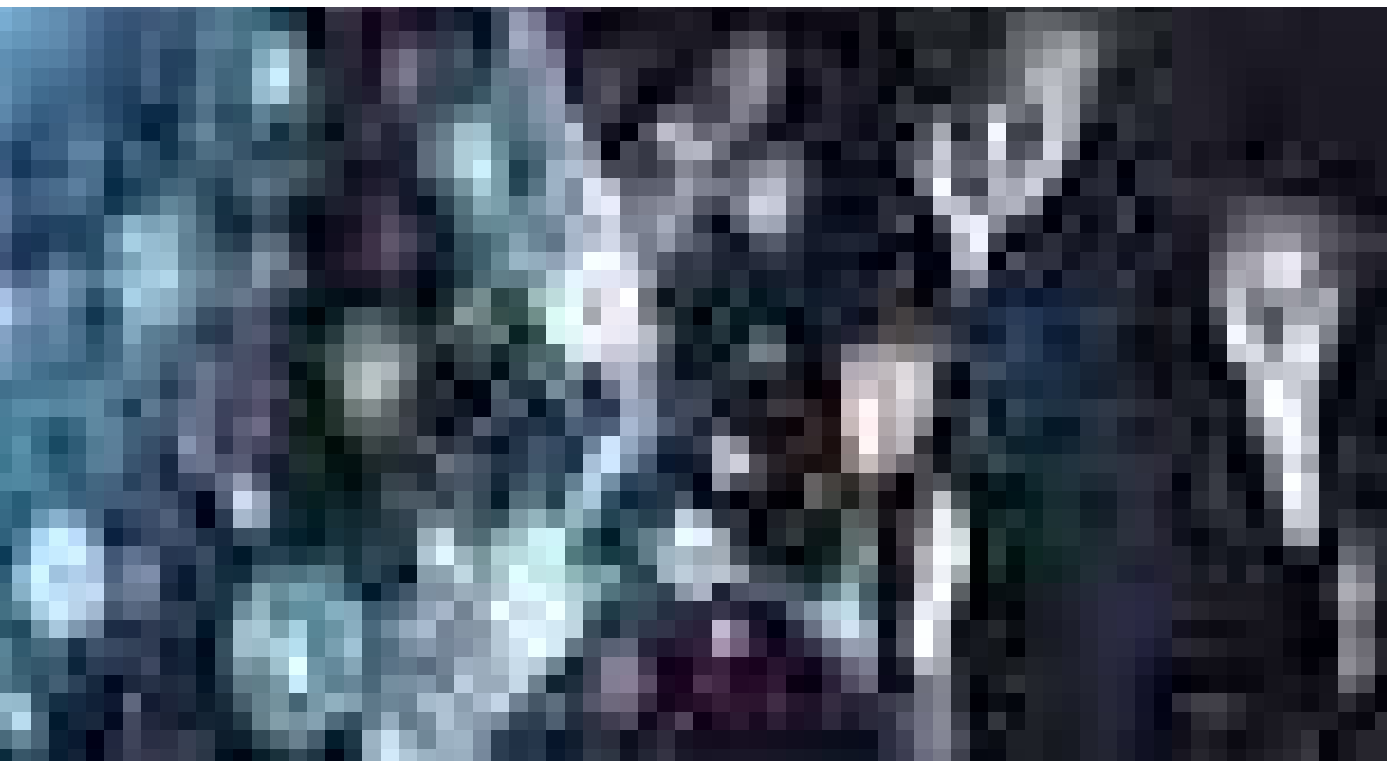
Avanceon Limited is the holding company of the Avanceon Group. Having two wholly owned subsidiaries and an associated undertaking with various branches in different regions like Pakistan, United Arab Emirates, Qatar, Kingdom of Saudi Arabia, and United States of America, Avanceon employs 200 plus highly qualified and trained resources.

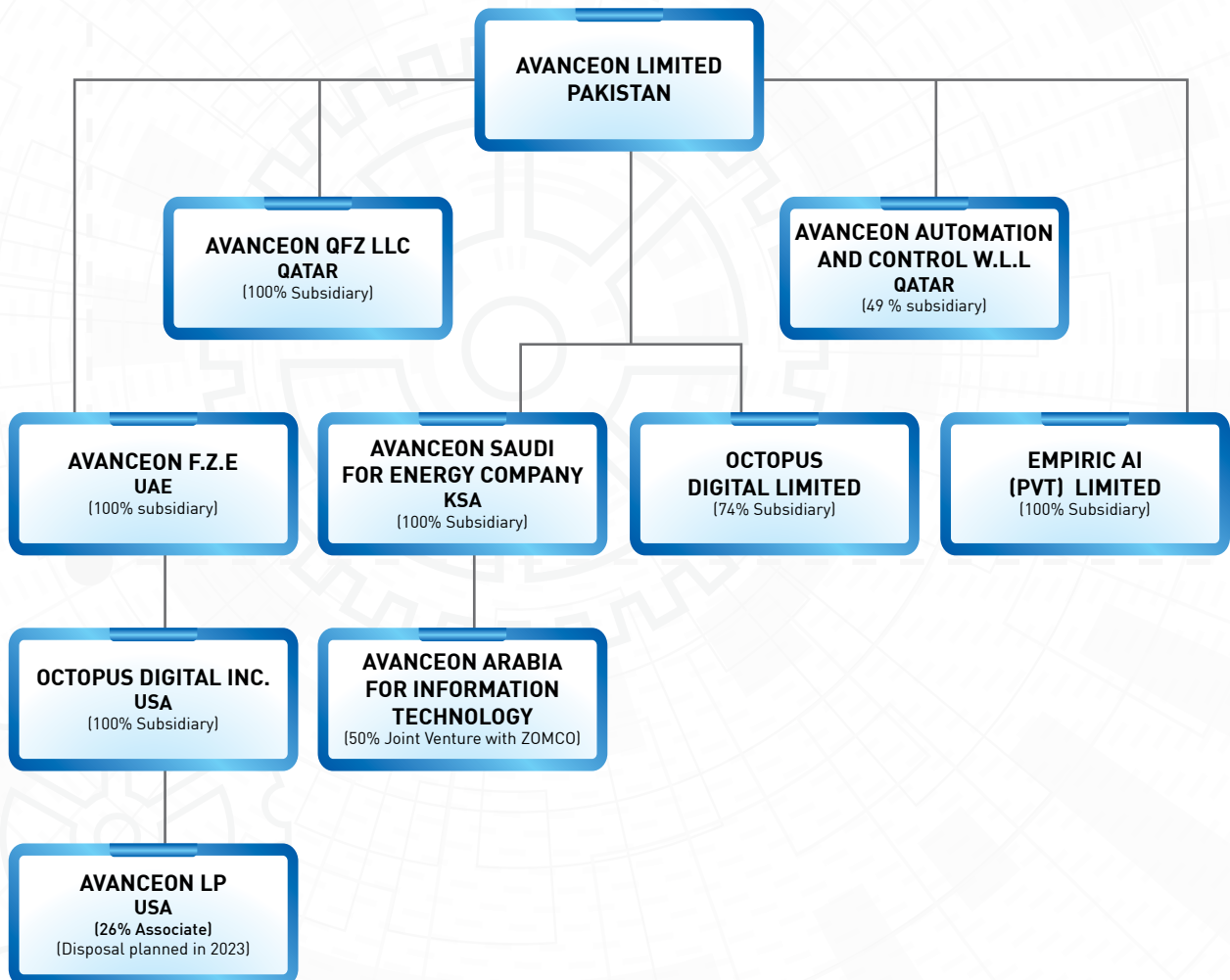
Updates in 2022:

Acquisition of Empiric AI - On 06 October 2022, the Avanceon Board of Directors approved and authorized Mr. Bakhtiar Hameed Wain (CEO & Founder) to enter into a share purchase agreement (SPA), under a share swap arrangement on behalf of the Company, with Dawood Hercules Corporation Limited (DAWH), for the acquisition of entire (100%) shareholding of DAWH's wholly owned subsidiary Empiric AI (Pvt) Limited in exchange for 7,767,400 no. of shares. This transaction represented 5.68% of the paid-up capital of Octopus Digital Limited, a subsidiary of Avanceon Limited held by Avanceon Limited.

Disposal of Avanceon LP (USA) - Avanceon FZE withdrew its partnership interest in Avanceon LP in Pennsylvania, United States, totaling 25.056% in exchange for a payment of \$1.5 million. Avanceon will retain the rights of trademark in all territories in the world other than United States, Canada, and Mexico.

Avanceon Arabia for Information Technology - In 2022, Avanceon Saudi for Energy Company, a 100% wholly owned subsidiary of Avanceon Limited, and Zamil Operations & Maintenance Co. Ltd (Zamil O&M), fully owned subsidiary of the Zamil Group, entered into a joint ventures agreement to expand project execution footprint in KSA. The joint venture agreement will be conducted through a newly formed liability company named Avanceon Arabia for Information Technology Limited.





MESSAGE FROM THE PRESIDENT

President (South Asia Region)



Dear Friends & Colleagues,

Welcome to Avanceon Limited's Annual Report for the Year 2022. This letter marks my first communication with you as the President of Avanceon Limited South Asia region. I would like to take this opportunity to express my gratitude for the confidence reposed in me to take on this challenge. My association with Avanceon dates back 25 years and I have witnessed it successfully become a multimillion-dollar business. Moving forward, our next challenge is to stay competitive and delight our customers with our innovative solutions and services.

Business Highlights in 2022

South Asia region's contribution in the Road to 100 Plan will be \$20 million in order generation by the end of FY 2025. The region closed 2022 with an impressive \$18.5 million in order generation despite tough economic and political conditions.

Uncertainty in 2022

Year 2022 was marred by economic and political uncertainty in Pakistan. In July 2022, the State Bank of Pakistan advised banks to seek prior approval from its Foreign Exchange Operations Department (FOED) for initiating import transactions. The government's plan to place restrictions on non-essential imports has severely impacted the industrial sector. Majority of equipment required by Avanceon and her customers fell under the Customs Tariff. The said goods and equipment were essential for system upgrades and Avanceon's customers, some of the biggest industrial entities in Pakistan, relied on timely deliveries to ensure seamless production. This resulted in delays in the commissioning of our projects. With a partial relaxation of restrictions by the State Bank of Pakistan in late 2022, I am confident of circumventing this roadblock by prioritizing the delivery of our projects in 2023. I am hopeful that Avanceon and many other similar entities will be able to fulfill contractual obligations, ensure seamless production, and hence deliver essential products to the public.

Streamlining for Agility

South Asia region has a dual responsibility. It is to achieve its own target of \$20 Million and simultaneously support Middle East and Africa operations through Accounting, Finance, Supply Chain, Engineering and Human Resource functions, which are primarily based in Pakistan. To ensure that the Middle East and Africa region achieve their \$80 Million target, Pakistan region will need to be streamlined and play an active role. My first order of business is to improve operations and iron out all the wrinkles through an Internal Process Improvement Drive.

Process improvement can be achieved by identifying and eliminating inefficiencies, bottlenecks, and redundancies. It can lead to a wide range of benefits, which includes increased productivity, reduced costs, improved quality, enhanced customer satisfaction, and competitiveness. It is a continuous and iterative process that requires commitment, collaboration, and a data-driven approach to achieve sustainable results. I am currently spearheading this initiative to bring our entire operations on the same page so that it reflects in every aspect of Avanceon's business. The first step is to have an

all-encompassing visibility of all our operations through connected systems and visualizations. It will help us make quick, accurate, and informed decisions and its effects will directly reflect on our bottom line.

Looking Forward

Our plan for the future for South Asia region is to grow our core business organically by 10%-15% on YoY basis across the board. This will include our retail service business, EPC Projects and Building Technologies Expansion. We plan to achieve additional growth from EPC E&I, BT Large Scale projects (Facility Management), Digital Sales, Process and Retail Internationalization.

To accomplish our goals, we as an organization will be conducting a thorough audit. Our collective aim will be to find leakages, fill them, and point every resource, effort, and initiative towards achieving our Road to 100 targets. It is imperative more than ever that we align ourselves and give our people the right tools to achieve their objectives.

The Southeast Asia region is a fertile ground for Smart Industrial Solutions and Services. I see immense potential with many untapped sectors and segments in the region, which we will be targeting aggressively over the coming years. I have a strong and experienced team with me, and I look forward to executing a long-term sustainable strategy to ensure seamless solutions for our customers and stakeholders.

In the end, I would like to thank our Shareholders, Investors and Team for their support and hard work. I am extremely excited about the future and the journey we have embarked upon together.

Till we meet again.

Yours Sincerely,

Junaid Mushtaq Paracha

President (South East Asia Region)

Avanceon Limited

MESSAGE FROM THE PRESIDENT

President (Middle East & Africa Region)



Dear Friends & Colleagues,

Welcome to Avanceon Limited's Annual Report for the year 2022.

Having been recently elevated to the role of President for Middle East and Africa region, I am both honored and feel a sense of greater responsibility on my shoulders. I am grateful for the trust and confidence placed in my abilities and will make it my top priority to improve our presence in these regions.

Business Highlights for 2022

The Middle East and Africa region's share in Avanceon's Road to 100 Plan is \$80 Million. It may sound like a tall order, but I see huge potential in these regions. So much so that we may not only reach but surpass our targets by FY 2025. In 2022, the Middle East and Africa regions closed its order generation at \$54 Million. This was despite a turbulent environment due to the Russian Ukraine conflict, fluctuating oil prices, and rising inflation index across all regions.

FIFA 2022 in Qatar

Year 2022 saw the State of Qatar host one of the most exciting and competitive FIFA World Cups in recent history. It was a groundbreaking World Cup with a Fairy Tale ending for the Argentinians and I'm glad to report Avanceon played a significant role in making sure everything went smoothly without any hitches. Avanceon teams were directly involved in the upkeep of infrastructure and transportation systems throughout the duration of the World Cup, Avanceon had her teams deployed on site to make sure all systems were in go mode. It is pertinent to mention that we have deployed state of the art Microsoft cloud-based Disaster Recovery System for the largest Command & Control Centre for the country. In conclusion, all praise should be reserved for the State of Qatar and especially the Emir Tamim Bin Hamad for his vision and fortitude in organizing the first FIFA World Cup in the Middle East.

Partnership in ZOMCO

In 2022, Avanceon Saudi for Energy Company, a 100% wholly owned subsidiary of Avanceon Limited, and Zamil Operations & Maintenance Co. Ltd (Zamil O&M), fully owned subsidiary of the Zamil Group, entered into a joint ventures agreement to expand project execution footprint in KSA. The joint venture agreement will be conducted through a newly formed liability company named Avanceon Arabia Limited. The JV will complement the companies' respective expertise and experience to Gain Ground within the system integration and automation space in the region. Our aim with this JV is to establish a focused strategy to identify and create opportunities within the Water, Transportation, and Infrastructure and Oil & Gas sectors offered by Saudi Vision 2030. We will also leverage Zamil entities to target small scale E&I projects for direct end user tendering in oil & gas, petrochemicals and govt sectors. For the interest of the audience Zamil Group is one of the largest and most diversified family-owned companies in Saudi Arabia. It was founded in 1920. It has since grown to become a global business conglomerate with a presence in more than 60 countries. The group's operations span across several industries, including manufacturing, construction, engineering, trading, real estate, and logistics. It operates through a number of subsidiaries and affiliated companies, each focused on a specific industry or business sector.

Launch of Process Business Solutions

Avanceon launched its Process Business Solutions division in 2022. It is a custom build, application driven solutions division working to deliver state of the art solutions for Oil & Gas industries. With a

geographical footprint in six countries, Avanceon Process Business Solutions will partner with reputable local and international partners to provide services to a variety of customer segments that include national oil companies, oilfield service companies, multinational companies, and process plant manufacturers. The division's tailor-made solutions will be planned and developed at its field service hub in Dubai, UAE.

Africa Business 2023

Avanceon will rely on its expansion plans in the African market, we have already initiated that in Nigeria and have signed up with a partner PE Energy Ltd and have signed up with them and opening an office and deploying a team there as well, we have further plans to explore markets like Angola and Egypt in 2023, there is a huge potential in Africa and we intend to grow our business in this region by 20M\$ by 2026.

Plans for the Future

I see huge potential for our business in all territories in 2023 and beyond. With organic growth expected in our ASI (Automation Solutions Integration) business via infrastructure & water projects due to Qatar 2030 & KSA 2030 visions. I also predict upward Investment trend to continue post FIFA 2022 in Qatar. Our strategy in 2023 will be to target direct tenders for high value and large-scale projects, develop project-based EPC JV, cross sales trainings on proven solutions, identify brownfield EPC partner, large Infra/Water projects and develop a comprehensive business plan with a cyber security partner. Our strategic initiatives will include developing an agency agreement and develop and establish process business in other territories as well. We will also deeply focus on Smart Cloud solutions and will make alliances with our new existing & new OEM partners as there is a whole new prospect in the future for this upcoming trend.

I am also working closely with our back-office teams and we are collectively working on bringing initiatives for organizational restructuring in Engineering and Support functions as well as we are improving our internal work flows for bringing change and improvements with the core premise to bring our fixed costs to an optimum levels and increasing our delivery efficiencies at the same time.

Avanceon has a proven track record of success that dates back more than two decades in the middle east region. We will now be venturing into new geographies by prioritizing innovation, substance, value in our solution and services. My team and I are determined to leave a positive impact through inspired solutions for our customers. We have a strong foundation in place, and I aim to harness it to create meaningful value for the local industry, my team, and our valuable shareholders.

Till we meet again.

Yours Sincerely,
Sarmad Mahmood Qureshi
President (Middle East & Africa Region)
Avanceon Limited

CODE OF BUSINESS CONDUCT & ETHICAL PRINCIPLES

As an ethically unyielding, proactive and sustainable business, Avanceon has always upheld high standards across all practices without needing third party monitoring. However, we are honored to have been recognized and accredited, over the years, by industry organizations of excellence.

At Avanceon, we do not compromise on business ethics and practices. Working with us implies engaging with each and every one of our core values: candor, agility, creativity, quality, teamwork, integrity and sustainability. These values define how we work and how we achieve success.

Our values also define the very foundation of our outright business conduct and ethics:



CORRUPTION AND BRIBERY PREVENTION

At Avanceon, we prohibit any form of corruption or bribery. We oppose any action that breaches anti-corruption laws of all the countries in which we operate. Engaging with us implies adhering to uncompromised integrity at all levels. This is our pledge in delivering sustainable solutions that will never undermine our reputation or the companies that we work with. The TRACE certificate is a recognition of this integrity.

- Business Ethics
- Conflict of Interest Policy
- Social Compliance Policy
- TRACE Certification

INFORMATION TECHNOLOGY & COMMUNICATIONS

At Avanceon, we are committed to delivering information transparently to protect the reputation of the company and that of the stakeholders, and to promote the integrity of the company. Regardless of the purpose of the communication, each and every employee at Avanceon is responsible for delivering our message within the provision that has been set to ensure accuracy and safeguard internal and external stakeholders. We are committed to protect our customers and employees from internal or external information security threats, whether deliberate or accidental.

- Information Security Governing Policy

EMPLOYEE EMPOWERMENT FRAMEWORK

At Avanceon, we hire highly talented, energetic and dedicated people who can make a real contribution to our continuing success. As an employer we believe that our people are our biggest asset and our greatest investment in our future, which is essential to our long-term business success.

We go the extra mile in equipping them with the skills necessary for their professional growth, recognizing them for their outstanding performance and providing them with a world class experience to deliver their best in an enabling environment.

- Employee Professional Accreditations & Certifications Policy
- Employee Stock Option Schemes

EQUAL EMPLOYMENT AND ANTI-HARASSMENT

Avanceon represents over 200 employees recruited globally, and we have always been an equal opportunity employer. We believe that everyone benefits from co- building a positive work environment. As such we have zero tolerance for any form of discrimination or harassment.

- Non-discriminatory Policy
- Social Compliance Policy
- General Working Policy

CUSTOMER CENTRICITY AND SUSTAINABILITY

Avanceon's way of expressing our commitment towards our customers is accomplished through the qualitative execution of our sound solutions and strong work ethics, which are encapsulated in our Customer Bill of Rights & our Customer Project Bill of Rights. In order to achieve sustainable growth, we

place sustainability at the center of what we do by making a positive difference in the lives of the people and communities we work with through sound and impactful investments:

- Customer Bill of Rights
- Customer Projects Bill of Rights

QUALITY, HEALTH, SAFETY AND ENVIRONMENT

Avanceon is committed to deliver excellence without impacting any employee, community, subcontractor, visitor or the environment. We maintain an agile approach to project management with a clear focus on customer delight, which allows us to provide any EPC or End-User with Tomorrow's Solutions, Today.

Avanceon's unremitting growth and development is reliant on the very highest standards and best practices translated across all of our business. Quality, Health, Safety and Environment have utmost importance in every activity Avanceon performs. This commitment allows us to exceed international and national QHSE standards on a daily basis.

- Essential Health and Safety Environment Training Policy
- ISO 45001:2018 – Occupational Health and Safety Management Systems
- ISO 9001:2015 – Quality Management Systems
- ISO 14001:2015 – Environmental Management
- CSIA:2015 – Membership

CUSTOMER BILL OF RIGHTS

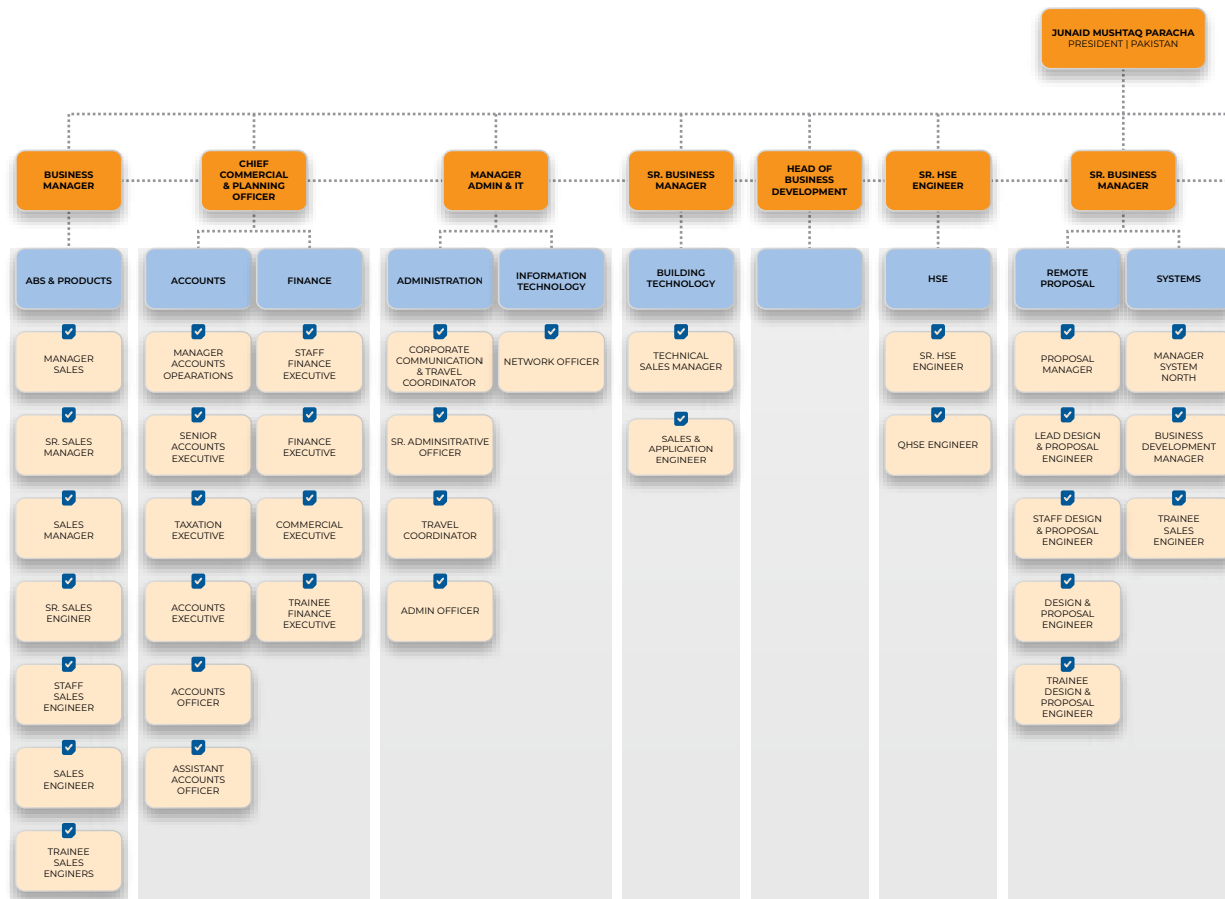
- A harmonious and professional business relationship
- A prompt and honest response to all questions
- Superior product and solution performance
- Quality supplies and materials
- Professional innovative and expert guidance
- Every Avanceon associate will manage the customer's money as they would their own
- Courteous treatment from every Avanceon employee and partner

CUSTOMER PROJECT BILL OF RIGHTS

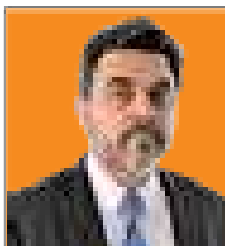
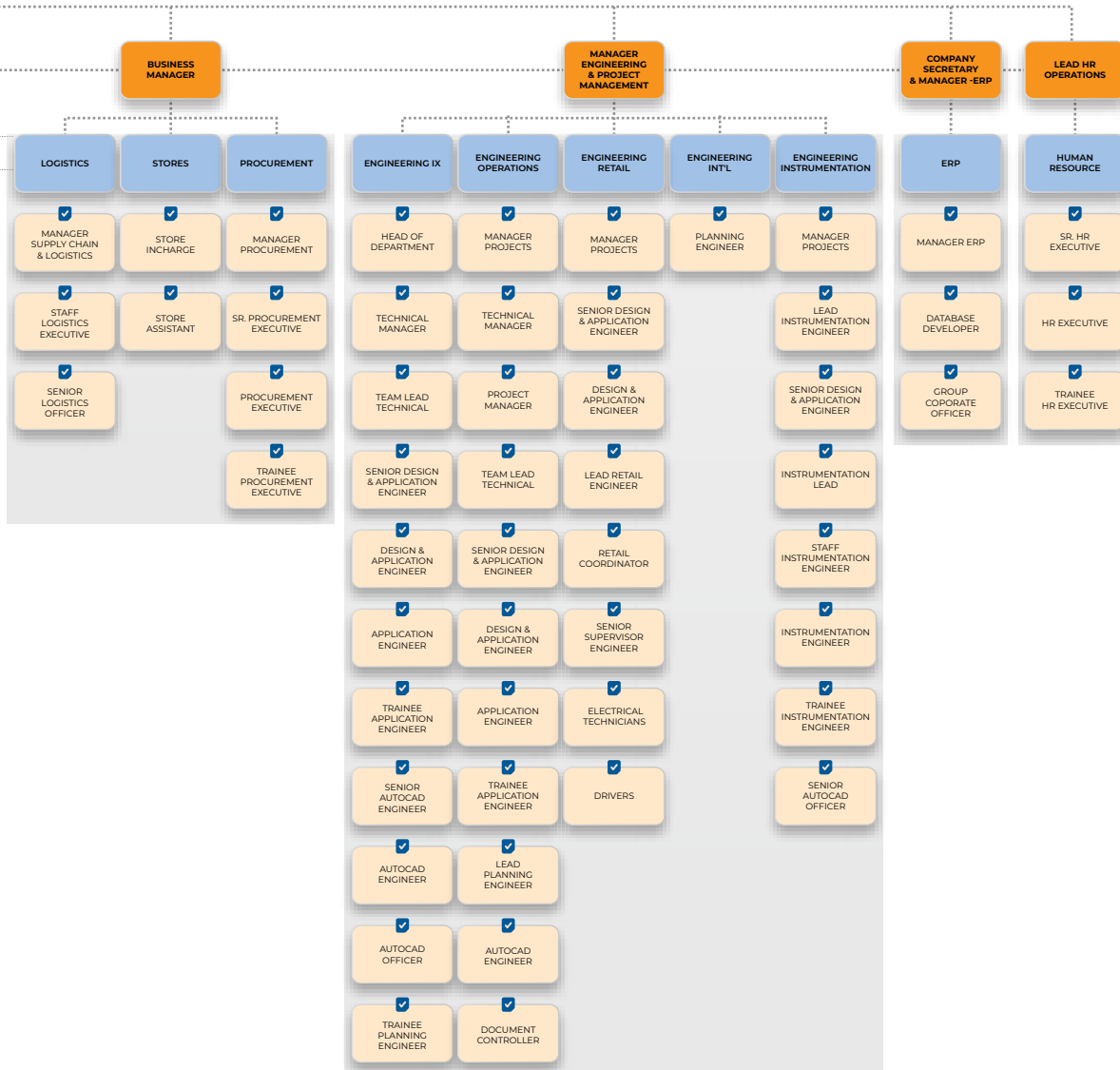
- To set and follow specific objectives for the project
- To know how long the project will take and how much it will cost
- To decide whether to include a feature
- To make reasonable changes to the requirements throughout the course of the project
- To know upfront the cost of making and implementing changes
- To know the project's status clearly, timely and confidently
- To be apprised regularly of risks that could affect cost, schedule and quality
- To be provided options for addressing potential risks
- To have access to project deliverables throughout the project
- To address system acceptance and the human side of change adoption that every project brings prior to implementation
- To have a plan and option for post project support



ORGANIZATIONAL CHART PAKISTAN

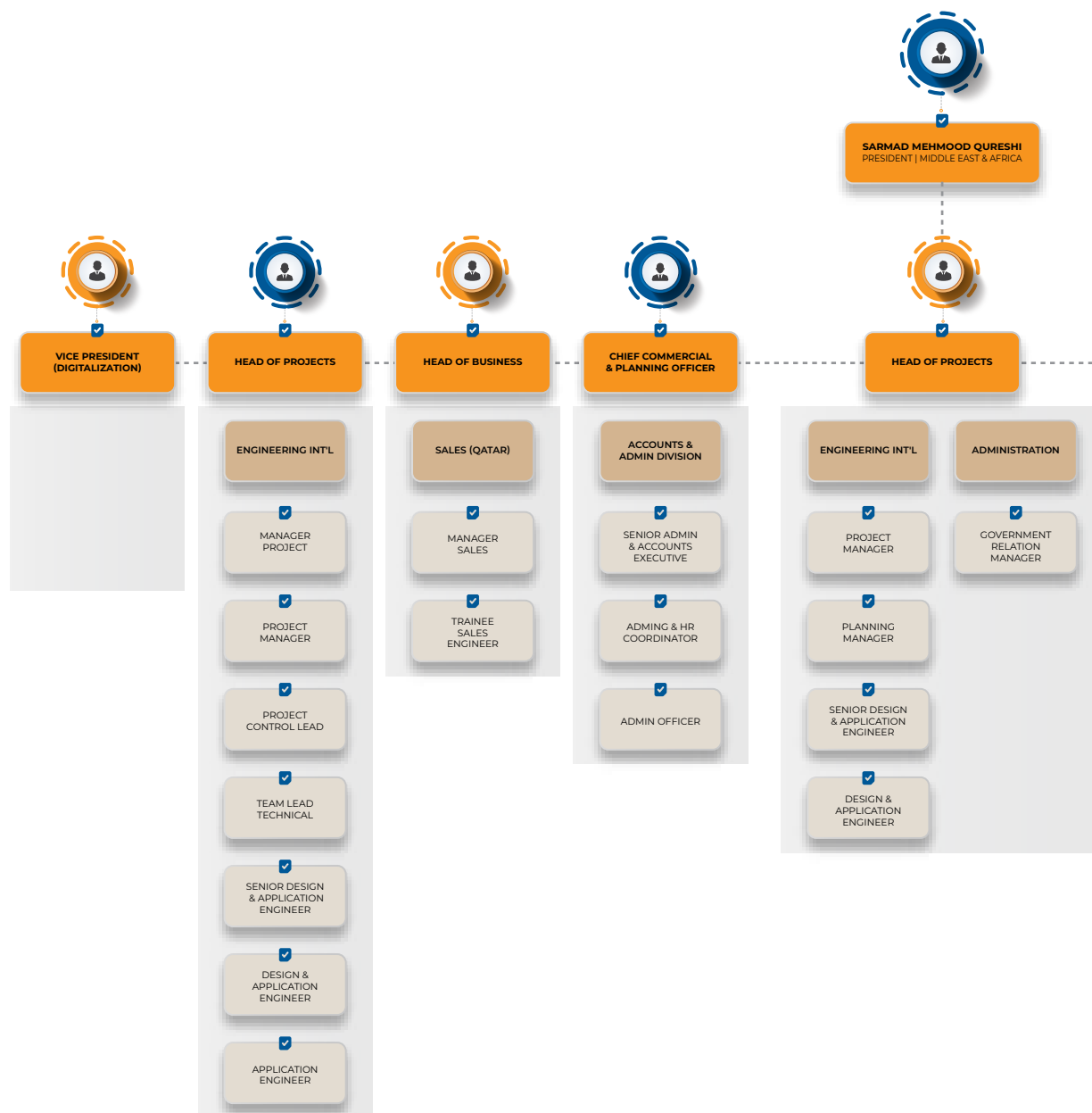


BAKHTIAR H. WAIN
Founder & CEO
 Brings 30 years of exemplary leadership. within top global companies such as Exxon Chemicals, Fauji Fertilizer and ICI Ltd. Bakhtiar founded Avanceon in 1984



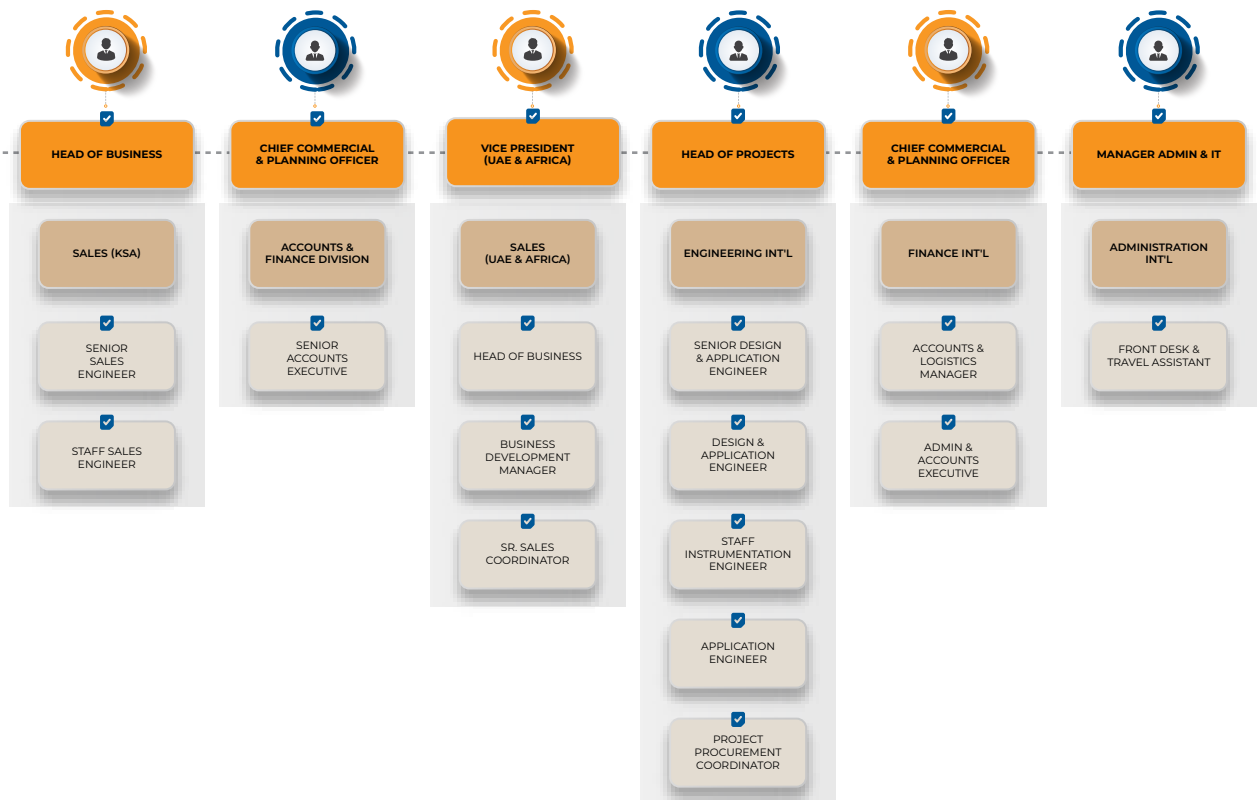
JUNAID MUSHTAQ PARACHA
President (South Asia Region)

ORGANIZATIONAL CHART MIDDLE EAST

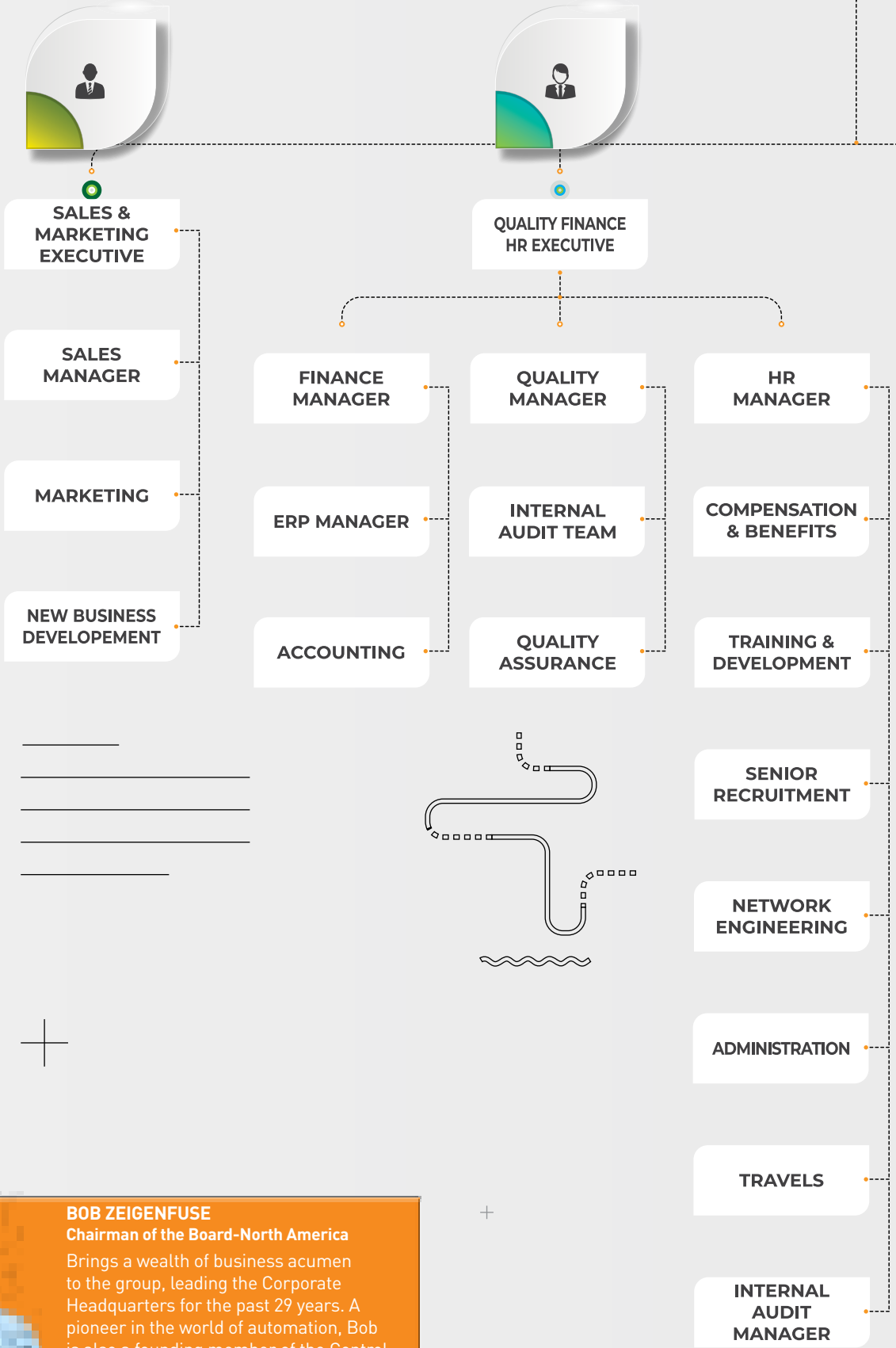


BAKHTIAR H. WAIN
Founder & CEO

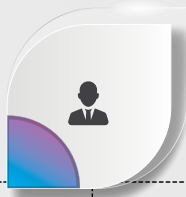
Brings 30 years of exemplary leadership. within top global companies such as Exxon Chemicals, Fauji Fertilizer and ICI Ltd. Bakhtiar founded Avanceon in 1984



ORGANIZATIONAL CHART NORTH AMERICA



BOB ZEIGENFUSE
Chairman of the Board-North America
 Brings a wealth of business acumen to the group, leading the Corporate Headquarters for the past 29 years. A pioneer in the world of automation, Bob is also a founding member of the Control System Integrators Association [CSIA]



OPERATIONS EXECUTIVE

TANVEER KARAMAT PRESIDENT

IX MANAGER

TECHNICAL LOADS (RW)

TECHNICAL

APPLICATIONS

POD-1 BUSINESS MANAGER

POD-2 BUSINESS MANAGER

POD-3 BUSINESS MANAGER

POD-4 BUSINESS MANAGER

SALES

SALES

SALES

SALES

PROJECT MANAGEMENT

PROJECT MANAGEMENT

PROJECT MANAGEMENT

PROJECT MANAGEMENT

TECHNICAL MANAGEMENT

TECHNICAL MANAGEMENT

TECHNICAL MANAGEMENT

TECHNICAL MANAGEMENT

ENGINEERING

ENGINEERING

ENGINEERING

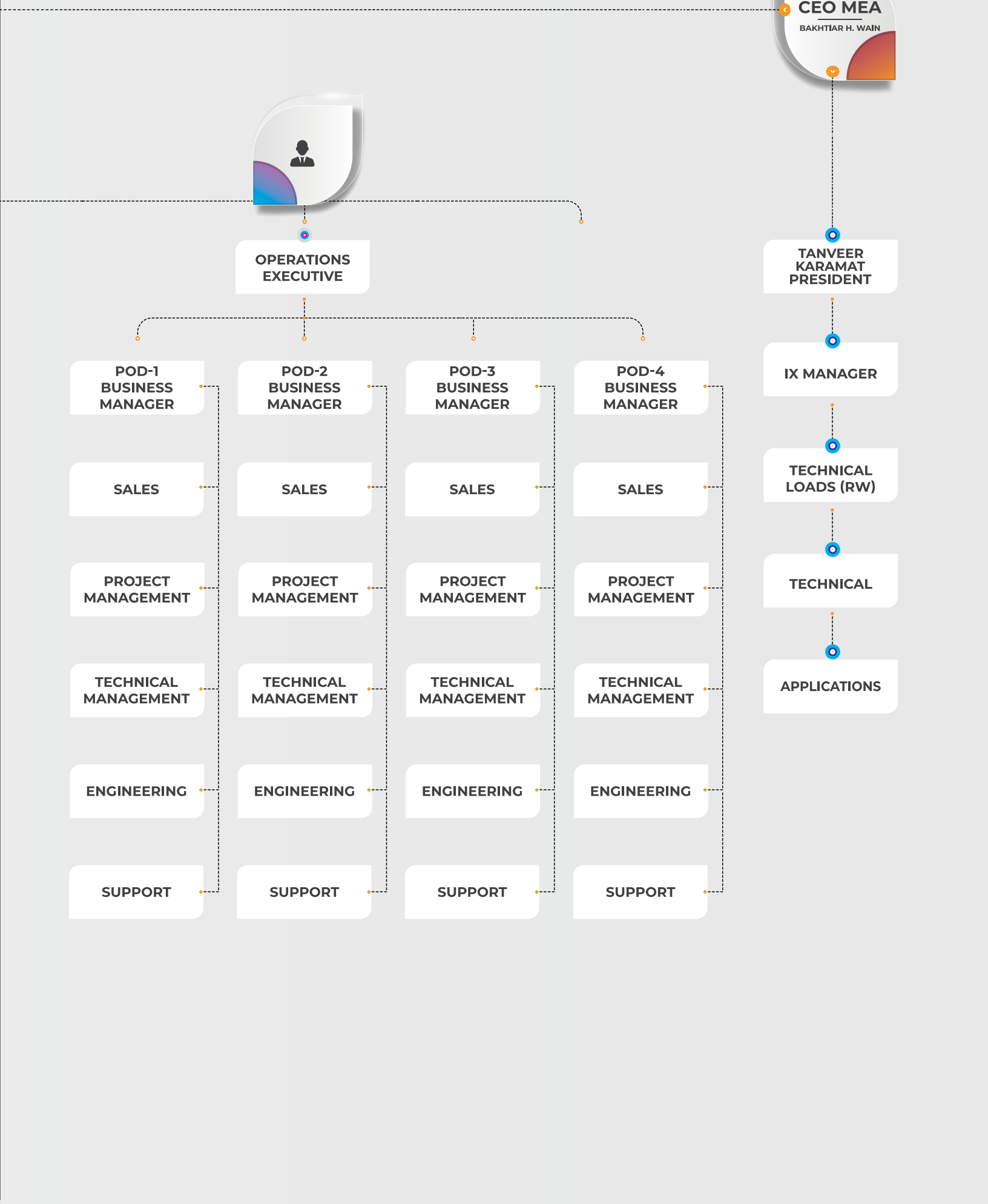
ENGINEERING

SUPPORT

SUPPORT

SUPPORT

SUPPORT



NATURE OF OUR BUSINESS

Economic Outlook of the Regions We Operate In

Business closely look at Market Conditions, Economic Trends, Risk Management, Strategic Planning and Competitive Advantage when devising future plans. Understanding the economic outlook of a region can help businesses identify potential risks and uncertainties that could impact operations.

Avanceon currently has an execution footprint in three continents. Knowing the economic outlook of these regions helps us identify their competitive advantage and adjust our operations. It is essential for business to make informed decisions, identify market opportunities, manage risks, remain competitive.

Pakistan Economic Outlook

The real GDP posted a growth of 5.97 percent in FY 2022. Still the economy is facing underlying macroeconomic imbalances and associated domestic and international risks. The economy of Pakistan rebounded from the pandemic (0.94 percent contraction in FY 2020) and continued to post a V-Shaped economic recovery which is higher than 5.74 percent recorded in last year (FY2021). External circumstances like highly transmissible Omicron, changes in Afghanistan's government after the withdrawal of US troops, Russian-Ukraine conflict are upending the global economic picture and the consequent uncertainty is considerably increased for a global economy that was still struggling to recover from COVID-19 aftermath.

On external side, the financial account is not enough to offset the current account deficit, which resulted in putting pressure on the exchange rate. For Jul-Apr FY2022, the current account deficit remained \$13.8 billion against the deficit of \$0.5 billion last year resulting in widening the Saving-Investment Gap. Due to depleting foreign exchange reserves, pressure on exchange rate is intensified.

After unprecedented heatwaves in April to June 2022, Pakistan suffered a prolonged and intense monsoon that led to the country's worst flooding in a century with glacial lakes bursting, rivers breaking their banks, flash flooding, and landslides. A post-disaster needs assessment conducted by the government and development partners, including ADB, estimated total damage and losses at more than \$30 billion and recovery and reconstruction needs at \$16.3 billion.

Oil & Gas Sector (2022)

The global economy continued its recovery path throughout much of 2022, albeit at varying levels among regions, and with a notable slowdown towards the end of the year. The Eurozone saw unexpectedly strong growth in 1H22 before decelerating in 2H22, amid rising inflation that prompted European Central Bank monetary tightening and concerns about a possible energy crunch in the winter heating season. The US economy faced challenges in 1H22, but recovered somewhat in 2H22, supported by ongoing healthy consumption levels. In the non-OECD, China's strict zero-

COVID policy has dampened GDP growth in 2022. India witnessed strong economic growth in 1H22 but decelerated slightly in 3Q22 amid high inflation levels. For 2022, world GDP growth is estimated at 2.8%.

Going forward, several challenges still lie ahead. For example, persistently high inflation may necessitate further monetary tightening measures by major central banks. Rising interest rates will be a cause for concern for countries with high sovereign debt levels. Tight labor markets, amid calls for higher wages, will add pressure, as will continued supply chain issues. However, a resolution of the geopolitical conflict in Eastern Europe and a relaxation of China's zero-COVID policy could provide some upside potential. Global GDP growth for 2023 is forecast at 2.5%.

Global oil demand growth is estimated at 2.5 mb/d y-o-y in 2022. In OECD Americas and Europe, lower-than-expected transportation fuel demand outpaced jet fuel demand recovery, leading to y-o-y growth of 1.4 mb/d for the OECD. In the non-OECD, y-o-y growth of 1.2 mb/d is expected. Renewed lockdowns in China weighed heavily on oil contraction in 2022.

For 2023, world oil demand is expected to increase by 2.2mb/d y-o-y. OECD oil demand is forecast to increase by 0.3 mb/d. This is mostly in OECD Americas, while OECD regions are not expected to see noticeable growth. In the non-OECD, oil demand is forecast to increase by 1.9 mb/d, with China and India seeing the latest growth.

As the year 2022 draws to a close, the recent global economic growth slowdown with all its far-reaching implications is becoming quite evident. The year 2023 is expected to remain surrounded by many uncertainties, mandating vigilance, and caution. This is reflected in the continued pro-active and pre-emptive joint efforts to the DoC to provide stability and balance to the global oil market, amid rapidly evolving market conditions.

Qatar Economic Outlook

The effects of the war in Ukraine on the commodity markets and of its associated economic sanctions are positive, on balance, for Qatar's economy, the largest exporter of Liquid Natural Gas in the world. That aside, preparations for the soccer World Cup, scheduled for December 2022, have intensified diversification of the country's economy, and bolstered non-oil activity despite the COVID-19 pandemic. Overall, however, Qatar's hydrocarbon dependence is likely to expand this decade, as its North Field facilities begin production. The possibility of new outbreaks of COVID-19, a spike in consumer price inflation, and rising US interest rates are likely to be modest downside risks given Qatar's high vaccination rates and sizeable sovereign financial wealth and reserves.

Economic recovery is well underway and, despite temporary interruptions from COVID-19, real GDP grew by 3.0% in 2021, versus a 3.6% contraction the previous year, rebounding in the second quarter of 2021 at an annualized



rate of 4% and remaining positive in the third quarter. The Purchasing Managers' Index (PMI) stayed above 50 for all of 2021, reflecting economic expansion that reached a highpoint of 63 in November and has been above 57 ever since. Google mobility data experienced a short-lived dip during the most recent surge of the virus, but retail and recreation, and transit station and workplace mobility, recovered in February 2022 to pre-pandemic levels.

United Arab Emirates Outlook

The United Arab Emirates (UAE) led the world in terms of its high vaccination rates against COVID-19, which, together with the gradual phasing out of OPEC+ oil production cuts and monetary and fiscal stimulus packages, led it to make a strong economic recovery in 2021. In the medium-term, the recovery will be bolstered by higher oil prices, triggered by the economic consequences of the war between Russia and Ukraine and its associated sanctions. The UAE authorities continue to make progress on fiscal and economic diversification. Risks include new coronavirus outbreaks, tightening global financial conditions, and oil sector volatility.

Real GDP growth is estimated at 2.8% in 2021 following a contraction of 6.1% in 2020. Economic recovery has been aided by a successful vaccination program and fiscal and monetary stimulus measures that helped a rebound of domestic consumption. Dubai's quarterly GDP registered a growth of 6.3% (y-y) in Q3-2021. Hotel occupancy in Dubai increased, mostly because of the resumption of international travel. The Purchasing Manager's Index (PMI) for October 2021 registered its highest reading since June 2019, with its score of 55.7 supported by increased activity related to Dubai's Expo 2020 and the loosening of COVID-19 restrictions. Economic recovery is expected to strengthen in 2022, despite the short-term dampening of buoyant sentiment due to the Omicron variant, as indicated by a slight dip in January's PMI. The hydrocarbon sector also gathered pace as OPEC+ production quotas were eased; oil production went up by 8% in Q4-2021 compared to Q2-2021. The health situation improved in February 2022, with new COVID case falling below 800 a day (on a 7-day rolling average basis) for the first time since 2020, and over 95% of the population is fully vaccinated.

KSA Economic Outlook

After registering a stronger-than-expected recovery in 2021, the Saudi Arabian economy is on an accelerated path to growth in 2022, driven by higher oil prices and non-oil activities, as oil production strengthens and pandemic

pressures fade. Saudi Arabia's direct trade with Russia and Ukraine is limited. Economic fallout on the oil markets from the war in Ukraine has strengthened Saudi Arabia's medium-term fiscal and external outlooks. Any new COVID-19 variants, tighter global financial conditions, and volatile oil prices are key risks.

Saudi Arabia continues to successfully control adverse impacts of the pandemic despite experiencing an outbreak of the Omicron variant at the end of 2021. With high vaccination rollout reaching 68% of the population, from January 2022 new cases were on a downward trajectory. Globally, Saudi Arabia continues to assume its pivotal role, under the OPEC+ structure, in resolving oil market imbalances through monthly oil production cuts of 0.4 mbpd, which started in July 2021.

Growth is expected to accelerate to 7% in 2022 before leveling out at 3.8% and 3.0% in 2023 and 2024, respectively. Stronger oil output is the main driver behind the recovery, which is expected to grow by 13% in 2022 following the end of the OPEC+ production cuts in December 2022. The non-oil sector is expected to continue its trajectory for growth, estimated at 4% in 2022 and 3.2% in the medium-term. Despite headwinds from tighter fiscal and monetary policies in the medium-term, stronger private consumption is anticipated, as well as an increase in religious tourism and higher domestic capital spending—signalled through the PIF and other state agencies. Headline inflation is projected to slow and hover at about 2% in 2022 as result of a stronger US dollar, against which the Saudi Riyal is pegged, and tighter monetary policy.

Disclaimer: The views and analysis expressed in this section are extracted from news outlets and researched reports. Respective links are mentioned below for your consideration.

1. https://www.finance.gov.pk/survey_2022.html
2. <https://www.worldbank.org/en/country/saudi-arabia/publication/economic-update-april-2022>
3. <https://www.worldbank.org/en/country/gcc/publication/economic-update-april-2022>
4. <https://www.adb.org/news/adb-approves-flood-ssistance-package-pakistan>

STRATEGIC PARTNERSHIPS

From access to new markets to shared expertise and brand enhancement, there are many potential benefits of strategic partnerships, which are collaborations between two or more organizations with complementary strengths and goals.

Here are a few highlights from the Year 2022 -

AVEVA SELECT – AVEVA

Select Gulf praised Avanceon's ITS Road Tunnel Project for a Major Public Works Authority in the Gulf Region in its Partners Beats Newsletter. Avanceon is a Strategic System Integrator for AVEVA delivering State of the Art Infrastructure solutions to Municipalities in the Middle East. Avanceon Delivers Innovative Solutions and Services by Partnering with Top Industry Tested OEMs ensuring Best in Class Solutions and Services to Improve Efficiency and Productivity.

SPXFLOW BRAN+LUEBBE

Avanceon Signed a New Distributorship Agreement with SPX FLOW, Inc.. Avanceon FZE will Serve as Authorized Distributor for Bran+Luebbe Original Equipment, a Key Brand of SPX FLOW. Bran+Luebbe provides reliable process equipment from metering pumps, process pumps, chemical injection apparatus, processing systems and multi-stream analyzing equipment, plus static and dynamic mixers. An integral part of SPX FLOW, Bran+Luebbe serves a broad array of key industry sectors - including pharmaceutical, oil & gas, petrochemical, water treatment, chemical, paper manufacture, food/beverage production and utilities.

SIEMENS

Avanceon received recognition by Siemens on its Partner Day 2022 in Saudi Arabia. Siemens awarded Avanceon in Business Growth System Integrator and Regional Partner Network categories for its Digital Industries domain. Siemens Partner Day is an Opportunity to Network, Appreciate, Exchange Experiences and Overcome Challenges together. Avanceon has previously partnered with Siemens on a number of Critical Projects. Avanceon and Siemens is currently engaged in mega infrastructure projects in Pakistan and KSA.

Avanceon partners with world class OEMs to create value for industries all over the world. Here is a list of partners Avanceon collaborates with.

ROCKWELL AUTOMATION [NYSE: ROK]

Avanceon has functioned as the Recognized System Integrator of Rockwell Automation since 2007 both in the Middle East (ME) and in South Asia (SA). In SA, they act as the sole official Value-Added Reseller [VAR], Authorized Vendor, as part of their Partner Network for the leading automation Original Equipment Manufacturer (OEM). Avanceon is the sole CSIA certified member of the Rockwell Automation's Recognized System Integrators in the Middle East.

SCHNEIDER ELECTRIC [EPA: SU]

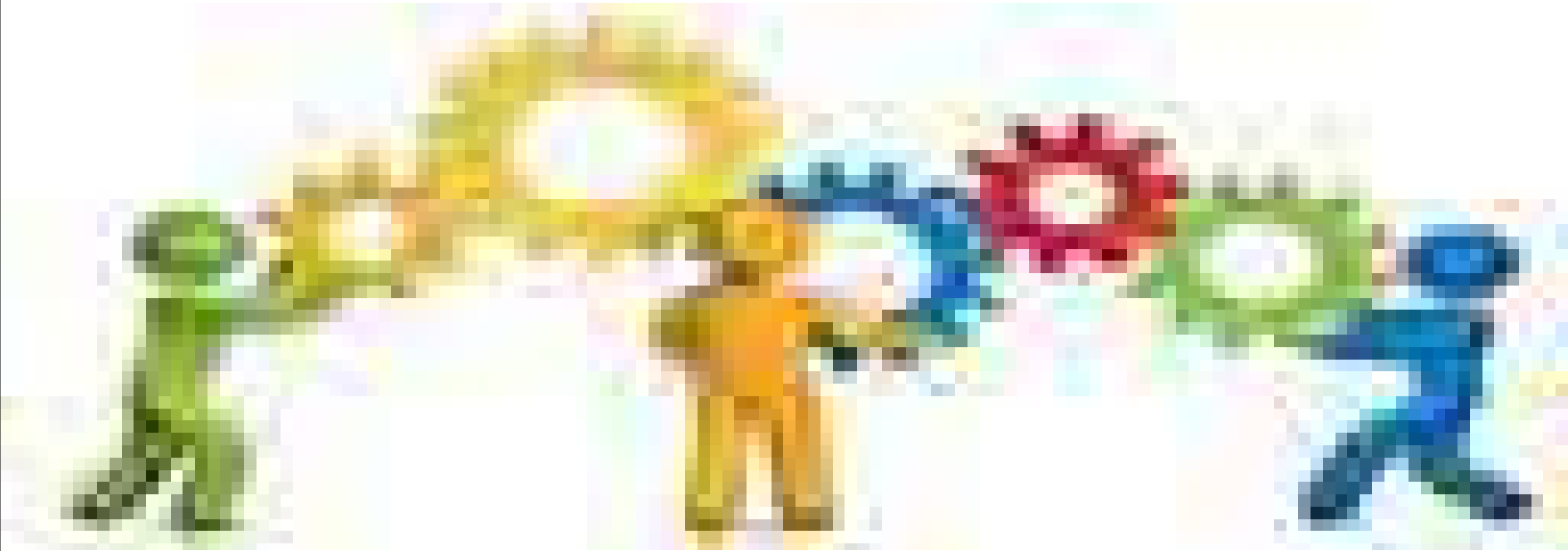
Since 2019, Schneider Electric has recognized Avanceon as its preferred Alliance System Integrator Partner for Water & Wastewater Projects in Middle East & Africa. Avanceon has been certified at Control System & SCADA levels for this elite program. Schneider Electric's Alliance Integration Partnership Program is a strategic combination of innovative technology, domain expertise, and select system integrator partners, coupled with a solid interoperable architecture which ensures maximized performance, increased profitability, and timely delivery of projects. Avanceon is also a Schneider Wonderware Endorsed SI as well as certified System Integrator.

SIEMENS [EXTRA: SIE]

Partnering with Siemens, Avanceon aims to expand its system integration capabilities by providing a complete suite of building technologies. The technologies would include access control, video surveillance, lighting control and other smart technologies.

WEG - WEG

and Avanceon joined hands a decade back in South Asia, most specifically in Pakistan. The Brazilian OEM's motors currently lead the market, most specifically within the sugar sector. Avanceon expertise combined with their technology has ensured a decade long relation of trust and mutual success.



BELDEN

Avanceon is the authorized Belden distributor across Pakistan. Avanceon acts as the sales agent for the cabling technology counterpart, ensuring that a broader spectrum of customers get easier access to essential connectivity products necessary for Discrete Automation, Process Automation and Energy Solutions.

NDC

Avanceon partnership with NDC Technologies goes back more than twenty years. NDC is an acknowledged leader in the development and manufacturing of a wide range of process measurement analyzers for a broad scope of manufacturing industries. Avanceon has provided measurement solution of NDC online & at line analyzers for process applications of Milk powder, Snacks/Chips, Tobacco, Detergent and Paper.

SCHAFFNER

Avanceon represents Schaffner in Pakistan, a global leader in providing solutions that ensure the efficient and reliable operation of power electronic systems by shaping electrical power. Schaffner portfolio includes EMI filters, power magnetic components and power quality filters.

PE ENERGY

PE Energy Limited (PEEL) is an automation and system integration company, with capabilities encompassing valves and actuation, measurement solutions, process solutions, electrical and instrumentation and integrated services. The company represents some of the world's leading OEMs. With key facilities across Nigeria, a global reach, and her partners, the company adopts a customer-centric approach in enabling business transformation for its customers.

AVEVA

Avanceon is partnering with AVEVA on a multi-million dollar sophisticated SCADA upgrade project for one of the largest Oil & Gas midstream players in Pakistan.

AVEVA is a global leader in engineering and industrial software driving digital transformation across the entire asset and operations life cycle of capital-intensive industries. The company's engineering, planning and operations, asset performance, and monitoring and control solutions deliver

proven results to over 16,000 customers across the globe.

ENDRESS+HAUSER

Avanceon Limited has a partnership agreement with Endress+Hauser to offer high-end industrial field instrumentation & solutions in Pakistan. Through this partnership, Avanceon and Endress+Hauser will join forces to identify new business avenues and develop joint offers in the field of measurement and automation technology for industrial customers in Pakistan.

The partnership will provide end-users with Endress+Hauser's best in class measurement and automation solutions for optimizing their processes with regards to economic efficiency, safety and environmental protection.

DOVER FUELING SOLUTIONS

Avanceon has a distributorship agreement with Dover Fueling Solutions ("DFS") to offer high-end integrated control and automation solutions for the retail fueling stations in Pakistan. Under this agreement, Avanceon will serve as a local distributor, sales representative, and service provider for all the DFS product brands, promoting all of DFS' products, services and solutions including the product brands of OPW FMS, ProGauge, Tokheim, and Wayne Fueling Systems.

MICROSOFT AND OCTOPUS DIGITAL

Octopus Digital, a new business entity and associate company of Avanceon Limited Pakistan, has partnered with Microsoft Corporation to create a collaborative and co-development business model to cater the industrial sector. By providing end to end data driven services, advanced analytics for collaboration, prediction, exploration and optimization of manufacturing processes, Octopus Digital along with Microsoft aims to deliver digitalization of physical assets on a plant floor.

SEL

Avanceon has a distributor partnership agreement with SEL (Schweitzer Electric Laboratories) Middle East FZCO for the power sector and other related industries in Pakistan. Under this agreement, Avanceon will offer SEL's high-end digital

Strategic Partnerships

products and solutions that protect power grids and provide proven integration and automation solutions. This technology prevents blackouts and enables customers to improve power system reliability and safety at a reduced cost.

With Avanceon’s expertise in industrial control & automation and SEL’s world class products/solutions, the partnership aims to provide true value to the industrial customers in Pakistan.

SAMSON

Avanceon Ltd. is currently the appointed SAMSON Controls’ distributor and is authorized to sell SAMSON Controls Products & Solutions, along with related services. Established in 1907, SAMSON has become one of the largest privately owned valve manufacturers and a global leader in control valves for industrial process automation. Employing over 4,300 worldwide staff in more than 50 countries allows SAMSON to provide best-in-class local sales and service.

With over 100 years of experience in achieving precise control with a high level of safety and reliability, SAMSON has become a trusted name in many of the world’s most challenging applications.

ACHILLES

Achilles is one of the world’s largest service providers of global supply chain risk management solutions with more than 1,000 people working in 22 countries. Achilles works on behalf of over 860 buying organizations, from 9 industry sectors, to collect, validate and maintain essential data about more than 133,000 suppliers. This allows buying organizations to gain visibility of their suppliers’ capabilities and compliance before making important sourcing decisions. With an understanding of their supply chains, buying organizations can proactively identify and mitigate potential risks to protect people, planet, and profit.

UAB AREVITA PARKSOL

Established in 1994, UAB Arevita delivers an extensive experience and provides engineering systems for buildings and intelligent Parksol parking guidance systems. Parksol parking solutions are developed and manufactured in accordance with ISO Standards. Parking guidance systems are flexible and intuitive to use for parking owners, contractors, and drivers, therefore, maximizes car park profitability and revenues (up to 15% higher turnover), reduces traffic jams and environmental pollution.

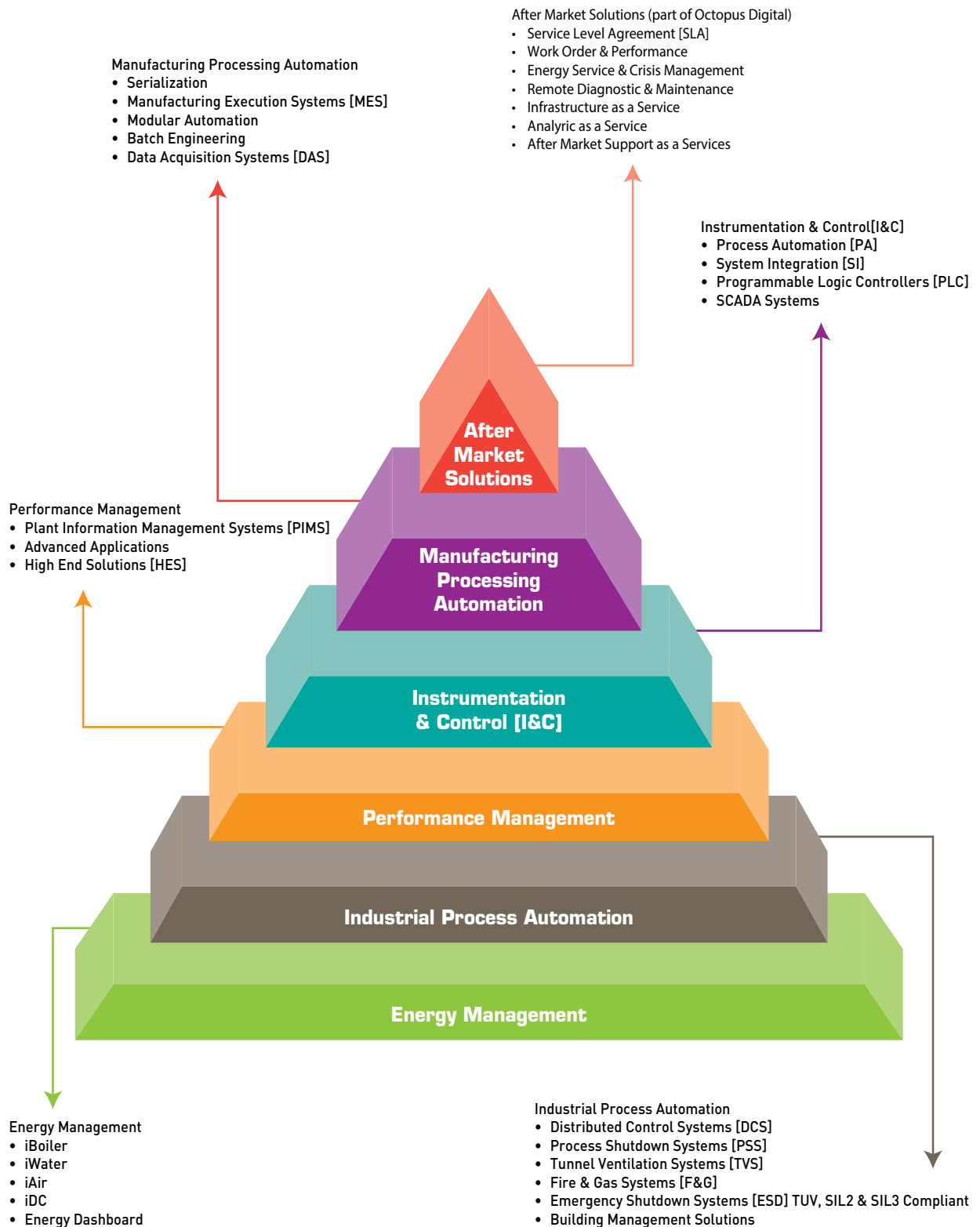
EMERSON

Emerson is a global software technology and engineering leader providing innovative solutions for customers in industrial, commercial, and residential markets. Emerson’s Automation Solutions business helps process, hybrid and discrete manufacturers maximize production, protect personnel and the environment while optimizing their energy and operating costs.



CORE COMPETENCIES

Avanceon core competencies revolve around automation, process control, and system integration. The Company provides end-to-end solutions, which include Design, Supply, Engineering, Installation, Testing, Commissioning and Maintenance for:



Core Competencies

CORE SERVICES

Automation – Avanceon provides a wide range of automation solutions by leveraging an extensive track record of execution in diverse application environments combined with an understanding of technology trends and industry standards. The automation solutions address client requirements such as complexity in handling multiple products, regulatory requirements and the need for safety, productivity and improved throughput. Avanceon's automation solutions span over several industries which include:

- **Oil & Gas:** Assist companies in implementation of Supervisory, Control and Data Acquisition ("SCADA") solutions
- **Food and Beverages:** Assist companies to standardize products and meet precise recipe formulas
- **Power:** Enable companies to achieve energy efficiencies and improve utilization
- **Chemicals:** Assist companies in design, development and improvement of process flows allowing them to increase profitability and sustain during periods of low economic growth
- **Cement:** Assist companies in optimizing and reducing energy costs

To successfully deliver a compelling value proposition, Avanceon has developed a set of pre-designed and pre-tested process standards, software codes and supporting documentation designed to address the client's technical requirements.

Process Control – Process Control services include consulting for automation planning and specification development, process equipment selection and Original Equipment Manufacturer (OEM) management, electrical and mechanical systems engineering & design and long- term factory support. Avanceon provides the following services:

- **Batch Engineering:** Assist customers in application of the S88.01 standards which provide a template for meeting the standard of "best practices" based on their internal processes.
- **Distributed Control System:** Provide turnkey instrumentation and controls solutions for a manufacturing or process facility using Distributed Control Systems [DCS] or Programmable Logic Controller [PLC] systems with field integration on multiple protocols.
- **System Integration:** Avanceon offers a full-service, platform independent systems integration solution and has extensive experience of designing, developing, and executing both process & manufacturing controls and automation solutions, including enterprise level integration. Its solutions are designed to meet the specific manufacturing requirements of customers using a choice of "Best in Class" technology platforms such as Allen Bradley PLC, Honeywell DCS, Invensys ArchestrA, Schneider, and Microsoft technologies.

SPECIALIZED SOLUTIONS

Manufacturing Execution – Avanceon offers an extensive experience in designing, developing, and implementing Manufacturing Execution Systems (MES) that provide real-time monitoring of quality and productivity to operators, supervisors, managers, and executives. MES solutions apply data collection and management capabilities to manufacturing processes which aid in improving productivity, quality and process visibility. MES solutions facilitate customers to unlock efficiency savings in areas such as scheduling, inventory control, product traceability, downtime, uptime, product specification management and key performance tracking. Key solutions offered under MES include:

- **Overall Equipment Effectiveness [OEE]:** Avanceon assists customers in closing the technology gap that exists between an enterprise's manufacturing floor and its Information and Enterprise Resource Planning (ERP) systems. These solutions range from strategic technology planning to the establishment of internal practices & standards, to managing and executing IT projects.
- **Mobile Solutions:** Mobile computing solutions allow customers to create, access, process, store and communicate information without being constrained to a single location.
- **Hazard Analysis Critical Control Point [HACCP]:** HACCP is a food industry safety program developed to help prevent food contamination and enable more efficient government oversight of the food production process.

The following solutions are in demand in Oil & Gas, both upstream and downstream, Petrochemicals, Chemicals, Pharmaceuticals, Pulp, Paper and Printing, Metals, Cement and Power. To ensure increased revenues, reduced operating costs, and improved efficiencies for manufacturers, Avanceon provides solutions in:

- Manufacturing Execution Systems
- Plant Information Management Systems
- Real-time process optimization through Advanced Process
- Control technologies
- Customized Software Development services for process and manufacturing industries

Avanceon supports manufacturers in the complete lifecycle implementation of an MES application from systems and requirements definition, technology selection, pilot phase, implementation and rollout. Avanceon supports all phases of the MES implementation and provides a superior project and change management methodology in-line with the initial MES vision and current implementation reality. It has the ability to help manufacturers define MES standards and practices that provide the overall structure and strategy for corporate wide rollout and adoption

Plant Information Management System – Avanceon offers scalable and extensible software information management for decision-makers to visualize and analyze their processes faster and more effectively, which:

- Collects real-time data from multiple process control systems
- Archive for long term
- Delivers secure and reliable plant floor information

Our information management tools create custom displays for process and operations data, including schematics, animations, trends, alerts, notifications and custom reports.

Advanced Process Control – The key challenge for operators of refining, chemical and petrochemical plants is to maintain processes at their optimal operating point while simultaneously maintaining multiple safety margins at acceptable levels. Our solutions helped customers achieve:

- Improved product yield
- Reduced specific energy consumption
- Increased throughput capacity
- Improved product quality and consistency
- Reduced environmental emissions

By implementing advanced process control, benefits ranging from 1-2 years of return on investments can be achieved. These benefits are clearly enormous allowing plants to be

operated to their designed capacity and increase customer bottom line.

Energy Management Solution [EMS] – EMS consists of turnkey energy management and optimization solutions. These are robust and certified solutions developed using best practices and enable significant improvements in monitoring controls and management of existing utility and process control systems. They also provide saving opportunities in steam, pneumatics, fluid movement, chilling and heating to reduce losses in production and carbon emissions. The Company has developed proprietary EMS suites such as:

- Energy Dashboard: A complete service-offering platform for the monitoring of energy consumption in different business units of a plant remotely from anywhere in the world
- iWater: Water is a big energy cost centre in most industries. Through iWater, Avanceon offers a proprietary solution to reduce energy consumption
- iBoiler: Helps clients optimize their boiler performance. It measures and reduces fuel usage of boilers through optimized load sharing and reduced emission & steam distribution losses
- iAir: Measures and reduces electricity usage of air compressors through optimized load sharing, reduced header pressure, elimination of leaks and pressure drops and heat recovery
- iDC: An energy management package for District Cooling Systems



CUSTOMER PORTFOLIO

Servicing clients over a span of three decades, Avanceon has completed numerous projects for major blue-chip companies (names of just a few are given below) enabling it to earn strong credentials, move up the learning curve and develop a diverse customer base.

In 2021, Avanceon added big names to its Customer Portfolio list. Mentioned below are a few highlights from the year.

Avanceon and Octopus Digital signed a contract to provide Gas & Oil Pakistan Limited (GO Petroleum), state of the art fuel retail automation solution for multiple sites. This is the first time Avanceon will be working with GO Petroleum, one of the largest and fastest growing Oil Marketing Company (OMC) in Pakistan. Avanceon also broke ground in two new territories, Nigeria, and Egypt, with high value contracts with a leading Chemical & Fertilizer conglomerate and engineering and commissioning services for a key oil field in the Niger Delta Basin.

In addition to the above, Avanceon has a healthy pipeline of projects in 2022 with new customers in new territories and business segments.

SECTOR

OVERVIEW

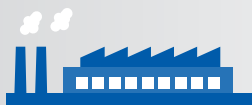
Oil & Gas



Abu Dhabi National Oil Company, UAE
Engro ELNGY
Pakistan Oil Fields Limited, Pakistan
Foster Wheeler, USA
Kuwait National Petroleum Company, Kuwait
Pakistan Refinery Limited, Pakistan
Pakistan Petroleum Limited, Pakistan
Saudi Aramco, KSA
Takreer, UAE

Attock Petroleum Pakistan
British Petroleum, UAE
United Energy Pakistan Limited, Pakistan
Hyundai, Pakistan
Oil & Gas Development Company, Pakistan
Pak Arab Refinery Limited, Pakistan
Qatar Petroleum, Qatar
Schlumberger, Pakistan & UAE
Mari Petroleum MOL

Utilities & Industries



Lalpir Power, Pakistan
Babcock & Wilcox, USA
EMICOOOL, UAE
EMPOWER, UAE
Kot Addu Power Company Limited, Pakistan
PAL Technologies, UAE
Dubai Metro, UAE
QDVC, Qatar
National Water Company – KSA

Sercos
Hamad Port
Lusail City
RTA
Liberty Power Tech, Pakistan
Palm Utilities, UAE
State of Qatar, Qatar
Ashghal, Public Works Authority of Qatar

FMCG



British American Tobacco, USA
Engro Foods,
Kraft Foods,
Nabisco Brands, USA
Proctor & Gamble, USA & Pakistan
Unilever
Pepsico
Biscuits

Coca Cola, USA & UAE
Pakistan General Mills, USA
USA Kellogg's, USA
Nestle, USA, Netherland & Pakistan
Sara Lee, USA
PMI
English Biscuits

Chemicals



Ciba, USA
DuPont, UAE & USA
Engro Polymer and Chemicals Limited,
Gatron, USA
Saudi Basic Industries Company, Kingdom of Saudi Arabia
LOTTE Chemicals Pakistan

Clorox, USA
Engro Fertilizer Limited, Pakistan
Pakistan Exxon Mobil, USA
LOTTE, USA
Sherwin Williams, USA

Pharmaceuticals



Akzo Nobel, Pakistan
Bayer Pharma, USA & Pakistan
Johnson & Johnson, USA
Merck, USA

Pfizer, USA
Astra Zeneca, USA
Boehringer Ingelheim, USA

QHSE UPDATES



QHSE Achievements in 2022

Health and Safety is critical to Avanceon's success as a company. Avanceon QHSE designs Health and Safety programs that ensure a safe working environment. Our programs and initiatives focus on how employees at manufacturing locations, installations, and services businesses, strive for a safe environment by eliminating hazards and unsafe conditions.

Here are a few highlights of the efforts put forth by Avanceon's QHSE Dept in 2022.

- Achieved 715,968 Safe manhours in year 2022.
- Ran a campaign to administer COVID Vaccine Booster for employees.
- Digitalization of HSE Functions on ZOHO e.g., E-PTW System, Preliminary Incident Reporting Form, HSE Violation Form, HSE Audit & Inspection Checklists, HSE Trainings, COVID Vaccination Record, Project QHSE Pre-qualification request form etc.
- Conducted a two-day session on First Aid & Firefighting by Rescue 1122 and performed drills inside office facility.
- Celebrated World National Days of Health & Safety to spread awareness among employees e.g., World Health Day, Earth Day, World Day of Health & Safety at work, World Environment Day, World Hepatitis Day, World Mental Health Day, World Food Day, World Aids Day etc.
- Ran a campaign on Heat Stress Management.
- Communicated awareness guidelines on Monkeypox Virus, SMOG, Driving in FOG, Monsoon & Urban Flooding and Screen time Ergonomics.
- Conducted a training session on "Workplace & Screen time Ergonomics."
- Introduction to online medical consultation through Ailaaj app.
- Communicated guidelines for Dengue prevention and performed regular office fumigation to curb spread during season.
- Conducted training session on "Defensive Driving" by NH&MP.
- Installation of behavior tracking device in company's pool & tool cars to gauge driver's behavior and promote safe driving.
- Registration of all employees for Online Medical Consultation app.
- Safe execution of all Oil & Gas project sites with zero Loss Time Injury.
- Performed leadership HSE audits of project sites and performed Hazard Hunt activities.
- Performed reward and recognition ceremony to complete safe project execution with zero loss time injury.
- Successfully passed vendor evaluation on Worker Welfare Assessment by a major Oil & Gas company in Pakistan.
- Successfully renewed PEC certification.
- Successfully passed recertification audit on ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 for Avanceon Ltd.
- Successfully passed surveillance audit on ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 by QRS UAE for AVANCEON FZE UAE and AVANCEON Automation & Control W.L.L Qatar.

Avanceon is proud to lead a community dedicated to upholding the core principle that everybody, no matter their job, deserves a safe working environment. Thanks to the versatility and expertise of our QHSE team, Avanceon has been able to play a significant role in keeping our customers, partners and employees safe and secure.





**CORPORATE
GOVERNANCE**

CORPORATE GOVERNANCE

Corporate governance refers to a standard document that set forth principles, the systems of rules, practices and processes issued according to the company's authority and in accordance with the provisions of the governing corporate Law from time to time. A sustainable level of corporate governance is to be transparent about the information to all stake holders, which ensures strong ethics prevail within the organization.

A high grade of governance is achieved by balancing the interests of shareholders, investors, business partners, regulators, money lenders, customers, vendors, and the community in general.

The stakeholder's expectations of effective management & supervision of the affairs of the Company are ensured by proper internal controls and risk management policies and procedures in place. In this regard, the Board is committed to the principles and compliance with requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. This ensures efficient and effective operations of the Company, safeguarding of assets and shareholder wealth, compliance with the local laws, regulations and proper financial accounting and reporting in accordance with the International Accounting Standards [IAS] and International Financial Reporting Standards [IFRS].

ROLE OF THE BOARD OF DIRECTORS

The Board has a fiduciary responsibility for the proper direction and control of the activities of the Company. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and clear transparent reporting to shareholders. The Board accepts its primary responsibility for the overall control architecture of the Company. The system of internal controls includes procedures, policies, guidelines, an organogram that provides an appropriate division of responsibility, a program of internal audit, manning of all key functions by qualified personnel and continuous training.

STATEMENT OF DIRECTORS'

Responsibilities The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed in total by the Board in the light of the Company's overall objectives. The Board is committed to maintaining high standard of good corporate governance. The Company acts in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly amended listing rules of the Pakistan Stock Exchange.

Following are the Statements on Corporate and Financial Reporting Framework:

a. The financial statements prepared by the management

of the company presents its state of affairs fairly, the results, its operations, cash flows, and changes in equity

- b. Proper books of accounts have been maintained by the Company.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e. The system of internal control is sound in design and has been effectively implemented and monitored.
- f. There are no doubts upon the Company's ability to continue as a going concern.
- g. The best practices of the Corporate Governance, as detailed in the listing regulations have been followed.

RESPECTIVE ROLE OF THE CHAIRMAN & THE CEO

Role of the Chairman of the Board

The Chairman of the Board manages and provides leadership to the Board of Directors of Avanceon, with its focus on all strategic matters. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the Chief Executive Officer.

Role of the CEO

The roles and responsibilities of the CEO include: developing the Company strategy, supported by yearly business plans and budgets, for Board approval; running the business in accordance with Board decisions; achieving the Company's financial and operating goals and objectives; succession planning; information technology planning; monitoring and reporting the Company's performance and compliance imperatives to the Board; ensuring that the Company complies with all relevant laws and corporate governance principles through adoption of best practices; serving as chief representative of the Company - ensuring that a long term strategy is developed and recommended to the Board for added shareholder and company value.

The Board comprises of two executive and five non-executive directors including three independent directors. All the directors keenly take interest in the proper stewardship of the Company's affairs. The non-executive directors are independent of management of the Company, the existing director's tenure will complete three years period on 29 May 2023. The Board has constituted the following committees:

- Audit Committee
- Human Resource and emuneration Committee /

Compensation committee of ESOS

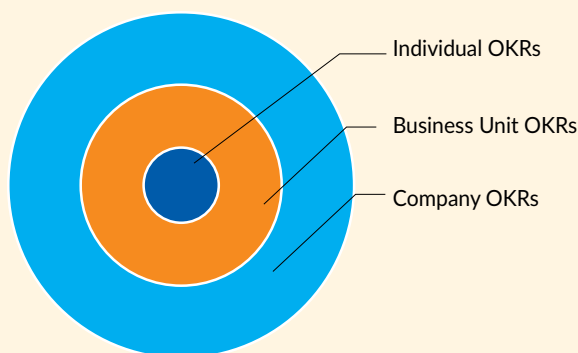
- Executive[s] / Stewardship Board

Through its committees, the Board provides proactive oversight in some of the key areas of business and the performance of CEO. The Board regularly reviews the respective charters of these committees.

THE EXECUTIVE BOARD

The Executive Board is responsible for the overall achievement of Objectives Key Results (OKRs). A management methodology that helps to ensure that the company focuses efforts on the same important issues (role alignment) throughout the organization. This encompasses mapping leadership OKRs on company's success, drive performance and review to track progress using OKRs score card.

The Executive Board Comprises of key management leadership across the board from sales, engineering, finance, HR and Corporate globally. In 2022 a new role of Chief Commercial & Planning Officer was introduced. The objectives of this new appointment is to identify and plan activities on special initiatives to achieve the Road to US\$ 100m plan.



The Executive Board's mandate is to steward the corporate plan, via monthly/quarterly meetings, ensuring projects delivery on time, improving execution, and removing any hitches, availability of free cashflows, fixed cost event-oriented analysis, taking preventive/corrective actions and increasing the wealth of shareholders. The main driving factors include

- PO Generation
- Revenue recognition
- Invoicing
- Collection

CEO PERFORMANCE REVIEW BY THE BOARD

The Board of Directors evaluates the chief executive officer annually in light of corporate goals and objectives including

performance of the business, accomplishment of long-term strategic objectives, development of management, etc., as established. The evaluation has been communicated to the chief executive officer and the chairman of the Board.

MANAGEMENT INITIATIVES ON CORPORATE GOVERNANCE

To orient the key management personnel of the corporate governance concepts and best practices, the company plans for training of its directors and key Executives. It also covers programs on different moderators covered varied topics on corporate governance: the role, importance & structure of the board; strategic planning through various models and analysis matrices; succession planning; risk management and internal controls

ETHICS

Ethics are an integral part of the culture at Avanceon & guide the behavior and conduct of all employees enabling them to meet objectives efficiently, transparently, and fairly. There is a comprehensive, well-structured ethics program, based on a code of conduct, which has been approved by the board and is applicable to all employees.

The ethics program includes:

- Code of ethics
- Training for employees Means of communicating
- Mechanism to report wrongdoing - Whistle Blower Policy
- System for detection and conducting inquiries
- Taking corrective action

The code of ethics is supplemented by various function specific codes, which include:

Financial code of ethics - This code defines the acts and omissions to be followed by senior executives, especially those responsible for public disclosure and financial information.

Principles of good promotional practices - Defines the fundamental promotional rules recommended by the consulting firms.

Personal data protection charter - This charter outlines Avanceon corporate rules for the collection, processing, use, dissemination, transfer, and storage of personal data to secure an adequate level of protection within the Avanceon group.

Code for prevention on insider trading - Defines rules for prevention of insider trading with Avanceon.

Ethical charter for buyers - This document defines the rules applicable to and the behavior required from all Avanceon employees who are involved in the buying process.

Corporate Governance

BUSINESS GOVERNING PRINCIPLES AND VALUES

Avanceon [AVN] conducts its business in a responsible manner and with honesty and integrity. We also have the same expectations from all those with whom we have relationships. We insist on doing what is right which sets the tone of our actions and underpins the functioning of our employees. We also insist that all transactions be open, transparent and within the legal framework culminating in responsible and accurate financial reporting.

INTEGRITY

We at Avanceon do not engaged in any unfair means / instrument for any business or financial gains. Gifts form customers / vendors etc. follow a control policy to be accepted by the employees, which may be construed as such. Employees are also required to avoid engaging in any personal activity or financial interests/gains which would conflict with their responsibility to the Company.

CODE OF CONDUCT

The Board has adopted a code of conduct for its members, executives, and staff, specifying the business standards and ethical considerations in conducting its business. The code includes:

- Corporate governance
- Relationship with employees, customers, and regulators
- Confidentiality of information
- Trading in Company's shares
- Environmental responsibilities
- Harassment Policy

CORPORATE SOCIAL RESPONSIBILITY

Avanceon takes corporate social responsibility seriously. Through giving back to the people that work with us and the communities in which we operate, we create meaningful societal values and traits.

Avanceon, as a socially responsible organization, has persistently worked towards increasing our emphasis on giving back to the community where we operate. The company has enrolled all the children of its support staff to a wholly funded education program that covers all aspects of their educational journey including school fees, books, uniforms, home tutors and transportation. Avanceon supports the children all the way from primary school up to university level, and not only that, but also work towards finding them a suitable job. This company initiative was recognized by the National Forum for Education and Health in January 2017. This program enabled the children of our support staff members to be the future Avanceoners and few of them are currently employed in the Company.

The 4-pillar audit covers some or all labor standards, health & safety, environment, and business practices, and the progress is monitored with each division. HSE performance data is collected, validated, and consolidated with the Avanceon HSE data management system. The Company is dedicated and committed towards protection of the environment, energy conservation and welfare of all staff and broader society.

ENVIRONMENTAL PROTECTION

As a service-providing company, our activities do not directly harm the environment, but the Company appreciates and takes part in several "green" initiatives. Recently a plantation drive was created under which more than 50 employees participated in the three plantation within office and their homes.

The Company believes in paperless working processes to preserve nature and is reducing physical administrative forms by utilizing the company intranet, encouraging on-demand printing only. Avanceon also started a campaign across all offices to generate environmental awareness amongst employees and their family members.

EQUAL OPPORTUNITY EMPLOYER

The Company is proud to be an equal opportunity employer, offering employment to both genders, different ethnicities, and people with disabilities without any discrimination. We at Avanceon are totally blind to gender, religion, disability, and discrimination. Key roles are taken by various nationalities: American, Egyptian, Filipino, French, Indian, Japanese, and Pakistani, women are especially encouraged across the group.

Avanceon's most valuable contribution to the Pakistan nation is providing a trained engineering workforce.



The most critical factor for any business strategy & long-term sustainability is robust corporate governance practices. Avanceon's overall governance framework is devised to ensure a strong oversight, board and management accountability. We believe bottom line demonstrates commitment to transparency, independence, and diversity.

Ahsan Khalil (ACA-CPFA)
Company Secretary

AVANCEON'S WHISTLEBLOWER POLICY – “SPEAK OUT!”

The Core Values that we talk about is the “Candor & Ethics”, The Company and all its subsidiaries have applied a number of policies related to ethics and responsible behavior 'which define the high standard of governance and business conduct.

“Speak-out !”

about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance.

Considerable efforts are made to maintain the confidentiality of complainants and to protect them from any form of retaliation or victimization for genuinely held concerns that are raised in good faith.

Speak-outs are encouraged to report serious concerns that could have a significant impact on these organizations, such as actions that

- are unlawful or may damage the reputation of Avanceon or an affiliate.
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct.
- are in violation of Safety Health & Environmental standards applicable to the business
- give rise to harassment, discrimination or other unfair

Independent **"Speak Out"** hotline **0092-42-37515129** or email to **speakout@avanceon.ae** to raise concerns. You can also write to **Speak Out (PO Box 4012, Lahore - Pakistan.)**

Note: During the year 2022, no cases were reported, highlighting ethical commitment of Company's stakeholder s-.

AVANCEON

Tomorrow's solutions, today.



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AVANCEON LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Avanceon Limited (the Company) for the year ended 31 December 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2022.



BDO EBRAHIM & CO

Chartered Accountants

Lahore: May 16, 2023

UDIN: CR2022100879pbKRmAZt

STATEMENT OF COMPLIANCE

LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Annexure A
[see regulation 36(1)]

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: Avanceon Limited
For the year ended: December 31, 2022

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following, -
 - a. Male: Six (06)
 - b. Female: One (01)
2. The composition of Board is as follows:

Category	Name
Independent Directors	Mr. Mohammad Shahid Mir Mr. Omer Iqbal Khan Ms. Hanan Darwish
Non-Executive Directors	Mr. Khalid Hameed Wain Mr. Amir Waheed Wain
Executive Directors	Mr. Bakhtiar Hameed Wain Mr. Tanveer Karamat
Female Director	Ms. Hanan Darwish

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in

accordance with the Act and these Regulations;

9. The Board has arranged Directors' Training Program for Mr. Mohammad Shahid Mir in 2022, below Directors who are already trained as per the Regulations.

Mr. Bakhtiar Hameed Wain	Executive Director
Mr. Tanveer Karamat	Executive Director
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The board has formed committees comprising of members given below:
 - a) **Audit Committee**
 - Mr. Mohammad Shahid Mir
Chairman/Independent Director
 - Mr. Khalid Hameed Wain
Member/Non-Executive Director
 - Mr. Amir Waheed Wain
Member/Non-Executive Director
 - b) **HR and Remuneration Committee (Name of members and Chairman)**
 - Mr. Mohammad Shahid Mir
Chairman/Independent Director
 - Mr. Khalid Hameed Wain
Member/Non-Executive Director
 - Ms. Hanan Darwish
Member/Independent Director
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following, -
 - a) Audit Committee Quarterly

Statement of Compliance



b) HR and Remuneration Committee Yearly 2

15. The Board has set up an effective internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with

On behalf of the Board

Mr. Khalid Hameed Wain
Chairman

Bakhtiar Hameed Wain
Chief Executive Officer

CORPORATE POLICIES

DISCLOSURE OF POLICY FOR ACTUAL AND PERCEIVED CONFLICTS OF INTEREST

Avanceon's disclosure of policy for actual and perceived conflicts of interest is covered in the Conflict-of-Interest Policy, which requires employees to disclose relationships with a potential Guarantor or Vendor and provides guidance on managing conflicts. The purpose of this policy is to provide guidance in identifying and handling potential and actual conflicts of interest involving the organization, and is applicable to all permanent, contractual, and daily wage employees. Any action by an employee, which deliberately or recklessly breaches this conflict-of-interest policy, may result in disciplinary action which may lead to termination of employment.

DISCLOSURE FOR IT GOVERNANCE POLICY

Information Security governing policy is covered in the Acceptable Use of IT

Resources. The policy describes the acceptable use of IT resource for the Company. The purpose is to outline the usage of Avanceon IT resources by all its employees. This policy applies to the use of all Avanceon IT resources (e.g., desktop computers, laptops, printers, disk space storage, software, telecommunications equipment, networks, Internet, E-mail, etc.) and supporting infrastructure that is owned, leased, or controlled by Avanceon and used by its employees, contractors, interns, or other personnel at the Central, Regional, and Satellite office locations.

AVANCEON'S WHISTLEBLOWER POLICY – "SPEAK OUT!"

The BOD of Avanceon and its subsidiaries have adopted several policies related to ethics and responsible behavior which define the high standard of governance and business conduct to which we pledge ourselves as an organization. This has

always been our core strength and is reinforced through voluntary reporting of irregularities and periodic reviews of business practices.

As an additional measure a Whistleblower system has also been established. The Company expects employees, suppliers, and contractors at all affiliated companies to not only abide by our standards of business conduct but also to speak out about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance. They can use the independent "Speak Out" hotline 0092-42- 37515129 or email to speakout@avanceon.ae to raise their concerns.

They can also write to Speak Out (PO Box 4012, Lahore - Pakistan.) Every effort is made to maintain the confidentiality of complainants and to protect them from any form of retaliation or victimization for genuinely



Corporate Policies

held concerns raised in good faith.

Speak-outs are encouraged to report serious concerns that could have a significant impact on the organization. Actions that:

- are unlawful or may damage the reputation of Avanceon or an affiliate
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct
- are in violation of Safety Health & Environmental standards applicable to the business
- give rise to harassment, discrimination, or other unfair employment practices

HUMAN RESOURCE MANAGEMENT POLICIES INCLUDING PREPARATION OF SUCCESSION PLAN

HUMAN RESOURCE MANAGEMENT
Human Resource Management at Avanceon is covered across several policies, which serve as a comprehensive framework to managing people, workplace, and culture. Hiring and confirmation provisions ensure that Avanceon reserves the right to assess prior work experience and skill levels, and to confirm applicants where applicable when considering full- time or part-time employment.

Compensation encompasses 10 policies, the purpose of which is to ensure employee's wellbeing and growth. These include Vehicle Benefit, Education Allowance, Employee Professional Accreditations, Performance Bonus, Sales Incentive, Technical Services Employee Incentive, Performance bonus, Variable Pay Plan for managers and support staff, Umrah as well as Employee Stock Option Plan amongst others. Human Resources management that encompasses Salaries, Attendance, Asset Utilization, Rewards, health, and other guidelines such as Mobile Usage are covered across 11 policies.

The Human Resource department introduced four new policies in 2021 which include Performance Bonus Policy, Incentive Distribution Methodology, VPP for Non-Sales Managers and Support Staff and Employee Stock Purchase Plan.

MEDICAL AND INSURANCE POLICY

One of the most important tasks in creating a high- performance culture is taking care of your employees.

When employees' needs are met, they feel aligned with the mission, vision, and values of the organization. This results in high levels of engagement and commitment. They come to work with enthusiasm and are willing to go the extra mile to support the organization.

At Avanceon we ensure that the baseline rewards are fair and sufficient. These include some of the basic needs of an employee. One such need is medical and hospitalization cover. At Avanceon, we have hence, very carefully devised a medical policy to cover this criterion. With the best hospitals on our panel, we provide extensive hospitalization cover to the employee and his/her family, and unlimited OPD coverage as well.

Life insurance is also available to our employees under which they are covered for permanent partial disability, temporary total disability, accidental death, and extended death benefit.

Two years ago, Avanceon increased the room limit allowance by 22% and 16% for Plan A and B respectively. Furthermore, Avanceoners also receive clinic/lab, these centers are known as discount center where employees can avail discount from 10% to 25 % by showing their medical insurance cards.

COMPASSIONATE LEAVES

All permanent and contractual employees are entitled to compassionate or bereavement leaves which is in addition to casual/sick and annual leaves.

Compassionate leaves can be taken when a member of an employee's immediate family* or household passes away or suffers a life-threatening illness or injury and requires extensive medical care.

*Immediate family of an employee includes spouse, child, parent, sibling, grandparent and grandchild.

PAY CONTINUATION PLAN

The demise of the bread earner can have a debilitating effect on a household. To ensure that none of our employee's families must worry about their finances, life insurance policy has been revised to include the Pay Continuation Plan.

In addition to employee benefits, in the event of an employee's demise, the grieving family will receive 50% of the employee's monthly gross salary for the period of ten years.

EDUCATION ALLOWANCE POLICY

At Avanceon we believe education can be a means to a tolerant and prosperous society. To facilitate our employees' children education in reputable institutes, we help in meeting associated costs. Avanceon has developed an education allowance policy which does not discriminate based on grades or cadres and is the same for all, across the board.

For our support staff, we have a separate CSR initiative in which we cover all the education expense of their children till graduation. From the initial admission to their tuition fee and pick n drop expenses, everything is covered by Avanceon.

SUCCESSION PLANNING POLICIES

Succession Planning Policy for Avanceon encompasses the Company's best practice in terms of Human Resources Management. The purpose of the policy is to ensure replacement for key executive, management, and technical positions within the organization. This policy covers middle management positions and above in Avanceon Ltd. The point is to identify high-potential employees, ensure



systematic and long-term development and provide a continuous flow of talent. The business-critical engineering skill set is being maintained through an engineering skill set matrix and managed for all engineering resources.

SOCIAL & ENVIRONMENTAL POLICY

Policy requiring minimum HSE Training requirements was promulgated for all facilities of AVANCEON. This policy requires designation wise mandatory trainings for all employees. It has four stages and each employee is required to achieve desired level of training.

The HSE Team will be maintaining the attendance records of all employees and to achieve the next cadre, it will be mandatory to pass the next training level. These training levels have been carefully designed while keeping the job-related requirements of all associates in mind. The training will help to raise the associate's skill level in HSE while performing their daily tasks.

Each training will have a post training test which will be conducted via Docebo and it will be mandatory to pass it.

POLICY AND PROCEDURE FOR STAKEHOLDER ENGAGEMENT

Stakeholder engagement policies and procedures map out all aspects of outreach with the broader audience interested in Avanceon. The Company involves committees at regular points throughout the year both for specific projects and general insights. The policies ensure that different parties are aware of the conduct and the

function of the Company including Institutional Investors, Customers & Suppliers, Banks and other lenders, Media, regulators, and analysts. Business Conduct for Avanceon addresses Stakeholder Engagement through five key commitments: Ethics, Ownership, Customer Delight, Continuous Improvement and Community Care, which need to be translated across all its communications.

INVESTOR GRIEVANCE POLICY

Investor grievances are covered in the Securities & Exchange Commission of Pakistan rules as at May 11, 2001. These statutory rules have been published by the Government. The information pertaining to financial performance, shareholding pattern, compliance with Corporate Governance and announcements can be viewed or requested by the shareholders on <http://www.avanceon.ae>. Apart from this, www.avanceon.ae contains comprehensive information about the Company, its products, services, solutions, press releases and investor's information.

SAFETY OF RECORD

Safety of Record is ensured by the Information Security Governing Policy, which provides a framework for Information privacy, accessibility and integrity to the operation and management of Avanceon, which are of great importance. Failure in any of these areas can result in disruption to the services, can hurt

company business and can shake the confidence of existing and potential clients. Information and asset security therefore play a critical role in the successful operation of the company. The purpose of the Information Security Policy is to guarantee business continuity and curtail business damage by minimizing information security incidents to an acceptable level. Superior information security provision for our customers and employees is Avanceon's commitment to protect from internal or external information security threats, whether deliberate or accidental. Adherence to this policy is crucial to safeguarding these interests.

WORK FROM HOME POLICY

In 2020, Avanceon developed a comprehensive work from home Policy & Guide. Avanceon became heavily dependent on online collaboration tools with more than 90% of its workforce working from home. The purpose of this policy and procedure is to provide a framework of understanding about how home working operates at Avanceon. Due to COVID-19, there can be scenarios where an individual, group of people, a regional office or whole company is required to work from home. This policy provides clear guidelines on how to effectively manage work from home.

DIRECTORS' REPORT

The directors of the company take pleasure in presenting their report together with the Company's audited annual financial statements along with consolidated financials for the year ended December 31, 2022, all financial statements and notes to the accounts have been prepared by the management of the company as under:

1. They presented fairly its state of affairs, the result of its operations, cash flows and all changes in equity,
2. Proper books of account of the company have been maintained,
3. Appropriate accounting policies have been adopted and consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments,
4. All International Accounting Standards and Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored
6. There are no significant doubts upon the company's ability to continue as a going concern
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of Pakistan Stock Exchange.
8. Where any statutory payment on account of taxes, duties, levies and charges is outstanding, the amount together with a brief description and reasons for the same has been disclosed

The Directors' Report, prepared under relevant sections of the Companies Ordinance, in Pakistan, will be put forward to the members at the 20th Annual General Meeting of the Company to be held Monday, 29 May 2023 at 03:30 PM at Nishat Hotel, Gate No. 7, Imperial Ball Room-B, Adjacent to Emporium Mall, Abdul Haq Road, Johar Town, Lahore.





Directors' Report

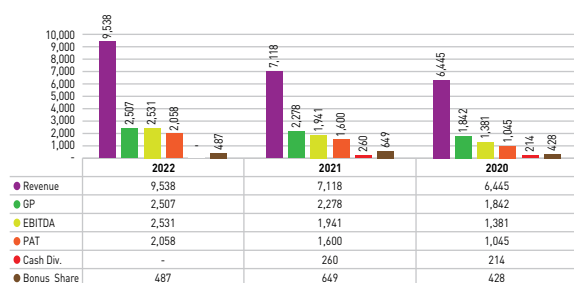
THE REPORT

The performance of the Company remained on the upswing in terms of order generation, revenues, profit before and after tax, control over fixed costs (as per corporate plan) as compared to last financial year, excellent management of liquidity, maintenance of sufficient banking facilities at very competitive costs, timely repayments of working capital and commitments. All business segments performed well in terms of order generation with all-time high figures. The revenues and net profits grew with predicted pace as highlighted in last year director report and analyst briefings. The financial year 2022 ended with a very strong backlog amounting to USD 62.67 million which provides enough base for FY 2023 corporate financial targets for another positive trend figure.

Operating results (consolidated)

(Rupees in '000)	2022	2021	Variation	%age Variation
Revenue	9,538,499	7,117,894	2,420,605	34%
Profit before tax	2,213,004	1,758,705	454,299	26%
Profit after tax**	2,058,337	1,600,093	458,244	29%

* It includes (Rs. 1,693m in FY 2022 – Rs. 494m in FY 2021) abnormal exchange gain due to rapid and unexpected devaluation of PKR against USD, AED, QAR and SAR.

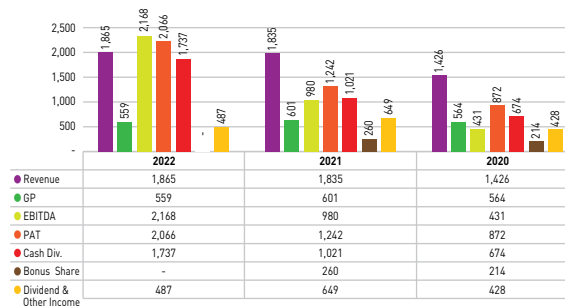


● Revenue ● GP ● EBITDA ● PAT ● Cash Div. ● Bonus Share

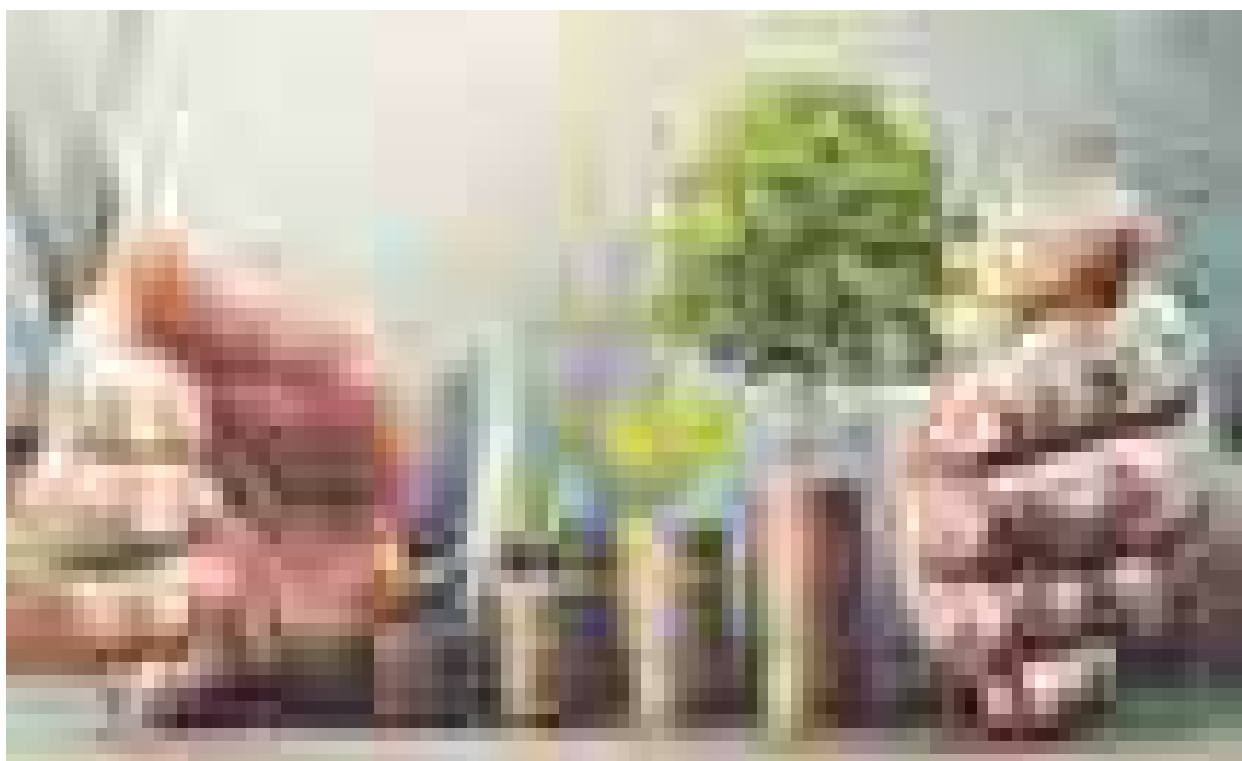
Operating results (standalone)

(Rupees in '000)	2022	2021	Variation	%age Variation
Revenue	1,864,524	1,835,213	29,311	2%
Profit before tax	1,849,216	1,147,091	702,124	61%
Profit after tax**	1,736,815	1,021,110	715,704	70%

* It includes (Rs. 1,546m in FY 2022 – Rs. 497m in FY 2021) abnormal exchange gain due to devaluation of PKR against USD, AED, QAR and SAR.



● Revenue ● GP ● EBITDA ● PAT ● Cash Div. ● Bonus Share ● Dividend & Other Income

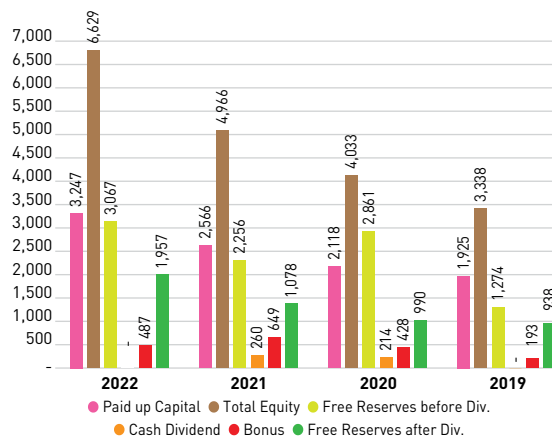


SUBSEQUENT APPROPRIATIONS

The Directors have recommended a cash dividend 0% (2021: 10%) and bonus shares 15% (2021: 25%)

The following appropriations have been made:

(Rupees in '000)	2022	2021
Reserve available for appropriations (at standalone financials)	2,443,958	1,987,163
Appropriation:		
Proposed Dividend: @ 0% (2021: 10%)	-	(259,761)
Proposed Bonus: @ 15% (2021: 25%)	(487,051)	(649,401)
Unappropriated reserve carried forward	1,956,907	1,078,001



EARNINGS PER SHARE (EPS)

Earnings per share of the Company observed on a positive trend over the last five years which indicates a consistent performance of all business segments & across regions and meeting the expectations of the shareholders except underperformance by Pakistan business due to unavailability of LCs from our customers and subsequently non-approval of our own LCs from State Bank of Pakistan on our foreign vendors (specifically on OEMs) for procurement of automation equipment and related material.

Consolidated

The basic earnings per share after tax is Rs. 6.07 (2021: Rs. 4.84 - restated).

Standalone

The basic earnings per share after tax is Rs. 5.33 (2021: Rs. 3.14 - restated)

FINANCIAL PERFORMANCE (CONSOLIDATED)

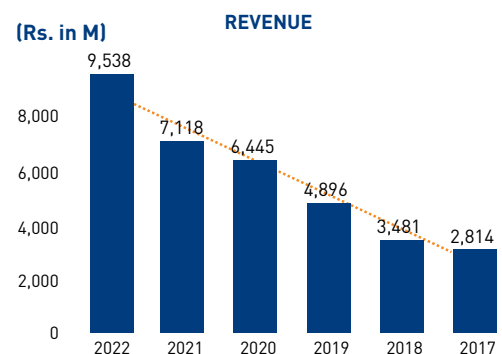
Revenue

The company's revenue for the financial year stands at Rs. 9,538 billion (USD 42M), reflecting a 34% increase in Pakistani Rupee terms due to devaluation. However, this falls short of the target by USD 11M due to underperformance in our

business segments "Core Pakistan" in Pakistan. This can be attributed to the unavailability of LCs (Letter of Credit) from our customers and additionally the non-approval of our own LCs by the State Bank of Pakistan for our foreign vendors, specifically for procuring automation equipment and related materials, particularly OEMs. We anticipate recovering this shortfall in the early quarters of FY 2023 as the State Bank of Pakistan has started approving LCs, enabling us to achieve our revenue target of USD 71M for FY 2023.

We have witnessed excellent and expected revenue growth in Pakistani Rupee terms during the financial years 2019, 2020, and 2021. Moreover, the order generation in the third and fourth quarters of the financial year 2022, as well as the first quarter of the financial year 2023, aligns with our projections and corporate plans. We anticipate a robust growth in terms of purchase order generation and revenue during the third and fourth quarters of the financial year 2023, as discussed and presented during the analyst briefing on May 17, 2023. We have successfully resolved the global supply chain challenges that affected our revenue targets during the first and second quarters of FY-2022. We remain optimistic about the State Bank of Pakistan's favorable stance on foreign LCs, which will contribute to achieving our corporate targets for FY 2023.

The Company's revenues maintained a positive trajectory throughout the financial year with growth over financial year 2019, 2020 & 2021.

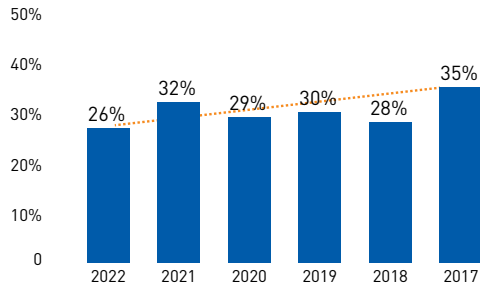


Gross Profits

We observed a 6% decrease in gross margins as compared to the last financial year due to imposition of additional duties and taxes by Govt. of Pakistan to discourage import of automation equipment and related material and also, we faced a higher cost of material purchased in term of PKR due to devaluation of PKR against USD and EURO which disturbed our gross margins heavily. The management is confident enough of the stability of PKR against USD and EURO in FY 2023 to restore previous level GP margins, we can expect recovery in GP with the assumption of stability of PKR and positive behavior of SBP on LCs front.

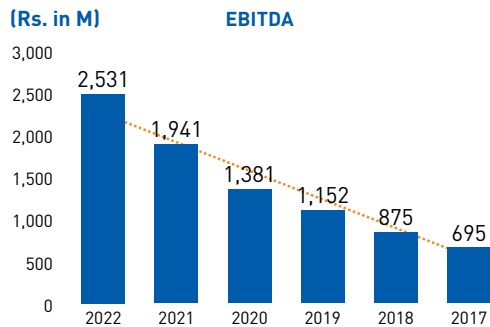
Directors' Report

GROSS PROFIT



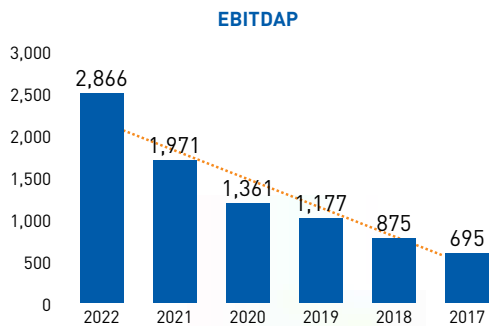
EBITDA

Earnings before Interest, Taxes, depreciation and amortization (EBITDA)



EBITDAP

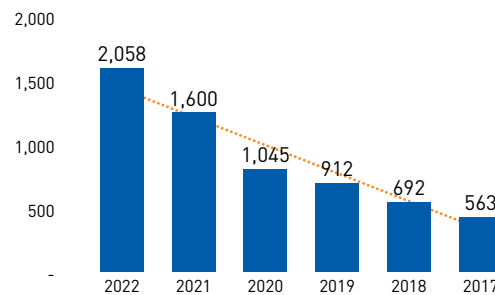
Earnings before Interest, Taxes, depreciation and provision (EBITDAP)



Profit after taxation

A 29% increase in net profit after taxation is very encouraging, which includes Rs. 1,693 million unrealized exchange gain on translation of foreign receivables. The management is confident to maintain the positive trend and growth in gross & net profit margins in upcoming FY 2023 and 2024 due to a strong pipeline and unrecognized business of over USD 62.67m (calculated) as of March 31, 2023.

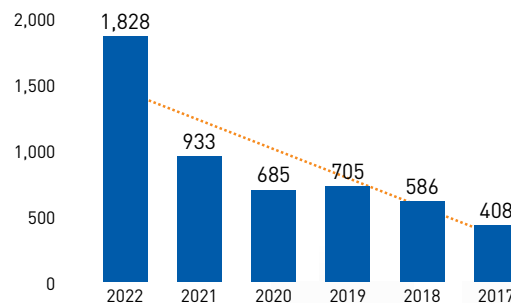
PROFIT AFTER TAX



Fixed Cost

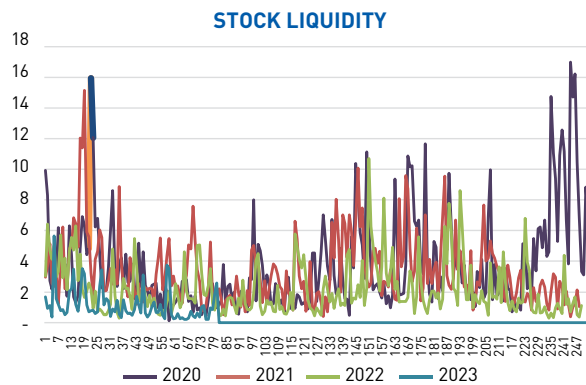
We observed 96% (2021: 36%) net increase in fixed cost mainly due to Rs. 46m in Employee Share Options and Rs. 378m in Expected Credit Loss due to implication of IFRS-9. The remaining increase in fixed costs is due to global inflation after COVID-19 and is in line with the approved corporate plan.

FIXED COST



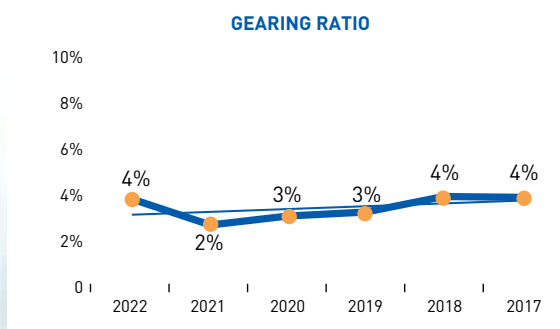
STOCK LIQUIDITY

Finally, AVN stock achieve the liquidity target in FY 2022 which attracted new retail and corporate investors. Now, our ESOS holders can liquidate stock and take further position in market very easily without loss of liquidity opportunity.



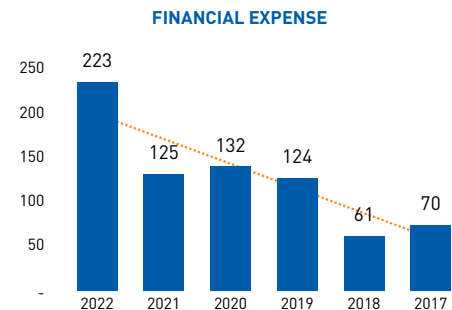
CAPITAL STRUCTURE

This is a very low geared business entity and maintains a balance capital structure which is evidence of its financial strength and excellent liquidity management. The company only utilized working capital lines to bridge the short-term cash needs. The Company successfully paying without any delay all of its short-term loan liabilities including finance and operating leases, the gearing ratio has improved materially over the previous two financial years. The Company has maintained enough banking facilities including short term, long term and project financing in Pakistan and the United Arab Emirates to meet any long-term loan needs.



WORKING CAPITAL MANAGEMENT

We observed PKR 98M increase in financial charges mainly due to unexpected increase in markup rate in Pakistan by SBP to cater the rapid inflation. Anyhow, based on current and quick ratios for the last five years, we can see solid liquidity improvement and strong short-term financial working capital position of the Company's operating activities. The company is managing all its working capital needs by negotiating the best credit terms with customers by making every order cash positive and collectable within reasonable agreed timeframes. The company effectively managed its working capital requirement through very vigorous & strict financial discipline by maintaining all short-term loans at reasonable levels to avoid financial costs by generating positive cash inflow.



STRATEGY TO OVERCOME LIQUIDITY ISSUES

The company has redrafted and approved a new liquidity strategy policy in FY 2021 in order to achieve growing business financial needs in Pakistan and specifically in middle east to achieve the corporate dividend policy outflows, for this purpose we negotiated with local and international banks for global banking facilities including running finance, project financing, bill discounting and bank guarantees which help us a lot smooth and quick execution of our order in Saudi Arabia and in UAE with the help of our redesigned and increased banking facilities. The management is confident of achieving the targets as defined in liquidity strategy policy in FY 2023.

FUTURE PROSPECTS

A vision of the future is an important ingredient in the formation of our board and management strategy and plans.

The Company launched a new business plan called "The Road to 100" in FY 2022 to achieve target of USD 100M core business revenues by FY 2025. The board assigned USD 40M, USD 40M & USD 20M to QSA, UAE and Pakistan business segments respectively. Additionally, creating a permanent operational presence in KSA due to increasing business activities become a business requirement in the fossil fuel-rich country, to continue to maintain a high level of service on existing engineering projects but also because large tenders up for bid tend to mandate this requirement. The Company intends to enter a new Joint Venture with a KSA based large financial group. The intended joint venture shall increase Avanceon's presence in the Middle East.

The Company is confident to achieve corporate plan of Avanceon Limited (including Octopus Digital) in upcoming financial year. The next year will bring full global economic recovery especially in the UAE, KSA, Qatar, Oman, Egypt, Nigeria, USA and particularly the political and economic stability in Pakistan.

SERVICE TO SOCIETY

We are committed to being active and responsible corporate citizens. We believe in "giving something back" by helping address key issues such as education, healthcare, public safety and environmental health. This comes from our belief that individual entities when they work together can create powerful synergies and help to improve the conditions of the society in which they operate.

HEALTH, SAFETY AND ENVIRONMENT

At Avanceon we take maintenance of health and safety



standards at our working sites and offices seriously. We are committed to actively managing health and safety risks associated with our business and are actively working towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors.

All our activities at all our campuses are required to conform to international standards for health and safety certified by ISO14001:2004.

We also ensure that our products are shipped in a safe manner complying with safety standards and legal requirements.

ISSUES RAISED IN THE LAST AGM

During the Annual General Meeting for the year ending 31 December 2021, no major issues were raised.

Agenda # 1: To confirm the minutes of the Extraordinary General Meeting held on 05 January 2022.

Agenda # 2: To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 December 2021 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

Agenda # 3: To appoint Auditors of the Company and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of M/s EY Ford Rhodes, Chartered Accountants for re-appointment as auditors of the Company for the year ending 31 December 2022.

Agenda # 4: To consider and approve, as recommended by the Board of Directors, the payment of a final cash dividend at the rate of Rs. 1/- (10%) for the year ended 31 December 2021.

Agenda # 5: To consider and approve, as recommended by the Board of Directors, the issue of bonus shares @ 25% and pass the following resolution;

RESOLVED that Ordinary Shares of Rs. 10/- each be issued as Bonus Shares and that the said shares be allotted as fully paid Ordinary Shares to the Members of the Company whose names appear on the Register of Members as at the close of the business on Thursday, 21 April 2022 in the proportion of 25 Bonus Share for every 100 Shares held, that

is at the rate of 25%.

These Bonus Shares shall rank *pari passu* as regards dividend and in all other respects with the existing Ordinary Shares of the Company.

FURTHER RESOLVED that fractional entitlements of the members shall be consolidated into whole shares and sold in the stock market and the sale proceeds shall be donated to a charitable institution.

Agenda # 6: To transact any other business with the permission of the Chair

All above agenda items have been discussed, approved, and adopted, a Question & Answer session was conducted, where a few members inquired as to the business nature of the company, outlook for the coming year, and business prospects.

An interactive questions & answers session was held and President (Mr. Tanveer Karamat), CFO (Mr. Saeed Ullah Khan Niazi) and Company Secretary (Mr. Ahsan Khalil) answered all queries, explaining the industrial automation business of the company. The future outlook was discussed as to be prosperous and dependent on the growth of Pakistan Economy in line with the setting up of new industrial plants

BOARD OF DIRECTORS' REMUNERATION

All directors of the Company are Non-Executive except for the Chief Executive Officer (CEO) and President. The CEO and President are paid fixed salary and benefits as per Company's HR policies and salary levels. Performance of CEO & President is evaluated against approved criteria by the Human Resource and Remuneration Committee and recommended to the Board for approval. No other directors are being paid for attending board meetings.

TRANSACTIONS WITH RELATED PARTIES

The transactions with related parties were carried out at arm's length prices and purely on commercial terms determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with best practices on "Transfer Pricing" as contained in the Listing Regulations of Pakistan Stock Exchange.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of Avanceon Limited is committed to the company principles and complies with requirements of Code of Corporate Governance included in the listing regulations of the Pakistan Stock Exchange (PSX). The code of Corporate Governance has been disclosed and discussed in detail on Page 48, along with the Statement of Compliance.

BOARD OF DIRECTOR'S TRAINING

No training of director is conducted during the year.

SHARES TRADED BY EXECUTIVES

During the year, the below mentioned executives have traded the stock of Avanceon and informed to Stock Exchange:

Name of Company	Employee Name	Designation	Transaction Type	No. of shares	Price	Transaction Type	Date of Transaction	Date of Submission
Avanceon Ltd	Tanveer Karamat	Director	Sell	5,000	95.70	CDC	03/01/2022	05/01/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	5,000	105.81	CDC	10/01/2022	11/01/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	5,000	105.82	CDC	10/01/2022	11/01/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	15,000	107.00	CDC	25/01/2022	26/01/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	5,000	107.05	CDC	25/01/2022	26/01/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	5,000	107.07	CDC	25/01/2022	26/01/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	5,000	107.08	CDC	25/01/2022	26/01/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	5,000	107.10	CDC	25/01/2022	26/01/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	5,000	107.40	CDC	25/01/2022	26/01/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	5,000	107.80	CDC	25/01/2022	26/01/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	5,000	108.00	CDC	25/01/2022	26/01/2022
Avanceon Ltd	Mohammad Shahid Mir	Director	Buy	10	87.70	CDC	09/03/2022	11/03/2022
Avanceon Ltd	Mohammad Shahid Mir	Director	Buy	50	87.74	CDC	09/03/2022	11/03/2022
Avanceon Ltd	Mohammad Shahid Mir	Director	Buy	500	87.75	CDC	09/03/2022	11/03/2022
Avanceon Ltd	Mohammad Shahid Mir	Director	Buy	9440	87.80	CDC	09/03/2022	11/03/2022
Avanceon Ltd	Mohammad Shahid Mir	Director	Buy	1	88.72	CDC	14/03/2022	15/03/2022
Avanceon Ltd	Mohammad Shahid Mir	Director	Buy	567	88.74	CDC	14/03/2022	15/03/2022
Avanceon Ltd	Mohammad Shahid Mir	Director	Buy	5100	88.75	CDC	14/03/2022	15/03/2022
Avanceon Ltd	Mohammad Shahid Mir	Director	Buy	4332	88.90	CDC	14/03/2022	15/03/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	11000	71.00	CDC	06/06/2022	07/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	1000	71.01	CDC	06/06/2022	07/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	10000	71.05	CDC	06/06/2022	07/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	5050	71.10	CDC	06/06/2022	07/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	2000	71.20	CDC	06/06/2022	07/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	950	71.22	CDC	06/06/2022	07/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	5000	71.24	CDC	06/06/2022	07/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	5000	71.30	CDC	06/06/2022	07/06/2022
Avanceon Ltd	Saeed Ullah Khan Niazi	Chief Financial Officer	Sell	7342	72.7888	CDC	20/06/2022	23/06/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	20000	79.40	CDC	27/06/2022	28/06/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	10000	79.45	CDC	27/06/2022	28/06/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	10000	79.53	CDC	27/06/2022	28/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	15000	80.00	CDC	27/06/2022	28/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	5000	79.95	CDC	27/06/2022	28/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	4388	80.05	CDC	27/06/2022	28/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	300	80.06	CDC	27/06/2022	28/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	3764	80.15	CDC	27/06/2022	28/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	6870	80.20	CDC	27/06/2022	28/06/2022
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sell	4678	80.25	CDC	27/06/2022	28/06/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	10000	79.10	CDC	04/08/2022	10/08/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	20000	79.25	CDC	04/08/2022	10/08/2022
Avanceon Ltd	Saeed Ullah Khan Niazi	Chief Financial Officer	Sell	137500	84.2335	CDC	15/08/2022	16/08/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	10000	85.24	CDC	16/08/2022	17/08/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	2000	85.25	CDC	16/08/2022	17/08/2022
Avanceon Ltd	Saeed Ullah Khan Niazi	Chief Financial Officer	Buy	1000	82.08	CDC	17/08/2022	18/08/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	5000	77.40	CDC	28/09/2022	29/09/2022
Avanceon Ltd	Mohammad Shahid Mir	Director	Sell	20000	83.00	CDC	14/10/2022	17/10/2022
Avanceon Ltd	Mohammad Shahid Mir	Director	Sell	5439	82.14	CDC	19/10/2022	20/10/2022
Avanceon Ltd	Mohammad Shahid Mir	Director	Sell	2560	82.20	CDC	19/10/2022	20/10/2022
Avanceon Ltd	Mohammad Shahid Mir	Director	Sell	2001	82.21	CDC	19/10/2022	20/10/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	5000	82.17	CDC	20/10/2022	21/10/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	2490	81.50	CDC	25/11/2022	28/11/2022
Avanceon Ltd	Tanveer Karamat	Director	Sell	2995	79.70	CDC	01/12/2022	02/12/2022

Directors' Report

COMPOSITION OF BOARD AUDIT COMMITTEE

The board audit committee consists of three members listed below;

Sr. No.	Name of Members	
1.	Mr. Mohammad Shahid Mir Chairman	Independent Director
2.	Mr. Khalid Hameed Wain Member	Non-Executive Director
3.	Mr. Amir Waheed Wain Member	Non-Executive Director

COMPOSITION OF BOARD OF HR AND REMUNERATION COMMITTEE

The board of HR and Remuneration committee consists of three members listed below;

Sr. No.	Name of Director	
1.	Mr. Mohammad Shahid Mir Chairman	Independent Director
2.	Mr. Khalid Hameed Wain Member	Non-Executive Director
3.	Ms. Hanan Darwish Member	Independent Director

COMPOSITION OF BOARD OF DIRECTORS

The board consist of seven directors listed below;

Sr. No.	Name of Director	
1.	Mr. Khalid H. Wain Non-executive Director but not independent	
2.	Mr. Bakhtiar H. Wain Executive Director	
3.	Mr. Amir W. Wain Non-executive Director but not independent	
4.	Mr. Tanveer Karamat Executive Director	
5.	Mr. Mohammad Shahid Mir Independent Director	
6.	Mr. Omer Iqbal Khan Independent Director	
7.	Ms. Hanan Darwish Independent Female Director	

The total number of directors are seven as per the following,

- Male: Six
- Female: One

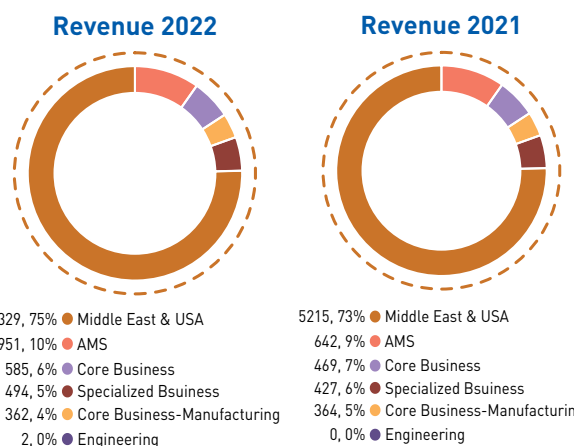
BOARD OF DIRECTOR'S MEETINGS

During the year, the Board of Directors has conducted four board meetings (all conducted in Pakistan), the following honorable members participating:

Sr. No.	Name of Director	Present	Leave Granted
1.	Mr. Khalid H. Wain	4	0
2.	Mr. Bakhtiar H. Wain	4	0
3.	Mr. Amir W. Wain	4	0
4.	Mr. Tanveer Karamat	4	0
5.	Mr. Omer Iqbal Khan	2	2
6.	Ms. Hanan Darwish	0	4
7.	Mr. Mohammad Shahid Mir	4	0

SEGMENTAL BUSINESS PERFORMANCE AND MARKET SHARE INFORMATION

According to the Control Engineering Giants List, Avanceon's market share nears 4% and ranks amongst the top 15 system integrators worldwide, the current market leader taking 9% of the market. The main objective of Avanceon resides in maintaining market leadership in Pakistan whilst increasing market share by developing untapped markets and growing the portfolio of customers to other verticals such as infrastructure & transportation based on common success in the Middle East; in other words, pioneering in fields that understand the relevancy of the solutions but have not yet ventured into implementing them. Based on our current knowledge of the automation and process control market in Pakistan, market share for Avanceon is leading with 63% of the existing market share, which represents roughly threefold the revenues of its closest competition.



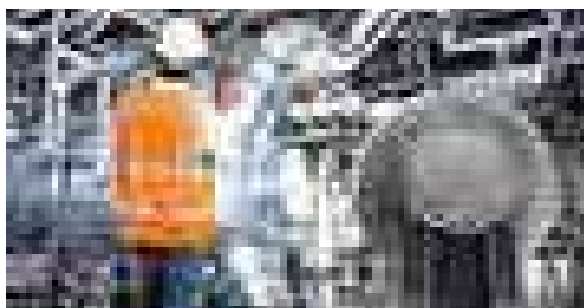


Directors' Report

PROCEDURES ADOPTED FOR QUALITY ASSURANCE

The HSE data management system, data collection process and transparent reporting are essential elements of corporate responsibility at Avanceon. The Company reports its HSE performance in accordance with the SMETA 4 pillar guidelines for sustainability reporting as well as ISO standards.

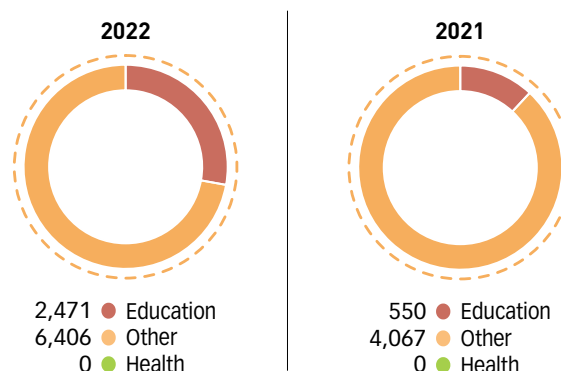
This system provides all management levels throughout with necessary information to take early action if deviation from targets occurs. Systems and processes are reviewed by third parties – in addition to corporate and divisional HSE audits.



DONATION & CHARITY

The Company has a policy to donate maximum of up to 1% of its prior year's profit before tax to a charitable institution. During the last year the Company donated as follows:

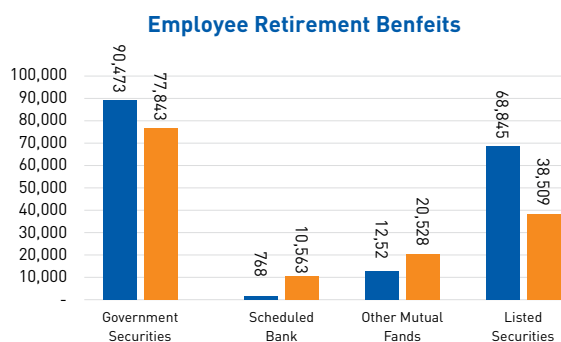
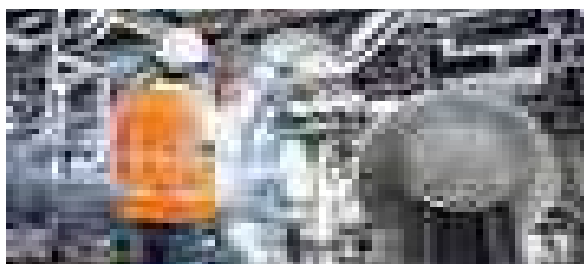
(Rupees in '000)	2022	2021
Health	-	-
Education	6,406	4,067
Other	2,471	550
	8,878	4,617



EMPLOYEES' RETIREMENT BENEFITS

The Company operates a defined contribution plan for its permanent employees through a recognized provident trust fund. Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2022		2021	
	Investments (Rupees in '000)	Investment as % of size of the fund	Investments (Rupees in '000)	Investment as % of size of the fund
Government Securities	90,473	52%	77,843	53%
Scheduled Banks	768	0%	10,563	7%
Other Mutual Funds	12,520	7%	20,528	14%
Listed Securities	68,845	40%	38,509	26%
	172,607		147,443	



Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. The financial year of the provident fund trust is 30 June.



OPERATING FINANCIAL DATA

Operating, financial data and key ratios of the Company for the last six years as disclosed are annexed on subsequent pages in the Management part of this Report.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at December 31, 2022 is annexed on subsequent Page No. 87 in the Management section of this Report. The Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouse and minor children have made no transactions of the Company's shares during the year, except those reported in the pattern of shareholding.

STATUTORY AUDITORS OF THE COMPANY

The present Auditors, M/s. BDO Ebrahim & Company, Chartered Accountants retire and being eligible, offer themselves for re-appointment. The Audit Committee of the Company has been recommended their re-appointment as Auditors of the Company for the year ending December 31, 2023.

COMMUNICATIONS

Communication with the shareholders is given a high priority. Financial results including quarterly, half yearly and annual results & reports are distributed to them within the time specified in the Companies Act, 2017. The company communicates all material information which fall under the material information category under listing regulations to Pakistan Stock Exchange (PSX) and Securities and Exchange Commission of Pakistan (SECP). The Company also has a website, www.avanceon.ae, which contains updated information on the Company's activities and financial reports.

ACKNOWLEDGEMENT

The Board is pleased with the continued dedication and efforts of the employees of the Company.

For and on behalf of the
Board of Directors

Mr. Bakhtiar H. Wain

Director,
Chief Executive Officer

Lahore:
April 27, 2023

Mr. Tanveer Karamat
Director

SIX YEARS AT A GLANCE

RATIOS FOR 6 YEARS

Years	2022	2021	2020	2019	2018	2017
PROFITABILITY RATIOS						
Gross Profit ratio	26%	32%	29%	30%	28%	35%
Operating Result Ratio	26%	26%	20%	22%	24%	24%
Profit Before Tax	23%	25%	18%	20%	22%	21%
Profit After Tax	22%	22%	16%	19%	20%	20%
Return On Capital Employed	20%	22%	23%	23%	23%	23%
Interest Coverage Ratio (Times)	10.9	15.1	9.9	8.7	13.9	9.5
EBITDA (Rs. In million)	2,531	1,941	1,381	1,152	875	695
EBITDAP (Rs. In million)	2,866	1,971	1,361	1,177	875	695
EBITDA Margin	27%	27%	21%	24%	25%	25%
GROWTH RATIOS						
Net Sales	34%	10%	32%	41%	24%	36%
Operating Results	29%	43%	21%	29%	26%	49%
EBITDA	30%	41%	20%	32%	26%	47%
Profit After Tax	29%	53%	15%	32%	23%	69%
COST RATIOS						
Cost of Sales (% of Sales)	74%	68%	71%	70%	72%	65%
Administrative & selling Cost (% of Sales)	19%	13%	11%	14%	17%	14%
Financial Cost (% of Sales)	2%	2%	2%	3%	2%	2%
RETURN TO SHAREHOLDERS						
Return on Equity-Before Tax	21%	23%	22%	22%	24%	23%
Return on Equity-After Tax	19%	21%	19%	21%	21%	22%
Earning per Share (Basic) (Rs.)	6.07	4.84	4.93	4.31	3.62	4.26
Earning per Share (Diluted) (Rs.)	5.98	4.77	4.82	4.22	3.53	4.02
Break Up value per share without surplus on revaluation (Rs.)	34.62	31.48	25.40	22.32	23.96	19.62
Break Up value per share with surplus on revaluation (Rs.)	35.64	32.48	26.54	23.41	25.19	20.73

Years	2022	2021	2020	2019	2018	2017
EQUITY RATIOS						
Price Earning Ratio	10.88	18.83	18.83	8.71	22.84	8.12
Dividend Per Share	0%	10%	10%	0%	0%	22.5%
Dividend Payout Ratio	0%	21%	20%	0%	0%	53%
Market Value at the end of The Year	66.03	91.12	92.85	37.55	82.68	34.60
Market Value at the start of the Year	91.12	92.85	37.55	82.68	34.60	34.85
Highest Value During Year	112.37	139.79	96.05	84.61	100.37	59.44
Lowest Value During Year	66.03	73.57	18.51	29.14	35.07	32.64
Dividend Yield Ratio	0.00%	0.11%	0.11%	0.00%	0.00%	0.65%
Dividend Cover Ratio	N/A	6.24	4.93	0.00	0.00	2.67
ASSET UTILIZATION						
Total Asset turnover (Times)	0.46	0.52	0.64	0.59	0.58	0.61
Fixed Asset Turnover (Times)	10.00	15.22	14.95	11.29	10.32	10.16
Inventory Turnover (Times)	104.78	66.47	37.12	21.20	29.46	19.56
Trade Debts Turnover (Times)	0.63	0.74	0.88	0.81	0.87	0.97
Trade Creditors Turnover (Times)	1.11	1.39	1.67	1.77	1.23	1.36
Capital Employed Turnover (Times)	0.79	0.83	1.11	1.05	0.97	0.98
OPERATING CYCLE						
Inventory Holding Period (No. of days)	3	5	10	17	12	19
Trade Debt collection period (No. of days)	584	496	416	450	418	375
Trade Creditors payment period (No. of days)	330	263	218	206	298	269
LIQUIDITY/LEVERAGE						
Current ratio (Times)	2.02	2.36	2.04	1.89	2.03	2.12
Quick ratio (Times)	2.01	2.34	2.01	1.84	1.99	2.07
Cash to current liabilities (Times)	0.16	0.31	0.14	0.08	0.10	0.21
Financial leverage ratio (Times)	0.04	0.02	0.03	0.03	0.05	0.05
Total liabilities to equity (Times)	0.82	0.66	0.81	0.90	0.78	0.72

ANALYSIS OF FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS

(Rupees in million)

Particulars	2022	2021	2020	2019	2018	2017
Non-Current Assets						
Property and Equipment	953	468	431	434	337	277
Intangible assets	686	52	20	-	-	-
Long term investments	1,433	968	874	843	746	599
Long term loans and deposits	57	38	33	27	38	33
Deferred tax asset	15	-	59	74	-	-
Total Non-Current Assets	3,145	1,526	1,417	1,378	1,121	909
Current Assets						
Stock in trade	67	73	124	161	85	94
Trade debts	8,615	5,551	3,586	2,431	1,952	1,019
Contract assets	6,639	4,120	3,761	3,602	2,030	1,874
Term deposit with banks	75	310	74	197	189	195
“Advances, deposits, prepayments and other receivables	957	786	502	480	562	337
Short term investments	-	-	3	1	1	-
Cash and bank balances	1,347	1,312	527	105	53	169
Total Current Assets	17,700	12,154	8,577	6,979	4,872	3,688
Total Assets	20,845	13,679	9,994	8,357	5,993	4,597

BALANCE SHEET

EQUITY AND LIABILITIES

(Rupees in million)

Particulars	2022	2021	2020	2019	2018	2017
Share Capital and reserves						
Issued, subscribed and paid up capital	3,247	2,566	2,118	1,925	1,363	1,321
Employees' share compensation reserve	156	173	74	54	115	70
Statutory reserve	3	3	3	3	3	-
Exchange revaluation reserve	1,495	755	632	610	440	245
Gain on dilution of interest	631	631	-	-	-	-
Share Premium	314	144	138	138	62	62
Un-appropriated profit	4,870	3,346	2,410	1,563	1,280	894
	10,716	7,618	5,375	4,293	3,263	2,592
Non controlling interest	525	459	5	4	3	-
	11,241	8,077	5,380	4,298	3,266	2,592
Surplus on revaluation of property and equipment	332	256	242	210	168	146
Non-Current Liabilities						
Long term loan	94	-	24	-	2	20
Lease liabilities	214	70	42	68	64	52
Employees' end of service benefits	187	119	101	81	88	49
Deferred grant	-	-	1	-	-	-
Deferred taxation	-	4	-	-	-	-
Total Non-Current Liabilities	495	193	168	149	154	121
Current Liabilities						
Current portion of lease liabilities	62	47	38	46	26	26
Current portion of long term loan	-	24	26	2	18	18
Current portion of deferred grant	-	0	1	-	-	-
Finances under mark up arrangements and other credit facilities - secured	616	714	487	599	312	340
Creditors, accrued and other liabilities	6,359	3,486	2,750	1,928	2,049	1,354
Contract liabilities	1,739	883	902	1,127	-	-
Total Current Liabilities	8,777	5,153	4,204	3,701	2,406	1,738
Total Equity and Liabilities	20,845	13,679	9,994	8,357	5,993	4,597

Analysis of Financial Statements (Contd...)

PROFIT OR LOSS ACCOUNT

(Rupees in million)

Particulars	2022	2021	2020	2019	2018	2017
Revenue from contracts with customers	9,538	7,118	6,445	4,896	3,481	2,814
Cost of revenue	(7,032)	(4,840)	(4,603)	(3,412)	(2,514)	(1,839)
Gross Profit	2,507	2,278	1,842	1,484	967	975
Administrative and selling expenses	(1,828)	(933)	(685)	(705)	(586)	(408)
Other operating expenses	(9)	(5)	(4)	(4)	(5)	(4)
Other operating income	1,766	544	163	313	465	105
	(71)	(394)	(526)	(397)	(126)	(307)
Profit/(loss) from operations	2,436	1,883	1,316	1,087	841	668
Finance cost	(223)	(125)	(132)	(124)	(61)	(70)
Profit/(loss) before tax	2,213	1,759	1,183	963	780	598
Taxation	(155)	(159)	(138)	(51)	(89)	(35)
Profit/(loss) after Tax	2,058	1,600	1,045	912	692	563
Combined earnings/(loss) per Share						
Basic in Rs.	6.07	4.84	4.93	4.31	3.62	4.26
Diluted in Rs.	5.98	4.77	4.82	4.22	3.53	4.02

CASH FLOW STATEMENT

(Rupees in million)

Particulars	2022	2021	2020	2019	2018	2017
Cash flow from operating activities	168	(83)	691	(98)	72	134
Cash flow from investing activities	170	(271)	100	(22)	1	(29)
Cash flow from financing activities	(303)	1,139	(369)	172	(189)	(52)
Increase/(decrease) in cash and cash equivalent	34	785	421	52	(117)	54

CASH FLOW STATEMENT

Particulars	(Rupees in million)					
	2022	2021	2020	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash generated from operations	414	123	839	14	170	255
Finance costs paid	(201)	(123)	(127)	(46)	(38)	(49)
long term loans and deposits - net	(19)	(6)	(1)	-	-	-
Retirement benefits paid	(5)	(21)	(4)	(4)	(2)	(0)
Taxes paid	(21)	(57)	(17)	(62)	(59)	(71)
Net cash (used in) / generated from operating activities	168	(83)	691	(98)	72	134
Purchase of property and equipment	(75)	(26)	(14)	(22)	(18)	(7)
Purchase of intangible asset	(29)	(32)	(20)	-	-	-
Proceeds from sale of property and equipment	31	20	4	7	11	5
Profit on bank deposit	7	1	7	13	8	15
Term deposits	236	(234)	124	(8)	6	(39)
Short term investments	-	-	-	-	(2)	-
Net increase in long term deposits	-	-	(1)	(12)	(5)	(3)
Net cash (used in) / generated from investing activities	170	(271)	100	(22)	1	(29)
CASH FLOWS FROM FINANCING ACTIVITIES						
Issue of share capital	32	294	-	15	4	-
Share premium	8	795	-	-	-	-
Dividend paid	(197)	(83)	(252)	(29)	(98)	(146)
Finances under markup arrangements	(97)	226	(112)	284	(28)	74
Long term loan received	70	(27)	50	(18)	(18)	38
Repayment of finance lease liabilities	(119)	(66)	(56)	(79)	(50)	(18)
Net cash (used in) / generated from financing activities	(303)	1,139	(369)	172	(189)	(52)
Net (decrease) / increase in cash and cash equivalents	34	785	421	52	(117)	54
Cash and cash equivalents at the beginning of the year	1,312	527	105	53	169	116
Effect of cash and Cash equivalents of subsidiary disposed off	-	-	-	-	-	-
Cash and cash equivalents at the end of the year	1,347	1,312	527	105	53	169

6 YEARS VERTICAL AND HORIZONTAL ANALYSIS

BALANCE SHEET

ASSETS	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
Particulars	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
Non-Current Assets												
Property and Equipment	5%	3%	4%	5%	6%	6%	204%	109%	99%	129%	122%	119%
Intangible assets	3%	0%	0%	0%	0%	0%	1326%	259%	100%	0%	38%	63%
Long term investments	7%	7%	9%	10%	12%	13%	148%	111%	104%	113%	125%	106%
Long term loans and deposits	0%	0%	0%	0%	1%	1%	150%	116%	120%	72%	115%	106%
Deferred tax asset	0%	0%	1%	1%	0%	0%	100%	0%	80%	100%	0%	0%
Total Non-Current Assets	15%	11%	14%	16%	19%	20%	206%	108%	103%	123%	123%	109%
Current Assets												
Stock in trade	0%	1%	1%	2%	1%	2%	92%	59%	77%	189%	91%	93%
Trade debts	41%	41%	36%	29%	33%	22%	155%	155%	147%	125%	192%	157%
Contract assets	32%	30%	38%	43%	34%	41%	161%	110%	104%	177%	108%	158%
Term deposit with banks	0%	2%	1%	2%	3%	4%	24%	420%	38%	104%	97%	125%
Advances, deposits, prepayments and other receivables	5%	6%	5%	6%	9%	7%	122%	157%	104%	85%	167%	139%
Short term investments	0%	0%	0%	0%	0%	0%	94%	6%	208%	114%	0%	0%
Cash and bank balances	6%	10%	5%	1%	1%	4%	103%	249%	501%	199%	31%	146%
Total Current Assets	85%	89%	86%	84%	81%	80%	146%	142%	123%	143%	132%	150%
Total Assets	100%	100%	100%	100%	100%	100%	152%	137%	120%	139%	130%	140%

EQUITIES AND LIABILITIES	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
Particulars	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
Share Capital and reserves												
Issued, subscribed and paid up capital	16%	19%	21%	23%	23%	29%	127%	121%	110%	141%	103%	125%
Employees share compensation reserve	1%	1%	1%	1%	2%	2%	90%	233%	137%	47%	164%	135%
Statutory reserve	0%	0%	0%	0%	0%	0%	100%	100%	100%	100%	0%	0%
Exchange revaluation reserve	7%	6%	6%	7%	7%	5%	198%	119%	104%	139%	179%	117%
Gain on dilution of interest	3%	5%	0%	0%	0%	0%	100%	100%	0%	0%	0%	0%
Share Premium	2%	1%	1%	2%	1%	1%	218%	104%	100%	224%	100%	100%
Un-appropriated profit	23%	24%	24%	19%	21%	19%	146%	139%	154%	122%	143%	128%
	51%	56%	54%	51%	54%	56%	141%	142%	125%	132%	126%	125%
Non controlling interest	3%	3%	0%	0%	0%	0%	114%	9178%	115%	142%	0%	0%
Surplus on revaluation of property and equipment	2%	2%	2%	3%	3%	3%	130%	106%	115%	125%	115%	130%
Non-Current Liabilities												
Long term loan	0%	0%	0%	0%	0%	0%	100%	0%	100%	0%	0%	0%
Lease liabilities	1%	1%	0%	1%	1%	1%	307%	166%	62%	106%	0%	0%
Employees' end of service benefits	1%	1%	1%	1%	1%	1%	157%	118%	125%	92%	0%	0%
Deferred grant	0%	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%
Deferred taxation	0%	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%
Total Non-Current Liabilities	2%	1%	2%	2%	3%	3%	257%	115%	113%	97%	127%	110%
Current Liabilities												
Current portion of lease liabilities	0%	0%	0%	1%	0%	1%	133%	123%	83%	172%	102%	118%
Current portion of long term loan	0%	0%	0%	0%	0%	0%	0%	91%	1711%	8%	101%	100%
Current portion of deferred grant	0%	0%	0%	0%	0%	0%	0%	27%	100%	0%	0%	0%
Finances under mark up arrangements and other credit facilities - secured	3%	5%	5%	7%	5%	7%	86%	147%	81%	192%	92%	128%
Creditors, accrued and other liabilities	31%	25%	28%	23%	34%	29%	182%	127%	143%	94%	151%	194%
Contract liabilities	8%	6%	9%	13%	0%	0%	197%	98%	80%	100%	0%	0%
Total Current Liabilities	42%	38%	42%	44%	40%	38%	170%	123%	114%	154%	138%	177%
Total Equity and Liabilities	100%	100%	100%	100%	100%	100%	152%	137%	120%	139%	130%	140%

6 Years Vertical and Horizontal Analysis (Contd...)

PROFIT OR LOSS ACCOUNT

Particulars	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
Revenue from contracts with customers	100%	100%	100%	100%	100%	100%	134%	110%	132%	141%	124%	136%
Cost of revenue	74%	68%	71%	70%	72%	65%	145%	105%	135%	136%	137%	140%
Gross Profit	26%	32%	29%	30%	28%	35%	110%	124%	124%	153%	99%	131%
Administrative and selling expenses	19%	13%	11%	14%	17%	14%	196%	136%	97%	120%	144%	127%
Other operating expenses	0%	0%	0%	0%	0%	0%	192%	107%	96%	94%	119%	40%
Other operating income	19%	8%	3%	6%	13%	4%	325%	334%	52%	67%	443%	328%
	1%	6%	8%	8%	4%	11%	18%	75%	133%	314%	41%	102%
Profit/(loss) from operations	26%	26%	20%	22%	24%	24%	129%	143%	121%	129%	126%	149%
Finance cost	2%	2%	2%	3%	2%	2%	179%	94%	106%	205%	87%	140%
Profit/(loss) before tax	23%	25%	18%	20%	22%	21%	126%	149%	123%	123%	130%	151%
Taxation	2%	2%	2%	1%	3%	1%	98%	115%	273%	57%	253%	55%
Profit/(loss) after Tax	22%	22%	16%	19%	20%	20%	129%	153%	115%	132%	123%	169%
Combined earnings/(loss) per Share												
Basic	0.06%	0.07%	0.08%	0.09%	0.10%	0.15%	125%	98%	114%	119%	85%	170%
Diluted	0.06%	0.07%	0.07%	0.09%	0.10%	0.14%	125%	99%	114%	120%	88%	168%

CASH FLOW STATEMENT

Particulars	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
Cash flow from operating activities	488%	-11%	164%	-186%	-62%	250%	-202%	-12%	-706%	-136%	54%	-578%
Cash flow from investing activities	493%	-34%	24%	-42%	-1%	-54%	-63%	-271%	-453%	-3456%	-2%	-74%
Cash flow from financing activities	-881%	145%	-88%	329%	162%	-98%	-27%	-308%	-214%	-91%	364%	152%
Increase/(decrease) in cash and cash equivalent	100%	100%	100%	100%	100%	100%	4%	186%	804%	-45%	-218%	-285%

CONSOLIDATED CASH FLOW STATEMENT

Particulars	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
	2022	2021	2020	2019	2018	2017	2022	2021	2020	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES												
Cash generated from operations	1203%	16%	199%	27%	-146%	476%	338%	15%	6003%	8%	67%	480%
Finance costs paid	-584%	-16%	-30%	-87%	32%	-91%	164%	97%	279%	121%	77%	183%
long term loans and deposits - net	-55%	-1%	0%	0%	0%	0%	344%	609%	100%	0%	0%	0%
Retirement benefits paid	-14%	-3%	-1%	-8%	2%	0%	22%	597%	84%	235%	1035%	45%
Taxes paid	-62%	-7%	-4%	-118%	51%	-134%	38%	341%	27%	105%	82%	144%
Net cash (used in) / generated from operating activities	488%	-11%	164%	-186%	-62%	251%	-202%	-12%	-706%	-136%	54%	-578%
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchase of property and equipment	-216%	-3%	-3%	-41%	15%	-14%	283%	189%	65%	120%	239%	113%
Purchase of intangible asset	-84%	-4%	-5%	0%	0%	0%	92%	100%	100%	0%	0%	0%
Proceeds from sale of property and equipment	89%	3%	1%	14%	-9%	10%	152%	497%	58%	66%	206%	48%
Profit on bank deposit	20%	0%	2%	25%	-7%	29%	596%	16%	56%	154%	55%	121%
Term deposits	685%	-30%	29%	-16%	-5%	-73%	-101%	-189%	-1465%	-143%	-15%	-155%
Short term investments	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%	100%	0%
Net increase in long term deposits	0%	0%	0%	-23%	4%	-5%	0%	0%	7%	262%	176%	80%
Net cash (used in) / generated from investing activities	493%	-34%	24%	-42%	-1%	-54%	-63%	-271%	-453%	-3456%	-2%	-74%
CASH FLOWS FROM FINANCING ACTIVITIES												
Issue of share capital	92%	37%	0%	29%	-4%	0%	11%	100%	0%	355%	100%	0%
Share premium	25%	101%	0%	0%	0%	0%	1%	100%	0%	0%	0%	0%
Dividend paid	-573%	-11%	-60%	-56%	84%	-273%	239%	33%	857%	30%	67%	149%
Finances under markup arrangements	-283%	29%	-27%	542%	24%	138%	-43%	-202%	-39%	-1032%	-37%	99%
Long term loan received	203%	-3%	12%	-35%	16%	71%	256%	-54%	-277%	100%	-48%	100%
Repayment of finance lease liabilities	-345%	-8%	-13%	-151%	43%	-34%	-179%	120%	70%	158%	278%	164%
Net cash (used in) / generated from financing activities	-881	145%	-88%	329%	162%	-98%	-27%	-308%	-214%	-91%	363%	152%
Net (decrease) / increase in cash and cash equivalents	100%	100%	100%	100%	100%	100%	4%	186%	804%	-45%	-218%	-285%

6 Years Analysis (Contd...)

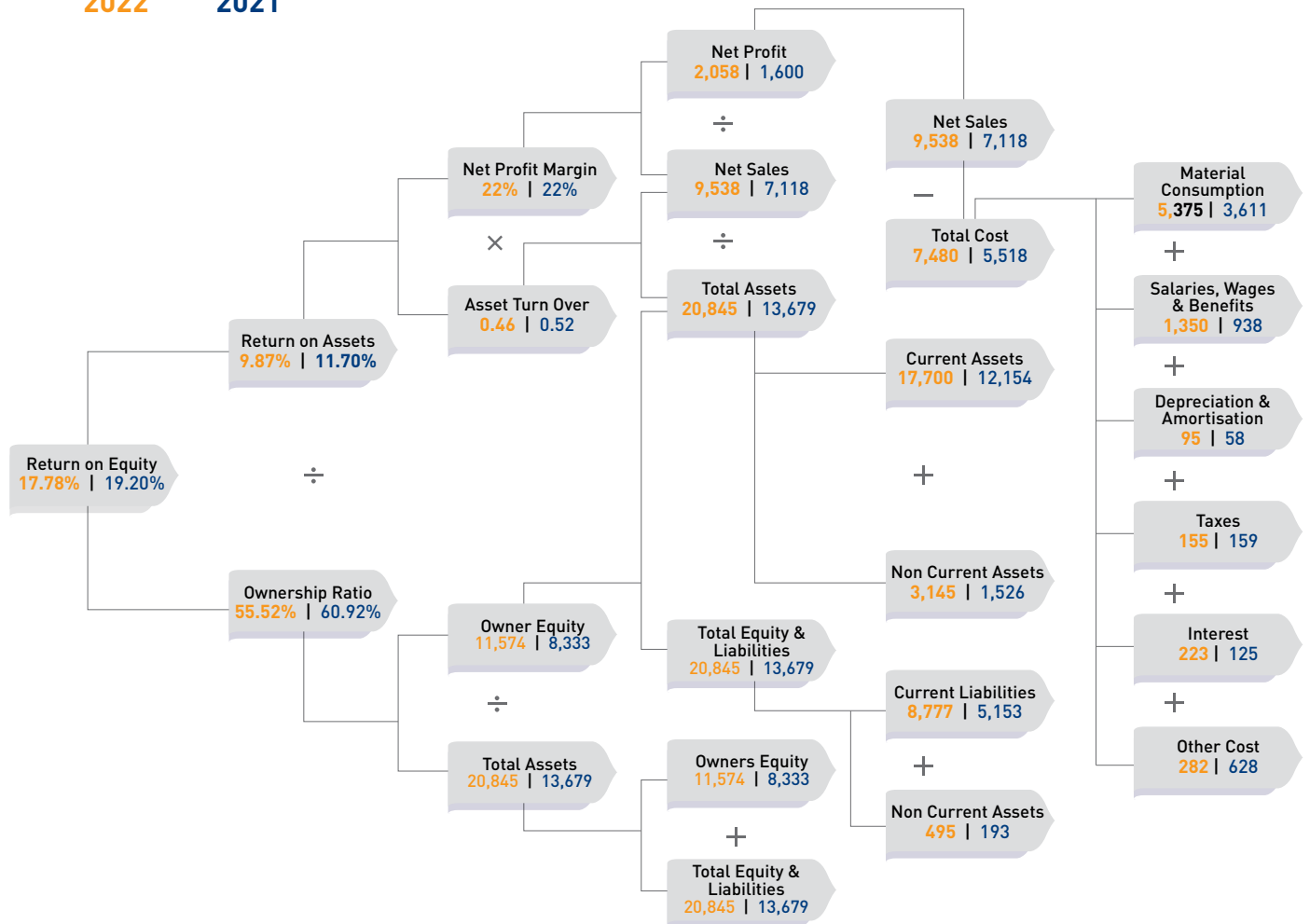
CONSOLIDATED CASH FLOW STATEMENT BY INDIRECT METHOD

(Rupees in million)

Particulars	2022	2021	2020	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash flows from Customers	(3,894)	(2,357)	(1,315)	(2,260)	(736)	(1,078)
Cash flows from Creditors	2,451	555	931	(197)	486	696
Cash flows from Stocks	6	51	37	(76)	8	8
Other cash flows from operations	1,852	1,874	1,185	2,546	412	629
Cash (used in) / generated from continuing operations	414	123	839	14	170	255
Finance costs paid	(201)	(123)	(127)	(46)	(38)	(49)
long term loans and deposits - net	(19)	(6)	(1)	-	-	-
Retirement benefits paid	(5)	(21)	(4)	(4)	(2)	(0)
Taxes paid	(21)	(57)	(17)	(62)	(59)	(71)
Net cash (used in) / generated from operating activities	168	(83)	691	(98)	72	134
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property and equipment	(75)	(26)	(14)	(22)	(18)	(7)
Purchase of intangible asset	(29)	(32)	(20)	-	-	-
Proceeds from sale of property and equipment	31	20	4	7	11	5
Profit on bank deposit	7	1	7	13	8	15
Term deposits	236	(234)	124	(8)	6	(39)
Short term investments	-	-	-	-	(2)	-
Net increase in long term deposits	-	-	(1)	(12)	(5)	(3)
Net cash (used in) / generated from investing activities	170	(271)	100	(22)	1	(29)
CASH FLOWS FROM FINANCING ACTIVITIES						
Issue of share capital	32	294	-	15	4	-
Share premium	8	795	-	-	-	-
Dividend paid	(197)	(83)	(252)	(29)	(98)	(146)
Finances under markup arrangements	(97)	226	(112)	284	(28)	74
Long term loan received	70	(27)	50	(18)	(18)	38
Repayment of finance lease liabilities	(119)	(66)	(56)	(79)	(50)	(18)
Net cash (used in) / generated from financing activities	(303)	1,139	(369)	172	(189)	(52)
Net (decrease) / increase in cash and cash equivalents	34	785	421	52	(117)	54
Cash and cash equivalents at the beginning of the year	1,312	527	105	53	169	116
Effect of cash and Cash equivalents of subsidiary disposed off	-	-	-	-	-	-
Cash and cash equivalents at the end of the year	1,346	1,312	527	105	53	169

DUPONT ANALYSIS

2022 2021



Avanceon showed excellent all-round performance in terms of PO generation, year on year growth of revenues, gross profits, other income and net profits in financial year 2022. Avanceon stock performed exceptionally well in terms of capital gains, distribution of profits/dividends or bonuses since financial year 2014 with satisfactory stock liquidity. We are confident of our current business plan in financial year 2023. Well done team and thank you for your confidence in our capabilities.

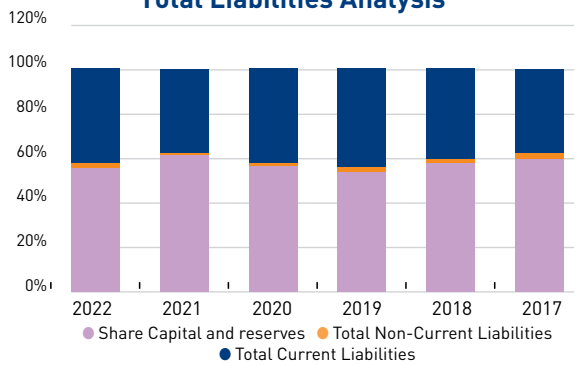
Saeed Ullah Khan Niazi
Chief Financial Officer

GRAPHICAL REPRESENTATION

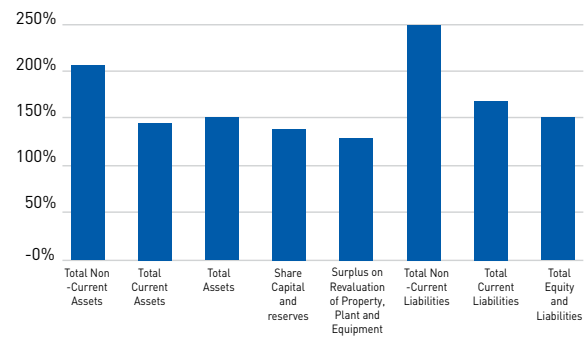
2017-2022



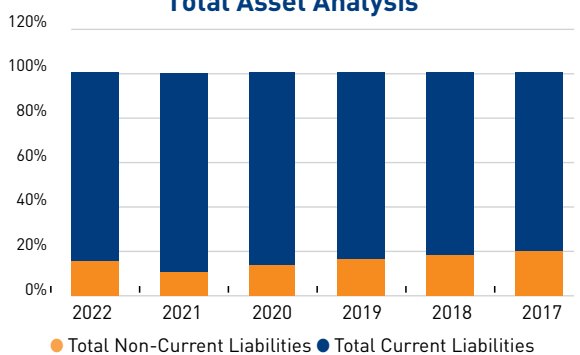
Total Liabilities Analysis



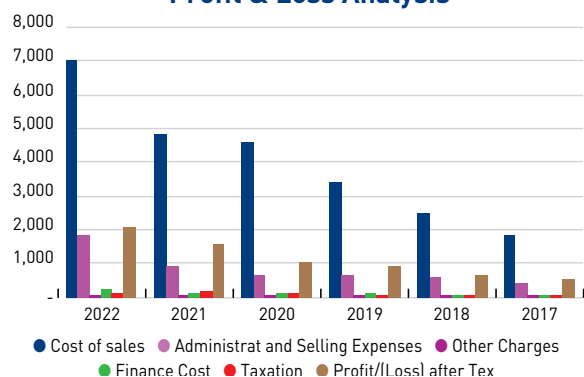
Balance Sheet Horizontal Analysis

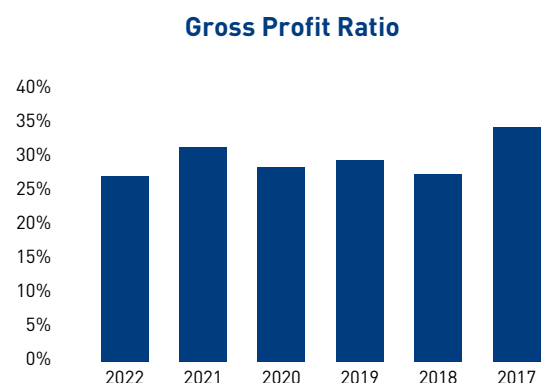
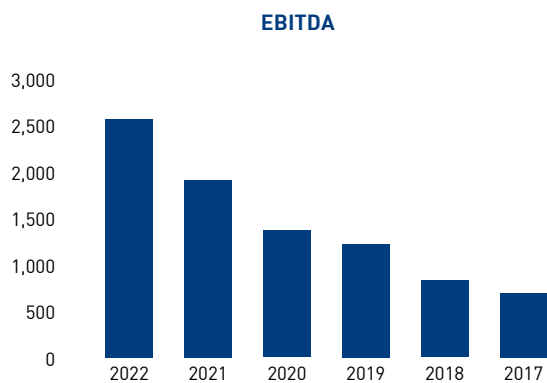
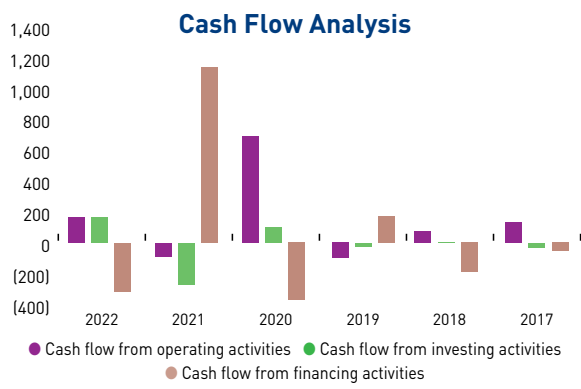


Total Asset Analysis



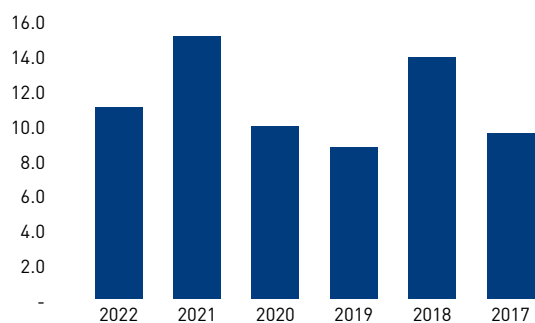
Profit & Loss Analysis



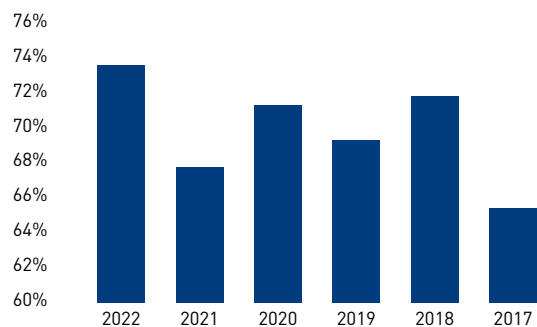


Graphic Representation 2017-2022 (Contd...)

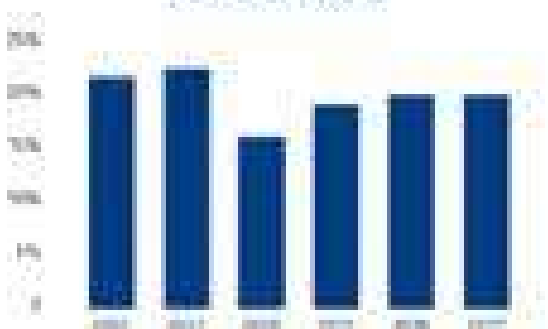
Interest Coverage Ratio



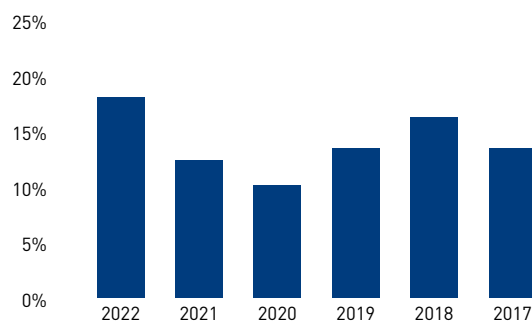
Cost of Sales (% of Sales)



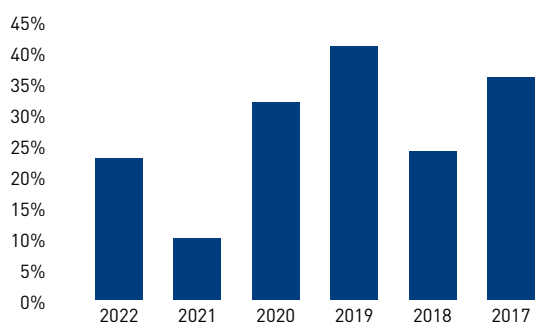
Profitability Tax (%)



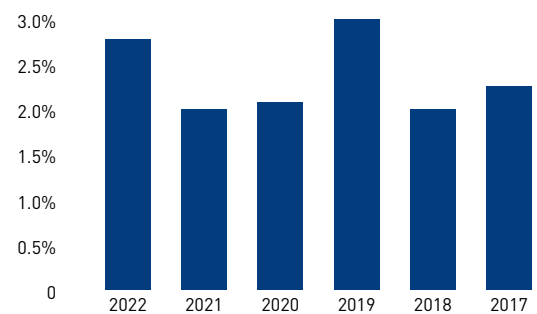
Administrative & Selling Cost (% of Sales)

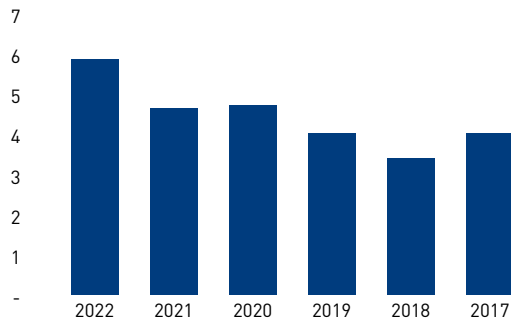
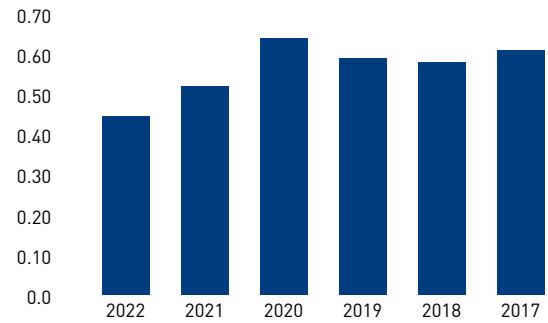
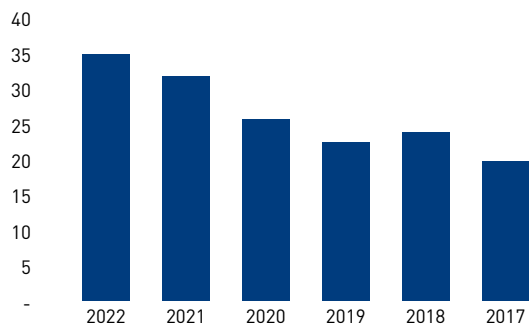
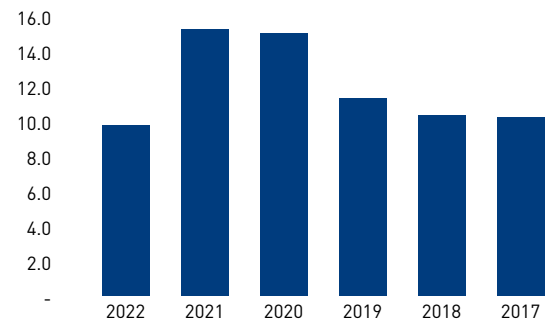
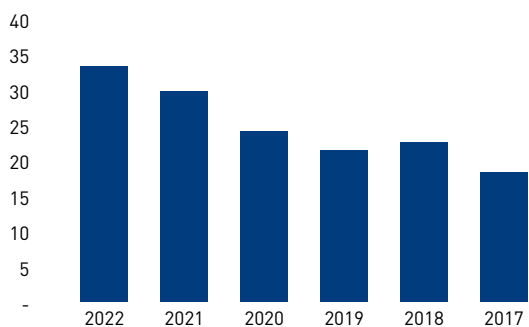
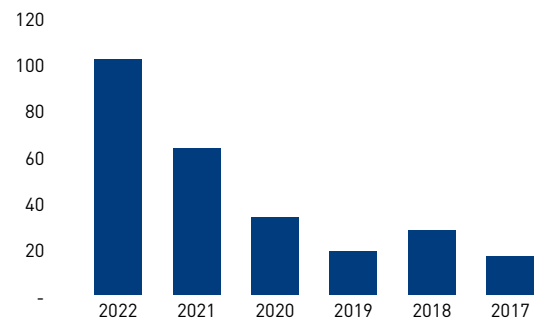


Net Sales (in % Growth)



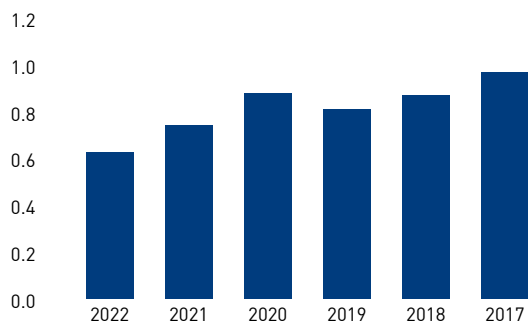
Financial Cost (% of Sales)



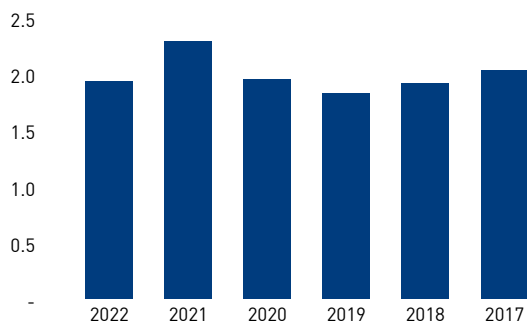
Earning per Share (Basic)**Total Asset Turnover****Break Up Value per Share with Surplus on Revaluation****Fixed Asset Turnover****Break Up value per share without surplus on revaluation****Inventory Turnover**

Graphic Representation 2017-2022 (Contd...)

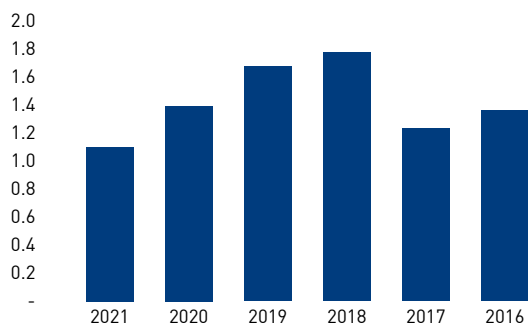
Trade Debts Turnover



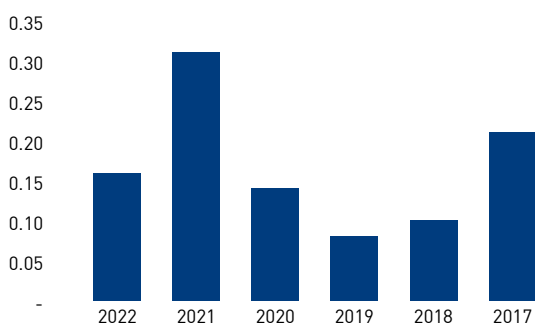
Current Ratio



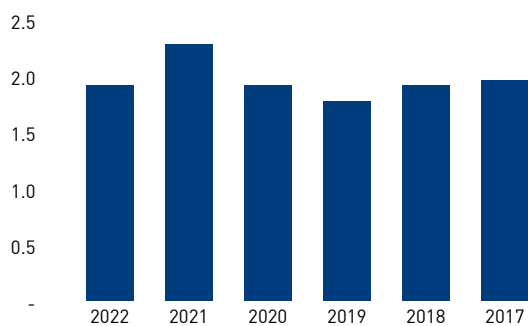
Trade Creditors Turnover



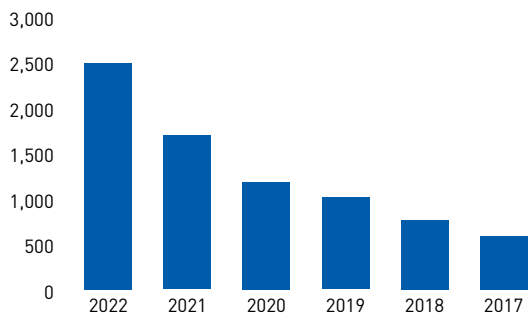
Cash to Current Liabilities



Quick Ratio



EBITDAP



PATTERN OF SHAREHOLDING

PATTERN OF SHAREHOLDING AS AT DECEMBER 31, 2022

No. of Shareholders	NO. OF SHAREHOLDINGS		Shares Held
	From	To	
1,941	1	100	87,305
2,478	101	500	756,537
1,667	501	1,000	1,341,951
3,461	1,001	5,000	8,138,915
757	5,001	10,000	5,562,544
290	10,001	15,000	3,655,520
118	15,001	20,000	2,123,089
89	20,001	25,000	2,037,430
57	25,001	30,000	1,593,524
41	30,001	35,000	1,324,888
39	35,001	40,000	1,482,189
20	40,001	45,000	864,874
30	45,001	50,000	1,456,772
9	50,001	55,000	475,321
10	55,001	60,000	579,493
8	60,001	65,000	508,577
8	65,001	70,000	542,133
11	70,001	75,000	800,203
9	75,001	80,000	708,665
7	80,001	85,000	581,213
9	85,001	90,000	788,267
2	90,001	95,000	185,900
7	95,001	100,000	696,845
5	100,001	105,000	512,900
4	105,001	110,000	431,381
4	110,001	115,000	457,750
4	115,001	120,000	472,770
5	120,001	125,000	622,378
7	125,001	130,000	890,669
4	130,001	135,000	533,725
3	135,001	140,000	412,633
2	140,001	145,000	287,805
6	145,001	150,000	894,625
4	150,001	155,000	606,973
1	155,001	160,000	155,761
1	160,001	165,000	163,375
3	165,001	170,000	499,997
2	180,001	185,000	366,050
2	185,001	190,000	376,046
2	190,001	195,000	386,500
2	195,001	200,000	399,000
1	205,001	210,000	210,000
3	210,001	215,000	632,019
1	215,001	220,000	217,901
1	220,001	225,000	220,625
1	230,001	235,000	235,000
3	235,001	240,000	714,574
2	245,001	250,000	500,000
1	250,001	255,000	251,250
3	255,001	260,000	771,006
1	260,001	265,000	263,100
1	265,001	270,000	269,340
1	270,001	275,000	270,180
2	285,001	290,000	577,510
2	290,001	295,000	587,693
2	295,001	300,000	596,100
1	300,001	305,000	303,750
1	310,001	315,000	310,657
1	315,001	320,000	316,105
1	320,001	325,000	324,837
1	325,001	330,000	326,750
1	350,001	355,000	352,764
1	355,001	360,000	358,050
1	360,001	365,000	362,671
2	365,001	370,000	739,255

Pattern of Shareholding

PATTERN OF SHAREHOLDING AS AT DECEMBER 31, 2022

No. of Shareholders	NO. OF SHAREHOLDINGS		Shares Held
	From	To	
2	370,001	375,000	749,582
1	390,001	395,000	391,585
1	395,001	400,000	397,500
1	445,001	450,000	450,000
1	455,001	460,000	459,011
1	470,001	475,000	473,125
2	475,001	480,000	956,745
1	495,001	500,000	500,000
1	525,001	530,000	526,875
1	530,001	535,000	530,100
1	535,001	540,000	536,670
1	575,001	580,000	576,250
1	620,001	625,000	625,000
1	625,001	630,000	625,125
1	660,001	665,000	662,518
1	665,001	670,000	666,259
1	675,001	680,000	676,335
1	685,001	690,000	687,500
1	745,001	750,000	750,000
1	755,001	760,000	759,879
1	820,001	825,000	824,702
1	950,001	955,000	954,450
1	995,001	1,000,000	1,000,000
1	1,140,001	1,145,000	1,144,503
1	1,280,001	1,285,000	1,280,820
1	1,400,001	1,405,000	1,400,477
1	1,715,001	1,720,000	1,715,050
1	1,735,001	1,740,000	1,736,427
1	2,015,001	2,020,000	2,015,702
1	2,570,001	2,575,000	2,574,184
1	2,750,001	2,755,000	2,752,675
1	3,170,001	3,175,000	3,171,634
1	8,315,001	8,320,000	8,317,849
1	34,335,001	34,340,000	34,336,255
1	42,930,001	42,935,000	42,931,888
1	152,070,001	152,075,000	152,070,326
11,202			324,700,631

CATEGORIES OF SHAREHOLDING AS AT DECEMBER 31, 2022

S.No.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1.	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	9	231,323,713	71.24
2.	Associated Companies, Undertakings and related Parties (to be confirm by Company)	1	500,000	0.15
3.	NIT and ICP			
4.	Banks, Development Financial Institutions, Non Banking Financial Institutions	7	14,885,038	4.58
5.	Insurance Companies	12	3,954,148	1.22
6.	Modarabas and Mutual Funds	64	10,819,033	3.33
7.	Share holders holding 10%	3	229,338,469	70.63
8.	General Public :			
	a. local	10,951	52,108,272	16.05
	b. Foreign			
9.	Others	158	11,110,427	3.42
	Total (excluding : share holders holding 10%)	11,202	324,700,631	100.00

CATEGORY DETAILS OF SHAREHOLDING AS AT 31 DECEMBER 2022**Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)**

S.No.	Folio	Name	Holding
1	1	MR. BAKHTIAR HAMEED WAIN	152,070,326
2	2	MR. KHALID WAIN	2
3	3	MR. AMIR WAIN	34,336,255
4	4	MR. TANVEER KARAMAT	2
5	3107	MR. OMER IQBAL KHAN	5
6	3108	MS. HANAN DARWISH	5
7	03228-44355	MOHAMMAD SHAHID MIR	270,180
8	03525-112897	BAKHTIAR HAMEED WAIN	42,931,888
9	05264-48871	TANVEER KARAMAT	1,715,050
TOTAL			231,323,713

Associated Companies, Undertakings and related Parties (to be confirm by Company)

S.No.	Folio	Name	Holding
1	12732-3143	AVANCEON LTD. EMPLOYEES PROVIDENT FUND	500,000
TOTAL			500,000

Banks, Development Financial Institutions, Non Banking Financial Institutions

S.No.	Folio	Name	Holding
1	02659-34	PAK LIBYA HOLDING COMPANY (PVT.) LIMITED	75,000
2	02832-32	MEEZAN BANK LIMITED	954,450
3	03335-57	BANK ALFALAH LIMITED	2,752,675
4	03889-44	NATIONAL BANK OF PAKISTAN	2,015,702
5	04127-28	MCB BANK LIMITED - TREASURY	8,317,849
6	07088-47	THE BANK OF PUNJAB TREASURY DIVISION.	666,259
7	17285-25	SAMBA BANK LIMITED - MT	103,103
TOTAL			14,885,038

Insurance Companies

S.No.	Folio	Name	Holding
1	03277-10526	HABIB INSURANCE CO.LIMITED	7,500
2	03277-7330	RELIANCE INSURANCE COMPANY LTD.	40,000
3	03277-90405	DAWOOD FAMILY TAKAFUL LIMITED	217,901
4	03277-90406	DAWOOD FAMILY TAKAFUL LIMITED	57,638
5	03277-90408	DAWOOD FAMILY TAKAFUL LIMITED	26,260
6	07450-1792	DAWOOD FAMILY TAKAFUL LIMITED	5,500
7	13748-501	ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	150,165
8	14357-29	ALFALAH INSURANCE COMPANY LIMITED	65,000
9	18044-22	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	85,750
10	18085-28	EFU LIFE ASSURANCE LIMITED	2,574,184
11	18093-27	JUBILEE LIFE INSURANCE COMPANY LIMITED	326,750
12	18200-22	E. F. U. GENERAL INSURANCE LIMITED	397,500
TOTAL			3,954,148

Modarabas and Mutual Funds

S.No.	Folio	Name	Holding
1	05645-24	CDC - TRUSTEE HBL INVESTMENT FUND	391,585
2	05652-23	CDC - TRUSTEE JS LARGE CAP. FUND	5,000
3	05777-29	CDC - TRUSTEE HBL GROWTH FUND	250,000
4	05819-23	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	300,000
5	05959-27	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1,736,427
6	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	126,875
7	06171-21	CDC - TRUSTEE FAYSAL STOCK FUND	30
8	06197-29	CDC - TRUSTEE ALFALAH GHP VALUE FUND	46,000
9	06411-21	CDC - TRUSTEE AKD INDEX TRACKER FUND	25,750
10	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1,280,820
11	07377-26	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	662,518
12	07450-521	B.R.R. GUARDIAN MODARABA	3,000
13	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	759,879
14	09456-24	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	676,335
15	09506-26	CDC - TRUSTEE NBP BALANCED FUND	97
16	10603-21	CDC - TRUSTEE APF-EQUITY SUB FUND	127,500
17	10710-28	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	263,100
18	10728-27	CDC - TRUSTEE HBL - STOCK FUND	83,182
19	10900-25	CDC - TRUSTEE APIF - EQUITY SUB FUND	127,500

Pattern of Shareholding

S.No.	Folio	Name	Holding
20	11049-29	MC FSL - TRUSTEE JS GROWTH FUND	5,000
21	11056-28	CDC - TRUSTEE HBL MULTI - ASSET FUND	30,000
22	11809-26	CDC - TRUSTEE ALFALAH GHP STOCK FUND	294,438
23	11924-22	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	136,633
24	12195-21	CDC - TRUSTEE ABL STOCK FUND	128,214
25	12310-25	CDC - TRUSTEE AL HABIB STOCK FUND	36,000
26	12880-27	CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	3,500
27	13391-26	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	86,522
28	13607-28	CDC - TRUSTEE HBL EQUITY FUND	18,440
29	13698-29	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	36,600
30	13714-25	CDC - TRUSTEE HBL PF EQUITY SUB FUND	42,500
31	13946-28	CDC - TRUSTEE KSE MEEZAN INDEX FUND	352,764
32	14126-26	CDC - TRUSTEE AL HABIB ISLAMIC STOCK FUND	100,000
33	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	55,612
34	14472-25	CDC - TRUSTEE UBL ASSET ALLOCATION FUND	24,400
35	14514-28	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	8,000
36	14605-27	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	57,200
37	14688-29	CDC - TRUSTEE NIT INCOME FUND - MT	28,400
38	14845-29	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	151,500
39	14860-27	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	163,375
40	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	473,125
41	14969-25	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	100,000
42	15362-27	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	12,000
43	15974-23	CDC - TRUSTEE NBP ISLAMIC STOCK FUND	32,000
44	16139-23	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	526,875
45	16162-20	CDC-TRUSTEE NITPF EQUITY SUB-FUND	100,000
46	16188-28	CDC-TRUSTEE NITPF EQUITY SUB-FUND	37,500
47	16246-20	CDC - TRUSTEE NBP SAVINGS FUND - MT	21,000
48	16436-27	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	49,800
49	16485-22	CDC - TRUSTEE FAYSAL MTS FUND - MT	293,255
50	16501-27	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	43,000
51	16733-20	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	125
52	17160-29	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	13,400
53	17210-22	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	31,250
54	17277-26	CDC - TRUSTEE AL HABIB ASSET ALLOCATION FUND	13,000
55	17541-22	CDC - TRUSTEE UBL DEDICATED EQUITY FUND	25,000
56	17681-26	CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	93,500
57	18002-26	CDC - TRUSTEE NIT ASSET ALLOCATION FUND	76,250
58	18218-21	CDC - TRUSTEE MEEZAN PAKISTAN EXCHANGE TRADED FUND	34,615
59	18291-23	CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT	57,552
60	18390-39	CDC - TRUSTEE HBL INCOME FUND - MT	22,000
61	18572-28	CDC - TRUSTEE FAYSAL PENSION FUND-EQUITY SUB FUND	11,000
62	18721-29	CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	12,111
63	18770-24	CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT	30,200
64	18986-29	CDC - TRUSTEE PAK-QATAR ISLAMIC STOCK FUND	85,779
TOTAL			10,819,033

Others

S.No.	Folio	Name	Holding
1	2308	K.F. CORPORATION PRIVATE LIMITED	122
2	2614	M/S. UK CORPORATION	2,997
3	3063	BONUS WITHHELD 5% B-2	237,440
4	3088	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	70
5	3090	MANAGEMENT AND EDUCATIONAL SERVICES (PVT) LIMITED	46
6	3101	AHSAN KHALIL - COMPANY SECRETARY FOR FRACTIONAL SHARES	1,245
7	3109	TRUSTEE TO COMPANY SECRETARY	1,390
8	3115	AHSAN KHALIL - COMPANY SECRETARY FOR FRACTIONAL SHARES	1,013
9	3118	TRUSTEE TO THE BONUS SHARES	1,118
10	00307-120612	IGI INVESTMENTS (PVT.) LIMITED	31,250
11	00547-15649	AZIMUT PAKISTAN EQUITY FUND (OEIC) PLC	114,000
12	00547-16191	FLEXSHARES ICAV	23,931
13	00695-12524	BMA FUNDS LIMITED - DELIVERABLE FUTURES TRADES	289,750
14	01339-43273	SEA WORLD (SMC-PVT.) LIMITED	1,000
15	01446-866	Trustee-MCB Employees Pension Fund	625,000
16	01651-37607	ALPHA BETA CORE SOLUTIONS (PRIVATE) LIMITED	3,287
17	01669-26	SHAFFI SECURITIES (PVT) LIMITED	18
18	01826-109215	TPS PAKISTAN (PRIVATE) LIMITED	1,000
19	01826-111526	HOMMIE AND JAMSHED NUSSERWANJEE CHARITABLE TRUST	12,000

Pattern of Shareholding

S.No.	Folio	Name	Holding
20	01826-112060	SUI SOUTHERN GAS EXECUTIVE STAFF PROVIDENT FUND	10,000
21	01826-125864	J. K. EXPORTS (PVT.) LIMITED	67,500
22	01826-137232	ABCDATA (PRIVATE) LIMITED	2,500
23	01826-153031	FREEMEN CORPORATION (PRIVATE) LIMITED	450,000
24	01826-159509	PAK ELEKTRON LIMITED EMPLOYEES PROVIDENT FUND	20,000
25	01826-168682	ONTEX PAKISTAN (PRIVATE) LIMITED EMPLOYEES GRATUITY FUND	8,000
26	01826-168708	PITCO (PVT.) LIMITED	36,875
27	01826-169599	GHANI GLASS LIMITED EMPLOYEES PROVIDENT FUND	75,000
28	01826-171447	ADAMJEE LIFE ASSURANCE COMPANY LTD. EMPLOYEES GRATUITY FUND	85,000
29	01826-172262	NISHAT CHUNIAN LIMITED EMPLOYEES PROVIDENT FUND	11,000
30	01826-173062	IQBAL HAMID TRUST	188,125
31	01826-178467	LEAPING PANTHER RESEARCH (PRIVATE) LIMITED	12,500
32	01826-184135	KOT ADDU POWER COMPANY LIMITED EMPLOYEES PROVIDENT FUND	15,000
33	01826-186601	ONTEX PAKISTAN (PRIVATE) LIMITED EMPLOYEES PROVIDENT FUND	5,000
34	01826-191049	SIDDIQ LEATHER WORKS (PVT) LIMITED	15,000
35	01826-193862	ABACUS CONSULTING TECHNOLOGY PVT LTD STAFF PROV FUND TRUST	6,000
36	01826-198390	SARMAAYA FINANCIALS (PRIVATE) LIMITED	7,000
37	01826-202036	ROCHE PAKISTAN LIMITED MANAGEMENT STAFF GRATUITY FUND	44,000
38	01826-208611	SHAN FOODS (PRIVATE) LIMITED	45,500
39	01826-65920	TRUSTEE-THE PAKISTAN MEMON EDUCATIONAL & WELAFRE SOCIETY	5,000
40	01826-96180	ROCHE PAKISTAN LIMITED MANAGEMENT STAFF PENSION FUND	46,950
41	01826-96198	ROCHE PAKISTAN LIMITED EMPLOYEES PROVIDENT FUND	37,300
42	03228-43	ABBASI & COMPANY (PRIVATE) LIMITED	15,500
43	03228-46418	UNIGHOHAR HOMES (PRIVATE) LIMITED	2,882
44	03244-90174	PITCO (PVT.) LIMITED	30,000
45	03277-104940	AL HAYY TRADING (PRIVATE) LIMITED	62,500
46	03277-105496	TRUSTEES OF HAMDARD LABORATORIES (WAFQ) PAKISTAN.	576,250
47	03277-122682	AUTOMATE INDUSTRIES (PRIVATE) LIMITED	10,000
48	03277-146	DAWOOD HERCULES CORPORATION LIMITED	65,000
49	03277-40179	YOUSUF YAQOUB KOLIA AND COMPANY (PVT) LTD	87,500
50	03277-4230	CRESCENT STEEL AND ALLIED PRODUCTS LTD.	181,250
51	03277-4841	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	101,187
52	03277-4931	SOFIAN BUSINESS CORPORATION (PRIVATE) LIMITED	31,250
53	03277-71054	NOVATEX LIMITED	250,000
54	03277-72017	TRUSTEE ABL ASSET MANAGEMENT CO LTD-STAFF PROVIDENT FUND	13,000
55	03277-78616	TRUSTEES THE GENERAL TYRE&RUBBER CO OF PAKISTAN LTD EMPL G.F	4,700
56	03277-78974	CS CAPITAL (PVT) LTD	257,500
57	03277-89136	ABRIS (PVT) LTD	45,250
58	03277-93325	PEBBLES (PVT) LIMITED	750,000
59	03277-94268	AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED	10,000
60	03277-94363	K. F. CORPORATION (PRIVATE) LIMITED	108,195
61	03525-61184	PITCO (PVT) LTD	150,000
62	03525-67537	SHAMALIK BROTHERS (PVT) LTD	4,425
63	03525-87235	MAPLE LEAF CAPITAL LIMITED	1
64	03525-94230	PROSPERITY SECURITIES (SMC-PVT.) LIMITED	161
65	03657-25	CONTINENTAL CAPITAL MANAGEMENT (PVT) LTD	8
66	04085-24	MRA SECURITIES LIMITED	22,000
67	04317-25	DALAL SECURITIES (PVT) LTD.	80,000
68	04366-20	MULTILINE SECURITIES LIMITED	8,500
69	04432-21357	VENUS ENTERTAINMENT COMPANY (PVT.) LIMITED	39,000
70	04432-62	ADAM SECURITIES LIMITED-MM-MZNP-ETF	315
71	04457-45	FDM CAPITAL SECURITIES (PVT) LIMITED	20,000
72	04705-78456	TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND	187,921
73	04705-87224	FEDERAL BOARD OF REVENUE	362,671
74	04705-97687	FREEMEN CORPORATION (PRIVATE) LIMITED	625,125
75	04952-28	SHERMAN SECURITIES (PRIVATE) LIMITED	25,000
76	05264-100201	FIVE RIVERS TECHNOLOGIES (PVT.) LIMITED	40,000
77	05264-112	JS GLOBAL CAPITAL LIMITED-MM-MZN-ETF	843
78	05264-180120	DYNASTY FINANCIAL ADVISORS (PRIVATE) LIMITED	4
79	05264-21	JS GLOBAL CAPITAL LIMITED	122,500
80	05348-21	HH MISBAH SECURITIES (PRIVATE) LIMITED	3,500
81	05512-105265	SHADAB INNOVATIONS (PRIVATE) LIMITED	12,500
82	05512-90582	NOVATEX LIMITED	210,000
83	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	1,400,477
84	05884-12161	EDULJEE DINSHAW HOLDING COMPANY (PVT) LTD	5,000
85	06361-28	A. H. M. SECURITIES (PRIVATE) LIMITED	15,000
86	06445-28	DARSON SECURITIES LIMITED	1,500
87	06445-74023	AL-QURAIH PAPER INDUSTRIES (PVT.) LIMITED	2,250
88	06452-43019	SHARMEEN FOODS (PVT.) LIMITED	6,725
89	06452-44140	CITY SCHOOLS GROUP EMPLOYEES PROVIDENT FUND	142,930
90	06452-51103	BPS GROUP COMPANIES EMPLOYEES PROVIDENT FUND	79,200

Pattern of Shareholding

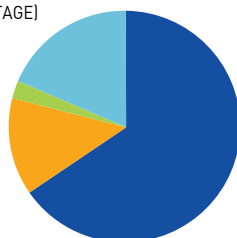
S.No.	Folio	Name	Holding
91	06452-70822	SIDDIQ LEATHER WORKS (PVT) LIMITED	10,000
92	06502-5986	UNITED TOWEL EXPORTERS (PVT.) LIMITED	11,250
93	06650-22	SAAO CAPITAL (PVT) LIMITED	1,250
94	06890-24	MAYARI SECURITIES (PVT) LIMITED	12,000
95	07054-24	BHAYANI SECURITIES (PVT) LTD.	129,000
96	07229-23	ALTAf ADAM SECURITIES (PVT) LTD.	25,000
97	07286-27	DR. ARSLAN RAZAQUE SECURITIES (PVT.) LIMITED	18,740
98	07419-11803	TOPLINE ASSOCIATE (PRIVATE.) LIMITED	50,000
99	07419-20	TOPLINE SECURITIES LIMITED	500
100	07450-35337	DIYANAH ISLAMIC FINANCIAL SERVICES (PVT.) LIMITED	6,250
101	10629-112816	ALI AKBAR SPINNING MILLS LIMITED	99,348
102	10629-382088	SIDDIQ LEATHER WORKS (PVT) LTD	235,000
103	11387-29150	B. K. SAADAAN (PVT) LIMITED	39,750
104	11692-21	ABA ALI HABIB SECURITIES (PVT) LIMITED	119,500
105	12484-7807	BRAVISTO (PVT) LIMITED	1
106	12666-1708	TRUSTEE OF HOMMIE AND JAMSHED NUSSEWANJEE CHARITABLE TRUST	7,250
107	12666-1856	TRUSTEE PAKISTAN PETROLEUM NON-EXECUTIVE STAFF GRATUITY FUND	75
108	12666-1872	TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND	375
109	12666-1880	TRUSTEE PAKISTAN PETROLEUM EXECUTIVE STAFF GRATUITY FUND	325
110	12666-2037	PAKISTAN PETROLEUM EXECUTIVE STAFF PENSION FUND-DC SHARIAH	375
111	12666-2045	TRUSTEE PAK. PETROLEUM EXEC. STAFF PEN. FUND DC CONVENTIONAL	150
112	12666-2169	HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES GRATUITY FUND	50,000
113	12666-2177	HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES PROVIDENT FUND	150,000
114	12666-2243	SIZA (PVT.) LIMITED	10,000
115	12690-1036	KHAADI (SMC-PVT.) LIMITED EMPLOYEES PROVIDENT FUND	12,000
116	12690-2125	PAK-ARAB PIPELINE COMPANY LIMITED	116,750
117	12922-21	ABA ALI HABIB SECURITIES (PVT) LIMITED - MT	40,400
118	12955-28	EFG HERMES PAKISTAN LIMITED - MF	50,499
119	12997-24	TOPLINE SECURITIES LIMITED - MF	84,531
120	13300-25	BMA CAPITAL MANAGEMENT LTD. - MF	30,000
121	13649-24	JS GLOBAL CAPITAL LIMITED - MF	237,134
122	13904-22	CYAN LIMITED	150,000
123	14118-27	ASDA SECURITIES (PVT.) LTD.	32,625
124	14217-629	KHYBER INTERNATIONAL PAK (PVT) LTD	1,650
125	14241-22	FIKREES (PRIVATE) LIMITED	1,000
126	14258-21	H. M. IDREES H. ADAM (PRIVATE) LIMITED	500
127	14415-21	CDC - TRUSTEE NAFA PENSION FUND EQUITY SUB-FUND ACCOUNT	25,000
128	14431-29	CDC - TRUSTEE NAFA ISLAMIC PENSION FUND EQUITY ACCOUNT	40,000
129	14571-527	TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPLOYEES P.FUND	16,500
130	14571-543	B. R. R. INVESTMENT (PRIVATE) LIMITED	60,000
131	14670-20	MULTILINE SECURITIES LIMITED - MF	500
132	14746-15136	SIDDIQ LEATHER WORKS (PVT) LIMITED	36,390
133	14746-21	KTRADE SECURITIES LIMITED	2,500
134	14753-20	ARIF HABIB LIMITED - MF	4,000
135	14886-25	VENUS SECURITIES (PVT.) LIMITED	5,000
136	15024-27	INTERACTIVE SECURITIES (PVT) LIMITED	2,000
137	15057-24	NINI SECURITIES (PRIVATE) LIMITED	1,000
138	15313-2226	CONTINENTAL PLASTIC INDUSTRIES (PRIVATE) LIMITED	1,250
139	15719-23	CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	70,000
140	15727-22	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	55,000
141	15990-21	K & I GLOBAL CAPITAL (PVT) LTD.	5,000
142	16576-20	INTERMARKET SECURITIES LIMITED - MF	5,000
143	16659-20	LSE FINANCIAL SERVICES LIMITED - MT	99,997
144	16782-25	CDC - TRUSTEE AGIPF EQUITY SUB-FUND	11,700
145	16808-21	CDC - TRUSTEE AGPF EQUITY SUB-FUND	7,050
146	16857-26	MRA SECURITIES LIMITED - MF	54,500
147	16865-25	BAWA SECURITIES (PVT) LTD. - MF	15,000
148	16899-22	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF	53,300
149	17194-34	AKD SECURITIES LIMITED - MF	1,600
150	17509-26	TRUST SECURITIES & BROKERAGE LIMITED - MF	4,550
151	18432-2245	SAYA SECURITIES (PRIVATE) LIMITED	15,000
152	18432-504	INA SECURITIES (PVT.) LIMITED	2,500
153	18432-5594	Z. A GHAFFAR SECURITIES (PRIVATE) LIMITED	6,000
154	18614-22	CDC - TRUSTEE FAYSAL ISLAMIC PENSION FUND-EQUITY SUB FUND	11,415
155	18630-20	DR. ARSLAN RAZAQUE SECURITIES (PVT.) LIMITED - MT	22,000
156	18929-25	CDC - TRUSTEE AL HABIB PENSION FUND-EQUITY SUB FUND	10,000
157	18945-23	ABBASI & COMPANY (PRIVATE) LIMITED - MT	12,000
158	18952-22	CDC - TRUSTEE AL HABIB ISLAMIC PENSION FUND-EQUITY SUB FUND	12,000
		TOTAL	11,110,427
GENERAL PUBLIC LOCAL		TOTAL	52,108,272

STATEMENT OF VALUE ADDITION



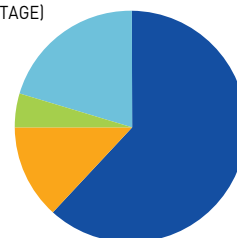
	FOR THE YEAR ENDED			
	31 December, 2022		31 December, 2021	
	(Rupees in '000)	%age	(Rupees in '000)	%age
Wealth Generated				
Sales included sales tax	9,619,290	84%	7,316,850	93%
Other income	1,766,028	16%	543,746	7%
	11,385,318		7,860,596	
Wealth Distributed				
Cost of material and services	7,505,622	95%	4,862,258	62%
To Employees				
Salaries and related cost	1,577,023	20%	1,036,060	13%
To Government				
Taxes	235,458	3%	357,568	5%
To Society				
Charity & Donation	8,878	0.1%	4,617	0.1%
Retain in the business				
To provide for growth: retained profit	2,058,337	26%	1,600,093	20%
	11,385,318		7,860,596	

FY - 2022
(PERCENTAGE)



95% ● Cost of material and services
20% ● Salaries and related cost
3% ● Taxes
26% ● To provide for growth: retained profit
0.01% ● Charity & Donation

FY - 2021
(PERCENTAGE)



62% ● Cost of material and services
13% ● Salaries and related cost
5% ● Taxes
20% ● To provide for growth: retained profit
0.01% ● Charity & Donation

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AVANCEON LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Avanceon Limited (the company), which comprise the unconsolidated statement of financial position as at December 31, 2022, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof confirm with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the unconsolidated financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AVANCEON LIMITED

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p data-bbox="418 493 638 515">Revenue Recognition</p> <p data-bbox="240 537 816 732">The Company's revenue is derived from various revenue streams, as referred to in Note 32 to the accompanying unconsolidated financial statements which primarily includes sale of goods, provision of services as well as end-to-end solutions in form of short-term and long-term projects, which in most of the cases lead to revenue being recognized over multiple accounting periods.</p> <p data-bbox="240 758 816 946">Revenue is recognized based on performance obligations as mentioned in Note 7.17 to the accompanying unconsolidated financial statements, which requires significant management judgement and estimates in relation to assessment of distinct performance obligations along with respective standalone selling prices and budgeting the cost to complete.</p> <p data-bbox="240 973 816 1079">Due to complexity of accounting for multiple revenue streams, significant judgement and estimation involved in the revenue recognition process we have identified measurement of revenue recognition as a key audit matter</p>	<p data-bbox="841 537 1417 592">Our audit procedures in respect of this matter included the following:</p> <ul data-bbox="841 621 1417 1621" style="list-style-type: none"> <li data-bbox="841 621 1417 809">• Obtained an understanding and evaluated the appropriateness of the Company's revenue recognition policies, in accordance with IFRS 15, including those relating to the stage of completion method and related management assessments based on the Company's operating model and its system of recording revenue related transactions; <li data-bbox="841 836 1417 975">• Tested operating effectiveness of internal controls relating to the Company's revenue recognition process including budgetary control, appropriate review and approval practices and its recognition in the books of accounts; <li data-bbox="841 1002 1417 1218">• Performed substantive analytical procedures including, amongst others, developing an expectation of project revenue for the year based on contracts entered to date and analyzing the amounts recognized against the same, month-wise and project wise revenue and margin analysis. We compared the actual cost of projects completed during the year with their forecast cost; <li data-bbox="841 1245 1417 1351">• Performed test of details including examination of a sample of underlying contracts, review of the contractual terms and conditions and evaluating appropriate accounting treatment thereof; <li data-bbox="841 1378 1417 1517">• Selected a sample of revenue transactions recognized during the year and recalculated the revenue recognized along with evaluation of the management basis used in determining the performance obligations in accordance with accounting policies; and <li data-bbox="841 1543 1417 1621">• Assessed the appropriateness of disclosures in the unconsolidated financial statements in relation to revenue.

S. No.	Key audit matters	How the matter was addressed in our audit
2.	Related Party Transactions	
	<p>The Company is the parent entity in a Group of companies including a Dubai-based subsidiary Avanceon FZE (100% shareholding) and USA- based sub-subsidiary Octopus Digital Inc. (formerly Innovative Automation Inc. (100% shareholding)).</p> <p>Further, the Company has an investment in a Qatar-based entity, Avanceon Automation and Control (AVAC) which is treated as a subsidiary based on exercise of control. The Company also has Pakistan based subsidiaries, including Octopus Digital Limited and EmpiricAI (Private) Limited.</p> <p>Nature of transactions with related parties includes sale and purchase of equipment, agency commission, management fee, back office support, fee for technical services and dividend (as disclosed in note 41 to the accompanying unconsolidated financial statements) leading to a significant amount of investments, trade debts and receivable balances of Rs. 4,971.959 million, Rs. 1,538.147 million and Rs. 1,730.198 million as disclosed in Notes 10, 13 and 15 respectively which in aggregate contribute to 86% of total assets.</p> <p>The inter-company transactions and balances require significant auditor attention as the amounts are material to the unconsolidated financial statements as a whole and are hence considered as Key Audit Matter.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained a list of related parties and transactions entered into with them during the year from management. • Performed substantive procedures on related party transactions and balances including review of contract terms, underlying invoices, analytical procedures, balance confirmations and assessment of recoverability of receivable balances vis-à-vis financial position of respective Group entities. • Reviewed the approval process for related party transactions including approval by those charged with governance. • Performed procedures using substantive analytical procedures as well as review of documentation such as minutes of Board meetings and forms submitted with regulatory authorities for ensuring completeness of related party transactions. • Assessed whether appropriate disclosures have been made in unconsolidated financial statements regarding related party transactions and balances in accordance with IAS 24 and requirements under the fourth schedule to the Companies Act, 2017.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AVANCEON LIMITED

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

Other matter

The financial statements of the Company for the year ended December 31, 2021 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon vide their report dated April 20, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Sajjad Hussain Gill.



BDO EBRAHIM & CO
Chartered Accountants

Lahore: May 16, 2023
UDIN: AR202210087inQ0DtKow

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2022

(Rupees in '000)	Note	2022	2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
500,000,000 (2022: 250,000,000) ordinary shares of Rs. 10 each	18.1	5,000,000	5,000,000
Issued, subscribed and paid up capital	18.2	3,247,006	2,565,934
Share premium	19	314,512	144,188
RESERVES			
Revenue reserves - accumulated profits		2,911,516	2,083,036
Employees' share compensation reserve	20	155,662	172,657
Surplus on revaluation of property and equipment	21	332,208	256,297
		6,960,904	5,222,112
NON CURRENT LIABILITIES			
Lease liabilities	22	112,707	57,949
Long term loan	23	-	-
Deferred taxation	24	-	8,100
		112,707	66,049
CURRENT LIABILITIES			
Current portion of lease liabilities	22	40,764	28,566
Current portion of long-term loan	23	-	23,551
Current portion of deferred grant	25	-	269
Loan from subsidiary company	26	300,000	-
Short term borrowings	27	309,997	543,353
Creditors, accrued and other liabilities	28	1,433,658	747,478
Contract liabilities	29	217,397	157,987
Unclaimed dividend	30	176,283	132,968
		2,478,099	1,634,172
CONTINGENCIES AND COMMITMENTS			
	31	-	-
		9,551,710	6,922,333

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

(Rupees in '000)	Note	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Property and equipment			
Operating fixed assets	8	448,453	338,006
Right of use assets	9	185,022	85,357
Long-term investments	10	4,971,959	3,913,589
Long-term loans, deposits and other receivables	11	8,697	4,284
		5,614,131	4,341,236
CURRENT ASSETS			
Stock in trade	12	37,577	54,663
Trade debts	13	1,738,253	1,076,211
Contract assets	14	228,416	182,197
Advances, deposits, prepayments and other receivables	15	1,850,690	1,156,454
Short-term investments	16	174	185
Cash and bank balances	17	82,469	111,387
		3,937,579	2,581,097
		9,551,710	6,922,333



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)	Note	2022	2021
Revenue from contracts with customers - net	32	1,864,524	1,835,213
Cost of revenue	33	(1,305,701)	(1,234,494)
Gross profit		558,823	600,719
Administrative and selling expenses	34	(714,198)	(372,329)
Other operating expenses	35	(7,539)	(4,617)
Other operating income	36	2,167,697	980,004
		1,445,960	603,058
Profit from operations		2,004,783	1,203,777
Finance costs	37	(155,571)	(56,686)
Profit before tax		1,849,212	1,147,091
Taxation	38	(112,400)	(125,981)
Profit after taxation		1,736,812	1,021,110
			(Restated)
Earnings per share - Basic (Rupees)	39	5.33	3.14
Earnings per share - Diluted (Rupees)	39	5.25	3.09

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)	Note	2022	2021
Profit after taxation		1,736,812	1,021,110
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation surplus of land and building - net of tax	21	76,741	15,469
<i>Items that may be reclassified subsequently to profit or loss</i>			
		-	-
Total comprehensive income for the year		1,813,553	1,036,579

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)	Note	Issued, subscribed and paid-up capital Ordinary Share	Capital Reserves			Revenue Reserve	TOTAL
			Share premium	Employee's share compensation reserve	Surplus on revaluation of property and equipment	Accumulated profit	
Balance as on 01 January 2021		2,117,900	138,384	74,270	241,827	1,702,411	4,274,792
Total comprehensive income for the year							
Profit for the year		-	-	-	-	1,021,110	1,021,110
Other comprehensive income		-	-	-	15,469	-	15,469
Transfer from revaluation surplus on account of incremental depreciation		-	-	-	(999)	999	-
Bonus share for the year ended							
December 31, 2021 @ 10%		427,656	-	-	-	(427,656)	-
Employee share option reserve		-	-	98,387	-	-	98,387
10% final dividend for the year ended							
December 31, 2021 @ Re 1 per share		-	-	-	-	(213,828)	(213,828)
Issuance of shares against employee share option scheme		20,378	5,804	-	-	-	26,182
		448,034	5,804	98,387	14,470	380,625	947,320
Balance as at December 31, 2021		2,565,934	144,188	172,657	256,297	2,083,036	5,222,112
Total comprehensive income for the year							
Profit for the year		-	-	-	-	1,736,812	1,736,812
Other comprehensive income	21	-	-	-	76,741	-	76,741
Transfer from revaluation surplus on account of incremental depreciation		-	-	-	(830)	830	-
Bonus share for the year ended							
December 31, 2022 @ 25%		649,401	-	-	-	(649,401)	-
Employee share option reserve		-	-	144,382	-	-	144,382
10% final dividend for the year ended							
December 31, 2022 @ Re 1 per share		-	-	-	-	(259,761)	(259,761)
Issuance of shares against employee share option scheme		31,671	170,324	(161,377)	-	-	40,618
		681,072	170,324	(16,995)	75,911	828,480	1,738,792
Balance as at December 31, 2022		3,247,006	314,512	155,662	332,208	2,911,516	6,960,904

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)	Note	2022	2021
Cash flows from operating activities			
Cash generated from operations	40	421,467	154,641
Finance cost paid		(93,503)	(56,092)
Income tax paid		(104,375)	(51,130)
Net cash generated from operating activities		223,589	47,419
Cash flows from investing activities			
Purchase of property and equipment	8	(49,009)	(18,081)
Proceeds from sale of property and equipment	8	27,731	20,259
Profit on bank deposits	36	1,738	1,143
Increase in long-term loans, deposits and other receivables - net		(4,413)	(2,212)
Purchase of short-term investment		-	(631)
Proceeds from sale of short-term investment		-	3,683
Net cash (used in) / generated from investing activities		(23,953)	4,161
Cash flows from financing activities			
Dividend paid	30	(216,446)	(82,525)
Issuance of shares		31,671	26,182
Finances under mark up arrangements and other credit facilities obtained - net		66,644	124,347
Long-term loan paid		(23,820)	(27,378)
Repayment of lease liabilities		(86,603)	(47,257)
Net cash used in financing activities		(228,554)	(6,631)
Net (decrease) / increase in cash and cash equivalents		(28,918)	44,949
Cash and cash equivalents at the beginning of the year		111,387	66,438
Cash and cash equivalents at the end of the year	17	82,469	111,387

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

Avanceon Limited (the Company) was incorporated in Pakistan on March 26, 2003 as a private limited Company which was converted to a public Company on March 31, 2008 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

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

3. ACQUISITION OF EMPIRICAI (PRIVATE) LIMITED

On December 30, 2022, in accordance with the share swap arrangement between Avanceon Limited (Parent Company) and Dawood Hercules Corporation Limited (DHCL- Ex-Parent Company) the Avanceon Limited disposed of 7,767,400 ordinary shares of Octopus Digital Limited (ODL) subsidiary of the Avanceon Limited in exchange for 100% shareholding of EmpiricAI (Private) Limited (EAI) (a wholly owned subsidiary of DHCL) by issuing authorisation to the Central Depository Company of Pakistan Limited in favour of DHCL. In view of these the Avanceon Limited has obtained control in EAI on December 31, 2022.

As at December 31, 2022, an amount of Rs 440.023 million has been recognised in these unconsolidated financial statements as consideration for swapping ODL shares. 47,500,000 ordinary shares of EAI have been transferred in the name of the Company subsequent to the year end on January 03, 2023.

4. BASIS OF PREPARATION

4.1 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.

4.2 Basis of measurement

These financial statements have been prepared under the historical cost convention unless otherwise stated in respective notes.

4.3 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.

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

5.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2022

The following standards, amendments and interpretations are effective for the year ended December 31, 2022. 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 Interpretations	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.

5.2 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 IFRS 16 'Leases' - Lease liability in a sale and leaseback	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2022

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

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company's significant accounting policies are stated in Note 7. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements.

Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Useful lives, residual value and revalued amount of property and equipment

Estimates of useful life of owned fixed assets and leased assets are based on management's best estimate. In making the estimate of the depreciation method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with corresponding effects on the

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

depreciation charge and impairment. Further, the Company estimates the revalued amounts of property, plant and equipment on regular basis. The estimates are based on valuation carried out by an independent valuer expert under the market conditions.

b) Provision for expected credit losses

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. 7.8.1 (d).

c) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

d) Cost to complete the projects and related revenue

As part of application of cost to complete method on contract accounting, the Company estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized.

These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods.

e) Fair value of share based payments transactions

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Company measures the fair value of equity-settled transactions with employees at the grant date using a Black Scholes Model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8.

7. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

7.1 Staff retirement benefits

The Company operates a defined contribution provident fund for its employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 10% (2021:10%) of the basic salary.

7.2 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the unconsolidated statement of profit or loss, except in the case of items credited or charged to other

comprehensive income or equity in which case it is included in other comprehensive income or equity.

7.3 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss except for building which is stated at revalued amount less accumulated depreciation and any identified impairment loss and freehold land which is stated at revalued amount.

Increase in the carrying amount arising on revaluation of property and equipment are credited to surplus on revaluation of property and equipment. Decreases that offset previous increases of the same classes of assets are charged against this surplus, all other decreases are charged to profit or loss. Annually the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property and equipment to retained earnings. All transfers to/from surplus on revaluation of property and equipment are net of applicable deferred taxation.

Depreciation is charged to profit or loss using the straight line method whereby the cost less residual value of an operating asset is written off over its estimated useful life. Depreciation is charged on additions from the month of its acquisition whereas no depreciation is charged on assets disposed off during the month. The rates of depreciation are stated in Note 8.1 to the financial statements. The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant.

The Company assesses at each reporting date whether there is any indication that property and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the period in which it is incurred.

The Company reviews the useful life and residual value of property and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

7.4 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and that the cost of such an asset can also be measured reliably. Intangible assets are stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to profit or loss on the straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off.

The Company assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount.

Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in income. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

7.5 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such assets designation on a regular basis.

Investments in equity instruments of subsidiaries

Investments in equity instruments of subsidiaries are measured at cost in the Company's unconsolidated financial statements. Cost in relation to investments made in foreign currency is determined by translating the consideration

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

paid in foreign currency into rupees at exchange rates prevailing on the date of transactions.

The Company is required to issue consolidated financial statements along with its unconsolidated financial statements, in accordance with the requirements of IFRS 10 "Consolidated Financial Statements" and Companies Act, 2017.

7.6 Leases

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets, if any. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

b) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which these are incurred.

In calculating the present value of lease payments, the Company uses the implicit rate in the lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c) Determining the lease term of contracts

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has lease contracts that include the transfer of assets (i.e. vehicles) at the end of lease term.

d) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of offices on rent (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of rented offices that are of low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

7.7 Stock-in-trade

Stock in trade, except for those in transit are valued principally at the lower of weighted average cost and net realizable value. Cost of finished goods comprises cost of direct materials, labour and appropriate overheads.

Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make a sale.

7.8 Financial instruments

7.8.1 Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost includes long-term loans and deposits, trade debts, due from related parties, and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Based on business model of the Company, it has classified its short-term investments under this category.

Financial assets at fair value through OCI (debt instruments)

- (i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company has no financial assets under this category as on the reporting date.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company has no financial assets under this category as on the reporting date.

c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's statement of financial position) when:

- (i) The rights to receive cash flows from the asset have expired; or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

d) Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore,

the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

7.8.2 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

7.8.3 Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include creditors, accrued and other liabilities, lease liabilities, long-term loan, unclaimed dividend and short-term borrowings.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective interest rate (EIR) method.

Gains and losses are recognized in statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category generally applies to the liabilities as disclosed in Note 43.2.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

7.8.4 Dividend income

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

7.8.5 Financial income

Financial income is recognized as it accrues on a time proportion basis by reference to the principal outstanding, using the effective mark up rates.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

7.9 Contract balances

Contract asset

A contract asset is initially recognised for revenue earned from projects and service contracts because the receipt of consideration is conditional on successful completion of the projects and service contracts. Upon completion and acceptance by the customer, amount recognized as contract asset is reclassified to trade receivables. Contract assets are also subject to impairment assessment. Refer to accounting policies on impairment of financial assets in Note 7.8.1(d).

Trade receivables

Trade debts and other receivables are recognized and carried at original invoice amount less expected credit losses (ECL) as explained in Note 13.3 and 13.4.

Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the related goods or services are transferred. Contract liabilities are recognized as revenue as and when performance obligations are delivered under contract.

7.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

7.11 Contingent liability

Contingent liability is disclosed when:

- there is possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

7.12 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

7.13 Creditors and accruals

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for the goods and/or services received, whether or not billed to the Company.

7.14 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

7.15 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

7.16 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions shall be complied with. When the grant relates to an expense item, it is recognized as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

7.17 Revenue recognition

The Company is in the business of automation and engineering solutions. The products and services are sold on their own in separately identified contracts with customers and products together with services are sold in projects as one performance obligation.

Sale of goods

Revenue from sale of goods is recognized at a point in time when control of the goods is transferred to the customers, generally on delivery of products to customers.

Rendering of services

Maintenance and service income comprises of revenue earned from service level agreements, where the customer enters into a contract with the Company for a fixed period of time and fee amount, both pre-defined in the contract, for various technical and engineering services. Revenue is recognized on the basis of percentage of rendering of services, i.e. on the number of days of services performed out of the total contracted days for service level agreements.

Project revenue

These comprise of projects such as Hardware and Software Automation, Efficiency solution, Scada Upgradation, etc. Revenue from these projects is accounted for using cost to complete method, according to which the Company's progress towards satisfaction of performance obligations is determined by dividing actual cost incurred on the project to date by total forecasted cost, which is calculated by a team of engineers on the inception of the project.

7.18 Compensated absences

The Company also provide benefit to employees to accumulate earned leave and carries a provision for its liability in respect of accumulated leave. Employees are granted 14 days' leave each year. No leaves are carried forward to next year however if employee leaves during the year then they will get encashment on pro rata basis

7.19 Share based payment transactions

The Company operates an equity settled share based Employee Stock Option Scheme. The compensation committee of the Board of Directors of the company evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfilment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of company's shares at a price determined on the date of grant of options.

At the grant date of share options to the employees, the company initially recognizes employee compensation expense with corresponding credit to equity as employee compensation reserve at the fair value of options at the grant date. The fair value of options determined at the grant date is recognized as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

7.20 Earnings per share - basic and diluted

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

8. OPERATING FIXED ASSETS

8.1 The following is the statement of fixed assets:

Note

2022

2021

Rupees in thousand

8.1

448,453

38,006

	Freehold land	Buildings on freehold land	Tools and Equipment	Furniture and fixture	Office equipment and appliances	Computers	Vehicles	Total
--	---------------	----------------------------	---------------------	-----------------------	---------------------------------	-----------	----------	-------

Owned assets

Net carrying value basis

year ended December 31, 2022

Opening net book value (NBV)

Additions - at cost

Transferred from RoU - at NBV

Revaluation during the year (note 20)

Disposals (NBV)

Depreciation charge

Closing net book value

Gross carrying value basis

year ended December 31, 2022

Cost / revalued amount

Accumulated depreciation

Net book value

Net carrying value basis

year ended December 31, 2021

Opening net book value (NBV)

Additions - at cost

Transferred from RoU - at NBV

Revaluation during the year (note 20)

Disposals (NBV)

Depreciation charge

Closing net book value

Gross carrying value basis

year ended December 31, 2021

Cost / revalued amount

Accumulated depreciation

Net book value

Depreciation rate % per annum

223,500	90,422	2,366	649	4,810	16,173	86,138	338,006
-	6,195	179	2,511	3,052	37,072	-	49,009
-	-	-	-	-	-	12,925	12,925
67,050	13,619	-	-	-	-	-	80,669
-	-	-	-	(8)	-	(12,927)	(12,935)
-	(2,252)	(925)	(538)	(2,095)	(13,396)	(15)	(19,221)
290,550	107,984	1,620	2,622	5,759	39,849	69	448,453
290,550	110,236	4,791	16,794	37,232	82,136	32,279	574,018
-	(2,252)	(3,171)	(14,172)	(31,473)	(42,287)	(32,210)	(125,565)
290,550	107,984	1,620	2,622	5,759	39,849	69	448,453
208,600	91,764	3,183	1,203	3,684	9,580	2,849	320,863
-	-	106	2,893	15,008	74	-	18,081
-	-	-	-	-	-	5,304	5,304
14,900	802	-	-	-	-	-	15,702
-	-	-	-	-	-	(5,767)	(5,767)
-	(2,144)	(923)	(554)	(1,767)	(8,415)	(2,374)	(16,177)
223,500	90,422	2,366	649	4,810	16,173	86	338,006
223,500	90,422	4,612	14,283	34,188	45,064	32,281	444,350
-	-	(2,246)	(13,634)	(29,378)	(28,891)	(32,195)	(106,344)
223,500	90,422	2,366	649	4,810	16,173	86	338,006
-	5	20	20	20	33.33	20	20

8.1.1 The depreciation charge for the year has been allocated as follows:

(Rupees in '000)	Note	2022	2021
Cost of revenue	33	9,611	8,089
Administrative and selling expenses	34	9,610	8,088
		19,221	16,177

8.1.2 Fair value of the land and building as at December 31, 2022 was determined by 'Harvester Services (Private) Limited', an independent valuer who has valuation experience for similar assets. The valuation has been performed based on proprietary databases of prices of transactions for assets of similar nature, location and condition. This revaluation resulted in Rs. 67.050 million surplus (2021: Rs. 14.9 million) on land and Rs. 13.619 million surplus (2021: Rs. 0.802 million) in respect of building. Detailed particulars are as follows:

(Rupees in '000)	Cost/ Depreciated	Revalued amount
Freehold land	223,500	290,550
Buildings on freehold land	94,365	107,984
	317,865	398,534

Had the freehold land and building on freehold land not been revalued, their carrying amount would have been as follows:

(Rupees in '000)	2022	2021
Freehold land	8,647	8,647
Buildings on freehold land	38,082	33,309
	46,729	41,956

8.1.3 Immovable fixed assets includes free hold land and building on freehold land located at 19 km, Multan Road, Lahore. The total area is 40,565 square feet and covered area is 33,351 square feet.

8.1.4 The forced sales value of revalued assets at the revaluation date amounted to Rs. 334.955 million.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

8.1.5 Disposal of property and equipment

The following operating fixed assets were disposed off during the year:

(Rupees in '000)

Description	Particulars of buyers	Cost	Accumulated depreciation	Net Book value	Adjustments/ Proceeds	Gain/ (Loss)	Mode of Disposal
Owned Vehicles							
Suzuki Swift DX 1328 CC LEF-15-4930	Employee (Hassan Raza Bhatti)	1,318	1,318	-	306	306	As per policy
Honda Civic 1.8 L i-VTEC	Employee (Omer Javed)	2,434	2,434	-	849	849	As per policy
Corolla GLI 1299 CC LEH-15-8206	Employee (Sajjad Haider)	1,887	1,887	-	431	431	As per policy
Corolla GLI 1299 CC LEH-15-8208	Employee (Muhammad Ali Omer)	1,887	1,887	-	889	889	As per policy
Audi A5 1.8 TFSI Executive LEC-15-7130	Employee (Tanveer Karamat)	6,636	6,636	-	1,300	1,300	As per policy
Suzuki Swift DLX Registration LEC 7599	In Open Market	1,259	1,259	-	1,181	1,181	Bidding
		15,421	15,421	-	4,956	4,956	
Leased Asset							
Suzuki Swift AMA-893	Employee (Fawad Haider)	1,649	1,099	550	681	131	As per policy
Suzuki Swift DLX NAV	Employee (Asim Bin Iqbal)	1,375	1,215	160	401	241	As per policy
City Prosmatec 1339 CC LED-18-3947	Employee (Umer Aslam)	1,782	1,455	327	780	453	As per policy
Honda Civic 1.8 i-vetech Oriel	Employee (Hassan Sultan Goraya)	2,729	2,365	364	847	483	As per policy
Corolla 1300 CC GLI-178-B MT	Employee (Muhammad Farhan)	1,955	1,662	293	817	524	As per policy
Corolla 1300 CC GLI-178-B MT	Employee (Aakif Hussain Bhatti)	1,955	1,662	293	910	617	As per policy
Honda Civic 1.8 i-vetech Oriel ALT-127	Employee (Tauqir Karamat)	3,073	2,101	972	1,817	845	As per policy
Honda Civic 1.8 i-vetech Oriel	Employee (Masood Kareem)	2,777	2,406	371	739	368	As per policy
Honda Civic 1.8 i-vtech LE-18-4547	Employee (Adeel Khalid)	2,729	2,501	228	659	431	As per policy
City Prosmatec 1339 CC LED-18-3946	Employee (Yasir Mirag)	1,782	1,574	208	619	411	As per policy
Honda Civic LE-19-4335	Employee (Syed Adeel Haider Zaidi)	3,134	2,298	836	1,210	374	As per policy
Honda City white, 1339 CC LEF-17-1322	In Open Market	1,562	1,562	-	2,428	2,428	Bidding
Honda Civic Turbo 1.5	Employee (Adeel Khalid)	4,797	1,279	3,518	3,879	361	As per policy
Yaris GLI AGS-519	Employee (Hassan Sultan Goraya)	2,688	493	2,195	2,306	111	As per policy
Suzuki Wagon-R AGS AHM-846	Employee (Ahmad Waleed Malik)	1,930	290	1,640	2,610	970	As per policy
Honda Civic 1.8 Oriel LEC-18A-9149	Employee (Imran Ashraf)	3,087	2,469	618	896	278	As per policy
Honda City 1.3 Manual AKX-513	Employee (Nauman Bin Rehan)	1,770	1,416	354	815	461	As per policy
		40,774	27,847	12,927	22,414	9,487	
Office equipment and appliances							
Air Conditioners	Ramzan Refrigeration (in open Market)	991	983	8	361	353	Bidding
Total - 2022		57,186	44,251	12,935	27,731	14,796	
Total - 2021		37,568	30,465	7,103	20,259	13,156	

9. RIGHT OF USE ASSETS

(Rupees in '000)

	Note	2022	2021
The following is the statement of right of use assets:			
Vehicles			
Year ended December 31,			
Net carrying value basis			
Opening net book value		85,357	58,418
Addition during the year		153,559	55,423
Transferred to operating fixed assets		(12,925)	(5,308)
Disposals (NBV)		-	(1,337)
Depreciation charged during year		(40,969)	(21,839)
		185,022	85,357

(Rupees in '000)	Note	2022	2021
Gross carry value basis			
Cost		142,276	108,053
Addition during the year		153,559	55,423
Transfer during the year		(40,772)	(19,089)
Disposals (NBV)		-	(2,111)
Accumulated depreciation	9.1	(70,041)	(56,919)
Net book value		185,022	85,357
9.1 Accumulated depreciation			
Opening balance		56,919	49,635
Charge for the year		40,969	21,839
Transfer during the year		(27,847)	(13,781)
Disposal		-	(774)
Closing balance		70,041	56,919
Depreciation rate % per annum		20%	20%
9.2 The depreciation charge for the year has been allocated as follows:			
Cost of revenue		20,484	10,919
Administrative and selling expenses		20,485	10,920
		40,969	21,839

10. LONG-TERM INVESTMENTS

(Rupees in '000)	Note	2022		2021	
		Equity % held	Investment at cost	Equity % held	Investment at cost
Investment in subsidiaries - at cost					
Avanceon FZE Dubai					
- 26 (2021 : 26) fully paid ordinary shares of AED 1 million each	10.1	100	473,671	100	473,671
- Long-term interest free receivables	10.6		2,332,349		1,975,352
			2,806,020		2,449,023
Avanceon Automation and Control W.L.L, Qatar					
- 98 (2021 : 98) fully paid ordinary shares of QAR 1,000 each	10.2	49	8,446	49	8,446
- Long-term interest free receivables	10.6		1,209,180		1,024,100
			1,217,626		1,032,546
Octopus Digital Limited (ODL)					
Opening balance (109,399,995 shares (2021: 109,400,000))		72.90	10,000	80	10,000
Shares disposed during the year (7,767,400 shares)	10.3	-	-	-	-
Closing balance (101,632,595 shares (2021: 109,400,000))		-	10,000	-	10,000
This subsidiary is listed on Pakistan Stock Exchange and as of reporting date the market value of the Company's investment is Rs. 5,757,486,507 (2021: Rs. 8,506,943,611).					
EmpiricAI (Private) Limited					
- 47,500,000 fully paid ordinary shares of Rs. 10 each	10.3	100	440,023	-	-
Octopus Digital Inc.					
- Long-term interest free receivable	10.4	100	498,290	100	422,020
			4,971,959		3,913,589

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- 10.1** Avanceon FZE is a Free Zone Establishment with limited liability formed pursuant to Law No. 9 of 1992 of H.H. Sheikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai and Implementing Regulations issued thereunder by the Jebel Ali Free Zone Authority and was registered with the Jebel Ali Free Zone Authority under Registration No. 816 on 28 February 2004, and its registered office is situated in the Jebel Ali Free Zone, Dubai, United Arab Emirates. The principal activities of the Establishment are to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. The Establishment is wholly owned subsidiary of the Company.
- 10.2** Avanceon Automation and Control W.L.L (AVAC) is an Establishment with limited liability registered under the Ministry of Economy and Commerce, state of Qatar on 22 May 2017 with Registration No. is 99027. Its registered office is situated in Al Jaber Engg. HO Building, PO Box: 15976, Fox Hills, Lusail, Doha - Qatar. The principal activities of the Company are to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. It is a subsidiary of the Company, as the Company has control over its financial and operating decision making under an agreement between Avanceon FZE and AVAC.
- 10.3** On December 30, 2022, in accordance with the share swap arrangement, the Company disposed of shares 7,767,400 ordinary shares of Octopus Digital Limited (subsidiary of the Company) to Dawood Hercules Corporation Limited (DAWH) in exchange for 100% shareholding of Empiric AI (Private) Limited (EAI) (a wholly owned subsidiary of Dawood Hercules Corporation Limited) by issuing authorisation to the Central Depository Company of Pakistan Limited in favour of Dawood Hercules Corporation Limited (DAWH). One of the directors nominated by DAWH on the Board of Directors of EAI resigned effective from December 30, 2022 while the other director resigned effective from December 31, 2022. Further, the management i.e. Chief Executive Officer, Chief Financial Officer and Company Secretary of EAI appointed by DAWH's also resigned as on December 31, 2022. In addition to this, Board of Directors of EAI through its resolution dated December 31, 2022, approved nominations of the Company for new directors / management as bank signatories and authorised representatives before CDC. In view of these, the Company's has obtained control in EAI on December 31, 2022.
- As at December 31, 2022, an amount of Rs 440.023 million has been recognised in these unconsolidated financial statements as consideration for swapping shares of ODL. 47,500,000 ordinary shares of EAI have been transferred in the name of the Company subsequent to the year end on January 3, 2023.
- 10.4** Octopus Digital Inc. (ODI) (formerly "Innovative Automation & Engineering Inc.") was incorporated in the state of Pennsylvania on October 26, 2006. It is a wholly owned subsidiary of Avanceon FZE. Its registered office is 1800 John F. Kennedy Boulevard, Suite 1601, Philadelphia, PA. It holds 26.11% (2021: 26.11%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, the General Partner and has no operations.
- 10.5** Investment in associated companies have been made in accordance with the requirements under the Companies Act, 2017.
- 10.6 Long-term interest free receivables**

(Rupees in '000)	Note	2022	2021
Avanceon FZE		2,519,718	1,975,352
Less: Allowance for expected credit losses (ECL)		(187,369)	-
		2,332,349	1,975,352
Avanceon Automation and Control W.L.L		1,306,320	1,024,100
Less: Allowance for ECL		(97,140)	-
		1,209,180	1,024,100
Octopus Digital Inc.		538,320	422,020
Less: Allowance for ECL		(40,030)	-
		498,290	422,020
	10.6.1	4,039,819	3,421,472

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

11. LONG-TERM LOANS, DEPOSITS AND OTHER RECEIVABLES

(Rupees in '000)	Note	2022	2021
Security deposits	11.1	5,386	1,675
Loan to employees	11.2	4,311	3,409
		9,697	5,084
Less: Current portion of loan to employees		(1,000)	(800)
		8,697	4,284

11.1 These are interest free deposits against utilities and lease facilities, in the normal course of business. The fair value adjustment in accordance with the requirements of IFRS 9 Financial Instruments: Recognition and Measurement' arising in respect of long-term loans is not considered material and hence not recognized.

11.2 Reconciliation of carrying amount of loans to employees:

(Rupees in '000)	Note	2022	2021
Opening balance		3,409	618
Add: Disbursements during the year		7,939	2,791
Less: Repayments during the year		(7,037)	-
Closing balance		4,311	3,409

These represent interest free loans (as per Company policy) provided to executives for purchase of vehicles in accordance with the terms of employment. These loans are secured against retirement benefits payable to the executives on resignation/retirement. These are recoverable in equal monthly instalments. The fair value adjustment in accordance with the requirements of IFRS 9 Financial Instruments: Recognition and Measurement' arising in respect of long-term loans is not considered material and hence not recognized.

12. STOCK IN TRADE

(Rupees in '000)	Note	2022	2021
Local stock		1,480	1,480
Imported stock		36,097	53,183
		37,577	54,663

13. TRADE DEBTS

Due from related parties	13.1	1,538,147	707,932
Less: Allowance for ECL	13.4	(146,508)	(57,224)
		1,391,639	650,708
Due from others	13.2	347,677	427,141
Less: Allowance for ECL	13.3	(1,063)	(1,638)
		346,614	425,503
		1,738,253	1,076,211

These are in the normal course of business and are interest free.

13.1 Due from related parties

Avanceon FZE	13.1.1	581,921	398,730
Avanceon Automation & Control WLL	13.1.2	815,572	770,709
Less: Amount converted to long-term interest free receivables		-	(498,064)
		815,572	272,645
Octopus Digital Limited	13.1.3	-	31,853
Avanceon Saudi Energy Company	13.1.4	140,654	4,704
		1,538,147	707,932

The amounts due from related parties are interest free and repayable in normal course of business.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)	Note	2022	2021
13.1.1 Ageing of Avanceon FZE			
30 days		20,146	22,975
30 - 90 days		19,279	50,668
90 - 180 days		78,307	63,264
180 - 360 days		464,188	261,823
		581,921	398,730
13.1.2 Ageing of Avanceon Automation and Control WLL			
30 days		35,949	33,964
30 - 90 days		62,311	104,577
90 - 180 days		202,721	91,492
180 - 360 days		514,591	42,612
		815,572	272,645
13.1.3 Ageing of Octopus Digital Limited			
30 - 90 days		-	31,618
90 - 180 days		-	235
		-	31,853
13.1.4 Ageing of Avanceon Saudi Energy Company			
30 days		112,004	2,043
30 - 90 days		5,432	2,661
90 - 180 days		12,910	-
180 - 360 days		10,308	-
		140,654	4,704
13.2 Ageing of due from others			
30 days		241,472	308,472
30 - 90 days		27,902	47,901
90 - 180 days		24,415	24,416
180 - 360 days		53,888	46,352
		347,677	427,141
13.3 Allowance for ECL - Others			
Balance as at January 01		1,638	1,649
Less: Reversal during the year	34	(575)	(11)
Balance as at December 31,		1,063	1,638
13.4 Allowance for ECL - Related parties			
Balance as at January 01,		57,224	32,514
Add: Allowance for the year	34	89,284	24,710
Balance as at December 31,		146,508	57,224

13.4.1 This represents the ECL on the account of time value of money based upon the duly approved management plan to recover these balances within twelve months from the reporting date. The credit loss is not expected in respect of these balances as all these parties are controlled by the Company.

13.5 The maximum amount outstanding at any time during the year calculated by reference to month end balances is as follows:

(Rupees in '000)	Note	2022	2021
Avanceon FZE		581,921	398,730
Avanceon Automation & Control WLL		815,572	770,709
Octopus Digital Limited		29,232	31,853
Avanceon Saudi for Energy Company		140,654	4,704
14. CONTRACT ASSETS			
Earnings in excess of billings	14.1	178,553	137,727
Project deferred revenue		47,013	45,059
Project Revenue - unbilled		3,561	-
Less: Allowance for ECL	14.2	(711)	(589)
		228,416	182,197
14.1 Ageing of Earnings In Excess of Billings			
Less than one year		155,520	121,926
One to two years		21,199	12,983
Two to three years		1,834	2,818
		178,553	137,727
14.2 Allowance for ECL			
Balance as at January 01,		589	617
Add: Allowance for the year		122	-
Less: Reversal during the year		-	(28)
Balance as at December 31,		711	589
15. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
- To employees		33,146	42,886
- To suppliers		15,356	15,820
		48,502	58,706
Prepayments		15,608	44,709
Margin paid against bank guarantees / letters of credit		13,051	35,327
Tax refunds due from government - considered good - Sales tax		40,259	60,312
Earnest money - considered good		300	300
Due from subsidiaries - unsecured			
- Dividend receivable	15.1	1,357,044	950,823
- Others	15.2	373,154	1,496
		1,730,198	952,319
Due from subsidiary - Octopus Digital Limited		-	-
Other receivables - considered good		2,772	4,781
		1,850,690	1,156,454

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)	Note	2022	2021
Avanceon FZE		576,326	451,815
Avanceon Automation and Control WLL		938,924	638,589
Total dividend receivable		1,515,250	1,090,404
Less: Allowance for expected credit losses	15.1.1	(158,206)	(139,581)
		1,357,044	950,823
15.1.1 Allowance for ECL			
Balance as at January 01,		139,581	23,846
Add: Allowance for the year	15.2	18,625	115,735
Balance as at December 31,		158,206	139,581

15.2 This represents amount due from following related parties in respect of expenses incurred by the Company on their behalf:

(Rupees in '000)	Note	2022	2021
Avanceon Saudi Energy Company		-	1,496
EmpiricAI (Private) Limited		62	-
Avanceon FZE		352,986	-
Avanceon Automation and Control W.L.L.		20,106	-
		373,154	1,496

16. SHORT-TERM INVESTMENTS

2022 (Number of Shares)	2021 (Number of Shares)	Name of investee companies	Fair value	
			2022 (Rupees in '000)	2021 (Rupees in '000)
424	424	The General Tyre and Rubber Company of Pakistan Ltd.	174	185

17. CASH AND BANK BALANCES

(Rupees in '000)	Note	2022	2021
Cash in hand		21	128
Cash at banks:			
Current accounts			
- Local currency		63,655	94,158
- Foreign currency		141	111
Savings accounts			
- Local currency	17.1	18,652	16,990
		82,448	111,259
		82,469	111,387

17.1 Profit on balances in saving accounts ranges from 8.60% to 12.76% (2021: 7.25% to 8.75%) per annum.

18. SHARE CAPITAL

18.1 Authorized share capital

2022	2021		2022	2021
500,000,000	500,000,000	Number of ordinary Shares of Rs. 10/- each	5,000,000	5,000,000
		Ordinary shares of Rs. 10/- each		

18.2 Issued, subscribed and paid up capital

2022	2021			
Number of ordinary Shares of Rs. 10/- each				
57,166,850	57,166,850	Fully paid in cash	571,669	571,669
256,446,099	191,505,973	Fully paid bonus shares	2,564,461	1,915,060
4,505,629	4,399,629	Issued against Employees' Shares Options Scheme - I	45,056	43,996
858,519	-	Issued against Employees' Shares Options Scheme - II	8,585	-
5,723,534	3,520,906	Issued against Employees' Shares Options Scheme - III	57,235	35,209
324,700,631	256,593,358		3,247,006	2,565,934

18.3 Movement during the year is as follows:

Number of shares	2022	2021
Balance as at January 01,	256,593,358	211,790,007
Shares issued under Employees' Share Options Schemes during the year	3,167,147	2,037,791
Bonus shares issued during the year	64,940,126	42,765,560
Balance as at December 31,	324,700,631	256,593,358

19. SHARE PREMIUM

(Rupees in '000)	Note	2022	2021
Opening balance		182,949	177,145
Employees Share Option Scheme		170,324	5,804
		353,273	182,949
Less: Costs incurred on Initial Public Offering		(38,761)	(38,761)
		314,512	144,188

19.1 This reserve shall be utilized for the purpose as specified in section 81(2) of the Companies Act, 2017.

20. EMPLOYEES' SHARE COMPENSATION RESERVE

(Rupees in '000)	Note	2022	2021
Share options scheme I	20.1	5,273	7,339
Share options scheme II	20.2	8,470	15,452
Share options scheme III	20.3	4,483	-
Share options scheme IV	20.4	108,104	149,866
Share options scheme V	20.5	29,332	-
		155,662	172,657

20.1 Share options scheme I

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Movement in the amount of options granted is as follows:

(Rupees in '000)	Note	2022	2021
Balance as at January 01,		7,339	8,054
Employee compensation expense		276	-
Adjustment of reserve for option holders resigning during the year		(275)	(715)
Transfer to share capital on issuance of shares during the period		(2,067)	-
Balance as at December 31,		5,273	7,339

Movements during the year:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2022		2021	
	Number	WAEP Rupees	Number	WAEP Rupees
Outstanding at January 01,	291,000	1.85	306,000	1.95
Forfeited during the year	(15,000)	1.85	(15,000)	1.95
Exercised during the year	(106,000)	1.73	-	-
Outstanding at December 31,	170,000	1.92	291,000	1.85
Exercisable at December 31,	170,000		136,000	

The weighted average remaining contractual life for the share options outstanding as at December 31, 2022 was 0.56 years (2021: 1.56 years).

The range of exercise price for options outstanding at the end of the year was Rs. 1.73 to Rs. 2.0 (2021: Rs. 1.2 to Rs. 2.0).

20.2 Share options scheme II

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

Movement in the amount of options granted against the reserve is as follows:

(Rupees in '000)	Note	2022	2021
Balance as at January 01,		15,452	29,645
Employee compensation expense		1,870	-
Adjustment of reserve for option holders resigning during the year		(232)	(7,564)
Transfer to share capital on issuance of shares during the period		(8,620)	(6,629)
Balance as at December 31,		8,470	15,452

Movements during the year:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2022		2021	
	Number	WAEP Rupees	Number	WAEP Rupees
Outstanding at January 01,	1,776,822	22.60	2,648,640	20.52
Forfeited during the year	(26,001)	22.60	(22,789)	20.52
Exercised during the year	(858,519)	24.20	(849,029)	20.52
Outstanding at December 31,	892,302	21.06	1,776,822	22.60
Exercisable at December 31,	892,302		974,141	

The weighted average share price at the date of exercise of these options was Rs. 75.12 (2021: Rs. 76.51).

The weighted average remaining contractual life for the share options outstanding as at December 31, 2022 was 1.03 years (2021: 2.03 years).

The range of exercise price for options outstanding at the end of the year was Rs. 16.80 to Rs. 24.20 (2021: Rs. 16.80 to Rs. 24.20).

20.3 Share options scheme III

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

Movement in the amount of options granted against the reserve is as follows:

(Rupees in '000)	2022	2021
Balance as at January 01,	-	2,155
Employee compensation expense	4,483	-
Transfer to share capital on issuance of shares during the period	-	(2,155)
Balance as at December 31,	4,483	-

Movements during the year:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2022		2021	
	Number	WAEP Rupees	Number	WAEP Rupees
Outstanding at January 01,	-	-	62,501	10.50
Granted during the year	78,437	12.15	-	-
Exercised during the year	-	-	(62,501)	10.50
Outstanding at December 31,	78,437	12.15	-	-
Exercisable at December 31,	78,437	-	-	-

The weighted average share price at the date of exercise of these options was Rs. 61.96 (2021: Rs. 48.78).

20.4 Share options scheme IV

Employee Stock Option Scheme, 2019 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 19 November 2019 which comprises of an entitlement pool of 5 million shares. Under the scheme, share options of the Company are granted to employees of level MT 1 & 2 (who have completed minimum of 7 years of service period with the Company), MT3 and above. The share options can be exercised up to one year after the one year

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

vesting period and therefore, the contractual term of each option granted is two years. The exercise price of the share options is Rs. 10 for options issued in 2019, Rs. 10.5 in 2020, Rs. 11.03 in 2021, Rs. 11.58 in 2022 and Rs. 12.15 in 2023.

Movement in the amount of options granted against the reserve is as follows:

(Rupees in '000)	2022	2021
Balance as at January 01,	149,866	34,416
Employee compensation expense	108,421	144,850
Adjustment of reserve for option holders resigning during the year	-	(1,132)
Transfer to share capital on issuance of shares during the period	(150,183)	(28,268)
Balance as at December 31,	108,104	149,866

Movements during the year:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2022		2021	
	Number	WAEP Rupees	Number	WAEP Rupees
Outstanding at January 01,	2,177,914	10.25	1,844,988	10.19
Granted during the year	1,421,026	11.03	1,473,984	10.50
Forfeited during the year	-	-	(14,799)	10.24
Exercised during the year	(2,177,914)	10.50	(1,126,259)	10.25
Outstanding at December 31,	1,421,026	10.64	2,177,914	10.25
Exercisable at December 31,	1,421,026		1,844,988	

The fair value of options granted during the year was Rs. 76.28 (2021: Rs. 90.55).

The weighted average share price at the date of exercise of these options was Rs. 71.19 (2021: Rs. 76.51).

The weighted average remaining contractual life for the share options outstanding as at December 31, 2022 was 0.39 years (2021: 0.39 years).

The range of exercise price for options outstanding at the end of the year was Rs. 10 to Rs. 10.5 (2021: Rs. 10.25 to Rs. 10.5).

20.5 Share options scheme V

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

Movement in the amount of options granted against the reserve is as follows:

(Rupees in '000)	2022	2021
Balance as at January 01,	-	-
Employee compensation expense	29,332	-
Balance as at December 31,	29,332	-

Movements during the year:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2022		2021	
	Number	WAEP Rupees	Number	WAEP Rupees
Outstanding at January 01,	-	-	-	-
Granted during the year	2,425,013	10.00	-	-
Outstanding at December 31,	2,425,013	10.00	-	-
Exercisable at December 31,	2,425,013	-	-	-

The fair value of options granted during the year was Rs. 61.95 (2021: Nil).

The weighted average share price at the date of exercise of these options was Rs. 75.12 (2021: Nil).

The weighted average remaining contractual life for the share options outstanding as at December 31, 2022 was 0.59 years (2021: Nil).

The range of exercise price for options outstanding at the end of the year was Rs. 10.25 to Rs. 10.5 (2021: Nil).

20.6 The following tables list the inputs to the models used for the three plans for the years ended December 31, 2022 and 2021, respectively:

(Rupees in '000)	2022	2021
Expected volatility (%)	32	33
Risk-free interest rate (%)	8.00	9.87
Expected life of share options (years)	1	1
Weighted average share price (Rupees)	91.12	90.55
Model used	Black Scholes	Black Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

21. SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT

(Rupees in '000)	2022	2021
Opening balance of surplus on revaluation of property and equipment	256,297	241,827
Revaluation surplus arising during the year - net of tax	76,741	15,469
Surplus transferred to unappropriated profit on account of incremental depreciation	(830)	(999)
Closing balance of surplus on revaluation of property and equipment - net of tax	332,208	256,297

This represents the surplus over book values resulting from revaluation of land and building adjusted by incremental depreciation arising out of revaluation of building. Freehold land and buildings are revalued at each year end by an independent valuer based on fair market value. The revaluation surplus is net of applicable deferred income taxes. Incremental depreciation represents the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

22. LEASE LIABILITIES

The interest rates used as the discounting factor (i.e. implicit in the lease) ranges from 10.95% to 19.05% (2021: 9.29% to 13.37%) per annum and lease period 4 to 5 years (2021: 4 to 5 years). The amount of future payments and the period during which they will become due are:

(Rupees in '000)	Note	2022	2021
Year ended December 31			
Due not later than 1 year		65,316	36,185
Due later than 1 year but not later than 5 years		141,002	66,500
	22.1	206,318	102,685
Less: Future finance charges		(52,847)	(16,170)
		153,471	86,515
Current portion		(40,764)	(28,566)
		112,707	57,949

22.1 Lease payments (LP) and their present value (PV) are regrouped as below:

(Rupees in '000)	2022		2021	
	LP	PV of LP	LP	PV of LP
Due not later than 1 year	65,316	40,764	36,185	28,566
Due later than 1 year but not later than 5 years	141,002	112,707	66,500	57,949
	206,318	153,471	102,685	86,515

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(Rupees in '000)	2022	2021
As at January 01,	86,515	38,443
Additions	124,722	90,436
Accretion of interest	22,042	4,893
Payments	(79,808)	(30,058)
Security deposit adjusted against lease liability	-	(17,199)
As at December 31,	153,471	86,515

22.2 Cash outflow for leases

The Company had total cash outflows for leases in 2022 of Rs. 79.81 million (2021: Rs. 30.05 million). The Company also had non-cash additions to right-of-use assets and lease liabilities in 2022 of Rs. 124.72 million (2021: Rs. 90.44 million).

23. LONG-TERM LOAN

(Rupees in '000)	2022	2021
Long-term loan	-	23,551
Less: current portion	-	(23,551)
	-	-

23.1 This represents loan amounting to Rs. 51.822 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 60 million. It carries mark-up at SBP rate plus 2% per annum. The security provided against this facility by the Company is

same as disclosed in note 27.1. This loan has been fully repaid during the year ended December 31, 2022. The long term loan were initially recognized at fair value in accordance with IFRS 9 - Financial instruments using effective interest rate. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

24. DEFERRED TAXATION

(Rupees in '000)	2022	2021
The net (asset) / liability for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation / amortization	9,025	2,935
Provision for doubtful debts / earnings	(109,378)	(37,621)
Unused tax losses	(7,716)	(12,458)
Minimum tax	(19,026)	-
Tax credit under Second Schedule	(116,182)	(116,182)
Surplus on revaluation of Property and equipment	3,950	233
Deferred tax on incremental depreciation	3,804	3,593
Income taxable on receipt basis	235,523	167,600
	-	8,100
24.1 Reconciliation of deferred tax (asset) / liability net		
As of January 01,	8,100	(57,450)
Tax expense / (income) recognized in profit and loss	(12,028)	69,361
Tax expense recognized in other comprehensive income	3,717	(4,044)
Tax expense recognized in equity	211	233
As at December 31,	-	8,100

24.2 Movement in deferred tax balances is as follows:

(Rupees in '000)	Opening	(Reversal from) / charge to			Closing
		Profit or loss	Equity	Other comprehensive income	
2022					
Income taxable on receipt basis	167,600	67,923	-	-	235,523
Tax credit under Second Schedule	(116,182)	-	-	-	(116,182)
Unused tax losses	(12,458)	4,742	-	-	(7,716)
Minimum tax	-	(19,026)	-	-	(19,026)
Provisions	(37,621)	(71,757)	-	-	(109,378)
Accelerated tax depreciation allowances	2,935	6,090	-	-	9,025
Deferred tax on incremental depreciation	3,593	-	-	211	3,804
Surplus on revaluation of property and equipment	233	-	3,717	-	3,950
	8,100	(12,028)	3,717	211	-
2021					
Income taxable on receipt basis	76,923	90,677	-	-	167,600
Tax credit under Second Schedule	(133,598)	17,416	-	-	(116,182)
Unused tax losses	-	(12,458)	-	-	(12,458)
Provisions	(16,872)	(20,749)	-	-	(37,621)
Accelerated tax depreciation allowances	8,460	(5,525)	-	-	2,935
Deferred tax on incremental depreciation	3,360	-	-	233	3,593
Surplus on revaluation of property and equipment	4,277	-	(4,044)	-	233
	(57,450)	69,361	(4,044)	233	8,100

24.3 The Company has recognized deferred tax asset on its deductible temporary differences and tax losses to the extent of available taxable temporary differences. Owing to uncertainty relating to future taxable profits, against which the Company can utilize its tax losses and minimum tax, the Company has not recognized any deferred tax asset for minimum tax of Rs. 33.44 million (2021: Nil) and business loss of Rs. 56.81 million (2021: Nil). Expiry of minimum tax and tax on business losses carried forward is as follows:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Expiry Tax Year	Nature	2022 (Rupees in thousand)	2021
2028	Business loss - 2022	56,805	-
2028	Minimum tax - 2022	33,439	-
		90,244	-

25. CURRENT PORTION OF DEFERRED GRANT

(Rupees in '000)	Note	2022	2021
Deferred Grant	25.2	-	269

25.1 Set out below are the amount of deferred grant and the movements during the year:

(Rupees in '000)	2022	2021
Opening balance	269	1,736
Amortization	(269)	(1,467)
Closing balance	-	269

25.2 Government grant has been recognized against loan obtained at below market interest rate under the SBP refinance scheme for salaries and wages. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date.

26. LOAN FROM SUBSIDIARY COMPANY

(Rupees in '000)	2022	2021
Unsecured loan from Octopus Digital Limited:		
Octopus Digital Limited		
Balance as at January 01	-	-
Obtained during the year	350,000	-
Repayments/adjustments made during the year	(50,000)	-
	300,000	-

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

27. SHORT TERM BORROWINGS

(Rupees in '000)	Note	2022	2021
Running finance			
JS Bank Limited	27.1	50,000	543,319
Short term Financing (STF)			
Standard Chartered Bank Limited	27.2	200,000	-
Inland bills purchased	27.3	59,997	34
		309,997	543,353

27.1 The Company has obtained running finance facility from JS Bank with a sanctioned limit of 300 million, bearing mark-up at the rates prescribed therein the facility offer letters that includes 3 month KIBOR plus Bank spread (2.25%). The facilities are secured against first mortgage charges created through equitable mortgage with legal mortgage of notional value over fixed assets (land & building) of the Company, ranking hypothecation charge over all present and future current assets of the Company registered with Securities and Exchange Commission of Pakistan and personal guarantees of sponsor directors of the Company, covering total security package.

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

27.3 Inland bills purchased

(Rupees in '000)	Note	2022	2021
Habib Bank Limited	27.3.1	59,997	-
JS Bank Limited		-	34
		59,997	34

27.3.1 This facility has a sanctioned limit of Rs. 125 million (2021: Rs. 334 million) and carries mark-up at Matching Tenor KIBOR plus 2% (2021: Matching Tenor KIBOR plus 2%) per annum. The facility is secured against invoices / bills receivable from customers (2021: invoices / bills receivable from customers).

28. CREDITORS, ACCRUED AND OTHER LIABILITIES

(Rupees in '000)		2022	2021
Trade creditors	28.1	580,612	340,103
Accrued expenses		38,596	57,053
Payable to provident fund		24,891	3,958
Employee Share Portion - Vehicle		75,493	23,764
Tax payable:			
- withholding tax		178,023	110,025
- income tax		191,456	115,139
Mark up accrued on:			
- Long-term finances		-	3,481
- Short term borrowings		71,449	5,900
Loan from CEO	28.2	-	46,000
Other liabilities	28.3	273,138	42,055
		1,433,658	747,478

28.1 This includes amount of Rs. 366.489 million (2021: Rs. 216.699) million payable to related parties, Octopus Digital Limited, in respect of subcontracting charges, installation charges and shared expenses.

28.2 This represents interest free loan, payable on demand, obtained from CEO of the Company for working capital requirements. This loan has been repaid during the year.

28.3 This includes amount of Rs. 260.64 million (2021: Nil) payable to related parties, Octopus Digital Limited, on account of expenses incurred on behalf of the company. This amount is interest bearing and interest has been charged at one month KIBOR plus 2% prevailing on the start of each month.

29. CONTRACT LIABILITIES

(Rupees in '000)		2022	2021
Advances from customers		150,635	90,814
Billings in excess of earnings		66,762	67,173
		217,397	157,987
29.1 Movement of contract liabilities is as follows:			
As at January 01,		157,987	82,176
Addition during the year		289,654	565,704
Recognized as revenue during the year		(230,244)	(489,893)
As at December 31,	29.1.1	217,397	157,987

29.1.1 This includes amount of Rs. 1.307 million (2121: 4.878 million) related to unsatisfied performance obligation on account of related party, Avanceon FZE.

30. UNCLAIMED DIVIDEND

(Rupees in '000)		2022	2021
As at January 01,		132,968	1,665
Declared during the year		259,761	213,828
Paid during the year		(216,446)	(82,525)
As at December 31,	30.1	176,283	132,968

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

- 30.1** This includes dividend payable to the Chief Executive, Mr. Bakhtiar Hameed Wain and Director, Mr. Aamir Wain amounting to Rs. 132.61 million (2021: Rs. 110 million) and Rs. 23.35 million (2021: Rs. 19 million) respectively.

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

There are no contingencies to report as at year end (2021: Nil).

31.2 Commitments

- a) Bank guarantees have been issued amounting to Rs. 12.74 million (2021: Rs. 52.173 million) against the performance of various contracts.
- b) Letters of credit outstanding at year end amount to Nil (2021: Rs. 43.70 million) which relates to import acceptance bills.

32. REVENUE FROM CONTRACTS WITH CUSTOMERS

(Rupees in '000)		2022	2021
Local Sales			
Sale of goods		881,026	1,084,103
Services rendered		401,037	311,034
Export Sales			
Agency commission		18,377	14,483
Project revenue - export		234,055	215,548
Management fees		60,770	-
IT enabled back office support		169,313	155,196
IT enabled engineering / support services		267,534	253,805
		2,032,112	2,034,169
Less: Sales tax			
Sale of goods		(119,813)	(164,360)
Services rendered		(47,775)	(34,596)
		(167,588)	(198,956)
		1,864,524	1,835,213
32.1 Disaggregation of revenue			
Local sales and services	32.1.1	1,114,475	1,196,181
Export sales and services	32.2	750,049	639,032
		1,864,524	1,835,213
Timing of revenue recognition			
At a point in time		761,213	789,501
Over the time		1,103,311	1,045,712
		1,864,524	1,835,213

(Rupees in '000)	2022	2021
32.1.1 Local sales and services		
Sale of goods	881,026	1,084,103
Less: Sales tax	(119,813)	(164,360)
	761,213	919,743
Services rendered	401,037	311,034
Less: Sales tax	(47,775)	(34,596)
	353,262	276,438
Net sales	1,114,475	1,196,181
32.2 Export sales and services		
Agency commission	18,377	14,483
Project revenue - export	234,055	215,548
Management fees	60,770	-
IT enabled back office support	169,313	155,196
IT enabled engineering / support services	267,534	253,805
	750,049	639,032
32.3 Contract balances		
Trade receivables	1,738,253	1,076,211
Contract assets	228,416	182,197
Contract liabilities	217,397	157,987

In 2022, Rs. 89.284 million (2021: Rs. 23.211 million) was recognised as allowances for expected credit losses on trade debts whereas trade debts were written off of Rs. 0.256 million (2021: Nil). The Company's trade debts increased due to related parties balances as disclosed in Note 34.

Contract assets relate to revenue earned from ongoing projects which has not been billed yet. As such, the balances of this account vary and depend on the number of ongoing projects at the end of the year. In 2022, the contract balances increased due to on-going projects which have not yet approached their billing milestones at the year end as per the contract terms.

Contract liabilities include billings in excess of earnings. This results from projects where the billing milestones are reached in advance of the Company's progress towards satisfaction of performance obligations. The outstanding balances of these accounts show nominal increase in 2022 which is mainly due to projects undertaken for which the Company has reached billing milestones as per terms agreed in the contracts.

32.4 Performance Obligation

Sale of goods

The performance obligation is satisfied upon delivery of goods and payment is generally due within 30 days from delivery.

Services

The performance obligation is satisfied over-time and payment is generally due within 30 days of the end of term period. In some contracts, short-term advances are required before the technical and engineering services are provided.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Project revenue

The performance obligation is satisfied over-time and payment is generally due within 30 days from reaching a milestone as per contract and acceptance of the customer. In some contracts, short-term advances are required before the services are provided under the contract.

As at year end, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) amounted to Rs. 724.761 million (2021: Rs. 1,178.491 million) and the Company expects to recognize this as revenue when the milestones are achieved in future or when the services are rendered, mostly within one to two years.

Contract assets and liabilities mainly arise from the projects as the Company recognizes revenue using cost to complete method while the respective customers are billed when a milestone is achieved as agreed in the contract.

33 COST OF REVENUE

(Rupees in '000)		2022	2021
Opening stock		54,663	39,984
Purchases and direct expenses		1,288,615	1,249,173
Closing stock		(37,577)	(54,663)
	33.1	1,305,701	1,234,494
33.1 Cost of revenue			
Materials consumed		579,834	684,596
Salaries, wages, allowances and other benefits	33.2	279,917	212,807
Employees' share option expense		30,804	39,355
Telephone, postage and telex		7,753	9,459
Utilities		4,339	3,104
Travelling and conveyance relating to engineering services		79,047	52,408
Installation charges		204,413	188,863
Fee for technical services		24,000	-
Entertainment relating to engineering services		7,828	4,139
Repairs and maintenance		2,344	1,381
Printing and stationery		1,905	982
Import cost		36,367	-
Insurance		3,991	8,403
Office rent		5,606	1,903
Training		7	710
Fee and subscription		2,574	580
Depreciation on property and equipment	8.1.1	30,428	19,008
Other expenses		4,544	6,796
		1,305,701	1,234,494

33.2 Salaries, wages and benefits include Rs. 13.47 million (2021: Rs. 11.577 million) and Rs. 1.444 million (2021: Rs. 0.99 million) representing provident fund contribution by the Company and accumulating compensated absences respectively. Amount of Rs. 104.527 million (2021: Rs. 181.61 million) relates to project services revenue.

34. ADMINISTRATIVE AND SELLING EXPENSES

(Rupees in '000)		2022	2021
Salaries, wages, allowances and other benefits	34.1	105,476	74,815
Employees' share option expense		46,206	59,032
Telephone, postage and telex		6,253	8,045
Utilities		4,339	3,101
Entertainment		3,065	991
Repairs and maintenance		6,818	3,903
Sales promotion expenses		250	1,006
Printing, stationery and periodicals		1,529	574
Vehicle running and maintenance		2,656	2,832
Travelling and conveyance		21,442	7,310
Office rent		5,606	1,903
Training		227	350
Insurance		3,616	4,075
Legal and professional charges		5,064	8,415
Auditors' remuneration	34.2	3,677	3,167
Fee and subscription		18,460	8,812
Corporate expenses		4,803	11,254
Depreciation on property and equipment	8.1.1	30,428	19,008
Bad debts write-off		257	2,384
Provision for bad earnings		6,387	1,575
Provision for retention money		-	1,277
Provision for earnest money		-	408
Allowance for expected credit losses - trade debts		-	1,765
Allowance for expected credit losses - contract assets		122	1,702
Allowance for expected credit losses - related parties		432,448	137,772
Other expenses		5,069	6,853
		714,198	372,329

34.1 Salaries, wages and benefits include Rs. 4.87 million (2021: Rs. 3.67 million) and Rs. 0.96 million (2021: Rs. 0.66 million) representing provident fund contribution by the Company and accumulating compensated absences respectively.

34.2 Auditors' remuneration

(Rupees in '000)		2022	2021
Statutory audit		2,268	2,079
Half yearly review fee		774	704
Review of code of corporate governance		120	100
Certifications			
Other charges and out of pocket expenses		515	284
		3,677	3,167

35. OTHER OPERATING EXPENSES

Donations		7,528	4,617
Fair value loss on short term investment	35.1	11	-
		7,539	4,617

35.1 Directors and their spouses have no interest in the donees each of whom have been given donations below Rs. 500,000 individually.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

36. OTHER OPERATING INCOME

(Rupees in '000)	Note	2022	2021
Income from financial assets			
Profit on bank deposits		1,738	1,143
Gain on acquisition of EmpiricAI (Private) Limited	10.3	440,023	-
Capital gain/(loss) on short-term investment		-	282
Exchange gain		1,546,358	496,743
		1,988,119	498,168
Income from non-financial assets			
Gain on disposal of property and equipment	8.1.5	14,797	13,156
Commission income from suppliers - referral income		20,313	-
Reversal of allowance for expected credit losses - trade debts	13.3	575	-
Dividend income from subsidiaries		126,024	461,370
Amortization of deferred grant	25	269	1,466
Others		17,600	5,844
		179,578	481,836
		2,167,697	980,004
37. FINANCE COSTS			
Mark-up / interest on:			
Long term loan		994	3,568
Short term borrowings		124,639	39,67
Lease liabilities		22,042	4,893
Provident fund		999	3,881
		148,674	52,020
Bank charges		4,999	3,527
Guarantee commission		1,898	1,139
		155,571	56,686
38. TAXATION			
Current		108,585	56,620
Super tax	38.3	15,843	-
Deferred tax		(12,028)	69,361
		112,400	125,981

38.1 The rate of tax has been fixed at 29% for Tax Year 2022 and onwards by taxation authorities.

38.2 Reconciliation between accounting profit and tax expense for the current year is not presented as the provision for current income tax for the year is based on minimum tax under section 153 of Income Tax Ordinance, 2001.

38.3 This represents super tax @ 4% on the taxable income for the tax year, 2022 imposed through Finance Act, 2022.

39. EARNINGS PER SHARE

		2022	2021
39.1 Basic earnings per share			
Net profit for the year	Rupees in thousand	1,736,812	1,021,110
Weighted average number of ordinary shares	Numbers in thousand	325,593	325,593
Earnings per share	Rupees	5.33	3.14

39.2 Diluted earnings per share

Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has granted share options to employees as explained in Note 20.

		2022	2021
Net profit for the year	Rupees in thousand	1,736,812	1,021,110
Weighted average number of ordinary shares	Numbers in thousand	325,593	Restated 325,593
Adjustment for share options	Numbers in thousand	4,987	4,987
Weighted average number of ordinary shares for diluted earnings per share	Numbers in thousand	330,580	330,580
Diluted earnings per share	Rupees	5.25	3.09

39.2.1 Share options issued by the Company have a dilutive effect on the earnings per share since the fair value of the ordinary shares during the year exceeds the exercise price of the options.

39.2.2 The weighted average number of ordinary shares of 2021 has been restated in accordance with the requirements of IAS 33 due to issuance of 64,940,126 bonus shares in 2022.

40. CASH FLOWS FROM OPERATING ACTIVITIES

(Rupees in '000)	Note	2022	2021
Profit before tax		1,849,212	1,147,091
Adjustments for:			
Depreciation on property and equipment	8	19,221	16,176
Depreciation on right of use of assets	8	40,969	21,839
Provision for doubtful debts and earnings	34	6,387	1,575
Employees' share option expense	33 & 34	153,329	98,387
Trade debts written off - specific	34	257	2,384
Allowance for expected credit losses - trade debts	34	-	1,765
Allowance for expected credit losses - contract assets	34	122	1,702
Allowance for expected credit losses - related parties	34	432,448	137,772
Capital gain on short-term investment	36	-	(282)
Provision for retention money	34	-	1,277
Provision for earnest money	34	-	408
Gain on acquisition of EmpiricAI (Private) Limited		(440,023)	-
Fair value gain on short-term investments	36	11	-
Exchange gain	36	(1,546,358)	(496,743)
Gain on disposal of property and equipment	36	(14,797)	(13,156)
Finance cost	37	155,571	56,686
Profit on bank deposits	36	(1,738)	(1,143)
Dividend income	36	(126,024)	(461,370)
Amortization of deferred grant	36	(269)	(1,466)
		(1,320,894)	(634,189)
Profit before working capital changes		3,621,034	512,902
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets			
Stock in trade		17,086	(14,679)
Trade debts		(210,051)	(109,020)
Contract assets		(52,728)	7,436
Advances, deposits, prepayments and other receivables		(588,265)	(409,561)
Decrease in current liabilities			
Creditors, accrued and other liabilities		667,697	91,752
Contract liabilities		59,410	75,811
		(106,851)	(358,261)
Cash generated from operations		421,467	154,641

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

41. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiaries, shareholders, directors of the Company, employees benefit funds and key management personnel. The Company carries out transactions with its related parties as per agreed terms. Significant related party transactions, other than remuneration of directors which is disclosed in Note 46, are as follows:

Name of related party	Relationship with the Company	Basis of Relationship	Nature of transactions	2022 Transactions during the year	2021 Transactions during the year
				(Rupees in thousand)	
Avanceon FZE- UAE (AVFZE)	Subsidiary	100% shareholding	Agency commission charged	18,377	14,483
			Income against engineering / support services	-	80,556
			Back office support income	18,779	77,598
			Management fee	30,900	-
			Revenue recognized on the projects based on the stage of completion	77,596	71,762
			Dividend income	-	200,250
			Collection / adjustment from AVFZE	15	150,670
			Payment to suppliers by AVFZE on behalf of the Company	204,016	117,704
			Payment during the year	93,592	87,396
			Payment to employees by AVL on behalf of AVFZE	45,259	24,230
			Employee share option expense charged	8,061	-
			Payment to suppliers by AVL on behalf of AVFZE	13,743	104,375
			Avanceon Automation and Control - (AVAC)	Subsidiary	49% shareholding and control over financial and operating decision making.
Back office support income	88,751	77,599			
Management fee	29,870	-			
Revenue recognized on the projects	122,821	139,131			
Dividend income	126,024	261,120			
Payment to suppliers by AVAC on behalf of the Company	3,550	36			
Payment to employees by AVL on behalf of the AVAC	36,808	44,639			
Payment to suppliers by AVL on behalf of AVAC	43,525	9,895			
Employee share option expense charged	20,106	-			
Cash received from AVAC	75,952	142,310			
Interest free financing converted into equity	-	498,064			
Avanceon Saudi Energy Company - KSA (AVSEC)	Subsidiary	100% shareholding	Payment to suppliers by AVL on behalf of AVSEC	1,608	1,462
			Revenue recognized on the projects	33,638	4,655
			Other engineering / support services	45,380	-
			Back office support	61,784	-
			Payments to employees by AVL	13,282	-
			Collection from AVSEC	15,513	-
Innovative Travels (Private) Limited	Associated Company	Common directorship	Services rendered during the year	-	-
			Payments during the year	-	-
Octopus Digital Limited - ODL	Subsidiary	80% shareholding	Management fee	30,000	-
			Back office support income	50,400	50,000
			Fee for technical services charged	24,000	24,000
			Products sale	72,646	-
			Installation charges incurred	60,043	41,014
			Subcontracting charges incurred	44,169	21,205
			Payments received or made to suppliers by ODL on behalf of AVL	628,196	596,400
			Payment during the year	414,059	569,595
			Loan received	350,000	-
			Loan paid during the year	50,000	-
			Markup accrued on Loan	40,245	-
Markup on current Account - ODL	46,503	-			
Bakhtiar Hameed Wain	Key Management Personnel	CEO	Loan received	-	46,000
			Repayment of loan to CEO	46,000	-
Contribution to staff provident fund	Employees Provident Fund	Provident fund	Expense charged in respect of retirements benefit plans	18,338	15,247

All transactions with related parties are carried out on commercial terms and conditions.

41.1 PARTICULARS OF RELATED PARTIES INCORPORATED OUTSIDE PAKISTAN

	Name of Entity			
	Avanceon FZE (UAE)	Avanceon Saudi Energy Company	Avanceon Automation and Control WLL, (Qatar)	Octopus Digital Inc. USA
Registered address	Jebel Ali Free Zone, Dubai, United Arab Emirates	3141 Ans Ibn Malik - AlMalqa Dist. Unit No. 718, Riyadh, 13521-8292	Al Jaber Engg. HO Building, Fox Hills, Lusail, Doha - Qatar	1800 John F. Kennedy Boulevard Suite 1601 Philadelphia, PA
Country of incorporation	UAE	Kingdom Saudi Arabia	Qatar	USA
Basis of association	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Aggregate Percentage of shareholding	100%	100%	49% shareholding and control over financial and operating decision making.	100%
Shareholding through other entities	N/A	N/A	Remaining 51% shareholding by Arkan Integrated Development LLC	N/A
Chief Executive	Bakhtiar Hameed Wain	Junaid Ul Islam	Bakhtiar Hameed Wain	Bakhtiar Hameed Wain
Operational status	Providing industrial automation, process control and systems integration solutions, trading in products of automation and control equipment and providing related technical services.	Providing industrial automation, process control and systems integration solutions, trading in products of automation and control equipment and providing related technical services.	Providing industrial automation, process control and systems integration solutions, trading in products of automation and control equipment and providing related technical services.	The Company holds 26.11% (2021:26.11%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, The General Partner.
Auditor's opinion on latest available	Unmodified opinion	Modified opinion	Unmodified opinion	Unmodified opinion

41.2 The details of compensation paid to key management personnel are shown under the heading of "Remuneration of Chief Executive, Directors and Executive (Note - 46)". There are no transactions with key management personnel other than under their terms of employment except otherwise stated.

41.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of its management team, including the Chief Executive Officer and the Directors to be key management personnel.

42. PROVIDENT FUND

(Rupees in '000)	2022	2021
Size of fund	186,808	194,807
Fair value of investments made	172,442	147,444
Cost of investment made	187,969	138,641
Percentage of investments made	92%	76%

42.1 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2022 (Un-audited)		2021 (Audited)	
	Investments (Rupees in '000)	Investment as % of size of the fund	Investments (Rupees in '000)	Investment as % of size of the fund
Government Securities	90,473	52%	77,843	53%
Scheduled Banks	768	1%	10,563	7%
Other Mutual Funds	12,520	7%	20,528	14%
Listed Securities	68,845	40%	38,509	26%
	172,606	100%	147,443	100%

42.2 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. Financial year of the provident fund trust is June 30.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

43. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

43.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance and planning department under guidelines approved by the Corporate Centre of the Company.

The Company's overall risk management procedures to minimize the potential adverse effects of financial markets on the Company's performance are as follows:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to three types of market risk: currency risk, interest rate risk and other price risk.

(i) Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate in case of changes in foreign exchange rates.

This exists due to the Company's exposure resulting from outstanding import payments or foreign creditors and in respect of export revenue. A foreign exchange risk management guideline has been provided by the Corporate Centre. The policy allows the Company to take currency exposure within predefined limits while open exposures are monitored. The Company aims to protect itself against adverse currency movements by either linking the price of its products to foreign currency.

The Company is exposed to currency risk arising primarily with respect to the Euro (EUR), United States Dollar (USD), United Arab Emirates Dirham (AED) and Qatari Riyal (QAR). The Company's exposure to foreign currency changes for all other currencies is not material. Currently, the Company's foreign exchange risk exposure is restricted to foreign currency creditors, debtors and bank balances as shown below

(Amounts in '000)	2022				
	Rupees	EUR	USD	AED	QAR
Trade debts					
- Avanceon FZE Dubai	581,921	-	-	9,353	-
- Avanceon Automation and Control W.L.L, Qatar	815,572	-	-	-	13,083
Dividend receivable - due from related parties					
- Avanceon FZE Dubai	576,326	-	-	9,263	-
- Avanceon Automation and Control W.L.L, Qatar	938,924	-	-	-	15,061
- Octopus Digital Inc., USA	-	-	-	-	-
Bank balances	141	-	1	-	-
	2,912,884	-	1	18,616	28,144
Trade Payables					
- Avanceon FZE Dubai	-	-	-	-	-
- Others	-	-	-	-	-
AED	(12)	-	-	-	-
EUR	(24,182)	(100)	-	-	-
USD	(55,366)	-	(244)	-	-
Net Exposures	2,833,324	(100)	(243)	18,616	28,144

(Amounts in '000)	2021				
	Rupees	EUR	USD	AED	QAR
Trade debts					
- Avanceon FZE Dubai	398,730	-	-	8,226	-
- Avanceon Automation and Control W.L.L, Qatar	272,645	-	-	-	5,579
Dividend receivable - due from related parties					
- Avanceon FZE Dubai	451,815	-	-	9,322	-
- Avanceon Automation and Control W.L.L, Qatar	638,589	-	-	-	13,067
- Octopus Digital Inc., USA	-	-	-	-	-
Bank balances	111	-	1	-	-
	1,761,890	-	1	17,548	18,646
Trade Payables					
- Avanceon FZE Dubai	-	-	-	-	-
- Others	-	-	-	-	-
AED	(12)	-	-	-	-
EUR	(24,182)	(122)	-	-	-
USD	(55,366)	-	(311)	-	-
Net Exposures	1,682,330	(122)	(310)	17,548	18,646

The following significant exchange rates were applied during the year:

	Average rate		Reporting date rate	
	2022	2021	2022	2021
USD TO PKR	202.39	163.70	226.90	177.88
EUR TO PKR	220.42	197.50	242.33	198.50
AED TO PKR	55.35	44.73	62.22	48.47
QAR TO PKR	55.61	45.03	62.34	48.87

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in the US Dollar, Arab Emirates Dirham, Qatari Riyal and Euro exchange rate, with all other variables held constant, of the Company's profit before tax and equity.

(Rupees in '000)	Change in exchange rate	Effect on profit/(loss) before tax		Effect on equity
		(Rupees in thousand)		
EUR				
2022	-5%	(1,212)	(861)	
	+5%	1,212	861	
2021	-5%	(1,211)	(860)	
	+5%	1,211	860	
USD				
2022	-5%	(2,757)	(1,957)	
	+5%	2,757	1,957	
2021	-5%	(2,757)	(1,957)	
	+5%	2,757	1,957	
QAR				
2022	-5%	(87,725)	(62,285)	
	+5%	87,725	62,285	
2021	-5%	(45,562)	(32,349)	
	+5%	45,562	32,349	
AED				
2022	-5%	(57,914)	(41,119)	
	+5%	57,914	41,119	
2021	-5%	(42,528)	(30,195)	
	+5%	42,528	30,195	

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from lease liabilities and liabilities against finances under mark-up arrangements. These liabilities are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

The Company's Rupee based loans have a prepayment option, which can be exercised upon any adverse movement. Rates of short-term loans vary as per market movement of KIBOR.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

(Rupees in '000)	2022	2021
Floating rate instruments		
Financial assets		
Bank balances	18,652	16,990
Financial liabilities		
Long-term loan	-	23,551
Lease liabilities	153,471	86,515
Finances under markup arrangements and other credit facilities - secured	609,997	543,353
Total exposure	744,816	636,429

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on floating rate borrowings and balances, with all other variables held constant, of the Company's profit before tax:

	Increase/ decrease in basis points	Effect of profit/(loss) before tax	Effect on equity
		(Rupees in thousand)	
2022	+100	(7,448)	(5,288)
	-100	7,448	5,288
2021	+100	(6,364)	(4,518)
	-100	6,364	4,518

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Company is not exposed to significant equity securities price risk as its major investment is in its subsidiaries companies which are stated at cost. The exposure in respect of short-term investment amounts to Rs. 0.174 million (2021: Rs. 0.19 million).

(b) Credit risk represents the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss for the other party by failing to discharge an obligation.

Company's credit risk is primarily attributable to its trade and other receivables. However, this risk is mitigated by a credit control policy and applying individual credit limits.

The maximum exposure to credit risk is equal to the carrying amount of financial assets. The maximum exposure to credit risk at reporting date is as follows:

(Rupees in '000)	2022	2021
Long-term loans, deposits and other receivables	8,697	4,284
Contract asset	228,416	182,197
Trade debts	1,738,253	1,076,211
Deposits and other receivables	1,746,321	992,727
Bank balances	82,448	111,259
	3,804,135	2,366,678

The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows:

(Rupees in '000)	2022	2021
Export	1,391,639	621,430
Domestic	346,614	454,781
	1,738,253	1,076,211

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than two years and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. The Company does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Company's local trade receivables assets using a provision matrix:

Period in days	Expected credit loss rate (%)	Estimated total gross carrying amount at default	Estimated total gross carrying amount - secured	Expected credit loss
2022(Rupees in thousand).....				
0-90	0.64%	305,316	-	1,063
90-180	9.28%	11,580	-	-
180-270	18.85%	5,129	-	-
270 to 360	31.34%	4,155	-	-
360 to 450	43.69%	2,546	-	-
450 to 540	53.74%	2,174	-	-
540 to 630	64.66%	863	-	-
630 to 720	100%	351	-	-
720 to 810	100%	15,563	-	-
Total		347,677	-	1,063

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Period in days	Expected credit loss rate (%)	Estimated total gross carrying amount at default	Estimated total gross carrying amount - secured	Expected credit loss
2021(Rupees in thousand).....				
0-90	1%	365,367	-	85
90-180	1%	19,563	-	89
180-270	11%	3,249	-	30
270 to 360	23%	2,878	-	42
360 to 450	36%	1,673	-	32
450 to 540	47%	1,261	-	33
540 to 630	64%	2,088	-	62
630 to 720	73%	1,831	-	74
720 to 810	100%	29,231	-	1,191
Total		427,141	-	1,638

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as the trade debts / advances and other receivables of the Company relate to sales / purchase of equipment / services under binding contract terms.

As at December 31, 2022, the Company has 30 (2021: 33) customers owing more than Rs. 1 million (2021: Rs. 1 million) each which account for 95% (2021: 95%) of total debtors.

The credit quality of receivables can be assessed with reference to Company credit control policy and their historical performance with negligible default rate. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating Agency	Rating Short Term	Rating Long Term	Balances at banks	
				2022	2021
(Rupees in '000)					
Faysal Bank limited	JCR-VIS	A-1+	AA	3,305	1,955
Habib Bank limited	JCR-VIS	A-1+	AAA	3,666	3,412
National Bank of Pakistan	JCR-VIS	A-1+	AAA	82	436
MCB Bank Limited	PACRA	A-1+	AAA	542	4,151
United Bank Limited	JCR-VIS	A-1+	AAA	684	684
JS Bank Limited	PACRA	A1+	AA-	55,097	82,399
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA	100	-
Standard Chartered	PACRA	A1+	AAA	18,972	18,223
				82,448	111,260

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk faced by the Company is minimal.

The Company has not recognised an impairment allowance on financial assets held with banking companies during the year ended December 31, 2022, as the impact was immaterial.

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash due to the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios and maintaining debt financing plans.

The table below analyses how management monitors net liquidity based on details of the remaining contractual

maturities of financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

The following are the contractual maturities of financial liabilities:

(Rupees in '000)	Total	On demand	Less than one year	Between one to five years	More than five years
2022					
Long-term loan	-	-	23,551	-	-
Finances under mark up arrangements	609,997	-	609,997	-	-
Lease liabilities	206,318	-	65,316	141,002	-
Creditors, accrued and other liabilities	1,039,288	-	1,039,288	-	-
Unclaimed dividend	176,283	-	176,283	-	-
	2,031,886	-	1,914,435	141,002	-
2021					
Long-term loan	23,551	-	23,551	-	-
Finances under mark up arrangements	543,353	-	543,353	-	-
Lease liabilities	86,515	-	36,185	66,500	-
Creditors, accrued and other liabilities	518,356	46,000	472,356	-	-
Unclaimed dividend	132,968	-	132,968	-	-
	1,304,743	46,000	1,208,413	66,500	-

(Rupees in '000)	At fair value through OCI	At fair value through profit or loss	At amortized cost	Total
2022				
Financial assets				
Debt instruments at amortized cost				
Long-term loans, deposits and other receivables	-	-	8,697	8,697
Trade debts	-	-	1,738,253	1,738,253
Deposits and other receivables				
- Bank guarantee margin	-	-	13,051	13,051
- Earnest money	-	-	300	300
- Retention money	-	-	-	-
- Due from associated companies	-	-	1,730,198	1,730,198
- Others	-	-	2,772	2,772
Cash and bank balances	-	-	82,469	82,469
Equity instruments at fair value through profit or loss				
Short-term investment	-	174	-	174
	-	174	3,575,740	3,575,914

(Rupees in '000)	Financial liabilities at amortized cost
Financial liabilities	
Long-term loan	-
Lease liabilities	153,471
Finances under mark up arrangements and other credit facilities - secured	609,997
Creditors, accrued and other liabilities	1,039,288
Unclaimed dividend	176,283
	1,979,039

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)	At fair value through OCI	At fair value through profit or loss	At amortized cost	Total
2021				
Financial assets				
Debt instruments at amortized cost				
Long-term loans, deposits and other receivables	-	-	4,284	4,284
Trade debts	-	-	1,076,211	1,076,211
Deposits and other receivables				
- Bank guarantee margin	-	-	35,327	35,327
- Earnest money	-	-	300	300
- Retention money	-	-	-	-
- Due from associated companies	-	-	952,319	952,319
- Others	-	-	4,781	4,781
Cash and bank balances	-	-	111,387	111,387
Equity instruments at fair value through profit or loss				
Short-term investment	-	185	-	185
	-	185	2,184,609	2,184,794

(Rupees in '000)	Financial liabilities at amortized cost
Financial liabilities	
Long-term loan	23,551
Lease liabilities	86,515
Finances under mark up arrangements and other credit facilities - secured	543,353
Creditors, accrued and other liabilities	518,356
Unclaimed dividend	132,968
	1,304,743

43.3 Fair value of financial instruments

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

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

43.4 Fair value hierarchy

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

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

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

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

The following table presents the Company's freehold land and building that are measured at fair value.

Recurring fair value measurements of following items:

(Rupees in '000)	Level 1	Level 2	Level 3	Total
December 31, 2022				
Freehold land	-	-	290,550	290,550
Buildings on freehold land	-	-	107,984	107,984
Short-term investment	174	-	-	174
	174	-	398,534	398,708
December 31, 2021				
Freehold land	-	-	223,500	223,500
Buildings on freehold land	-	-	90,422	90,422
Short-term investment	185	-	-	185
	185	-	313,922	314,107

44. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares or sell assets to reduce debt. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Consistent with others in the industry and the requirements of the lenders the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The gearing ratio as at year ended December 31, 2022 and 2021 are as follows:

(Rupees in '000)	2022	2021
Borrowings	763,468	653,419
Less: Cash and bank balances	(82,469)	(111,387)
Net debt	680,999	542,032
Total equity - excluding surplus on revaluation	6,628,696	4,965,815
Total capital	7,309,695	5,507,847
Gearing ratio	9.32%	9.84%

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

45. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

(Rupees in '000)	Issuance of shares	Lease liabilities	Long term loans	Short term borrowings	Accrued interest / mark-up	Unclaimed dividend	Total
Balance as at 01 January 2022	2,565,934	86,515	23,551	543,353	9,381	132,968	3,361,702
Cash flows							
Repayment of loans	-	-	-	-	-	-	-
Lease payments	-	(86,603)	-	-	-	-	(86,603)
Issuance of shares	31,671	-	-	-	-	-	31,671
Loan repayment	-	-	(23,820)	66,644	-	-	42,824
Finance cost paid	-	-	-	-	(93,503)	-	(93,503)
Dividends paid	-	-	-	-	-	(216,446)	(216,446)
Total changes from financing cash flows	31,671	(86,603)	(23,820)	66,644	(93,503)	(216,446)	(322,057)
Other changes including non-cash							
Changes in running finances	-	-	-	-	-	-	-
Bonus shares issuance	649,401	-	-	-	-	-	649,401
Amortization of deferred grant	-	-	269	-	-	-	269
Addition in lease	-	124,722	-	-	-	-	124,722
Dividend declared	-	-	-	-	-	259,761	259,761
Finance cost	-	22,042	-	-	133,529	-	155,571
Total liability related other changes	649,401	146,764	269	-	133,529	259,761	1,189,724
Closing as at December 31, 2022	3,247,006	146,676		609,997	49,407	176,283	4,229,369
Balance as at January 01, 2021	2,117,900	38,443	49,462	419,006	13,680	1,665	2,640,156
Cash flows							
Repayment of loans	-	-	-	-	-	-	-
Lease payments	-	(47,257)	-	-	-	-	(47,257)
Issuance of shares	20,378	-	-	-	-	-	20,378
Loan repayment	-	-	(27,378)	124,347	-	-	96,969
Finance cost paid	-	-	-	-	(56,092)	-	(56,092)
Dividends paid	-	-	-	-	-	(82,525)	(82,525)
Total changes from financing cash flows	20,378	(47,257)	(27,378)	124,347	(56,092)	(82,525)	(68,527)
Other changes including non-cash							
Changes in running finances	-	-	-	-	-	-	-
Bonus shares issuance	427,656	-	-	-	-	-	427,656
Amortization of deferred grant	-	-	1,466	-	-	-	1,466
Addition in lease	-	90,436	-	-	-	-	90,436
Dividend declared	-	-	-	-	-	213,828	213,828
Finance cost	-	4,893	-	-	51,793	-	56,686
Total liability related other changes	427,656	95,329	1,466	-	51,793	213,828	790,072
Closing as at December 31, 2021	2,565,934	86,515	23,551	543,353	9,381	132,968	3,361,701

46. REMUNERATION OF DIRECTORS AND OTHER EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the full time working director and executives of the Company is as follows:

(Rupees in '000)	Director		Other Executives	
	2022	2021	2022	2021
Managerial remuneration	5,998	5,372	104,064	86,873
House rent	2,159	2,149	41,626	34,749
Utilities	540	537	10,082	8,545
Contribution to provident fund	540	537	10,208	8,487
Others	105	1,197	3,764	3,517
	9,342	9,792	169,744	142,171
Number of persons	2	2	52	45

46.1 The Company also provides Director and certain executives with Company maintained cars. No remuneration has been paid to Chief Executive Officer and Non-Executive Directors of the Company.

46.2 During the year, the Director,s and other executives were granted 164,945 (2021: 306,841) and 3,712,656 (2021: 1,895,787) share options respectively, which have a vesting period of three years (2021: one year). Further, the impact of benefits available to the Director,s and other executives recognized by the Company on account of share-based payment plans aggregated to Rs. 6.065 million (2021: Rs. 20.481 million) and Rs. 62.018 million (2021: Rs. 77.906 million), respectively

46.3 During the current year, certain Directors,s and executives of the Company exercised stock options under employee stock option scheme according to which 432, 878 (2021: 436,827) and 2,734, 269 (2021: 1,600,964) shares were issued to them respectively.

47. NUMBER OF EMPLOYEES

	2022	2021
Average number of employees	245	230
Closing number of employees	246	244

48. CORRESPONDING FIGURES

Corresponding figures have been rearranged / reclassified where considered necessary for the purpose of better presentation, however, no significant rearrangement / reclassification has been made during the year.

49. EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in its meeting held on April 27, 2023 has proposed bonus shares issue at the rate of 15% (2021: 25%) and final cash dividend at the rate of Rs. Nil per share (2021: Rs. 1 per share) in respect of the year ended December 31, 2022 for the approval by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

50. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 27, 2023 by the Board of Directors of the Company.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AVANCEON LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Avanceon Limited and its Subsidiaries (the group), which comprise the consolidated statement of financial position as at December 31, 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	Revenue Recognition	
	<p>The Group's revenue is derived from various revenue streams, as referred to in Note 33 to the accompanying consolidated financial statements which primarily includes sale of goods, provision of services as well as end-to-end solutions in form of short-term and long-term projects, which in most of the cases lead to revenue being recognized over multiple accounting periods.</p> <p>Revenue is recognized based on performance obligations as mentioned in Note 5.18 to the accompanying consolidated financial statements, which requires significant management judgement and estimates in relation to assessment of distinct performance obligations along with respective standalone selling prices and budgeting the cost to complete.</p> <p>Due to complexity of accounting for multiple revenue streams, significant judgement and estimation involved in the revenue recognition process we have identified measurement of revenue recognition as a key audit matter.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding and evaluated the appropriateness of the Group's revenue recognition policies, in accordance with IFRS 15, including those relating to the stage of completion method and related management assessments based on the Group's operating model and its system of recording revenue related transactions. • Tested operating effectiveness of internal controls relating to the Group's revenue recognition process including budgetary control, appropriate review and approval practices and its recognition in the books of accounts; • Performed substantive analytical procedures including, amongst others, developing an expectation of project revenue for the year based on contracts entered to date and analyzing the amounts recognized against the same, month-wise and project wise revenue and margin analysis. We compared the actual cost of projects completed during the year with their forecast cost; • Performed test of details including examination of a sample of underlying contracts, review of the contractual terms and conditions and evaluating appropriate accounting treatment thereof; • Selected a sample of revenue transactions recognized during the year and recalculated the revenue recognized along with evaluation of the management basis used in determining the performance obligations in accordance with accounting policies; and • Assessed the appropriateness of disclosures in the consolidated financial statements in relation to revenue.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AVANCEON LIMITED

Information Other than the consolidated financial statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

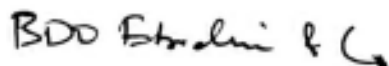
We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

The consolidated financial statements of the group for the year ended December 31, 2021 were audited by another firm of chartered accountants who had expressed an unmodified opinion thereon vide their report dated April 20, 2022.

The engagement partner on the audit resulting in this independent auditor's report is Sajjad Hussain Gill.



BDO EBRAHIM & CO

Chartered Accountants

Lahore: May 17, 2023

UDIN: AR202210087e92RMymi1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

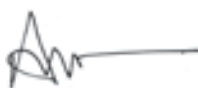
AS AT DECEMBER 31, 2022

(Rupees in '000)	Note	2022	2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
500,000,000 (2021: 500,000,000) ordinary shares of Rs. 10 each	6	5,000,000	5,000,000
Issued, subscribed and paid-up share capital			
324,700,631 (2021: 256,593,358) ordinary shares of Rs. 10 each	6	3,247,006	2,565,934
CAPITAL RESERVES			
Share premium	7	314,007	144,189
Statutory reserve	8	3,002	3,002
Employees' share compensation reserve	9	155,663	172,658
Exchange revaluation reserve		1,495,460	754,971
Gain on dilution of interest		631,367	631,367
Surplus on revaluation of property & equipment	10	332,208	256,297
		2,931,707	1,962,484
REVENUE RESERVES			
Un-appropriated profits		4,869,725	3,476,888
		11,048,438	8,005,306
Non-controlling interest	11	525,260	328,068
		11,573,698	8,333,374
NON CURRENT LIABILITIES			
Lease liabilities	12	214,082	69,627
Long-term loan	13	93,537	-
Provision for gratuity	14	187,203	119,342
Deferred taxation	24	-	3,673
		494,822	192,642
CURRENT LIABILITIES			
Current portion of lease liabilities	12	62,061	46,757
Current portion of long-term loan	13	-	23,551
Current portion of deferred grant	15	-	269
Finances under mark up arrangements and other credit facilities - secured	16	616,408	713,748
Creditors, accrued and other liabilities	17	6,067,182	3,296,491
Contract Liabilities	18	1,739,191	883,074
Unclaimed dividend	19	215,625	153,095
Taxation - net		76,200	36,343
		8,776,667	5,153,328
CONTINGENCIES AND COMMITMENTS			
	20	-	-
		20,845,187	13,679,344

The annexed notes 1 to 52 form an integral part of these consolidated condensed financial statements.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

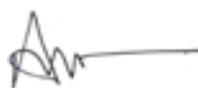


Director
Tanveer Karamat

(Rupees in '000)	Note	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	21	953,433	467,762
Intangible assets	22	685,800	51,722
Long term investment	23	-	967,659
Deferred taxation	24	15,400	-
Long-term loans and deposits	25	57,476	38,393
		1,712,109	1,525,536
CURRENT ASSETS			
Stock in trade	26	67,109	72,813
Trade debts	27	8,615,117	5,551,439
Contract assets	28	6,638,723	4,120,355
Advances, deposits, prepayments and other receivables	29	956,959	786,208
Short term investments	30	74,838	310,656
Cash and bank balances	31	1,347,281	1,312,336
		17,700,027	12,153,808
Non-current assets held for sale	32	1,433,051	-
		20,845,187	13,679,344



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

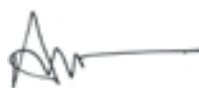
FOR THE YEAR ENDED DECEMBER 31, 2022

[Rupees in '000]	Note	2022	2021
Revenue from contracts with customers - net	33	9,538,499	7,117,894
Cost of revenue	34	(7,031,603)	(4,840,198)
Gross profit		2,506,896	2,277,696
Administrative and selling expenses	35	(1,827,994)	(933,499)
Other operating expenses	36	(8,878)	(4,617)
Other operating income	37	1,766,028	543,746
		(70,844)	(394,370)
Profit from operations		2,436,052	1,883,326
Finance costs	38	(223,048)	(124,621)
Profit before tax		2,213,004	1,758,705
Taxation	39	(154,667)	(158,612)
Profit for the year		2,058,337	1,600,093
Attributable to:			
Equity holders of the Holding Company		1,977,325	1,577,030
Non-controlling interest		81,012	23,063
		2,058,337	1,600,093
Combined earnings per share			Restated
Basic	40.1	6.07	4.84
Diluted	40.2	5.98	4.77

The annexed notes 1 to 52 form an integral part of these consolidated condensed financial statements.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

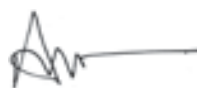
FOR THE YEAR ENDED DECEMBER 31, 2022

[Rupees in '000]	Note	2022	2021
Profit for the year		2,058,337	1,600,093
Other comprehensive income			
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>			
- Revaluation surplus of land and building - net of tax	10	76,741	15,469
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>			
- Exchange difference on translating foreign operations		740,489	122,561
		817,230	138,030
Total comprehensive income for the period		2,875,567	1,738,123
Attributable to:			
Equity holders of the Holding Company		2,794,555	1,715,060
Non-Controlling Interest		81,012	23,063
		2,875,567	1,738,123

The annexed notes 1 to 52 form an integral part of these consolidated condensed financial statements.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

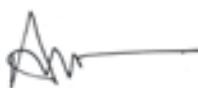
FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)	Issued subscribed and paid-up share capital	Capital Reserves					Revenue Reserve		Sub-total	Non-Controlling Interest	TOTAL
		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			
Balance as on January 01, 2021	2,117,900	138,384	-	74,270	3,002	632,410	241,827	2,409,500	5,617,293	4,506	5,621,799
Profit for the period	-	-	-	-	-	-	-	1,577,030	1,577,030	23,063	1,600,093
Other comprehensive income	-	-	-	-	-	122,561	15,469	-	138,030	-	138,030
	-	-	-	-	-	122,561	15,469	1,577,030	1,715,060	23,063	1,738,123
Issuance of new shares	20,378	5,805	-	-	-	-	-	-	26,183	431,342	457,525
Reclassification	-	-	-	-	-	-	-	130,843	130,843	(130,843)	-
Gain on dilution of interest	-	-	631,367	-	-	-	-	-	631,367	-	631,367
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	-	-	-	(999)	999	-	-	-
20% bonus share issue for the year ended December 31, 2020	427,656	-	-	-	-	-	-	(427,656)	-	-	-
10% final dividend for the year ended December 31, 2020 @ Re 1 per share	-	-	-	-	-	-	-	(213,828)	(213,828)	-	(213,828)
Employee share option reserve	-	-	-	98,388	-	-	-	-	98,388	-	98,388
	448,034	5,805	631,367	98,388	-	-	(999)	(509,642)	672,953	300,499	973,452
Balance as on December 31, 2021	2,565,934	144,189	631,367	172,658	3,002	754,971	256,297	3,476,888	8,005,306	328,068	8,333,374
Profit for the period	-	-	-	-	-	-	-	1,977,325	1,977,325	81,012	2,058,337
Other comprehensive income	-	-	-	-	-	740,489	76,741	-	817,230	-	817,230
	-	-	-	-	-	740,489	76,741	1,977,325	2,794,555	81,013	2,875,567
Issuance of bonus shares	31,671	169,818	-	(161,376)	-	-	-	-	40,113	-	40,113
Acquisition of EPL	-	-	-	-	-	-	-	323,844	323,844	116,180	440,024
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	-	-	-	(830)	830	-	-	-
20% bonus share issue for the year ended December 31, 2021	649,401	-	-	-	-	-	-	(649,401)	-	-	-
10% final dividend for the year ended December 31, 2021 @ Re 1 per share	-	-	-	-	-	-	-	(259,761)	(259,761)	-	(259,761)
Employee share option reserve	-	-	-	144,381	-	-	-	-	144,381	-	144,381
	681,072	169,818	-	(16,995)	-	-	(830)	(584,488)	248,577	116,180	364,757
Balance as on December 31, 2022	3,247,006	314,007	631,367	155,663	3,002	1,495,460	332,208	4,869,725	11,048,438	525,260	11,573,698

The annexed notes 1 to 52 form an integral part of these consolidated condensed financial statements.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

CONSOLIDATED STATEMENT OF CASH FLOWS

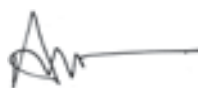
FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)	Note	2022	2021
Cash flows from operating activities			
Cash generated from operations	41	414,882	122,544
Finance costs paid		(201,225)	(122,561)
Increase in long term loans and deposits - net		(19,083)	(5,544)
Gratuity paid		(4,662)	(21,020)
Taxes paid		(21,382)	(56,721)
		(246,352)	(205,846)
Net cash flows generated from / (used in) operating activities		168,530	(83,302)
Cash flows from investing activities			
Purchase of property and equipment		(115,317)	(26,380)
Proceeds from sale of property and equipment		30,177	20,259
Additions in intangible assets - capital work in progress		(29,061)	(31,692)
Decrease / (increase) in short term investments		235,807	(233,913)
Profit on bank deposit		6,894	1,157
Net cash flows generated from / (used in) investing activities		128,500	(270,568)
Cash flows from financing activities			
Dividend paid		(197,231)	(82,525)
Issuance of shares		31,671	293,878
Share premium on issuance of shares		8,946	795,014
Long term loan received / (repaid)		69,986	(27,377)
Finances under mark up arrangements and other credit facilities		(97,340)	226,362
Repayment of lease liabilities		(78,117)	(66,475)
Net cash flows (used in) / generated from financing activities		(262,085)	1,138,877
Net increase in cash and cash equivalents		34,945	785,007
Cash and cash equivalents at the beginning of year		1,312,336	527,329
Cash and cash equivalents at the end of year		1,347,281	1,312,336

The annexed notes 1 to 52 form an integral part of these consolidated condensed financial statements.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

BUSINESS UNIT	LOCATION
Head Office	The Avanceon Building, 19 km, Multan Road, Lahore 54660.
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)	1.2.1	100%
- Avanceon Automation and Control W.L.L (AVAC)	1.2.2	49%
- Octopus Digital Inc. USA (ODI)	1.2.3	100%
- Avanceon Saudi Energy Company (AVSEC)	1.2.4	100%
- Octopus Digital Limited	1.2.5	74.32%
- EmpiricAI (Private) Limited	1.2.6	100%
- Avanceon QFZ LLC	1.2.7	100%

1.2.1 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.

1.2.2 The Avanceon Automation and Control W.L.L (AVAC) is a limited liability formed pursuant to Commercial Companies Law No. (11) 2015 and was registered with the Ministry of Economy and Commerce under Registration No. 99027 on May 22, 2017, and its registered office and business unit is situated in the Office No. 12, M Floor, Al Jabber, Engg. HO Building, PO Box 15976, Fox Hills, Lusail, Doha, Qatar. The principal activity of the Company is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services.

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

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

1.2.4 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.

1.2.5 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.

- 1.2.6** 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.
- 1.2.7** Avanceon QFZ LLC is incorporated as a limited liability Company under the Companies regulations of Qatar Free Zone Authority.

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; 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.

2.2 Application of new standards, amendments and interpretations to published approved accounting and reporting standards

2.2.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2022.

The following standards, amendments and interpretations are effective for the year ended December 31, 2022. 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 Interpretations	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, 2022
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.

2.2.2 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 IFRS 16 'Leases' - Lease liability in a sale and lease back	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Non-Current liabilities with covenants	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Standard or Interpretations	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2022

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

3. BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention unless otherwise stated in respective notes.

3.2 Functional and presentation currency

These consolidated financial statements have been prepared in Pak Rupee, which is the functional currency of the Holding Company. Figures have been rounded off to the nearest thousand of Pak Rupee.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Group's significant accounting policies are stated in Note 5. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these consolidated financial statements .

Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

a) Useful lives, residual value and revalued amount of property and equipment

Estimates of useful life of owned fixed assets and leased assets are based on management's best estimate. In making the estimate of the depreciation method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment. Further, the Company estimates the revalued amounts of property, plant and equipment on regular basis. The estimates are based on valuation carried out by an independent valuer expert under the market conditions.

b) Provisions and contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on its judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities or assets recognized at the reporting date.

c) Provision for expected credit loss

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECL based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

d) Impairment of non-financial assets

The carrying amount of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

e) Recoverable amount of property and equipment

The Group bases its valuation of operating assets subject to impairment testing upon valuation performed by an independent valuation expert. The valuation is based on fair market value as mentioned in Note 21.

f) Cost to complete the projects and related revenue

As part of application of cost to cost method on contract accounting, the Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized.

These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods. In accordance with the matching principle, the revenue recognition is based on cost to cost method.

g) Stock in trade

Stock-in-trade is carried at the lower of cost and net realizable value. The net realizable value is assessed by the Group having regard to the budgeted cost of completion, estimated selling price and knowledge of recent comparable transactions.

h) Fair value of share based payment transaction

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The Company measures the fair value of equity-settled transactions with employees at the grant date using a Black Scholes Model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 9.5.

5. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented except as stated in Note 2.2.1.

5.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Holding Company and entities controlled by the Holding Company (its subsidiaries).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

All intra-group balances, income and expenses and unrealized gain and losses resulting from intra-group transactions are eliminated in full.

5.2 Staff retirement benefits

Defined contribution plan

The Holding Company operates a defined contribution provident fund for its employees. Monthly contributions are made both by the Holding Company and employees to the fund at the rate of 10% (2021:10%) of the basic salary.

Defined benefit plan

AVAC and FZE operate an unfunded gratuity scheme for all of its permanent employees. The cost of the unfunded gratuity plan is measured on the terminal basis without involving any actuarial calculations due to small number of employees covered under the plan.

5.3 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

5.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss except for building which is stated at revalued amount less accumulated depreciation and any identified impairment loss and freehold land which is stated at revalued amount.

Increase in the carrying amount arising on revaluation of property and equipment are credited to surplus on revaluation of property and equipment. Decreases that offset previous increases of the same classes of assets are charged against this surplus, while all other decreases are charged to profit or loss. Annually the difference

between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property and equipment to statement of changes in equity. All transfers to/from surplus on revaluation of Property and equipment are net of applicable deferred taxation.

Depreciation is charged to profit or loss using the straight line method whereby the cost less residual value of an operating asset is written off over its estimated useful life. Depreciation is charged on additions from the month of its acquisition whereas no depreciation is charged on assets disposed off during the month. The rates of depreciation are stated in Note 21.1 to the financial statements. The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant.

The Group assesses at each reporting date whether there is any indication that property and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the period in which it is incurred.

The Group reviews the useful life and residual value of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on depreciation charge.

5.5 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Group and that the cost of such an asset can also be measured reliably. Intangible assets are stated at cost less accumulated amortization and any identified impairment loss.

Amortization is charged to profit or loss on the straight line basis so as to write off the cost of an asset over its estimated useful life. Amortization on additions is charged from the month in which an asset is acquired or capitalized while no amortization is charged for the month in which the asset is disposed off. Amortization is being charged as specified in Note 22.

The Group assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount.

Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in income. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the amortization charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

5.6 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss.

5.7 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such assets designation on a regular basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5.8 Leases

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets, if any. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

b) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which these are incurred.

In calculating the present value of lease payments, the Group uses the implicit rate in the lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c) Determining the lease term of contracts

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include the transfer of assets (i.e. vehicles) at the end of lease term.

d) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of offices on rent (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of rented offices that are of low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

5.9 Stock in trade

Stock in trade, except for those in transit are valued principally at the lower of weighted average cost and net realizable value. Cost of finished goods comprises cost of direct materials, labour and appropriate overheads.

Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make a sale.

5.10 Financial instruments

5.10.1 Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired

The Group's financial assets at amortized cost includes long term loans and deposits, trade debts, deposits, and other receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

Based on business model of the Group, it elected to classify its short - term investments under this category.

Financial assets at fair value through OCI (debt instruments)

The Group measures financial assets at fair value through OCI if both of the following conditions are met:

- (i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group has no financial assets under this category as on the reporting date.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment

The Group's investment in Avanceon LP, USA is classified under this category.

c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's statement of financial position) when:

- (i) The rights to receive cash flows from the asset have expired, or
- (ii) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

d) Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECL are based on the difference between the contractual cash flows due in accordance

with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL is recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

5.10.2 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.10.3 Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include creditors, accrued and other liabilities, lease liabilities, long term loan, unclaimed dividend and short term borrowings.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost

Gains and losses are recognized in statement of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of comprehensive income.

This category generally applies to the liabilities as disclosed in Note 45.2.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognized in the statement of comprehensive income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5.10.4 Dividend income

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

5.10.5 Financial income

Financial income is recognized as it accrues on a time proportion basis by reference to the principal outstanding, using the effective interest rate method.

5.11 Contract balances

Contract asset

A contract asset is initially recognised for revenue earned from projects and service contracts because the receipt of consideration is conditional on successful completion of the projects and service contracts. Upon completion and acceptance by the customer, amount recognized as contract asset is reclassified to trade receivables. Contract assets are also subject to impairment assessment. Refer to accounting policies on impairment of financial assets in Note 5.10.1(d).

Trade receivables

Trade debts and other receivables are recognized and carried at original invoice amount less expected credit losses (ECL) as explained in Note 27.2.

5.12 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

5.13 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

5.14 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for the goods and/or services received, whether or not billed to the Group.

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at year end and adjusted to reflect the current best estimate.

5.15 Foreign currency transactions and translation

The Group's consolidated financial statements are presented in Pak Rupee, which is also the Holding Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

i) Transactions and balances

Transactions in foreign currency are converted in functional currency at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies at the statement of financial position date are translated into functional currency at the rate of exchange prevailing on the reporting date. Net exchange differences are recognized as income or expense in the period in which they arise.

ii) Group Companies

The assets and liabilities of foreign operations are translated into Pak Rupee at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

5.16 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions shall be complied with. When the grant relates to an expense item, it is recognized as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

5.17 Contract liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the related goods or services are transferred. Contract liabilities are recognized as revenue as and when performance obligations are delivered under contract.

5.18 Revenue recognition

The Group is in the business of automation and engineering solutions. The products and services are sold on their own in separately identified contracts with customers and products together with services are sold in projects as one performance obligation.

Sale of goods

Revenue from sale of goods is to be recognized at a point in time when control of the goods is transferred to the customers, generally on delivery of products to customers.

Rendering of services

Maintenance and service income comprises of revenue earned from service level agreements, where the customer enters into a contract with the Group for a fixed period of time and fee amount, both pre-defined in the contract, for various technical and engineering services. Revenue is recognized on the basis of percentage of rendering of services, i.e. on the number of days of services performed out of the total contracted days for service level agreements.

Project revenue

These comprise of projects such as Hardware and Software Automation, Efficiency solution, SCADA Upgradation etc. Revenue from these projects is accounted for using cost to cost method, according to which the Group's progress towards satisfaction of performance obligations is determined by dividing actual cost incurred on the project to date by total forecasted cost, which is calculated by a team of engineers on the inception of the project.

5.19 Share based payment transactions

The Holding Company operates an equity settled share based Employee Stock Option Scheme. The compensation committee of the Board of Directors of the Company evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfilment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of company's shares at a price determined on the date of grant of options.

At the grant date of share options to the employees, the Company initially recognizes employee compensation expense with corresponding credit to equity as employee compensation reserve at the fair value of options at the grant date. The fair value of options determined at the grant date is recognized as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

5.20 Contingent liability

Contingent liability is disclosed when:

- there is possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

5.21 Compensated absences

The Company also provide benefit to employees to accumulate earned leave and carries a provision for its liability in respect of accumulated leave. Employees are granted 14 days leave each year. No leaves are carried forward to next year however if employee leaves during the year then they will get encashment on pro rata basis

5.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is a committee comprising of the chief executive officer, general manager marketing and chief financial officer.

5.23 Related party transactions

All transaction with related parties and associated undertakings are entered into at normal commercial terms as mutually agreed between the parties.

5.24 Earnings per share - basic and diluted

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.25 Non current assets held for sale

Non-current assets that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale. Immediately before classified as held for sale the assets are remeasured in accordance with the Company's accounting policy. Thereafter the assets are measured at the lower of there carrying value and fair value less cost to sell.

6. SHARE CAPITAL

(Rupees in '000)			2022	2021
6.1 Authorized share capital				
2022	2021			
Number of ordinary Shares of Rs. 10/- each				
500,000,000	500,000,000	Ordinary shares of Rs. 10/- each	5,000,000	5,000,000
6.2 Issued, subscribed and paid-up share capital				
2022	2021			
Number of ordinary Shares of Rs. 10/- each				
57,166,850	57,166,850	Fully paid in cash	571,669	571,669
256,446,099	191,505,973	Fully paid bonus shares	2,564,461	1,915,060
4,505,629	4,399,629	Issued against Employees' Shares Options Scheme - I	45,056	43,996
858,519	-	Issued against Employees' Shares Options Scheme - II	8,585	-
5,723,534	3,520,906	Issued against Employees' Shares Options Scheme - III	57,235	35,209
324,700,631	256,593,358		3,247,006	2,565,934
6.3 Movement during the year is as follows:				
Balance as at 01 January			256,593,358	211,790,007
Shares issued under Employees' Share Options Schemes during the year			3,167,147	2,037,791
Bonus shares issued during the year			64,940,126	42,765,560
Balance as at 31 December			324,700,631	256,593,358

7. SHARE PREMIUM

(Rupees in '000)	Note	2022	2021
Opening balance		182,950	177,145
Employees share option scheme		169,818	5,805
		352,768	182,950
Less: Costs incurred on Initial Public Offering		(38,761)	(38,761)
		314,007	144,189

7.1 This reserve shall be utilized for the purpose as specified in section 81(2) of the Companies Act, 2017.

(Rupees in '000)	Note	2022	2021
8. STATUTORY RESERVE	8.1	3,002	3,002

8.1 The statutory reserve has been created under the Qatar Commercial Companies Law, to the extent of the 50% of the share capital of a subsidiary, AVAC until such time as the reserve equals 50% of the capital of the subsidiary.

9. EMPLOYEES' SHARE COMPENSATION RESERVE

(Rupees in '000)	Note	2022	2021
Share options scheme I	9.1	5,273	7,339
Share options scheme II	9.2	8,470	15,453
Share options scheme III	9.3	4,483	-
Share options scheme IV	9.4	108,104	149,866
Share options scheme V	9.5	29,333	-
		155,663	172,658

9.1 Share options scheme I

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

Movement in the amount of options granted against the reserve is as follows:

(Rupees in '000)	2022	2021
Balance as at January 01,	7,339	8,054
Employee compensation expense	276	-
Adjustment of reserve for option holders resigning during the year	(275)	(715)
Transfer to share capital on issuance of shares during the period	(2,067)	-
Balance as at December 31,	5,273	7,339

Movements during the year:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2022		2021	
	Number	WAEP	Number	WAEP
Outstanding at January 01,	291,000	1.85	306,000	1.95
Forfeited during the year	(15,000)	1.85	(15,000)	1.95
Exercised during the year *	(106,000)	1.73	-	-
Outstanding at December 31,	170,000	1.92	291,000	1.85
Exercisable at December 31,	170,000		136,000	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

*The weighted average share price at the date of exercise of these options was Rs. 39.50.

The weighted average remaining contractual life for the share options outstanding as at December 31, 2022 was 0.56 years (2021: 1.56 years).

The range of exercise price for options outstanding at the end of the year was Rs. 1.73 to Rs. 2.0 (2021: Rs. 1.2 to Rs. 2.0).

9.2 Share options scheme II

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

Movement in the amount of options granted against the reserve is as follows:

(Rupees in '000)	2022	2021
Balance as at January 01,	15,452	29,645
Employee compensation expense	1,870	-
Adjustment of reserve for option holders resigning during the year	(232)	(7,563)
Transfer to share capital on issuance of shares during the period	(8,620)	(6,629)
Balance as at December 31,	8,470	15,453

Movements during the year:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2022		2021	
	Number	WAEP	Number	WAEP
Outstanding at January 01,	1,776,822	22.60	2,648,640	20.52
Forfeited during the year	(26,001)	22.60	(22,789)	20.52
Exercised during the year	(858,519)	24.20	(849,029)	20.52
Outstanding at December 31,	892,302	21.06	1,776,822	22.60
Exercisable at December 31,	892,302		974,141	

The weighted average share price at the date of exercise of these options was Rs. 75.12 (2021: Rs. 76.51).

The weighted average remaining contractual life for the share options outstanding as at December 31, 2022 was 1.03 years (2021: 2.03 years).

The range of exercise price for options outstanding at the end of the year was Rs. 16.80 to Rs. 24.20 (2021: Rs. 16.80 to Rs. 24.20).

9.3 Share options scheme III

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

Movement in the amount of options granted against the reserve is as follows:

(Rupees in '000)	2022	2021
Balance as at January 01,	-	2,155
Employee compensation expense	4,483	-
Transfer to share capital on issuance of shares during the period	-	(2,155)
Balance as at December 31,	4,483	-

Movements during the year:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2022		2021	
	Number	WAEP	Number	WAEP
Outstanding at January 01,	-	-	62,501	10.50
Exercised during the year	-	-	(62,501)	10.50
Outstanding at December 31,	-	-	-	-

The weighted average share price at the date of exercise of these options was Rs. Nil (2021: Rs. 48.78).

The exercise price for options outstanding at the end of the year was Rs. Nil (2021: Rs. 10.5).

9.4 Share options scheme IV

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

Movement in the amount of options granted against the reserve is as follows:

(Rupees in '000)	2022	2021
Balance as at January 01,	149,866	34,416
Employee compensation expense	108,421	144,850
Adjustment of reserve for option holders resigning during the year	-	(1,132)
Transfer to share capital on issuance of shares during the period	(150,183)	(28,268)
Balance as at December 31,	108,104	149,866

Movements during the year:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2022		2021	
	Number	WAEP	Number	WAEP
Outstanding at January 01,	2,177,914	10.25	1,844,988	10.19
Granted during the year	1,421,026	11.03	1,473,984	10.50
Forfeited during the year	-	-	(14,799)	10.24
Exercised during the year	(2,177,914)	10.50	(1,126,259)	10.25
Outstanding at December 31,	1,421,026	10.64	2,177,914	10.25
Exercisable at December 31,	1,421,026		1,844,988	

The fair value of options granted during the year was Rs. 76.28 (2021: Rs. 76.52)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

The weighted average share price at the date of exercise of these options was Rs. 71.19 (2021: Rs. 90.55).

The weighted average remaining contractual life for the share options outstanding as at December 31, 2022 was 0.39 years (2021: 0.39 years).

The range of exercise price for options outstanding at the end of the year was Rs. 10 to Rs. 10.5 (2021: Rs. 10.25 to Rs. 10.5).

9.5 Share options scheme V

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

Movement in the amount of options granted against the reserve is as follows:

(Rupees in '000)	Note	2022	2021
Balance as at January 01,		-	-
Employee compensation expense		29,333	-
Adjustment of reserve for option holders resigning during the year		-	-
Balance as at December 31,		29,333	-

Movements during the year:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year

	2022		2021	
	Number	WAEP	Number	WAEP
Outstanding at January 01,	-	-	-	-
Granted during the year	2,425,013	10.00	-	-
Outstanding at December 31,	2,425,013	10.00	-	-
Exercisable at December 31,	2,425,013	-	-	-

The fair value of options granted during the year was Rs. 61.95 (2021: Nil).

The weighted average share price at the date of exercise of these options was Rs. 75.12 (2021: Nil).

The weighted average remaining contractual life for the share options outstanding as at December 31, 2022 was 0.59 years (2021: Nil).

The range of exercise price for options outstanding at the end of the year was Rs. 10.25 to Rs. 10.5 (2021: Nil).

9.5 The following tables list the inputs to the models used for the three plans for the years ended December 31, 2022 and 2021, respectively:

(Rupees in '000)	2022	2021
Expected volatility (%)	32	33
Risk-free interest rate (%)	8.00	9.87
Expected life of share options (years)	1	1
Weighted average share price (Rupees)	91.12	90.55
Model used	Black Scholes	Black Scholes

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

10. SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT

(Rupees in '000)	2022	2021
Opening balance of surplus on revaluation of property and equipment	256,297	241,827
Revaluation surplus arising during the year - net of tax	76,741	15,469
Surplus transferred to unappropriated profit on account of incremental depreciation	(830)	(999)
Closing balance of surplus on revaluation of property and equipment	332,208	256,297

This represents the surplus over book values resulting from revaluation of land and building adjusted by incremental depreciation arising out of revaluation of building. Freehold land and buildings are revalued at each year end by an independent valuer based on fair market value. The revaluation surplus is net of applicable deferred income taxes. Incremental depreciation represents the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

11. NON-CONTROLLING INTEREST (NCI)

The following table summarizes the information relating to Octopus Digital Limited (subsidiary company) that have NCI, before any intra-group eliminations.

(Rupees in '000)	2022	2021
Non-current assets	134,071	58,184
Current assets	1,991,400	1,661,699
Current liabilities	(80,067)	(79,542)
Net asset	2,045,404	1,640,341
Net asset attributable to NCI - 25.68 % (2021: 20%)	525,260	328,068
Revenue	687,010	625,196
Total comprehensive income for the year	405,063	345,951
Total comprehensive allocated to NCI	81,013	23,063
Net cash used in operating activities	(508,952)	(131,110)
Net cash used in investing activities	(69,715)	(333,144)
Net cash generated from financing activities	-	1,062,709
Net (decrease) / increase in cash and cash equivalents	(578,667)	598,455

12. LEASE LIABILITIES

The interest rates used as the discounting factor (i.e. implicit in the lease) ranges from 10.95% to 19.05% (2021: 9.29% to 13.37%) per annum and lease period 4 to 20 years (2021: 4 to 5 years) for the Holding Company. The interest rates for subsidiaries (Avanceon Automation & Control W.L.L. and Avanceon FZE) are 10% and 9.50% (2021: 10% and 7%) respectively. The amount of future payments and the period during which they will become due are:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)		2022	2021
Year ended December 31,			
Due not later than 1 year		87,358	55,879
Due later than 1 year but not later than 5 years		380,999	78,556
Lease payments	12.1	468,358	134,435
Less: Future finance charges		(192,214)	(18,051)
		276,143	116,384
Current portion		(62,061)	(46,757)
		214,082	69,627

12.1 Lease payments (LP) and their present value (PV) are regrouped as below:

(Rupees in '000)	2022		2021	
	LP	PV of LP	LP	PV of LP
Due not later than 1 year	87,358	62,061	55,879	46,757
Due later than 1 year but not later than 5 years	380,999	214,082	78,556	69,627
	468,357	276,143	134,435	116,384

Set out below is the movements during the year:

(Rupees in '000)	2022	2021
As at January 01,	116,384	80,459
Additions during the year	236,331	90,763
Security deposits adjusted during the year	-	(17,199)
Accretion of interest	23,714	7,473
Payments during the year	(108,759)	(49,276)
Foreign exchange movement	8,474	4,164
As at December 31,	276,144	116,384

12.2 Cash outflow for leases

The Group had total cash outflows for leases in 2022 of Rs. 108.76 million (2021: Rs. 49.276 million). The Group also had non-cash additions to right-of-use assets and lease liabilities in 2022 of Rs. 236.33 million (2021: Rs. 90.763 million).

13. LONG-TERM LOAN

(Rupees in '000)	Note	2022	2021
Long-term loan	13.1	93,537	23,551
Less: current portion of long term loan	13.2	-	(23,551)
		93,537	-

13.1 This represents loan of AED 1,540,000 obtained from National Bank of Fujairah, UAE for the purchase of New Leasehold building from Ms Bakers Circle Middle East Co. in JAFZA, UAE mentioned in the Bank offer Letter with the sanctioned Limit of AED 2,240,000. It carries Mark Up rate of NBF prime rate less 1% per annum or minimum rate of 8%, whichever is higher.

This facility is secured by against registered mortgage/Assignment of Lease over the property on Plot No: M00240, JAFZA, UAE in favour of bank for a minimum value of AED 2,240,000 and assignment of insurance policy over the Mortgaged Property. (Plot M00240, JAFZA, UAE). Loan to be repaid in equal 84 equal monthly instalments commencing first month from the date of initial drawdown of loan commencing October, 2022 and ending October, 2029.

13.2 This represents loan of Rs. 51.822 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 60 million. It carries

mark-up at SBP rate plus 2% per annum and is secured against a pari passu charge of Rs. 375 million over the current assets of the Group, equitable mortgage over the residential property measuring 1 Kanal and 44 sqft owned by wife of CEO situated at 351-W, Phase III, DHA, Lahore and personal guarantees of sponsor directors of the Group. The loan is repayable in equal quarterly instalments commencing January 01, 2022 and ending October 30, 2022.

This loan was initially recognized at fair value in accordance with IFRS 9 - Financial instruments using effective interest rate of 10.33% (1-month KIBOR). The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

14. PROVISION FOR GRATUITY

This relates to unfunded gratuity scheme operated by Avanceon FZE and Avanceon Automation and Control WLL for their permanent employees. Movement during the year is as follows:

(Rupees in '000)	2022	2021
Opening balance	119,342	100,787
Charge for the year	29,343	26,571
Payments during the year	(4,662)	(21,020)
Foreign exchange movement	43,180	13,004
Closing balance	187,203	119,342

15. CURRENT PORTION OF DEFERRED GRANT

Deferred grant	-	269
----------------	---	-----

15.1 Set out below are the amount of deferred grant and the movements during the year:

(Rupees in '000)	Note	2022	2021
Opening balance		269	1,735
Amortization	35	(269)	(1,466)
Recognized during the year		-	269

15.2 Government grant has been recognized against loan obtained by the Holding Company at below market interest rate under the SBP refinance scheme for salaries and wages. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date.

16. FINANCES UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES - SECURED

(Rupees in '000)	Note	2022	2021
JS Bank Limited	16.1	50,000	345,289
Habib Bank Limited	16.2	59,997	-
United Bank Limited	16.3	159,955	-
National Bank of Fujairah	16.4	146,456	170,395
Standard Chartered Bank Limited	16.5	200,000	198,064
		616,408	713,748

(Rupees in '000)	Maturity Days	Limit	Note	2022	2021
16.1 JS Bank Limited					
Running finance	365	300,000	16.1.1	50,000	345,255
Inland bill purchase	90	100,000	16.1.2	-	34
				50,000	345,289

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

16.1.1 The Holding Company has obtained running finance facility from HBL, JS Bank, Faysal Bank and Standard Chartered Bank with a sanctioned limit of Rs. 120 million, 300 million, 200 million and 500 million, respectively, bearing mark-up at the rates prescribed therein the facility offer letters that includes 2 month KIBOR plus Bank spread (2.25%).

The facilities are secured against first mortgage charges created through equitable mortgage with legal mortgage of notional value over fixed assets (land & building) of the Holding Company, ranking hypothecation charge over all present and future current assets of the Holding Company registered with Securities and Exchange Commission of Pakistan and personal guarantees of sponsor directors of the Holding Company, covering total security package.

16.1.2 This facility has a sanctioned limit of Rs. 50 million (2021: Rs.50 million) bearing mark-up at the rate of 3 month KIBOR plus 2% (2021: 3 month KIBOR plus 2%). The facility is secured against token mortgage charge of 50,000 along with equitable mortgage over residential property measuring 2 kanal, 1st Pari Passu charge of 235 million over current assets of the company with 15% margin and 25% over current assets.

(Rupees in '000)	Maturity		2022	2021
	Days	Limit		
16.2 Habib Bank Limited				
Inland bill purchase	180	125,000	59,997	-

This facility has a sanctioned limit of Rs. 125 million (2021: Rs. 334 million) and carries mark-up at Matching Tenor KIBOR plus 2% (2021: Matching Tenor KIBOR plus 2%) per annum. The facility is secured against invoices / bills receivable from customers (2021: invoices / bills receivable from customers), charge on present and future current assets of the Holding Company with 25% margin, assignment of project specific receivables in favor of the bank and personal guarantees of sponsor directors of the Holding Company.

(Rupees in '000)	Maturity		2022	2021
	Days	Limit		
16.3 United Bank Limited				
Trust receipt loans	180	208,437	159,955	-

As per the renewed facility letter dated 25 August 2022, the finance facilities bear mark-up at the rate of 4.5% per annum over prevailing three months EIBOR with a minimum of 9 percent per annum.

These facilities are secured by way of undated cheque of AED 1,025,000, Lien on import documents for LC Sigh, assignment of receivables from respective projects, Assignment of project receivables for any new project in the favor of Bank from the project employer, Subordination of Director(s) Loan and current account against the bank borrowings from the bank, personal guarantees of Mr. Bakhtiar H Wain, Khalid Wain and Amir Waheed Wain, Avanceon Limited and Board Resolution, Demand Promissory Note, Agreement of Standard Terms & Conditions, Discounting Agreement and Deed of Assignment duly signed by the authorized signatories.

(Rupees in '000)	Maturity		2022	2021
	Days	Limit		
16.4 National Bank of Fujairah				
Trust receipts	120	363,525	114,136	147,546
Invoice discounting	120	363,525	32,320	22,849
			146,456	170,395

These finance facilities bear mark-up at NBF prime rate less 1% per annum or minimum rate of 8%, whichever is higher. This facility is secured by hypothecation of stocks belonging to M/S Avanceon FZE, in the favor of bank, assignment of proceeds of contracts / project financed in the favor of bank, personal guarantee of a Director of Holding Company and pledge over fixed deposit of AED 1,200,000 in favor of bank.

Cross corporate guarantees between M/s Avanceon FZE-Dubai and M/s Innovative Technology Solutions FZE- an associated company, settlement cheque covering the total facilities amount (less fixed deposits under pledge) drawn on National bank of Fujairah PJSC by M/s Avanceon FZE- Dubai in favor of the bank and assignment of proceeds of contracts/ project financed, in favor of bank, Assignment of Insurance policy covering stocks for not less than AED 5,000,000 in name of Avanceon FZE, Dubai in favour of the bank on Pari Passu and Subordination of Bakhtiar Hameed Wain's loan and current account balances balance to the bank for the borrowings of Avanceon FZE Dubai.

(Rupees in '000)	Maturity		2022	2021
	Days	Limit		
16.5 Standard Chartered Bank Limited				
Running finance	365	500,000	200,000	198,064

The Holding Company has obtained running finance facility from HBL, JS Bank, Faysal Bank and Standard Chartered Bank with a sanctioned limit of Rs. 120 million, 300 million, 200 million and 500 million, respectively, bearing mark-up at the rates prescribed therein the facility offer letters that includes 2 month KIBOR plus Bank spread (2.25%).

The facilities are secured against first mortgage charges created through equitable mortgage with legal mortgage of notional value over fixed assets (land & building) of the Holding Company, ranking hypothecation charge over all present and future current assets of the Holding Company registered with Securities and Exchange Commission of Pakistan and personal guarantees of sponsor directors of the Holding Company, covering total security package.

17. CREDITORS, ACCRUED AND OTHER LIABILITIES

(Rupees in '000)	Note	2022	2021
Trade creditors		4,597,791	2,362,596
Accrued expenses		443,674	268,963
Advances from customers		93,016	-
Advance against sale of investment	23.2	342,754	267,644
Payable to related parties	17.1	33,850	23,936
Employee share portion - vehicle		75,493	23,764
Balance due to statutory authorities - Withholding income tax		390,128	237,770
Accrued mark up on long term finances		-	3,481
Accrued mark up on finances under mark up arrangements and other credit facilities - secured		31,204	5,900
Loan from director		-	46,000
Other liabilities		59,272	56,437
		6,067,182	3,296,491
17.1 Payable to related parties			
Arkan Integrated Development L.L.C - Commission payable	17.1.1	32,529	22,616
Innovative Travels (Private) Limited		1,321	1,320
		33,850	23,936

17.1.1 This includes amount due to Arkan Integrated Development L.L.C in respect of current account against expenses incurred on behalf of AVAC and 3% commission payable of Rs. 5.40 million.

18. CONTRACT LIABILITIES

(Rupees in '000)	Note	2022	2021
Advances from customers		168,891	222,468
Billings in excess of earnings	18.1	1,570,300	660,606
		1,739,191	883,074

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)	Note	2022	2021
18.1 Movement of contract liability:			
As at January 01,		660,606	902,093
Recognized as revenue during the year		(3,597,893)	(2,995,902)
Addition during the year		4,142,636	2,867,852
Foreign exchange movement		142,181	(113,437)
As at December 31,		1,570,300	660,606
19. UNCLAIMED DIVIDEND			
As at January 01,		153,095	10,951
Declared during the year		259,761	224,669
Paid during the year		(197,231)	(82,525)
As at December 31,	19.1	215,625	153,095

19.1 This includes dividend payable to the Chief Executive Officer, Mr. Bakhtiyar H Wain and Director, Mr. Aamir Wain amounting to Rs. 132.61 million (2021: Rs. 110 million) and Rs. 23.35 million (2021: Rs. 19 million) respectively. This also includes dividend payable to Arkan Integrated Development L.L.C., minority shareholder of Avanceon Automation and Control WLL of Rs. 29.226 million (2021: Rs. 19.751 million).

20. CONTINGENCIES AND COMMITMENTS

20.1 Holding Company

20.1.1 Contingencies

(i) There were no contingencies to report as at year end (2021: Nil).

20.1.2 Commitments

(i) Bank guarantees have been issued amounting to Rs. 12.740 million (2021: Rs. 52.173 million) against the performance of various contracts.

(ii) Letters of credit outstanding at year end amount to Rs. Nil (2021: Rs. 43.70 million) which relates to import acceptance bills.

20.2 Subsidiaries

20.2.1 Contingencies

There is no contingency related to subsidiaries to report at year end (2021: Nil).

20.2.2 Commitments

Subsidiaries' commitments as at year end are as follows:

(Rupees in '000)	Note	2022	2021
Avanceon Automation and Control (AVAC)			
Bank guarantees		484,424	74,027
Post dated cheques issued against payment of rent		58,770	24,692
		543,194	98,719
Avanceon FZE			
Bank guarantees (a)		620,652	259,348
Letters of credit		251,880	144,036
Post dated cheques issued against payment of rent		12,444	11,287
		884,976	414,671

a) Guarantees are given by the bank on behalf of the Establishment in favor of Emirates Central Cooling Systems and Corporations (Empower), Oil and Gas Development Company Limited, Pak Arab Pipeline Company and other companies against the performance guarantee and bid bond guarantee.

21. PROPERTY AND EQUIPMENT

21.1 Operating fixed assets

	2022												
(Rupees in '000)	Cost / Revalued amount as at 01 January 2022	Exchange adjustment on cost	Additions/ Transfers*	Deletions	Effect of revaluation during the revaluation	Cost / revalued amount as at 31 December 2022	Accumulated Depreciation as at 01 January 2022	Exchange adjustment on accumulated depreciation	Depreciation charge for the year/ (Deletions)	Effect of revaluations/ transfers*	Accumulated depreciation as at 31 December 2022	Net Book value as at 31 December 2022	Depreciation rate %
Owned assets													
Freehold land	223,500	-	-	-	67,050	290,550	-	-	-	-	-	290,550	-
Buildings on freehold land	90,421	-	6,195	-	13,619	110,235	-	2,252	-	-	2,252	107,983	3.13
Tools and equipment	15,364	2,013	771	-	-	18,148	10,221	1,969	1,827	-	14,017	4,131	20
Office equipment and appliances	50,230	4,980	6,801	(991)	-	62,019	40,244	3,044	5,509	362	48,177	13,843	20
	-	-	999	-	-	-	-	-	(982)	-	-	-	-
Furniture and fixture	26,805	4,919	33,021	(1,305)	-	64,768	25,128	3,375	9,717	443	37,956	26,812	20
	-	-	1,328	-	-	-	-	-	(707)	-	-	-	-
Computers	65,444	33,614	40,795	(4,307)	-	133,219	43,505	9,100	32,460	(805)	82,357	50,862	33.33
	-	-	-	(2,327)	-	-	-	-	(1,903)	-	-	-	-
Vehicles	35,316	861	-	(56,192)	-	20,757	35,229	861	15	27,847	20,685	72	20
	-	-	40,772*	-	-	-	-	-	(43,267)	-	-	-	-
	507,080	46,387	89,910	(65,122)	80,669	699,696	154,327	18,349	51,780	27,847	205,444	494,253	-
	-	-	40,772*	-	-	-	-	-	(46,859)	-	-	-	-
Right of use assets													
Building	66,502	43,554	257,370	(24,676)	-	342,750	39,901	35,996	-	-	69,710	273,040	20
	-	-	-	-	-	-	-	-	(6,187)	-	-	-	-
Vehicles	152,790	2,854	153,559	-	-	268,431	64,382	2,113	43,642	(27,847)	82,291	186,140	20
	-	-	(40,772)*	-	-	-	-	-	-	-	-	-	-
	219,292	46,408	410,929	(24,676)	-	611,181	104,283	38,109	43,642	(27,847)	152,001	459,180	-
	-	-	(40,772)*	-	-	-	-	-	(6,187)	-	-	-	-
	726,372	92,795	500,839	(89,798)	80,669	1,310,877	258,610	56,458	95,422	-	357,446	953,433	-
	-	-	-	-	-	-	-	-	(53,046)	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

	2021												
	Cost / Revalued amount as at 01 January 2021	Exchange adjustment on cost	Additions/ Transfers*	Deletions	Effect of revaluation during the revaluation	Cost / revalued amount as at 31 December 2021	Accumulated Depreciation as at 01 January 2021	Exchange adjustment on accumulated depreciation	Depreciation charge for the year/ (Deletions)	Effect of revaluation/ transfers*	Accumulated depreciation as at 31 December 2021	Net Book value as at 31 December 2021	Depreciation rate %
Owned assets													
Freehold land	208,600	-	-	-	14,900	223,500	-	-	-	-	-	223,500	-
Buildings on freehold land	91,763	-	-	-	(1,342)	90,421	-	-	2,144	(2,144)	-	90,421	3.13
Tools and equipment	14,571	687	106	-	-	15,364	7,802	668	1,751	-	10,221	5,143	20
Office equipment and appliances	45,757	1,496	5,177	(2,200)	-	50,230	38,333	849	3,262	-	40,244	9,986	20
Furniture and fixture	-	-	-	-	-	-	-	-	(2,200)	-	-	-	-
	26,039	1,217	-	(451)	-	26,805	23,201	729	1,453	-	25,128	1,677	20
Computers	42,698	1,723	21,023	-	-	65,444	30,636	1,949	10,921	-	43,505	21,939	33.33
Vehicles	49,116	294	74	(33,257)	-	35,316	46,268	293	2,374	-	35,229	87	20
	478,544	5,417	26,380	(35,908)	13,558	507,080	146,240	4,488	21,905	(2,144)	154,327	352,753	-
			19,089*			19,089*			(29,946)	13,785			
Right of use assets													
Building	77,455	6,757	(17,710)	-	-	66,502	41,398	3,931	12,282	-	39,901	26,601	20
Vehicles	117,461	1,106	55,423	(2,111)	-	152,790	54,496	684	23,761	-	64,382	88,408	20
			(19,089)						(774)	(13,785)			
	194,916	7,863	37,713	(2,111)	-	219,292	95,894	4,615	36,043	-	104,283	115,009	
			(19,089)						(18,484)	(13,785)			
	673,460	13,280	64,093	(38,019)	13,558	726,373	242,134	9,103	57,948	(2,144)	258,610	467,762	
			-						(48,430)				

* This represents transfer of vehicles from right of use to owned vehicle after the completion of lease term.

21.1.1 The depreciation charge has been allocated as follows:

(Rupees in '000)	Note	2022	2021
Cost of revenue	34	47,711	28,974
Administrative and selling expenses	35	47,711	28,974
		95,422	57,948

Fair value of the land and building as at 31 December 2022 was performed by 'Harvester Services (Private) Limited', an independent valuer who has valuation experience for similar assets. The valuations have been performed based on proprietary databases of prices of transactions for assets of similar nature, location and condition. This revaluation resulted in Rs. 67.050 million surplus (2021: Rs. 14.9 million) on land and Rs. 13.619 million surplus (2021: Rs. 0.802 million) in respect of building. Detailed particulars are as follows:

(Rupees in '000)	Depreciated cost	Revalued amount
Freehold land	223,500	290,550
Buildings on freehold land	94,364	107,983
	317,864	398,533

Had the freehold land and building on freehold land not been revalued, their carrying amount would have been as follows:

(Rupees in '000)	2022	2021
Freehold land	8,647	8,647
Buildings on freehold land	35,935	31,162
	44,582	39,809

21.1.2 Immovable fixed assets includes free hold land and building on freehold land located at 19 km, Multan Road, Lahore. The total area is 40,565 square feet and covered area is 33,351 square feet.

21.1.3 The forced sales value of revalued assets at the revaluation date amounted to Rs. 334.955 million.

21.1.4 Disposal of property and equipment

Detail of property and equipment disposed off during the year is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)

2022

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale Proceeds	Gain/ (Loss)	Mode of Disposal
Owned Vehicles							
Suzuki Swift DX 1328 CC LEF-15-4930	Employee (Hassan Raza Bhatti)	1,318	1,318	-	306	306	As per policy
Honda Civic 1.8 L I-VTEC	Employee (Omer Javed)	2,434	2,434	-	849	849	As per policy
Corolla GLI 1299 CC LEH-15-8206	Employee (Sajjad Haider)	1,887	1,887	-	431	431	As per policy
Corolla GLI 1299 CC LEH-15-8208	Employee (Muhammad Ali Omer)	1,887	1,887	-	889	889	As per policy
Audi A5 1.8 TFSI Executive LEC-15-7130	Employee (Tanveer Karamat)	6,636	6,636	-	1,300	1,300	As per policy
Suzuki Swift DLX Registration LEC 7599	In Open Market	1,259	1,259	-	1,181	1,181	Bidding
		15,421	15,421	-	4,956	4,956	
Leased Asset							
Suzuki Swift AMA-893	Employee (Fawad Haider)	1,649	1,099	550	681	131	As per policy
Suzuki Swift DLX NAV	Employee (Asim Bin Iqbal)	1,375	1,215	160	401	241	As per policy
City Prosmatec 1339 CC LED-18-3947	Employee (Umer Aslam)	1,782	1,455	327	780	453	As per policy
Honda Civic 1.8 i-vetech Oriel	Employee (Hassan Sultan Goraya)	2,729	2,365	364	847	483	As per policy
Corolla 1300 CC GLI-178-B MT	Employee (Muhammad Farhan)	1,955	1,662	293	817	524	As per policy
Corolla 1300 CC GLI-178-B MT	Employee (Aakif Hussain Bhatti)	1,955	1,662	293	910	617	As per policy
Honda Civic 1.8 i-vetech Oriel ALT-127	Employee (Tauqir Karamat)	3,073	2,101	972	1,817	845	As per policy
Honda Civic 1.8 i-vetech Oriel	Employee (Masood Kareem)	2,777	2,406	371	739	368	As per policy
Honda Civic 1.8 i-vtech LE-18-4547	Employee (Adeel Khalid)	2,729	2,501	228	659	431	As per policy
City Prosmatec 1339 CC LED-18-3946	Employee (Yasir Mirag)	1,782	1,574	208	619	411	As per policy
Honda Civic LE-19-4335	Employee (Syed Adeel Haider Zaidi)	3,134	2,298	836	1,210	374	As per policy
Honda City white, 1339 CC LEF-17-1322	In Open Market	1,562	1,562	-	2,428	2,428	Bidding
Honda Civic Turbo 1.5	Employee (Adeel Khalid)	4,797	1,279	3,518	3,879	361	As per policy
Yaris GLI AGS-519	Employee (Hassan Sultan Goraya)	2,688	493	2,195	2,306	111	As per policy
Suzuki Wagon-R AGS AHM-846	Employee (Ahmad Waleed Malik)	1,930	290	1,640	2,610	970	As per policy
Honda Civic 1.8 Oriel LEC-18A-9149	Employee (Imran Ashraf)	3,087	2,469	618	896	278	As per policy
Honda City 1.3 Manual AKX-513	Employee (Nauman Bin Rehan)	1,770	1,416	354	815	461	As per policy
		40,774	27,847	12,927	22,414	9,487	
Other assets with book value less than Rs. 500,000		6,600	3,591	3,009	2,806	(198)	
		62,795	46,859	15,936	30,177	14,245	

(Rupees in '000)

2021

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale Proceeds	Gain/ (Loss)	Mode of Disposal
Owned Vehicles							
Suzuki Swift DX 1328CC-LE-16-2907	Employee (Abdul Rehman Zia)	1,316	1,316	-	256	256	As per policy
Honda City White LEE-15-4089	Employee (Adeel Shehzad Baig)	1,691	1,691	-	331	331	As per policy
H.Civic 1.8 i-vtech-SR LEA-18-7074	Employee (Saqib Rauf)	2,729	2,138	591	830	239	As per policy
Audi A4 1.4 TFSI Mythos Black MY16	Employee (Junaid Mushtaq Paracha)	6,072	6,072	-	2,795	2,795	As per policy
Audi A414 Glacier White 1395cc LEH-17	Employee (Adeel Khalid)	6,053	4,136	1,918	3,960	2,043	As per policy
Suzuki Swift 1300cc LEH-18-3839	Employee (Waqas Khalid)	1,477	935	542	807	265	As per policy
Honda City 1.5 Prosmetec LEE-18-2516	Employee (M. Fahad Shabir)	1,842	1,259	583	1,016	433	As per policy
Honda Civic PT 1.8 Auto BDY-974	Employee (Muhammad Akmal)	2,514	2,514	-	740	740	As per policy
Suzuki Swift DX 1328CC-BDV-985	Employee (Maria Urooj)	1,250	1,250	-	244	244	As per policy
Rivo 4x4 super white AEW-725	Employee (Hussain Ahmad)	4,458	3,863	595	2,490	1,896	As per policy
Suzuki WaginR VXL MT-LEC-18A-8762	Employee (Shahid Ali)	1,265	738	527	730	203	As per policy
TOYOTA Vitz- LEE-16-2682	Mr. Abid Ansar (in open Market)	1,326	862	464	1,560	1,096	Bidding
Suzuki WaginR VXL MT-LEC-18A-3515	Employee (Arsalan Ghazi)	1,265	717	548	1,375	827	Negotiation
Leased Asset							
Honda city prosmatec Reg.(ANX-601)	Employee (Saad Noor)	2,111	774	1,337	2,596	1,259	As per policy
Other assets with book value less than Rs. 500,000		2,651	2,455	196	528	333	Bidding
		38,020	30,720	7,300	20,258	12,959	

22. INTANGIBLE ASSETS

(Rupees in '000)	Note	2022	2021
Capital work in progress	22.1	463,990	51,722
Goodwill	22.2	221,810	-
		685,800	51,722
22.1	This relates to the development of software for providing digital services.		
22.2 Goodwill	22.2.1	221,809	-
22.2.1 Goodwill arising from the acquisition has been recognised as follows			
Year ended December 31, 2022			
Consideration transferred		440,023	-
Fair value of identifiable net assets		(218,214)	-
Goodwill		221,809	-

22.2.2 The goodwill is attributable to the skills and technical talent of Empiric AI (Private) Limited's work force and the synergies expected to be achieved from integrating the company into the Group's existing Standard Artificial Intelligence business. None of the goodwill recognised is expected to be deductible for tax purposes.

23. LONG TERM INVESTMENT

(Rupees in '000)	Note	2022	2021
Unquoted - at fair value through other comprehensive income	23.1	-	967,659

23.1 Octopus Digital Inc., USA has a 26.11% (2021: 26.11%) interest in profits/ losses of Avanceon LP. Avanceon LP is engaged in providing innovative technology solutions to clients in various industries. The partnership designs, develops, implements and provides support of automated manufacturing processes for its customers.

The group does not have significant influence over Avanceon LP. Accordingly, the management of the Group had elected to classify this investment to be measured at fair value through other comprehensive income.

23.2 The Company is in process of finalising an agreement with Avanceon GP, LLC to disinvest its interest in Avanceon LP subject to acquiring right to use the brand name of "Avanceon" to be used in Pakistan, Qatar, United Arab Emirates, Saudi Arabia, Oman, Bahrain, Egypt and Nigeria except for United States of America, Canada or Mexico for which valuation of intangible right of brand name be carried out for finalisation of sale price.

The Company has already received an advance of US\$ 1.5 million from Avanceon GP, LLC against sale of investment in Avanceon LP, United States of America. Accordingly, this investment has been classified under IFRS 5 "Non-current assets held for sale" (Note - 31) and disposal of investment and recognition of intangible and consequent gain or loss would be recognised as and when transactions is concluded.

24. DEFERRED TAXATION

(Rupees in '000)	2022	2021
The net asset / (liability) for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation / amortization	8,686	(2,964)
Provision for expected credit losses	(94,760)	43,245
Provision for gratuity	1,122	653
Tax credits under Second Schedule	(116,182)	116,182
Minimum tax	(19,027)	-
Surplus on revaluation of property and equipment during the year	3,950	(233)
Deferred tax on incremental depreciation	3,804	(3,593)
Unused tax losses	(7,716)	12,457
Income taxable on receipt basis	235,523	(169,420)
Net deferred tax asset / (liability)	15,400	(3,673)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

24.1 Reconciliation of deferred tax liability / (asset) net

(Rupees in '000)	2022	2021
As of January 01	(3,673)	58,853
Tax income recognized in profit and loss	(17,236)	(66,494)
Tax income recognized in other comprehensive income	3,929	3,811
Exchange difference during the year	32,380	157
As at December 31	15,400	(3,673)

24.2 Movement in deferred tax balances is as follows:

	(Reversal from) / charge to				Closing
	Opening	Profit or loss	Equity	Other comprehensive income	
2022 (Rupees in '000)					
Deductible / (taxable) temporary difference					
Income taxable on receipt basis	(169,420)	404,943	-	-	235,523
Tax credit under Second Schedule	116,182	(232,364)	-	-	(116,182)
Unused tax losses	12,457	(20,173)	-	-	(7,716)
Minimum tax	-	(19,027)	-	-	(19,027)
Employees end of service benefits	653	469	-	-	1,122
Provisions	43,245	(138,005)	-	-	(94,760)
Accelerated tax depreciation allowances	(2,964)	11,650	-	-	8,686
Deferred tax on incremental depreciation	(3,593)	-	-	7,397	3,804
Surplus on revaluation of property and equipment	(233)	-	4,183	-	3,950
	(3,673)	7,493	4,183	7,397	15,400
2021 (Rupees in '000)					
Deductible / (taxable) temporary difference					
Income taxable on receipt basis	(76,923)	(92,497)	-	-	(169,420)
Tax credit under Second Schedule	133,598	(17,416)	-	-	116,182
Unused tax losses	-	12,457	-	-	12,457
Employees end of service benefits	714	(61)	-	-	653
Provisions	17,510	25,735	-	-	43,245
Accelerated tax depreciation allowances	(8,409)	5,445	-	-	(2,964)
Deferred tax on incremental depreciation	(4,277)	-	-	684	(3,593)
Surplus on revaluation of property and equipment	(3,360)	-	3,127	-	(233)
	58,853	(66,337)	3,127	684	(3,673)

25. LONG-TERM LOANS AND DEPOSITS

(Rupees in '000)	Note	2022	2021
Security deposits	25.1	54,166	35,784
Loan to employees	25.2	4,310	3,409
		58,476	39,193
Current portion of loan to employees		(1,000)	(800)
		57,476	38,393

25.1 These are interest free deposits against utilities and lease facilities, in the normal course of business.

(Rupees in '000)	Note	2022	2021
25.2 Reconciliation of carrying amount of loans to employees:			
Opening balance		3,409	618
Add: Disbursements during the year		7,939	2,791
Less: Repayments during the year		(7,038)	-
Closing balance		4,310	3,409

These represent interest free loans (as per Holding Company policy) provided to executives for purchase of vehicles in accordance with the terms of employment. These loans are secured against retirement benefits payable to the executives on resignation / retirement. These are recoverable in equal monthly instalments.

25.3 The present value adjustment in accordance with the requirements of IFRS 9: Recognition and Measurement' arising in respect of long term loans and security deposits are not considered material and hence not recognized.

26. STOCK-IN-TRADE

(Rupees in '000)	Note	2022	2021
Local		26,753	16,313
Imported		40,356	56,500
		67,109	72,813

27. TRADE DEBTS

Export		8,709,003	5,208,748
Local		361,686	439,427
	27.1	9,070,689	5,648,175
Less: Provision for expected credit loss	27.2	(455,572)	(96,736)
		8,615,117	5,551,439

27.1 Ageing of trade debts

Less than one year		4,597,717	2,825,575
One to two years		3,451,669	2,167,698
Two to three years		1,021,303	654,902
		9,070,689	5,648,175

27.2 Provision for expected credit loss

Balance as at 01 January		96,736	39,792
Add: Provision for the year	35	309,148	43,150
Less: Reversal of provision for ECL	35	(575)	(11)
Foreign exchange movement		50,263	13,805
Balance as at 31 December		455,572	96,737

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

28. CONTRACT ASSETS

(Rupees in '000)	Note	2022	2021
Earnings in excess of billings	28.1	5,743,797	3,677,799
Project deferred revenue		998,381	524,402
		6,742,178	4,202,201
Less: Provision for expected credit loss	28.2	(103,455)	(81,846)
		6,638,723	4,120,355
28.1 Ageing of earnings in excess of billings			
Less than one year		3,489,073	2,234,081
One to two years		1,684,394	1,078,531
Two to three years		570,330	365,187
		5,743,797	3,677,799
28.2 Provision for expected credit loss			
Balance as at 01 January		81,846	21,307
Add: Provision for the year	37.1	4,246	54,858
Reversal of provision for ECL	37.1	(9,810)	(28)
Foreign exchange movement		27,173	5,709
Balance as at 31 December		103,455	81,846

29. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good			
- To employees		181,057	109,825
- To suppliers		231,795	165,785
		412,852	275,610
Prepayments		40,861	58,200
Bank guarantee / LC cash margin		381,273	288,541
Tax refunds due from government - considered good		112,862	122,869
Earnest money - considered good		299	301
Other receivables - considered good		8,812	40,688
		956,959	786,209

30. SHORT TERM INVESTMENTS

(Rupees in '000)	Note	2022	2021
Investment in equity instrument	30.1	174	185
Term deposit receipts	30.2	74,664	310,471
		74,838	310,656

30.1 Investment in equity instruments

2022 (Number of Shares)	2021 (Number of Shares)	Name of investee companies	Fair value	
			2022 (Rupees in '000)	2021 (Rupees in '000)
424	424	The General Tyre and Rubber Company of Pakistan Ltd.	174	185

30.2 Term deposit receipts

(Rupees in '000) Note	Note	2022	2021
National Bank of Fujairah	30.2.1	74,664	10,471
JS Bank Limited	30.2.2	-	300,000
		74,664	310,471

30.2.1 These represent term deposits receipts of National Bank of Fujairah having maturity of 12 months (2021: 12 months) carrying mark-up at the rate of 1.63% per annum (2021: 0.51%) per annum. This is pledged against the trust receipts obtained from National Bank of Fujairah to the extent of AED 1,200,000 (2021: AED 216,032).

30.2.2 This represents term deposits receipts of JS Bank Limited having maturity of three months encashed during the year. and carried mark-up at the rate of 8.5% per annum.

31. CASH AND BANK BALANCES

(Rupees in '000) Note	Note	2022	2021
Cash in hand		1,078	26,643
Cash with banks:			
Current accounts			
Local currency		124,893	1,229,161
Foreign currency		1,202,658	39,542
Savings accounts			
Local currency	31.1	18,652	16,990
		1,346,203	1,285,693
		1,347,281	1,312,336

31.1 Profit on balances in saving accounts ranges from 8.60% to 12.76% (2021: 7.25% to 8.75%) per annum.

32. NON CURRENT ASSET HELD FOR SALE

(Rupees in '000)	Note	2022	2021
Unquoted - at fair value through other comprehensive income			
Avanceon LP	23.2	1,433,051	-

33. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET**33.1 Disaggregation of revenue****Country wise breakup:**

Qatar		4,215,303	3,394,653
Nigeria		-	503,727
The Islamic Republic of Pakistan		2,209,897	1,861,694
Kingdom of Saudi Arabia		1,736,745	679,846
The United Arab Emirates		1,376,554	677,974
		9,538,499	7,117,894
Nature			
Sale of goods		671,461	2,082,973
Services		676,538	578,647
Project revenue		8,190,500	4,456,274
		9,538,499	7,117,894
Timing of revenue recognition			
At a point in time		671,461	2,082,973
Over the time		8,867,038	5,034,921
		9,538,499	7,117,894

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

33.2 Reconciliation with Segment Information

(Rupees in '000)	Note	2022	2021
Gross revenue	33.2.1	11,481,695	8,591,671
Intersegment elimination		(1,943,196)	(1,473,777)
		9,538,499	7,117,894

33.2.1 Break up of gross revenue

(Rupees in '000)	2022			
	sale of goods	Services	Project revenue	Total
Core Business	525,478	120	59,331	584,929
Manufacturing and Assembling	-	-	361,969	361,969
Specialized Business	-	1,694	491,956	493,650
Engineering and Back Office	-	752,300	-	752,300
Middle East and USA	5,074	464,731	7,137,668	7,607,473
After Market Support	140,909	1,218,451	322,014	1,681,374
	671,461	2,437,296	8,372,938	11,481,695

(Rupees in '000)	2021			
	sale of goods	Services	Project revenue	Total
Core Business	337,842	-	131,579	469,421
Manufacturing and Assembling	99,236	-	265,062	364,298
Specialized Business	23,816	-	402,829	426,645
Engineering and Back Office	-	639,033	-	639,033
Middle East and USA	1,409,833	605,534	4,282,107	6,297,473
After Market Support	212,246	(26,887)	209,441	394,801
	2,082,973	1,217,680	5,291,018	8,591,671

33.3 Contract balances

(Rupees in '000)	2022	2021
Trade receivables	8,615,117	5,551,439
Contract assets	6,638,723	4,120,355
Contract liabilities	1,739,191	883,074

The Group's trade debts increased due to an overall increase in business operations of all the entities within the Group.

Contract assets relate to revenue earned from ongoing projects which has not been billed yet. As such, the balances of this account vary and depend on the number of ongoing projects at the end of the year. In 2022, the contract balances increased due to on-going projects which have not yet approached their billing milestones at the year end as per the contract terms.

Contract liabilities include billings in excess of earnings. This results from projects where the billing milestones are reached in advance of the Company's progress towards satisfaction of performance obligations. The outstanding balances of these accounts show increase in 2022 which is mainly due to billings of majority of projects of Company due to which revenue relating to those projects has increased. However, satisfaction of performance obligation have not made with same effect due to the terms of contracts with customers where satisfaction of performance obligation is deferred for future milestones.

33.4 Performance obligations

Sale of goods

The performance obligation is satisfied upon delivery of goods and payment is generally due within 30 days from delivery.

Services

The performance obligation is satisfied over-time and payment is generally due within 30 days of the end of term period. In some contracts, short-term advances are required before the technical and engineering services are provided.

Project revenue

The performance obligation is satisfied over-time and payment is generally due within 30 days from reaching a milestone as per contract and acceptance of the customer. In some contracts, short-term advances are required before the services are provided under the contract.

As at year end, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) amounted to Rs. 16,390.057 million (2021: Rs. 16,390.057 million) which is to be satisfied within one to four years.

Contract assets and liabilities mainly arise from the projects as the Group recognizes revenue using cost to cost method while the respective customers are billed when a milestone is achieved as agreed in the contract.

34. COST OF REVENUE

(Rupees in '000)	Note	Note	2022	2021
Materials consumed			5,374,701	3,610,503
Salaries, wages, allowances and other benefits	34.1		459,199	384,546
Employees' share option expense			30,804	39,355
Telephone, postage and telex			19,886	15,733
Utilities			4,339	3,104
Travelling and conveyance relating to engineering services			231,797	164,966
Back office support			-	5,403
Management Fee			6,799	-
Installation charges relating to engineering services	34.3		725,605	477,029
Entertainment relating to engineering services			10,099	5,161
Repairs and maintenance			5,024	4,276
Printing and stationery			1,905	982
Import cost			43,553	-
Insurance			10,510	37,305
Office rent			36,007	17,391
Training			7	711
Fee and subscription			7,789	3,574
Depreciation on property and equipment	20.1.1		47,711	28,974
Miscellaneous expenses			15,868	41,185
			7,031,603	4,840,198

34.1 Salaries, wages and benefits include Rs. 13.47 million (2021: Rs. 11.76 million) and Rs. 1.44 million (2021: Rs. 0.99 million) representing provident fund contribution by the Holding Company and accumulating compensated absences respectively. It also includes provision for gratuity of subsidiary companies amounting to Rs. 16.70 million (2021: Rs. 8.94 million). Amount of Rs. 104.527 million (2021: Rs. 181.61 million) relates to project services revenue.

34.2 Expenses of travelling and conveyance, installation charges and entertainment have been incurred against project services revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

34.3 This includes commission expense of Rs. 80.61 million (2021: Rs. 57.46 million) to Arkan Integrated Development L.L.C. as per the agreement between Holding Company and Arkan Integrated Development L.L.C.

35. ADMINISTRATIVE AND SELLING EXPENSES

(Rupees in '000)	Note	2022	2021
Salaries, wages, allowances and other benefits	35.1	1,040,814	553,127
Employees' share option expense		46,206	59,032
Telephone, postage and telex		18,387	14,321
Utilities		4,339	3,101
Entertainment		3,065	991
Repairs and maintenance		9,497	6,798
Sales promotion expenses		2,579	5,881
Printing, stationery and periodicals		1,529	574
Travelling, conveyance and vehicle maintenance		83,428	34,664
Office rent		20,715	9,676
Training		227	350
Insurance		25,585	14,341
Legal and professional charges		23,174	23,561
Auditors' remuneration	35.2	12,776	9,271
Fee and subscription		64,885	28,962
Corporate expenses		4,852	11,254
Depreciation on property and equipment	21.1.1	47,711	28,974
Bad debts write-off - specific		-	2,384
Provision for bad earning		22,020	38,592
Balances written off		22,580	39,257
Provision for expected credit losses - contract assets	28.2	92,916	17,127
Provision for expected credit losses - trade debts	27.2	241,230	13,054
Other expenses		39,479	18,207
		1,827,994	933,499

35.1 Salaries, wages and benefits include Rs. 4.87 million (2021: Rs. 4.71 million) and Rs. 0.96 million (2021: Rs. 0.66 million) representing provident fund contribution by the Holding Company and accumulating compensated absences respectively. It also includes provision for gratuity of subsidiary companies amounting to Rs. 16.70 million (2021: Rs. 16.35 million).

35.2 Auditors' remuneration

(Rupees in '000)	Note	2022	2021
Statutory audit		8,755	7,189
Half yearly review		1,174	704
Code of corporate governance		120	310
Other charges and out of pocket expenses		516	337
		10,565	8,540
Audit of subsidiaries		10,565	8,540
Other firms annual audit fee relating to subsidiaries		2,211	731
		12,776	9,271

36. OTHER OPERATING EXPENSES

Donations	36.1	8,878	4,617
-----------	------	-------	-------

36.1 Directors and their spouses have no interest in the donees each of whom have been given donations below Rs. 500,000 individually.

37. OTHER OPERATING INCOME

(Rupees in '000)	Note	2022	2021
Income from financial assets	37.1	1,710,705	499,268
Income from non-financial assets	37.2	55,323	44,478
		1,766,028	543,746
37.1 Income from financial assets			
Profit on bank deposits		6,894	4,464
Exchange gain		1,693,426	494,521
Reversal of provision for expected credit loss - contract assets	28.2	10,385	-
Capital gain on short term investment		-	283
		1,710,705	499,268
37.2 Income from non-financial assets			
Gain on disposal of property and equipment	21.1.4	14,797	12,960
Commission income from suppliers		20,313	-
Amortization of deferred grant	15	269	1,466
Others		19,944	30,052
		55,323	44,478
38. FINANCE COSTS			
Mark up and interest on:			
- Long term loan		2,507	5,950
- Finances under mark up arrangements and other credit facilities - secured		41,325	47,773
- Finance lease		22,042	4,893
- Provident fund		1,113	3,881
Bank charges		142,816	49,699
Guarantee commission		8,822	5,623
Project financial cost		4,423	6,802
		223,048	124,621
39. TAXATION			
Current		161,048	91,883
Super		15,843	-
Deferred		(22,224)	66,729
		154,667	158,612

39.1 The Group is subject to taxation under jurisdictions of Pakistan and Qatar. Each of the Group's entities is subject to tax at varying tax regimes such as corporate tax and minimum taxation whereas one of the subsidiaries is exempt from taxation. Further, there are inter-company transactions which have been eliminated while computing the consolidated accounting profit. Due to this, a numerical reconciliation between accounting profit and tax expenses is not meaningful.

40. EARNINGS PER SHARE**40.1 Basic earnings per share**

		2022	2021
Net profit for the year	Rupees in thousand	1,977,325	1,577,030
Weighted average number of ordinary shares	Numbers in thousand	325,573	325,573
Earnings per share	Rupees	6.07	4.84

40.2 Deluted earnings per share

The weighted average number of ordinary shares of 2018 has been restated in accordance with the requirements of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

IAS 33 due to issuance of 54,529,501 bonus shares in 2019 and restatement of employees share option scheme as explained in Note 9.

		2022	2021
Net profit for the year	Rupees in thousand	1,977,325	1,577,030
			Restated
Weighted average number of ordinary shares	Numbers in thousand	325,573	325,573
Adjustment for share options	Numbers in thousand	4,987	4,987
Weighted average number of ordinary shares for diluted earnings per share	Numbers in thousand	330,560	330,560
Diluted earnings per share	Rupees	5.98	4.77

40.2.1 Share options issued by the Holding Company have a dilutive effect on the earnings per share since the fair value of the ordinary shares during the year exceeds the exercise price of the options.

40.3 The weighted average number of ordinary shares of 2021 has been restated in accordance with the requirements of IAS 33 due to issuance of 64,940,126 bonus shares in 2022.

The weighted average number of ordinary shares of 2018 has been restated in accordance with the requirements of IAS 33 due to issuance of 54,529,501 bonus shares in 2019 and restatement of employees share option scheme as explained in Note 9.

41. CASH FLOWS FROM OPERATING ACTIVITIES

(Rupees in '000)	2022	2021
Profit before tax	2,213,004	1,758,705
Adjustments for:		
Depreciation on property and equipment	95,422	57,948
Allowances for expected credit losses - contract assets	92,916	17,127
Allowances for expected credit losses - trade debts	241,230	13,054
Balances written off	22,580	39,257
Reversal of provision for expected credit loss - contract assets	(10,385)	-
Amortization of deferred grant	(269)	(1,466)
Employees' end of service benefits	29,343	26,571
Employees' share option expense	77,010	98,388
Bad debts written-off - specific	-	2,384
Capital gain on short term investment	-	(282)
Exchange gain	(1,693,426)	(494,521)
Gain on disposal of property and equipment	(14,245)	(12,960)
Commission income from suppliers	(20,313)	-
Finance costs	223,048	124,621
Profit on bank deposits	(6,894)	(4,464)
	(963,983)	(134,343)
Profit before working capital changes	1,249,021	1,624,362
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
Stock in trade	5,704	50,970
Trade debts	(1,624,416)	(1,980,755)
Contract asset	(2,359,464)	(376,520)
Advances, deposits, prepayments and other receivables	(162,686)	268,815
(Decrease) / Increase in current liabilities		
Creditors, accrued and other liabilities	2,450,606	554,691
Contract liabilities	856,117	(19,019)
	(834,139)	(1,501,818)
Cash flows generated from operations	414,882	122,544

42. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, post employment benefit plans, other related companies and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in Note 48. Other significant transactions with related parties are as follows:

Name of related party	Relationship with the Group	Basis of Relationship	Nature of transactions	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Arkan Integrated Development L.L.C.	Associated Company	Non controlling interest in AVAC	Commission expense Back office support Dividend	80,610 13,599 3,496	57,458 10,806 8,617
Contribution to staff provident fund	Provident fund	Provident fund	Expense charged in respect of retirements benefit plans	18,338	15,247

All transactions with related parties are carried out on commercial terms and conditions.

43. PROVIDENT FUND

43.1 Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose. Financial year of the provident fund trust is June 30.

44. OPERATING SEGMENTS

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM) i.e. the Chief Executive Officer of the Holding Company. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit and reduction in operating costs.

CODM considers the business from the perspective of nature of products and business segments. Systems, engineering and export segments are also viewed in the geographic perspective by segregation of sales made to Middle Eastern countries and USA.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. CODM assesses the performance of the operating segments based on a measure of gross profit and segment assets (stock in trade, trade debts and contract assets). Unallocated items comprise mainly of group corporate assets and liabilities.

The Group management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

44.1 Consolidated operating segment results

(Rupees in '000)	2022							
	AMS	Core Business		Specialized Business	Engineering and Back Office Support	Middle East	Elimination	Total
		Core Business	Manufacturing and Assembling					
SEGMENT PROFIT OR LOSS ACCOUNT								
Revenue from external customers	1,681,373	584,931	361,969	493,650	752,300	7,607,472	(1,943,196)	9,538,499
Cost of revenue	(685,756)	(421,572)	(266,590)	(360,195)	(556,376)	(6,211,347)	1,470,233	(7,031,603)
Gross profit	995,617	163,359	95,379	133,455	195,924	1,396,125	(472,963)	2,506,896
SEGMENT ASSETS								
Stock in trade	14,114	17,803	6,740	13,889	-	14,563	-	67,109
Trade debts	850,719	338,632	306,137	432,628	2,513,366	6,861,937	(2,778,317)	8,525,102
Contract assets	84,100	453,401	218,051	242,945	-	5,640,226	-	6,638,723
Segment total assets	948,933	809,836	530,928	689,462	2,513,366	12,516,726	(2,778,317)	15,230,934

(Rupees in '000)	2021							
	AMS	Core Business		Specialized Business	Engineering and Back Office Support	Middle East	Elimination	Total
		Core Business	Manufacturing and Assembling					
SEGMENT PROFIT OR LOSS ACCOUNT								
Revenue from external customers	1,229,041	469,421	363,803	426,983	639,033	5,463,390	(1,473,777)	7,117,894
Cost of revenue	(422,622)	(335,569)	(237,744)	(298,165)	(471,253)	(4,453,551)	1,378,706	(4,840,198)
Gross profit	806,419	133,852	126,059	128,818	167,780	1,009,839	(95,071)	2,277,696
SEGMENT ASSETS								
Stock in Trade	15,313	19,316	7,313	15,070	-	15,801	-	72,813
Trade debts	485,802	211,517	191,802	262,478	2,128,435	3,576,594	(1,305,189)	5,551,439
Contract assets	76,907	256,255	135,349	150,801	-	3,501,043	-	4,120,355
Segment total assets	578,022	487,088	334,464	428,349	2,128,435	7,093,438	(1,305,189)	9,744,607

44.2 For management purposes the Chief Operating Decision Maker (Board of Directors), views the activities of the Group organised into business units based on the nature of products and expertise required by with four groups containing eight reportable operating segments.

(i) **After Marketing Support (AMS)**

AMS segment is the provision of services as technical supports and service level agreements (SLAs) and related spares.

(ii) **Core Business**

a) **Application Based Solutions (ABS)**

ABS sales include the supply of patented systems, power products, software, Variable Speed Drives (VSDs) and Variable Frequency Drives (VFDs) procured mainly from Honeywell Systems and Rockwell Automation. Avanceon Limited acts as a sole distributor of Honeywell Systems and Rockwell Automation in Pakistan.

b) **Systems**

Systems sales are embedded solutions of multiple Original Equipment Manufacturers (OEM) equipment, comprising Honeywell, Kobold, Samson and Weg products, along with engineering services to implement them. These solution sales fall in the domain of System Integration (SI) as defined globally.

c) **Products**

Products segment includes sales of motors, analysers and other specialised products of OEMs. Major suppliers of products are Amatek Inc., Hyperwave solutions and Kobold Messrings.

(iii) **Specialized Business**

a) **Energy Management Systems (EMS)**

EMS segment is turnkey project implementation for optimising energy usage of plants leading to efficiency of operations and cost savings.

b) High End Solutions (HES)

High End Solutions focuses on specialized areas i.e. Manufacturing Execution Systems, Plant Information Management Systems, and Advanced Process Control.

(iv) Engineering services

Engineering services business includes revenues from:

- man-hours charged to Avanceon FZE and Avanceon Automation and Control WLL for in-house engineering and development of Human Machine Interfaces (HMI), logic design, and development of engineering control mechanisms; and
- secondment of Avanceon Limited's engineers to Avanceon FZE and Avanceon Automation and Control WLL project sites for installation, commissioning and post implementation support of systems.

(v) Middle East

Middle East segment consists of core business, specialized business, and engineering services (as stated above) to UAE, Qatar, Pakistan and European Union countries.

44.3 Reconciliation of segment profit and loss

Reportable segments gross profit is reconciled to profit after tax as follows:

(Rupees in '000)	Note	2022	2021
Gross profit for reportable segments	44.1	2,506,896	2,277,696
Administrative and selling expenses		(1,827,994)	(933,499)
Other operating expenses		(8,878)	(4,617)
Other operating income		1,766,028	543,746
		(70,844)	(394,370)
Finance costs		(223,048)	(124,621)
Profit before tax		2,213,004	1,758,705
Taxation		(154,667)	(158,612)
Profit for the year		2,058,337	1,600,093

44.4 Reconciliation of segment assets

Reportable segments assets are reconciled to total assets as follows:

Assets			
Segment assets for reportable segments	44.1	15,230,934	9,744,607
Tangible (Property and equipment) and intangible assets		1,639,233	519,484
Other assets		1,505,927	1,006,052
		18,376,094	11,270,143
Unallocated portion of current assets			
Advances, deposits, prepayments and other receivables		956,959	786,209
Short term investments		74,838	310,656
Cash and bank balances		1,347,281	1,312,336
		2,379,078	2,409,201
Total assets as per statement of financial position		20,755,172	13,679,344

Segment assets include the operating assets used by each segment and consist of stocks, trade debts and contract

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

assets. All other assets and liabilities are not allocated to operating segments as such information is not presented separately for each segment for the purposes of management decision making.

All expenses and income other than revenue and cost of revenue are not allocated to segments, as this is driven by the central treasury function, which manages the cash position of the Group.

45. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

45.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The Group's overall risk management program focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Group's finance and planning department under guidelines approved by the Corporate Centre of the Group.

The Group's overall risk management procedures to minimize the potential adverse effects of financial markets on the Group's performance are as follows:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to three types of market risk: currency risk, interest rate risk and other price risk.

(i) Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate in case of changes in foreign exchange rates.

This exists due to the Group's exposure resulting from its investment in Avanceon LP, USA, outstanding import payments or foreign creditors and in respect of export revenue. A foreign exchange risk management guideline has been provided by the Corporate Centre. The policy allows the Group to take currency exposure within predefined limits while open exposures are monitored. The Group aims to protect itself against adverse currency movements by either linking the price of its products to foreign currency.

The Group is exposed to currency risk arising primarily with respect to the United States Dollar (USD) and United Arab Emirates Dirham (AED). The Group's exposure to foreign currency changes for all other currencies is not material. Currently, the Group's foreign exchange risk exposure is restricted to foreign currency creditors, debtors and bank balances as shown below:

(Rupees in '000)	2022						
	Rupees	EUR	USD	AED	QAR	SGD	SAR
Non-current assets held for sale	1,433,051	-	6,316	-	-	-	-
Trade debts	8,709,003	1,092	9,721	57,992	64,688	-	11,649
Short term investments	74,664	-	-	1,200	-	-	-
Bank balances	1,202,658	134	1,762	396	11,507	-	471
Trade Payables	(4,301,819)	(7,987)	(25,948)	(20,958)	(15,679)	(6)	(959)
Net Exposures	7,117,557	(6,761)	(8,149)	38,630	60,516	(6)	11,161
(Rupees in '000)	2021						
	Rupees	EUR	USD	AED	QAR	SGD	SAR
Investment in Avanceon LP	967,659	-	5,440	-	-	-	-
Trade debts	5,208,748	692	7,919	41,961	50,688	-	11,649
Short term investments	10,471	-	-	216	-	-	-
Bank balances	39,542	97	38	-	2	-	262
Trade payables	(2,299,567)	(187)	(10,948)	(5,549)	-	(5)	(959)
Net Exposures	3,926,854	602	2,449	36,628	50,690	(5)	10,952

The following significant exchange rates were applied during the year:

	2022	2021
Rupees per USD		
Average rate	202.39	163.70
Reporting date rate	226.90	177.88
Rupees per Euro		
Average rate	220.42	197.50
Reporting date rate	242.33	198.50
Rupees per AED		
Average rate	55.35	44.73
Reporting date rate	62.22	48.47
Rupees per QAR		
Average rate	55.61	45.03
Reporting date rate	62.34	48.87
Rupees per SGD		
Average rate	150.15	126.18
Reporting date rate	168.80	131.49
Rupees per SAR		
Average rate	53.92	43.63
Reporting date rate	60.41	47.43

At 31 December 2022, if the Pakistan Rupee had weakened/strengthened by 5% against the US Dollar or AED with all other variables held constant, post tax profit / for the year would have been higher / (lower) as under:

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's profit before tax and equity. The Group's exposure to foreign currency changes for all other currencies is not material.

(Rupees in '000)	AED		
	Change in Exchange rate	Effect on Profit/(loss) before tax	Effect on equity
2022	5%	120,178	85,326
	-5%	(120,178)	(85,326)
2021	5%	88,768	63,025
	-5%	(88,768)	(63,025)
(Rupees in '000)	USD		
2022	5%	(92,450)	(65,640)
	-5%	92,450	65,640
2021	5%	21,781	15,464
	-5%	(21,781)	(15,464)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)	EUR		
	Change in Exchange rate	Effect on Profit/(loss) before tax	Effect on equity
2022	5%	(81,920)	(58,163)
	-5%	81,920	58,163
2021	5%	5,975	4,242
	-5%	(5,975)	(4,242)
(Rupees in '000)	QAR		
2022	5%	188,628	133,926
	-5%	(188,628)	(133,926)
2021	5%	123,861	87,942
	-5%	(123,861)	(87,942)
(Rupees in '000)	SGD		
2022	5%	(362)	(257)
	-5%	362	257
2021	5%	(237)	(168)
	-5%	237	168
(Rupees in '000)	SAR		
2022	5%	33,712	23,936
	-5%	(33,712)	(23,936)
2021	5%	25,972	18,440
	-5%	(25,972)	(18,440)

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from lease liabilities and liabilities against finances under mark-up arrangements. These liabilities are benchmarked to variable rates which expose the Group to cash flow interest rate risk.

The Group's Rupee based loans have a prepayment option, which can be exercised upon any adverse movement. Rates of short term loans vary as per market movement of KIBOR.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was as follows:

Rupees in '000)	2022	2021
Floating rate instruments		
Financial assets		
Bank balances	(18,652)	(16,990)
Financial liabilities		
Long term loan	93,537	23,551
Lease liabilities	276,143	116,384
Finances under markup arrangements and other credit facilities - secured	616,408	713,748
Total exposure	967,436	836,693

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on floating rate borrowings and balances, with all other variables held constant, of the Group's profit before tax:

(Rupees in '000)	Increase/ decrease in basis points	Effect on Profit/(loss) before tax	Effect on equity
2022	+100	(9,861)	(7,001)
	-100	9,861	7,001
2021	+100	(8,537)	(6,061)
	-100	8,537	6,061

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Group is not exposed to significant equity securities price risk as its major investment is in its subsidiaries companies which are stated at cost.

(b) Credit risk

Credit risk represents the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss for the other party by failing to discharge an obligation.

Group's credit risk is primarily attributable to its trade debts and contract assets. However, this risk is mitigated by a credit control policy and applying individual credit limits.

Credit risk also arises from deposits with banks and financial institutions, long term deposits, advances, deposits and other receivables. The Group maintains an internal policy to monitor all outstanding receivables.

The maximum exposure to credit risk is equal to the carrying amount of financial assets. The maximum exposure to credit risk at reporting date is as follows:

(Rupees in '000)	2022	2021
Long term loans and deposits	58,476	39,193
Trade debts	9,070,689	5,648,175
Deposits and other receivables	190,168	150,814
Bank balances	1,346,203	1,285,693
	10,665,537	7,123,875

- The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows:

(Rupees in '000)	2022	2021
Domestic	361,686	439,427
Export	8,709,003	5,208,748

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than two years and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed above. The Group does not hold collateral as security.

Set out below is the information about the credit risk exposure on the Group's local trade receivables assets using a provision matrix:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)	2022									
	0-90 days	90-180 days	180-270 days	270-360 days	360-450 days	450-540 days	540-630 days	630-720 days	720-810 days	Total
Estimated total gross carrying amount at default	5,761,942	701,573	208,850	1,965,503	153,141	77,193	59,681	41,176	101,630	9,070,689
Estimated total gross carrying amount - secured	1,268,828	299,101	91,953	844,318	92,776	63,108	-	36,152	9,168	2,705,405
Expected credit loss rate	0.41%	1.01%	3.08%	10.53%	34.11%	17.63%	64.74%	35.30%	90.94%	-
Expected credit loss	23,689	7,052	6,440	206,947	52,231	13,612	38,638	14,537	92,426	455,572

(Rupees in '000)	2021									
	0-90 days	90-180 days	180-270 days	270-360 days	360-450 days	450-540 days	540-630 days	630-720 days	720-810 days	Total
Estimated total gross carrying amount at default	3,624,382	370,236	248,630	342,508	127,456	98,149	10,845	360,154	465,813	5,648,173
Estimated total gross carrying amount - secured	2,873,550	273,656	157,984	264,914	16,254	42,883	-	-	147,997	3,777,238
Expected credit loss rate	0.38%	0.63%	1.43%	2.60%	11.61%	8.32%	0.84%	5.73%	5.30%	-
Expected credit loss	13,595	2,316	3,546	8,894	14,796	8,167	91	20,626	24,704	96,735

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Group believes that it is not exposed to major concentration of credit risk as the trade debts / advances and other receivables of the Group relate to sales / purchase of equipment / services under binding contract terms.

As at 31 December 2022, the Group has 23 customers owing more than Rs. 30 million each which account for 85% of total debtors.

The credit quality of receivables can be assessed with reference to Group credit control policy and their historical performance with negligible default rate. The credit quality of Group's bank balances can be assessed with reference to external credit ratings as follows:

(Rupees in '000)	Rating Short	Rating Long	Rating	Balances at banks	
	Term	Term	Agency	2022	2021
Faysal Bank limited	A-1+	AA	JCR-VIS	5,125	123,172
Habib Bank limited	A-1+	AAA	JCR-VIS	4,682	3,412
Dubai Islamic Bank Pakistan Ltd.	A-1+	AA	VIS	15,470	101,937
National Bank of Pakistan	A-1+	AAA	JCR-VIS	83	436
MCB Bank Limited	A1+	AAA	PACRA	1,542	229,151
United Bank Limited	A-1+	AAA	JCR-VIS	34,810	4,377
JS Bank Limited	A1+	AA-	PACRA	57,154	233,153
Standard Chartered Bank Ltd.	A1+	AAA	PACRA	18,972	18,223
Bank of Singapore Limited	P-1	Aa1	Moody's	399	328
Habib Bank AG Zurich	A-1+	AAA	JCR-VIS	60,937	42,305
National Bank of Fujairah	P-2	BAA1	Moody's	17,341	54,884
Qatar International Islamic Bank	A2	A	Capital Intelligence	48,041	87,003
Doha Bank	F1	A	Fitch	19,406	11,995
Mashreq Bank	F1	A	Fitch	1,401	24,277
Commercial Bank of Qatar	A-	F2	Fitch	79,230	-
Qatar Islamic Bank	F1	A	Fitch	569,757	71,764
Bank Alibad Limited	P-2	A3	Moody's	28,337	-
Bank Al Habib Limited	A-1+	AAA	PACRA	40,761	-
Signature Bank Limited	P-1	BBB1	Moody's	342,755	279,276
				1,346,203	1,285,693

Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Group.

The Group has not recognised an impairment allowance on financial assets held with banking companies during the year ended December 31, 2022, as the impact was immaterial.

(c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash due to the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

The following are the contractual maturities of financial liabilities:

(Rupees in '000)	Carrying amount	On demand	Less than one year	Between one to five years	More than five years
2022					
Long term loan	93,537	-	93,537	-	-
Finances under mark up arrangements	616,408	-	616,408	-	-
Lease liabilities	276,143	-	62,061	214,082	-
Creditors, accrued and other liabilities	5,601,561	-	5,601,561	-	-
Unclaimed dividend	215,625	215,625	215,625	-	-
	6,803,274	215,625	6,589,192	214,082	-
2021					
Long term loan	23,551	-	23,551	-	-
Finances under mark up arrangements	713,748	-	713,748	-	-
Lease liabilities	116,384	-	46,757	69,627	-
Creditors, accrued and other liabilities	3,034,956	-	3,034,956	-	-
Unclaimed dividend	153,095	153,095	153,095	-	-
	4,041,734	153,095	3,972,107	69,627	-

45.2 Financial instruments by categories

(Rupees in '000)	2022			Total
	At fair value through OCI	At fair value through profit or loss	At amortized cost	
Financial assets				
Debt instruments				
Long term loans and deposits	-	-	57,476	57,476
Non-current assets held for sale	1,433,051	-	-	1,433,051
Trade debts	-	-	8,615,117	8,615,117
Deposits and other receivables				
- Bank guarantee margin	-	-	381,273	381,273
- Earnest money	-	-	299	299
- Due from related parties	-	-	-	-
- Others	-	-	8,812	8,812
Cash and bank balances	-	-	1,347,281	1,347,281
Equity instruments				
Short term investment	-	174	74,664	74,838
	1,433,051	174	10,484,922	11,918,148
Total current				10,427,621
Total non-current				1,490,527

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Rupees in '000)	2021			Total
	At fair value through OCI	At fair value through profit or loss	At amortized cost	
Financial assets				
Debt instruments				
Long term loans and deposits	-	-	38,393	38,393
Long term investments	967,659	-	-	967,659
Trade debts	-	-	5,551,439	5,551,439
Deposits and other receivables				
- Bank guarantee margin	-	-	288,541	288,541
- Earnest money	-	-	301	301
- Due from related parties	-	-	33,123	33,123
- Others	-	-	7,565	7,565
Cash and bank balances	-	-	1,312,336	1,312,336
Equity instruments				
Short term investment	-	185	310,471	310,656
	967,659	185	7,542,169	8,510,013
Total current				7,503,961
Total non-current				1,006,052

(Rupees in '000)	2022	2021
	Financial liabilities at amortized cost	Financial liabilities at amortized cost
Financial liabilities		
Long term loan	93,537	23,551
Lease liabilities	276,143	80,459
Finances under mark up arrangements and other credit facilities - secured	616,408	487,386
Creditors, accrued and other liabilities	5,601,561	3,034,956
Unclaimed dividend	215,625	153,095
	6,803,274	3,779,447
Total current	6,495,655	3,745,745
Total non-current	307,619	33,702

45.3 Fair values of assets and liabilities

Fair value of financial assets at fair value through profit or loss is derived from quoted market prices in active markets.

The carrying values of other financial assets and financial liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

45.4 Fair value hierarchy

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

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

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

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

The following table presents the Group's freehold land and building that are measured at fair value.

Recurring fair value measurements of assets:

(Rupees in '000)	Level 1	Level 2	Level 3	Total
31 December 2022				
Freehold land	-	-	290,550	290,550
Buildings on freehold land	-	-	107,983	107,983
Long term investments	-	-	1,433,051	1,433,051
Short term investment	185	-	-	185
	185	-	1,831,584	1,831,769
31 December 2021				
Freehold land	-	-	223,500	223,500
Buildings on freehold land	-	-	90,421	90,421
Long term investments	-	-	874,023	874,023
Short term investment	185	-	-	185
	185	-	1,187,944	1,188,129

46. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and makes adjustments to in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares or sell assets to reduce debt. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Consistent with others in the industry and the requirements of the lenders the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The gearing ratio as at year ended December 31, 2022 and 2021 are as follows:

(Rupees in '000)	2022	2021
Borrowings	986,088	853,683
Less: Cash and bank balances	(1,347,281)	(1,312,336)
Net debt	(361,193)	(458,653)
Total equity - excluding surplus on revaluation and exchange revaluation reserve	9,220,770	6,994,038
Total capital	8,859,577	6,535,385
Gearing ratio	-4.08%	-7.02%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

47. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

(Rupees in '000)	2022						
	Issuance of shares	Lease liabilities	Long term loans	Short term borrowings	Accrued interest / mark-up	Unclaimed dividend	Total
Balance as at 01 January 2022	2,565,934	116,384	23,551	713,748	10,846	153,095	3,583,558
Cash flows							
Repayment of loans	-	-	(23,551)	-	-	-	(23,551)
Lease payments	-	(108,759)	-	-	-	-	(108,759)
Issuance of shares	31,671	-	-	-	-	-	31,671
Repayment of loans	-	-	-	(97,340)	-	-	(97,340)
Long term loan obtained	-	-	93,537	-	-	-	93,537
Finance cost paid	-	-	-	-	(201,225)	-	(201,224)
Dividends paid	-	-	-	-	-	(197,231)	(197,231)
Total changes from financing cash flows	31,671	(108,759)	69,986	(97,340)	(201,225)	(197,231)	(502,898)
Other changes including non-cash							
Dividend declared	-	-	-	-	-	259,761	259,761
Bonus shares issuance	649,401	-	-	-	-	-	649,401
Addition in lease	-	236,331	-	-	-	-	236,331
Finance cost	-	23,714	-	-	223,048	-	246,762
Foreign exchange movement	-	8,474	-	-	-	-	8,474
Total liability related other changes	649,401	268,519	-	-	223,048	259,761	1,400,730
Closing as at 31 December 2022	3,247,006	276,144	93,537	616,408	32,669	215,625	4,481,390
	2021						
(Rupees in '000)	Issuance of shares	Lease liabilities	Long term loans	Short term borrowings	Accrued interest / mark-up	Unclaimed dividend	Total
Balance as at 01 January 2021	2,117,900	80,459	49,462	487,386	13,679	10,951	2,759,837
Cash flows							
Repayment of loans	-	-	(25,911)	-	-	-	(25,911)
Lease payments	-	(66,475)	-	-	-	-	(66,475)
Issuance of shares	20,378	-	-	-	-	-	20,378
Proceeds from loans	-	-	-	226,362	-	-	226,362
Finance cost paid	-	-	-	-	(122,561)	-	(122,561)
Dividends paid	-	-	-	-	-	(82,525)	(82,525)
Total changes from financing cash flows	20,378	(66,475)	25,911	226,362	(122,561)	(82,525)	(50,732)
Other changes including non-cash							
Dividend declared	-	-	-	-	-	224,669	224,669
Bonus shares issuance	427,656	-	-	-	-	-	427,656
Addition in lease	-	90,763	-	-	-	-	90,763
Finance cost	-	7,473	-	-	119,728	-	127,201
Foreign exchange movement	-	4,164	-	-	-	-	4,164
Total liability related other changes	427,656	102,400	-	-	119,728	224,669	874,453
Closing as at 31 December 2021	2,565,934	116,384	23,551	713,748	10,846	153,095	3,583,558

48. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND OTHER EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working Director and executives of the Group is as follows:

(Rupees in '000)	Chief Executives		Director		Other Executives	
	2022	2021	2022	2021	2022	2021
Managerial remuneration	85,131	63,994	14,991	11,562	366,671	270,891
House rent	21,615	17,157	3,869	3,499	126,526	91,782
Utilities	12,159	9,651	967	875	31,517	22,781
Contribution to provident fund	10,818	5,065	1,249	1,107	29,689	22,527
Others	2,660	1,608	237	1,205	21,851	18,556
	132,384	97,475	21,313	18,249	576,254	426,537
Number of persons	1	1	4	4	76	65

48.1 Salary of the Chief Executive Officer is paid by subsidiary; Avanceon FZE. The Holding Company also provides Director and certain executives with Holding Company maintained vehicles. No remuneration has been paid to non-executive Directors of the Holding Company.

48.2 During the year, the Chief Executive Officer, Director and Other Executives were granted 164,945 (2021: 306,841), and 3,712,656 (2021: 1,895,787) share options respectively, which have a vesting period of three years (2021: one year). Further, the impact of benefits available to the Director's and other executives recognized by the Company on account of share-based payment plans aggregated to Rs. 6.065 million (2021: Rs. 20.481 million), Rs. 62.018 million (2021: Rs. 77.906 million), respectively.

48.3 During the current year, certain directors and executives of the Company exercised stock options under employee stock option scheme according to which 432,878 (2021: 436,827) and 2,734,269 (2021: 160,964) shares were issued to them respectively.

49. NUMBER OF EMPLOYEES

	2022	2021
Average number of employees	378	281
Closing number of employees	452	304

50. CORRESPONDING FIGURES

Corresponding figures have been rearranged, reclassified and restated, wherever necessary. However, no significant rearrangement, reclassification and restatement have been made, except for reclassification of Rs. 130.843 million from Non Controlling Interest to un-appropriated profits as mentioned in consolidated statement of changes in equity.

51. EVENTS AFTER THE REPORTING DATE

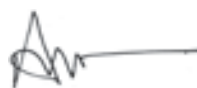
The Board of Directors of the Holding Company in its meeting held on 27 April 2023 has proposed bonus shares issue at the rate of 15% (2021: 25%) and final cash dividend at the rate of Rs. Nil per share (2021: Rs. 1 per share) in respect of the year ended December 31, 2022 for the approval by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

52. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company on 27 April 2023.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

DEFINITIONS AND GLOSSARY OF TERMS

Capital employed

The value of all resources available to the company, typically comprising share capital, retained profits and reserves, long-term loans and deferred taxation. Viewed from the other side of the balance sheet, capital employed comprises fixed assets, investments and the net investment in working capital (current assets less current liabilities). In other words: the total long-term funds invested in or lent to the business and used by it in carrying out its operations.

Liabilities

General term for what the business owes. Liabilities are long-term loans of the type used to finance the business and short-term debts or money owing as a result of trading activities to date. Long term liabilities, along with Share Capital and Reserves make up one side of the balance sheet equation showing where the money came from. The other side of the balance sheet will show Current Liabilities along with various Assets, showing where the money is now.

Current Liabilities

Money owed by the business that is generally due for payment within 12 months of balance sheet date. Examples: creditors, current portion of long term loans and lease liabilities, taxation etc.

Current Assets

Cash and anything that is expected to be converted into cash within twelve months of the balance sheet date.

Fixed assets

Assets held for use by the business rather than for sale or conversion into cash, eg, fixtures and fittings, equipment, buildings.

Cost of goods sold (COGS)

The directly attributable costs of products or services sold, (like materials, installations, direct labour & wages etc.)

Gross Profit Ratio

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net Profit Ratio

Net profit ratio is the ratio of net profit (after taxes) to net sales or revenue.

Operating Profit Ratio

The operating profit margin ratio indicates how much profit a company makes after paying for variable costs of production.

Current Asset Ratio

The key indicator of whether you can pay your creditors on time. The relationship between current assets like cash, book debts, stock and work in progress and current liabilities like overdraft, trade and expense creditors and other current debt.

Current Ratio

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Debt-Equity Ratio

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For comparative purposes, debt-equity ratio is most useful for companies within the same industry.

Dividend

A dividend is a payment made per share, to a company's shareholders by a company, based on the profits of the year, but not necessarily all of the profits, arrived at by the directors and voted at the company's annual general meeting.

Earnings per Share (EPS)

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Profit Margin

Determined by dividing net income by net sales during a time period and is expressed as a percentage. Net profit margin is a measure of efficiency and the higher the margin, the better. Trends in margin can be attributed to rising/falling production costs or rising/falling price of the goods sold.

Return on Assets

The amount of profits earned (before interest and taxes), expressed as a percentage of total assets. This is a widely followed measure of profitability, thus the higher the number the better. As long as a company's ROA exceeds its interest rate on borrowing, it's said to have positive financial leverage.

Return on Equity (ROE)

A percentage that indicates how well common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

Return on Investment (ROI)

Also known as return on invested capital (ROIC). ROI is a measure of how well management has used the company's resources. ROI is calculated by dividing earnings by total assets. It is a broader measure than return on equity (ROE) because assets include debt as well as equity. It is useful to compare a company's ROI with others in the same industry.

EVENT CALENDAR OF THE COMPANY

FOLLOWS THE PERIOD OF JANUARY 1, 2022 TO DECEMBER 31, 2022

FINANCIALS:

Financial Results announced as per the following schedule:

Extraordinary General Meeting	05th January 2022
Annual General Meeting	29th April 2022
Corporate Briefing	20th April 2022
1st Quarter ended 31 March 2022	29th April 2022
Half year ended 30 June 2022	29th August 2022
Board Meeting Other Than Financials	06th October 2022
Board Meeting Other Than Financials	14th October 2022
3rd Quarter ended 30 September 2022	28th October 2022
Corporate Analyst Briefing	10th November 2022
Financial year ending 31 December 2022	27th April 2023

ڈائریکٹرز رپورٹ

روزمرہ کاروباری اعداد و شمار (Operating Financial Data)۔

تمام روزمرہ کاروباری اور مالیاتی شماریات اور تناسب جو کہ پچھلے 6 سالوں پر مشتمل ہیں اس رپورٹ کا حصہ ہیں اور آگے دیے ہوئے صفحات پر بیان کیے گئے ہیں۔

بنیادی سرمایہ داروں کی تفصیل (Pattern of Share Holding)۔

بنیادی سرمایہ داروں کی تفصیل جو کہ مالی سال 31 دسمبر 2022 پر مشتمل ہے جو کہ پچھلے صفحات پر تفصیل سے بیان کی گئی ہے۔ کمپنی کے ڈائریکٹر حضرات، چیف ایگزیکٹو چیف، نیشنل آفیسر، کمپنی سیکرٹری اور اگلے بیوی، بچوں نے اس سال کے دوران کمپنی کے حصص میں کوئی بھی خریداری نہیں کی سوائے اگلے جو کہ اس بنیادی سرمایہ کے شیڈول میں دیے گئے ہیں۔

کمپنی کے بیرونی آڈیٹر (Statutory Auditors of Company)۔

کمپنی کے موجودہ آڈیٹرز، میسرز بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اہل ہونے کی وجہ سے دوبارہ تقرری کے لیے خود کو پیش کر رہے ہیں۔ کمپنی کی آڈٹ کمپنی کو 31 دسمبر 2023 کو ختم ہونے والے سال کے لئے کمپنی کے آڈیٹرز کے طور پر ان کی دوبارہ تقرری کی سفارش کی گئی ہے۔

مواصلات (Communication)۔

ہم اپنے بنیادی حصہ داروں کے ساتھ مواصلات کو بہت اہمیت دیتے ہیں، کمپنی نے تمام نتائج جو کہ سماجی، ششماہی، نو ماہی اور سالانہ پر مشتمل ہیں اپنے حصہ داروں کو کمپنیز ایکٹ 2017 کے قواعد و ضوابط کے مطابق پہنچائے۔ کمپنی نے تمام معلومات جو کہ اہم قسمی وقت مقررہ پر پاکستانی تجارتی منڈی اور SECP کے قواعد و ضوابط کے مطابق پہنچائیں۔ کمپنی نے تجارتی اور مالیاتی خبریں اور رپورٹس اپنی ویب سائٹ www.avanceon.ae پر بھی رکھ دی ہیں۔

اعتراف (Acknowledgement)۔

بورڈ آف ڈائریکٹرز بڑے پرست طریقے سے اپنے تمام ملازمین کی مسلسل لگن کے ساتھ خدمات کو سراہتا ہے۔

منجانب: بورڈ آف ڈائریکٹرز



نقیار حیدوائیں چیف ایگزیکٹو آفیسر



نور کرامت ڈائریکٹر

لاہور

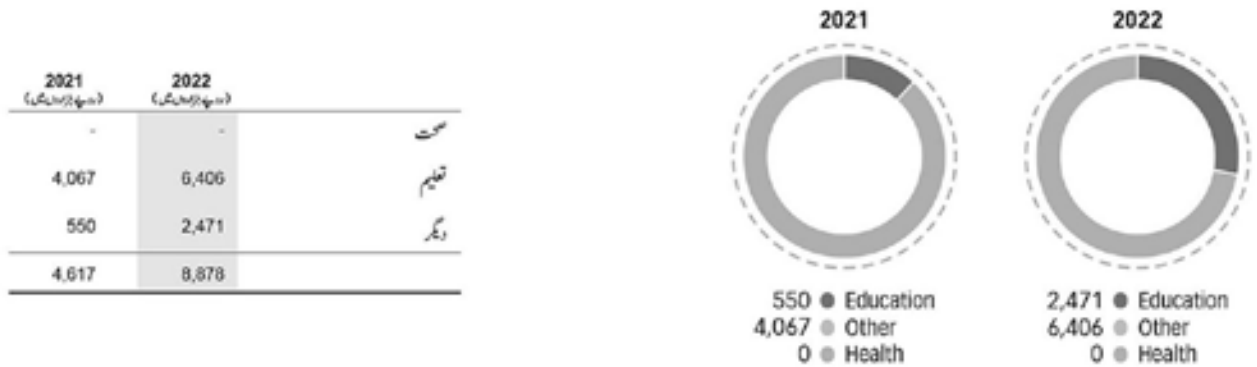
تاریخ: 27 اپریل 2023

امور برائے چینی معیار (Procedures Adopted for Quality Assurance) :-

صحت، حفاظت اور ماحولیات کے اعداد و شمار کے انتظامی امور کے معاملات کا انتظام اعداد و شمار کے اکٹھے کرنے کا طریقہ اور شفاف رپورٹنگ جو کہ کمپنی کی کاروباری ذمہ داری کا بنیادی جزو ہے۔ کمپنی SMETA 4 کی قواعد و ضوابط جو کہ ISO کے معیار پر پورا اترتے ہیں۔ صحت، حفاظت اور ماحولیات کے معاملات کو پورا کرتی ہے۔ یہ طریقہ کار انتظامیہ کو بہت سی ضروری معلومات فراہم کرتا ہے جو کہ مقرر کردہ امور کی انجام دہی میں ضروری ہوتے ہیں۔ یہ نظام اور طریقہ کار ایک تیسری پارٹی سے جانچ پڑتال بھی کروایا جاتا ہے جو کہ کاروباری اور علاقائی جانچ پڑتال پر مشتمل ہوتا ہے۔

صدقات اور خیراتی کام (Donation & Charity) :-

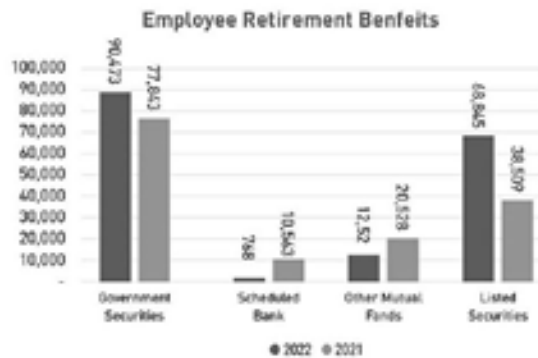
کمپنی اپنی ٹوش آمدنی کا زیادہ سے زیادہ 1% فیصد صدقات اور خیراتی کاموں کے اداروں کیلئے مختص کرتی ہے۔ اس سال کے عرصے میں کمپنی نے مندرجہ ذیل صدقات اور خیرات کی ہیں جنکی تفصیل نیچے دی گئی ہے۔



ملازمین کی ریٹائرمنٹ اور سہولیات :-

کمپنی نے اپنے مستقل ملازمین کیلئے ایک منگور شدہ پروویڈنٹ فنڈ اسکیم کے ذریعے حصہ داری منصوبہ پیش کیا ہے۔ پروویڈنٹ فنڈ کی سرمایہ کاری اور دیگر تفصیلات نیچے دی گئی ہیں۔

2021 جون 30		2022 جون 30		
سرمایہ داری فیصد میں	سرمایہ داری (روپے ہزاروں میں)	سرمایہ داری فیصد میں	سرمایہ داری (روپے ہزاروں میں)	
53%	77,843	52%	90,473	گورنمنٹ سکیورٹیز
7%	10,563	0%	768	شیڈولڈ بینکنگ
14%	20,528	7%	12,520	میڈیٹل فنڈز
26%	38,509	40%	68,845	ایڈڈ سکیورٹیز
	147,443		172,807	ٹوش



یہ تمام سرمایہ داری پروویڈنٹ فنڈ سے ان اصول و ضوابط کے تحت کی گئی ہے جو کمپنیز آرزو بیننس 1984 کے سیکشن 227 میں دیے گئے ہیں۔ پروویڈنٹ فنڈز اسٹ کا مالی سال 30 جون ہے

ڈائریکٹرز رپورٹ

میں منعقد کی گئیں (مندرجہ ذیل عزت آپ ممبران نے شمولیت اختیار کی:-

نمبر شمار	ڈائریکٹر کا نام	تعداد حاضری	تعداد وجہی
1	جناب خالد حمید وائیس	4	0
2	جناب بختیار حمید وائیس	4	0
3	جناب عامر حمید وائیس	4	0
4	جناب تنویر کرامت	4	0
5	جناب عمراقبال خان	2	2
6	محترمہ حنان درویش	0	4
7	جناب محمد شاہد میر	4	0

مارکیٹ شیئر کی معلومات اور کاروباری حصوں کی کارکردگی (Segmental Business Performance & Market Share Information) کنٹرول انجینئرنگ جیانت لسٹ کے مطابق اویسیج ن کارکیٹ شیئر 4% کے نزدیک ہے جو کہ عالمی درجہ بندی میں 15 ویں نمبر پر بہترین سسٹمز انٹیگرٹرز (Integrators) کے طور پر شامل کیا جاتا ہے۔ موجود مارکیٹ لیڈر 9% فیصد کے ساتھ سب سے آگے ہے۔ بنیادی وجوہات جو اویسیج ن کو پاکستان میں مارکیٹ کا لیڈر رکھنے میں کارگر ثابت ہوئی ہیں یہ ہیں کہ کسٹمرز کی تعداد میں اضافے اور مواسلات اور ٹرانسپورٹ سے متعلقہ بہت سارے مصنوعی مارکیٹ میں آر ہے ہیں جو کہ کسٹمرز کی مل ایسٹ کی کامیابی کا موجب بنے دوسرے الفاظ میں ہم یہ کہہ سکتے ہیں ' کیونکہ ہم اس کاروباری

کارپوریٹ گورننس کا ضابطہ وضع کیا گیا ہے اور قہیل کے بیان کے ساتھ صفحہ نمبر 48 پر ملاحظہ کیا جاسکتا ہے۔

بورڈ آف ڈائریکٹرز کی ٹریننگ

اس سال کے دوران کسی بھی ڈائریکٹر کی کوئی ٹریننگ نہیں ہوئی۔

افسران کی طرف سے حصص کی خرید و فروخت (Shares Traded by Executives)۔

اس سال کے دوران جن افسران نے کسٹمرز (اویسیج ن لمیٹڈ) کے حصص میں خرید و فروخت کی ہے ان کی تفصیل صفحہ نمبر 65 پر دی گئی ہے۔

بورڈ آڈٹ کمیٹی کی تشکیل (Composition of Board Audit Committee)

1- جناب محمد شاہد میر	چیئر مین	انڈیپنڈنٹ ڈائریکٹر
2- جناب خالد حمید وائیس	ممبر	نان ایگزیکٹو ڈائریکٹر
3- جناب عامر حمید وائیس	ممبر	نان ایگزیکٹو ڈائریکٹر

ہیومن ریسورس اور ایچ آر کمیٹی کی تشکیل (Composition of Human Resource & HR Committee)

1- جناب محمد شاہد میر	چیئر مین	انڈیپنڈنٹ ڈائریکٹر
2- جناب خالد حمید وائیس	ممبر	نان ایگزیکٹو ڈائریکٹر
3- محترمہ حنان درویش	ممبر	انڈیپنڈنٹ ڈائریکٹر

بورڈ آف ڈائریکٹرز (Board of Directors)

بورڈ سات ڈائریکٹرز پر مشتمل ہے۔ جن میں چھ مرد اور ایک خاتون ڈائریکٹر شامل ہیں جن کی تفصیل درج ذیل ہے

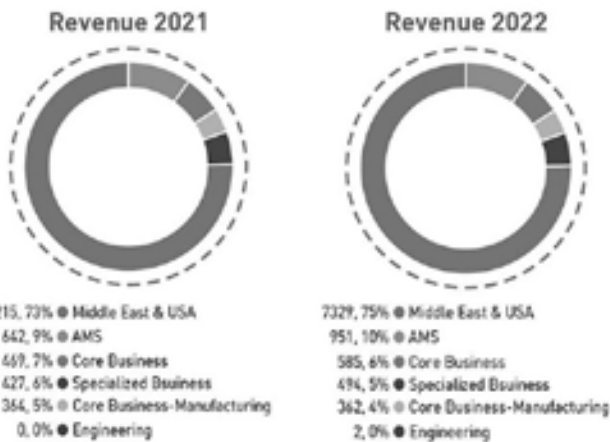
1- جناب خالد حمید وائیس	نان ایگزیکٹو ڈائریکٹر
2- جناب بختیار حمید وائیس	ایگزیکٹو ڈائریکٹر
3- جناب عامر حمید وائیس	نان ایگزیکٹو ڈائریکٹر
4- جناب تنویر کرامت	ایگزیکٹو ڈائریکٹر
5- جناب محمد شاہد میر	انڈیپنڈنٹ ڈائریکٹر
6- جناب عمراقبال خان	انڈیپنڈنٹ ڈائریکٹر
7- محترمہ حنان درویش	انڈیپنڈنٹ ڈائریکٹر

مرد ڈائریکٹرز : چھ (6)

خاتون ڈائریکٹر: ایک (1)

بورڈ آف ڈائریکٹرز کا اجلاس (Board of Director's Meeting)۔

سال کے دوران بورڈ آف ڈائریکٹرز کی چار (4) بورڈ کی میٹنگز منعقد ہوئیں (تمام پاکستان



فیڈبک میں بہل کرنے والوں میں شامل ہیں اور جسکو دوسروں پر سہمت حاصل ہے۔ اپنی بہترین کام کرنے کی خوبی اور انٹرمیشن اینڈ پرائیس کنٹرول کرنے کی سوجھ بوجھ ہے جو کہ اویسیج ن لمیٹڈ کو دوسری مارکیٹوں میں ممتاز کرتی ہے۔ اس وقت اویسیج ن لمیٹڈ جو کہ ٹوٹن مارکیٹ کا 63% فیصد حصہ رکھتی ہے۔ جو اپنے مقابلے کی کمپنیوں سے زیادہ آمدنی کماتی ہے۔

یہ پونص حصص دیویڈنڈ کے لحاظ سے اور دیگر تمام معاملات میں کمپنی کے موجودہ عام حصص کے ساتھ درجہ بندی کریں گے۔

مزید یہ طے کیا گیا ہے کہ ممبران کے جزوی حقوق کو پورے حصص میں ضم کیا جائے گا اور اسٹاک مارکیٹ میں فروخت کیا جائے گا اور فروخت سے حاصل ہونے والی رقم خیراتی ادارے کو عطیہ کی جائے گی۔

ایجنڈا نمبر 6۔ تیزری کی اجازت سے کسی دوسرے کاروبار کو انجام دینا۔

مذکورہ بالا تمام ایجنڈا آئٹمز پر تبادلہ خیال، منظوری اور منظوری دی گئی ہے، سوال و جواب کا ایک سیشن منعقد کیا گیا تھا، جہاں کچھ ممبروں نے کمپنی کی کاروباری نوعیت، آنے والے سال کے لئے نقطہ نظر اور کاروباری امکانات کے بارے میں دریافت کیا تھا۔

ایک انٹرایکٹو سوال و جواب سیشن منعقد ہوا جس میں صدر (توہر کرامت)، سی ایف او (سعید اللہ خان نیازی) اور کمپنی سیکرٹری (جناب احسن ظلیل) نے کمپنی کے صنعتی آئٹمز کا کاروباری وضاحت کرتے ہوئے تمام سوالات کے جوابات دیئے۔ اجلاس میں نئے صنعتی پائس کے قیام کے ساتھ ساتھ مستقبل کے نقطہ نظر کو خوشحال اور پاکستان کی معیشت کی ترقی پر منحصر کرنے کے بارے میں تبادلہ خیال کیا گیا۔

بورڈ آف ڈائریکٹرز کے معاوضے (Board of Directors Remuneration)۔

چیف ایگزیکٹو آفیسر (CEO) اور صدر (President) کے علاوہ کمپنی کے تمام ڈائریکٹرز صاحبان نامان ایگزیکٹو ڈائریکٹرز ہیں۔ کمپنی چیف ایگزیکٹو آفیسر اور صدر کو کمپنی کی بیرون ریپورٹس کے منظور شدہ قواعد و ضوابط کے مطابق تنخواہیں اور دیگر مراعات دیتی ہے۔ جو کہ سالانہ بنیادوں پر بیرون ریپورٹس ریویژنیشن کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز منظور کرتے ہیں۔ اسکے علاوہ کسی اور ڈائریکٹرز کو کوئی بھی رقم مینٹن میں حاضری کیلئے نہیں دی جاتی۔

اپنے مشترکہ کاروباری اداروں کے ساتھ لین دین (Transaction with Related Parties)۔

کمپنی مربوط کاروباری قواعد و ضوابط کے مطابق اپنے مشترکہ کاروباری اداروں کے ساتھ کاروباری لین دین کرتی ہے جو کہ Mechanism Arms Length Pricing اور پر مشتمل ہے۔ کمپنی Transfer Pricing جو کہ پاکستان اسٹاک ایکسچینج کی لسٹنگ کے قواعد و ضوابط کے مطابق سرانجام دیتی ہے۔

کارپوریٹ گورننس کے امور (Corporate Governance Practice) اور وضیح ن لیٹنگ کا بورڈ آف ڈائریکٹرز کمپنی کے اصول و ضوابط کا پابند ہے اور کمپنی ایکٹ 2017 میں شامل کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کرتا ہے۔

صحت، حفاظت اور ماحولیات (Health, Safety & Enviroment)۔

اور وضیح ن انتہائی تنبیہ کی کے ساتھ صحت کے معاملات کی دیکھ بھال اور حفاظتی معاملات کے رجحانات کے مطابق کام کی جگہوں اور دفاتر کے اندر صحت کے معاملات اور ماحولیات کو یقینی بناتی ہے۔ ہم وعدہ کرتے ہیں کہ صحت، حفاظتی اور اس سے متعلقہ دیگر امور جو کہ کاروباری سرگرمیوں کے ساتھ منسلک ہیں ان میں بہتری لائیں گے اور آگے گئے کے خدشات، حادثات یا اس سے ہونے والے نقصانات جو کہ ملازمین یا مہمانوں پر ہو سکتے ہیں اس کا سدباب کریں گے۔

ہم تمام کاروباری معاملات جو کہ بہت ساری جگہوں پر انجام دیے جا رہے ہیں ان کے معیار کو بین الاقوامی صحت اور حفاظتی امور کے معیار کے مطابق سرانجام دیں گے جو کہ ISO14001:2004 میں درج ہے۔

ہم یہ بھی یقین دلاتے ہیں کہ ہماری مصنوعات، حفاظتی اور قانونی ضروریات کے مطابق بھیجی جائیں گی۔

پچھلے سالانہ اجلاس عام میں اٹھائے گئے معاملات (Issues Raised in Last AGM)۔

مالی سال 2021ء کے سالانہ اجلاس عام میں کوئی بھی خاص معاملہ نہیں اٹھایا گیا تھا۔ ایجنڈا نمبر 1: 5 جنوری 2022 کو منعقد ہونے والے غیر معمولی جنرل اجلاس کے وقت کی منظوری دی۔

ایجنڈا نمبر 2: 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے کمپنی کے Standalone اور Consolidated آڈٹ شدہ مالیاتی بیانات کو حاصل کرنا اور اس پر عمل کرنا اور اس پر ڈائریکٹرز اور ڈائریکٹرز کی رپورٹس اور چیئرمین کی جائزہ رپورٹ۔

ایجنڈا نمبر 3: کمپنی کے آڈیٹرز مقرر کرنا اور ان کا معاوضہ کرنا۔ ممبران کو مطلع کیا جاتا ہے کہ بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے 31 دسمبر 2022 کو ختم ہونے والے سال کے لئے کمپنی کے آڈیٹرز کے طور پر دوبارہ تقرری کیلئے چارٹرڈ اکاؤنٹنٹس (EY Ford Rhodes) کے نام کی سفارش کی ہے۔

ایجنڈا نمبر 4: بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 31 دسمبر 2021 کو ختم ہونے والے سال کیلئے 1 روپے 10 فیصد کی منظوری دی۔

ایجنڈا نمبر 5: بورڈ آف ڈائریکٹرز کی سفارش کے مطابق 25 فیصد کی شرح حصص کے اجراء پر غور کرنا اور منظوری دینا اور مندرجہ ذیل قرار داد منظور کرنا:

اس بات کا فیصلہ کیا گیا ہے کہ 10 روپے کے عام حصص پونص حصص کے طور پر جاری کئے جائیں گے اور مذکورہ حصص کمپنی کی ان ممبروں کو مکمل طور پر ادا کردہ عام حصص کے طور پر الاٹ کئے جائیں گے جن کے نام جمعرات 21 اپریل 2022 کو کاروبار کے اختتام پر ممبروں کے رجسٹر میں درج ہوں گے۔ یہ 25 فیصد کی شرح پر ہے۔

ڈائریکٹرز رپورٹ

سرمایہ کی صورتحال کو بہتر بنانے کی حکمت عملی (Strategy to Overcome Liquidity Issues)۔

بڑھتی ہوئی کاروباری مالی ضروریات اور کارپوریٹ ڈیویڈنڈ پالیسی کی کیش ضروریات کو پورا کرنے کے لیے کمپنی نے مالی سال 2021 میں سسے سے ایک لیکویڈٹی سٹرٹجی پالیسی کی منظوری دی ہے اس کے تاثر میں ہم بینکوں سے مالی معاونت حاصل کرنے کے لیے تمام لوکل اور بین الاقوامی بینکوں سے رابطے میں ہیں تاکہ بینکوں سے رنگ فنانس، پراجیکٹ فنانسنگ، ہبل ڈسکونٹنگ اور بینک گارنٹی جی سی سہولیات سے فائدہ حاصل کیا جاسکے۔ انتظامیہ پر امید ہے کہ مالی سال 2023 میں اس پالیسی کے اہداف عمل کر لے جائیں گے۔

مستقبل کی کاروباری منصوبہ بندی (Future Prospects)۔

مستقبل کا ڈون ہماری بورڈ اور انتظامی حکمت عملی اور منصوبوں کی تکمیل میں ایک اہم جزو ہے۔ کمپنی نے مالی سال 2022 میں "دی روڈ ٹو" 100 کے نام سے ایک نیا کاروباری منصوبہ شروع کیا تاکہ مالی سال 2025 تک 100 ملین امریکی ڈالر کی بنیادی کاروباری آمدنی کا ہدف حاصل کیا جاسکے۔ بورڈ نے کیو ایس اے، متحدہ عرب امارات اور پاکستان کے کاروباری شعبوں کو باترتیب 40 ملین ڈالر، 40 ملین ڈالر اور 20 ملین ڈالر تقویض کیے۔ مزید برآں، بڑھتی ہوئی کاروباری سرگرمیوں کی وجہ سے کیو ایس اے میں مستقل آپریشنل موجودگی پیدا کرنا فوکل اینڈ من سے مالا مال ملک میں کاروباری ضرورت بن جاتا ہے، تاکہ موجودہ انجینئرنگ منصوبوں پر اعلیٰ درجے کی خدمات کو برقرار رکھا جاسکے بلکہ اس وجہ سے بھی کہ بولی کے لئے بڑے نیٹ ورکس ضرورت کو لازمی قرار دیتے ہیں۔ کمپنی کے ایس اے میں واقع ایک بڑے مالیاتی گروپ کے ساتھ ایک نیا جوائنٹ وینچر داخل کرنے کا ارادہ رکھتی ہے۔ اس مشترکہ منصوبے سے مشرق وسطیٰ میں اویسیس ن کی موجودگی میں اضافہ ہوگا۔

کمپنی آئندہ مالی سال میں اویسیس ن لیجنڈ (بشمول آکٹوپس ڈیجیٹل) کے کارپوریٹ منصوبے کو حاصل کرنے کے لئے پراعتماد ہے۔ اگلے سال خاص طور پر متحدہ عرب امارات، سعودی عرب، قطر، عمان، مصر، ناٹجیر یا، امریکہ اور خاص طور پر پاکستان میں سیاسی اور معاشی استحکام لائے گا۔

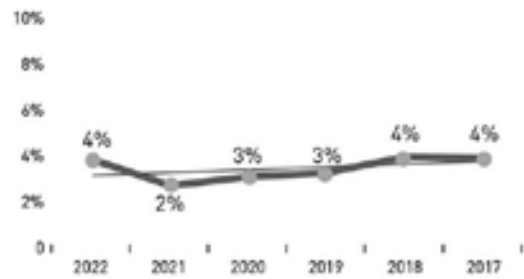
معاشرے کی خدمت (Service to Society)۔

ہم فعال اور ذمہ دار کارپوریٹ شہری بننے کے لئے پرعزم ہیں۔ ہم تعلیم، صحت کی دیکھ بھال، عوامی تحفظ اور ماحولیاتی صحت جیسے کلیدی مسائل کو حل کرنے میں مدد کر کے "کچھ واپس دینے" پر یقین رکھتے ہیں۔ یہ ہمارے اس یقین سے آتا ہے کہ انفرادی ادارے جب مل کر کام کرتے ہیں تو طاقتور ہم آہنگی پیدا کر سکتے ہیں اور معاشرے کے حالات کو بہتر بنانے میں مدد کر سکتے ہیں جس میں وہ کام کرتے ہیں۔

منصوبہ سرمایہ کاری (Capital Structure)۔

یہ ایک بہت ہی کم گیزروالاکاروباری ادارہ ہے اور ایک توازن سرمائے کے ڈھانچے کو برقرار رکھتا ہے جو اس کی مالی طاقت اور بہترین لیکویڈٹی مینجمنٹ کا ثبوت ہے۔ کمپنی نے قلیل مدتی نقد ضروریات کو پورا کرنے کے لئے صرف ورکنگ کپیکل لائنوں کا استعمال کیا۔ کمپنی نے بغیر کسی تاخیر کے اپنے تمام قلیل مدتی قرضوں کی ذمہ داریوں بشمول فنانس اور آپریٹنگ لیزز کو کامیابی سے ادا کیا ہے، گزشتہ دو مالی سالوں کے مقابلے میں تیاری کا تناسب مادی طور پر بہتر ہوا ہے۔ کمپنی نے پاکستان اور متحدہ عرب امارات میں قلیل مدتی طویل مدتی اور پروجیکٹ فنانسنگ سمیت کسی بھی طویل مدتی قرض کی ضروریات کو پورا کرنے کے لئے کافی بینکاری سہولیات برقرار رکھی ہیں۔

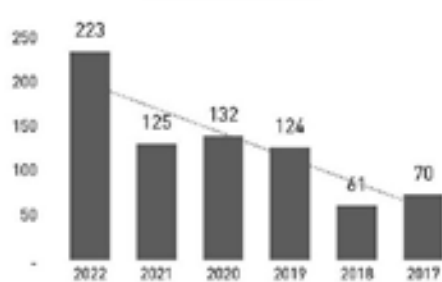
GEARING RATIO



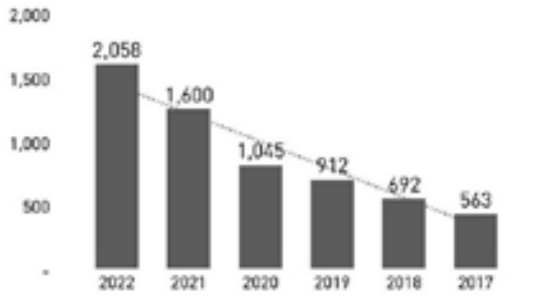
عاشی سرمائے کے انتظامی امور (Working Capital Management)۔

ہم نے مالیاتی چارجز میں 98 ملین روپے کا اضافہ دیکھا جس کی بنیادی وجہ اسٹیٹ بینک کی جانب سے پاکستان میں مارک اپ ریٹ میں غیر متوقع اضافہ ہے تاکہ تیزی سے افراط زر کو پورا کیا جاسکے۔ بہر حال، گزشتہ پانچ سالوں کے موجودہ اور فوری تناسب کی بنیاد پر، ہم کمپنی کی آپریٹنگ سرگرمیوں کی ٹھوس لیکویڈٹی میں بہتری اور مضبوط قلیل مدتی مالیاتی ورکنگ کپیکل پوزیشن دیکھ سکتے ہیں۔ کمپنی صارفین کے ساتھ بہترین کریڈٹ شرائط پر بات چیت کر کے اپنی تمام ورکنگ کپیکل ضروریات کا انتظام کر رہی ہے اور ہر آرڈر کو نقد ثبت اور معقول طے شدہ ٹائم فریم کے اندر جمع کرنے کے قابل بن رہی ہے۔ کمپنی نے تمام قلیل مدتی قرضوں کو مناسب سطح پر برقرار رکھتے ہوئے انتہائی مضبوط اور سخت مالی نظم و ضبط کے ذریعے اپنی ورکنگ کپیکل کی ضرورت کو موثر طریقے سے منظم کیا تاکہ مثبت نقد بہاؤ پیدا کر کے مالی اخراجات سے بچا جاسکے۔

FINANCIAL EXPENSE

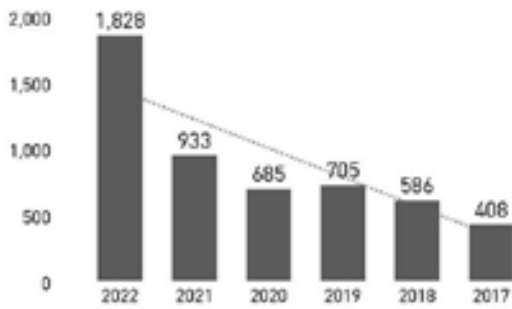


مارچ 2023 تک 62.67 ملین امریکی ڈالر (حساب شدہ) سے زیادہ کے غیر تسلیم شدہ کاروبار ہے۔



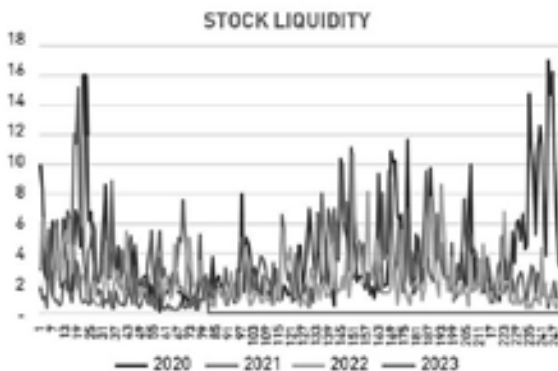
مقررہ اخراجات (Fixed Cost) :-

ہم نے لکسڈ لاگت میں 96 فیصد (2021: 36 فیصد) خالص اضافہ دیکھا جس کی بنیادی وجہ ملازمین کے حصص کے اقتیارات میں 46 ملین روپے اور آئی ایف آر ایس-9 کے اثرات کی وجہ سے متوقع کریڈٹ نقصان میں 378 ملین روپے ہیں۔ لکسڈ اخراجات میں بقیہ اضافہ کو یڈ 19 کے بعد عالمی افراط زر کی وجہ سے ہے اور منظور شدہ کارپوریٹ پلان کے مطابق ہے۔



حصص کا رجحان (Stock Liquidity) :-

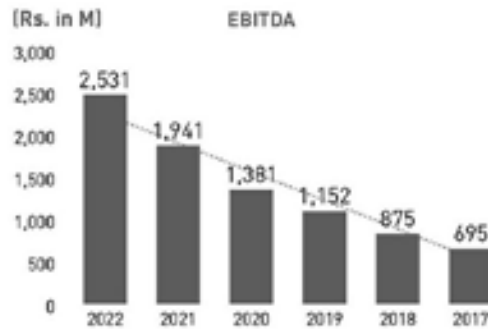
بالآخر اینویسٹمن (AVN) سٹاک لیویڈیٹی سال 2022 کے اہداف حاصل کرنے اور نئے چھوٹے اور بڑے سرمایہ داروں کی توجہ حاصل کرنے میں کامیاب رہی۔ اب ہمارے ملازمین (ESOS) سکیم کے مالکان بڑی آسانی سے سٹاک بیچ سکتے ہیں اور لیکویڈیٹی مواقع ضائع کئے بغیر مارکیٹ میں پوزیشن مزید مستحکم کر سکتے ہیں۔



مجموعی مارجن میں 6 فیصد کمی دیکھی اور امریکی ڈالر اور یورو کے مقابلے میں روپے کی قدر میں کمی کی وجہ سے ہمیں روپے میں خریدے گئے مواد کی زیادہ قیمت کا سامنا کرنا پڑا جس سے ہمارے مجموعی مارجن میں شدید نفل پڑا۔ انتظامیہ مالی سال 2023 میں امریکی ڈالر اور یورو کے مقابلے میں روپے کے استحکام کے بارے میں کافی پر اعتماد ہے تاکہ سہاقتیہ عمل کے جی پی مارجن کو بحال کیا جاسکے، ہم روپے کے استحکام اور ایس سی کے محاذ پر اسٹیٹ بینک کے مثبت رویے کے مفروضے کے ساتھ جی پی میں بحالی کی توقع کر سکتے ہیں۔



منافع جات سود ٹیکس کٹوتی، فرسودگی اور کساد بازاری سے پہلے (EBITDA) :-



منافع جات سود ٹیکس کٹوتی، فرسودگی اور پروویژن سے پہلے (EBITDAP) :-



منافع بعد از ٹیکس (Profit after Taxation) :-

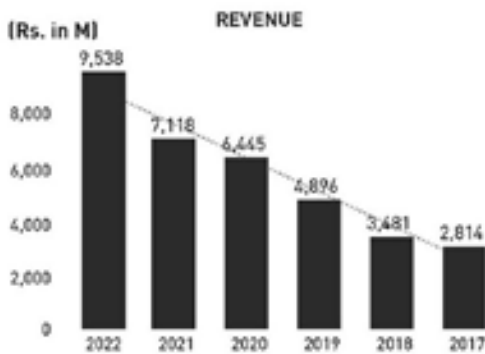
بعد از ٹیکس خالص منافع میں 29 فیصد اضافہ بہت حوصلہ افزا ہے جس میں غیر ملکی وصولیوں کے ترسیل پر 1,693 ملین روپے کا غیر وصول شدہ زر مبادلہ کا فائدہ بھی شامل ہے۔ انتظامیہ آئندہ مالی سال 2023 اور 2024 میں مجموعی اور خالص منافع کے مارجن میں مثبت رجحان اور نمونہ برقرار رکھنے کے لئے پر اعتماد ہے جس کی وجہ مضبوط پائپ لائن اور 31

ڈائریکٹرز رپورٹ

روپے کی قدر میں کمی کی وجہ سے 34 فیصد اضافے کی عکاسی کرتی ہے۔ تاہم پاکستان میں ہمارے کاروباری شعبوں "کور پاکستان" میں ناقص کارکردگی کی وجہ سے یہ چہرے 11 ملین ڈالر کم ہے۔ اس کی وجہ ہمارے صارفین کی جانب سے ایل سی (لیٹر آف کریڈٹ) کی عدم دستیابی اور اس کے علاوہ اسٹیٹ بینک آف پاکستان کی جانب سے ہمارے غیر ملکی وینڈرز، خاص طور پر آٹومیشن آلات اور متعلقہ مواد، خاص طور پر ادائیگی کی خریداری کے لیے ہمارے اپنے ایل سیز کی عدم منظوری ہے۔ ہمیں توقع ہے کہ مالی سال 2023 کی ابتدائی سہ ماہیوں میں اس کمی کو پورا کر لیا جائے گا کیونکہ اسٹیٹ بینک آف پاکستان نے ایل سیز کی منظوری دینا شروع کر دی ہے، جس سے ہمیں مالی سال 2023 کے لئے 71 ملین ڈالر کے محصولات کے چہرے کو حاصل کرنے میں مدد ملے گی۔

ہم نے مالی سال 2019، 2020 اور 2021 کے دوران پاکستانی روپے میں شاندار اور متوقع آمدنی میں اضافہ دیکھا ہے۔ مزید برآں، مالی سال 2022 کی تیسری اور چوتھی سہ ماہی کے ساتھ ساتھ مالی سال 2023 کی پہلی سہ ماہی میں آرڈر کی پیداوار ہمارے تخمینوں اور کارپوریٹ منصوبوں سے مطابقت رکھتی ہے۔ ہم مالی سال 2023 کی تیسری اور چوتھی سہ ماہی کے دوران پرچیز آرڈر جنریشن اور آمدنی کے لحاظ سے مضبوط ترقی کی توقع کرتے ہیں، جیسا کہ 17 مئی، 2023 کو تجزیہ کار بریکنگ کے دوران تبادلہ خیال اور پیش کیا گیا تھا۔ ہم نے مالی سال 2022 کی پہلی اور دوسری سہ ماہی کے دوران ہمارے محصولات کے اہداف کو متاثر کرنے والے عالمی سپلائی چین چیلنجز کو کامیابی سے حل کیا ہے۔ ہم غیر ملکی ایل سیز کے حوالے سے اسٹیٹ بینک آف پاکستان کے سازگار موقف کے بارے میں پر امید ہیں، جس سے مالی سال 2023ء کے لیے ہمارے کارپوریٹ اہداف کے حصول میں مدد ملے گی۔

مالی سال 2019ء، 2020ء اور 2021ء کے مقابلے میں کمپنی کی آمدنی میں اضافے کے ساتھ پورے مالی سال کے دوران مثبت رہنما برقرار رہا۔



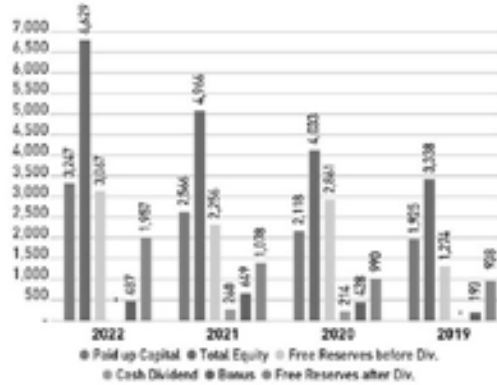
مجموعی منافع (Gross Profit):

حکومت پاکستان کی جانب سے آٹومیشن آلات اور متعلقہ مواد کی درآمد کی حوصلہ شکنی کے لیے اضافی ڈیوٹی اور ٹیکسز کے نفاذ کی وجہ سے ہم نے گزشتہ مالی سال کے مقابلے میں

بعد از تازہ کاری منافع کی تقسیم (Subsequent Appropriation):

ڈائریکٹرز نے کیش ڈیویڈنڈ 0 فیصد (2021: 10 فیصد) اور بونس شیئرز 15 فیصد (2021: 25 فیصد) تجویز کیا ہے۔ جس کی تفصیل درج ذیل ہے:

2021 (پانچ لاکھ روپے)	2022 (پانچ لاکھ روپے)	
1,087,163	2,443,958	منافع کی تقسیم کاری کے موجودہ نفاذ
(259,761)	-	تجزیہ کردہ کیش ڈیویڈنڈ 0 فیصد (2021: 10 فیصد)
(849,401)	(487,051)	تجزیہ کردہ بونس شیئرز 15 فیصد (2021: 25 فیصد)
1,078,001	1,956,907	منافع کی تقسیم کاری کے نفاذ (اس سال میں تعلق)



نی حصص آمدنی (Earning Per Share):

کمپنی کی نی حصص آمدنی میں گزشتہ پانچ سالوں کے دوران مثبت رہنما دیکھا گیا ہے جو تمام کاروباری شعبوں اور خطوں میں مستقل کارکردگی کی نشاندہی کرتا ہے اور اپنے صارفین سے ایل سی زکی عدم دستیابی اور بعد از اس آٹومیشن آلات اور متعلقہ مواد کی خریداری کے لئے ہمارے غیر ملکی وینڈرز (خاص طور پر ادائیگی ایگز پر) پر اسٹیٹ بینک آف پاکستان سے اپنے ایل سی زکی عدم منظوری کی وجہ سے پاکستانی کاروبار کی جانب سے ناقص کارکردگی کے علاوہ شیئرز ہولڈرز کی توقعات پر پورا اترتا ہے۔

نی حصص آمدنی (Consolidated EPS):

بنیادی کمائی فی کس شیئر بعد از ٹیکس کوئی مبلغ 6.07 روپے (2021: 4.84 روپے) ہے۔ (Restated)

نی حصص آمدنی (Standalone EPS):

بنیادی کمائی فی کس شیئر بعد از ٹیکس کوئی مبلغ 5.33 روپے (2021: 3.14 روپے) ہے۔ (Restated)

مالیاتی کارکردگی (Consolidated)

آمدنی (Revenue):

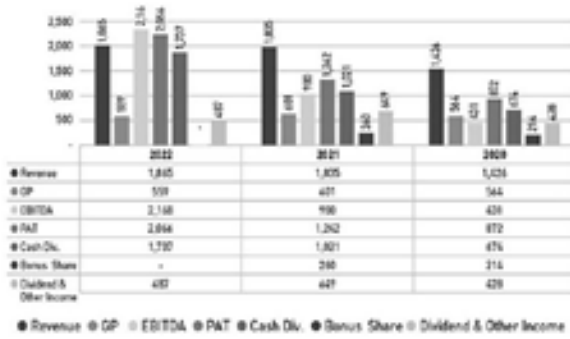
مالی سال کے دوران کمپنی کی آمدنی 9,538 روپے (42 ملین امریکی ڈالر) رہی جو

ڈائریکٹرز رپورٹ

اختتام 62.67 ملین امریکی ڈالر کے بہت مضبوط بیک لاگ کے ساتھ ہوا جو مالی سال 2023 کے کارپوریٹ مالیاتی اہداف کے لئے ایک اور مثبت رجحان کے اعداد و شمار کے لئے کافی بنیاد فراہم کرتا ہے۔

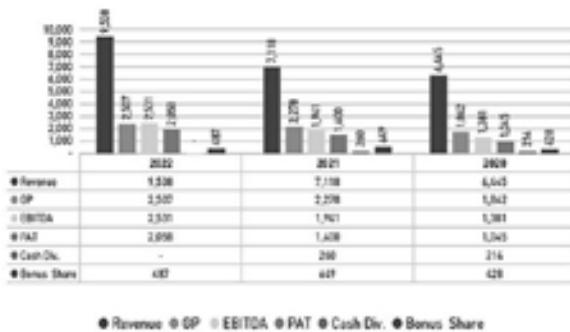
کاروباری نتائج (گروپ) (Operation Result Consolidated):

	موازنہ	2021 (روپے لاکھ)	2022 (روپے لاکھ)	
آمدن	34%	2,420,605	7,117,894	9,538,499
مناخف عمل درآمد	26%	454,299	1,758,705	2,213,004
مناخف بعد درآمد	29%	458,244	1,600,093	2,058,337



* اس میں (مالی سال 2022 میں 1,693 ملین روپے۔ مالی سال 2021 میں 494 ملین روپے) امریکی ڈالر اے ای ڈی، کیو اے آر اور ایس اے آر کے مقابلے میں روپے کی تیزی سے اور غیر متوقع قدر میں کمی کی وجہ سے غیر معمولی زرمبادلہ میں اضافہ شامل ہے۔ کاروباری نتائج (Operation Result Unconsolidated):

	موازنہ	2021 (روپے لاکھ)	2022 (روپے لاکھ)	
آمدن	2%	2,9311	1,835,213	1,864,524
مناخف عمل درآمد	61%	702,124	1,147,091	1,840,216
مناخف بعد درآمد	70%	715,704	1,021,110	1,736,815



* اس میں (مالی سال 2022 میں 1,546 ملین روپے۔ مالی سال 2021 میں 497 ملین روپے) امریکی ڈالر اے ای ڈی، کیو اے آر اور ایس اے آر کے مقابلے میں روپے کی قدر میں کمی کی وجہ سے غیر معمولی زرمبادلہ میں اضافہ شامل ہے۔

کمپنی کے ڈائریکٹرز انتہائی پرسرت طریقے سے کمپنی کے (Consolidated) اور (Standalone) آڈٹ کیے گئے اکاؤنٹس (آڈیٹری رپورٹ کے ساتھ) جو کہ مالی سال 31 دسمبر 2022 پر مشتمل ہیں پیش کرتے ہیں۔ پیش کردہ تمام مالیاتی اعداد و شمار اس سے متعلقہ گوشوارے اور تفصیلی نوٹس کمپنی کی انتظامیہ نے بین الاقوامی اصول و ضوابط کے تحت تیار کر لیے ہیں جو کہ مندرجہ ذیل ہیں:-

- 1۔ انہوں نے کمپنی کے روزمرہ کاروباری اور کمپنی کے معاملات اور بنیادی سرمائے کی تبدیلی کے تمام معاملات کو منصفانہ اور بلا جھجک بیان کیا ہے۔
 - 2۔ اصول و ضوابط کے مطابق مکمل حساب کتاب کاریکارڈ محفوظ رکھا جا رہا ہے۔
 - 3۔ مناسب اکاؤنٹنگ پالیسیوں کو اپنایا گیا ہے اور مالی بیانات کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں،
 - 4۔ مالی گوشواروں کی تیاری میں پاکستان میں لاگو تمام بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز اور فنانشل رپورٹنگ اسٹینڈرڈز پر عمل کیا گیا ہے اور وہاں سے کسی بھی روایتی کو مناسب طور پر ظاہر کیا گیا ہے۔
 - 5۔ اندرونی کنٹرول کا نظام ڈیزائن میں مضبوط ہے اور مؤثر طریقے سے نافذ اور نگرانی کی گئی ہے
 - 6۔ کمپنی کو اپنی قابلیت اسی طرح جاری رکھنے پر کوئی شک و شبہ نہیں ہے۔
 - 7۔ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں ہوا ہے، جیسا کہ پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز میں تفصیل سے بیان کیا گیا ہے۔
 - 8۔ اگر ٹیکسوں، ڈیوٹیوں، لیویز اور تہذیبوں کی وجہ سے کوئی قانونی ادائیگی واجب الادا ہو تو اس کی پختہ وضاحت اور وجوہات کے ساتھ رقم کا انکشاف کیا گیا ہے۔
- پاکستان میں کمپنیز آرڈیننس کی متعلقہ شقوں کے تحت تیار کردہ ڈائریکٹرز کی رپورٹ کمپنی کے 20 ویں سالانہ جنرل اجلاس میں مارکین کے سامنے پیش کی جائے گی جو پیر 29 مئی 2023 کو سپر 3:03 بجے نشاط ہاؤس، گیٹ نمبر 17، امپیریل ہال روم۔ بی، ایف پی ریم مال سے متصل ہے۔ عبدالحق روڈ، جوہر ٹاؤن، لاہور۔

رپورٹ:-

گزشتہ مالی سال کے مقابلے میں آرڈر جنریشن، آمدنی ٹیکس سے پہلے اور بعد میں منافع، ٹیکسڈ اخراجات پر کنٹرول (کارپوریٹ پلان کے مطابق)، لیگو بیڈی کا بہترین انتظام، انتہائی مسابقتی اخراجات پر کافی بینکاری سہولیات کی بحالی، ورکنگ کپیکلٹی کی بروقت ادائیگی اور وعدوں کے لحاظ سے کمپنی کی کارکردگی میں بہتری آئی۔ تمام کاروباری شعبوں نے اب تک کے اعلیٰ اعداد و شمار کے ساتھ آرڈر جنریشن کے لحاظ سے اچھی کارکردگی کا مظاہرہ کیا۔ آمدنی اور خالص منافع میں متوقع رفتار کے ساتھ اضافہ ہوا جیسا کہ گزشتہ سال ڈائریکٹرز رپورٹ اور تجزیہ کاروں کی بریکنگ میں اجاگر کیا گیا ہے۔ مالی سال 2022 کا

نوٹس برائے سالانہ بیسواں اجلاس عام

کاروائی کی نوٹس :-

Sr. No.	Particulars	Relevant Information
1	Detail of assets to be sold, leased or disposed of shall include the following:	
(i)	Description/Name of asset	a) 25.0656% of the Limited Partnership Percentage Interest (the "Partnership Interest"), in, Avanceon LP, a Pennsylvania USA limited Partnership. b) 25.0656% Percentage Interest in GP (the "GP Interest,")
(ii)	Acquisition date of the asset	01 February 2007
(iii)	Cost	USD 5,435,113 (net realizable cost)
(iv)	Revalued amount and date of revaluation (if applicable)	Not Applicable
(v)	Book value	USD 5,435,113 (the book value consists of investment which is executed by the holding company Avanceon FZE, Dubai, UAE)
(vi)	Approximate current market price/fair value	USD 1,500,000/- (US Dollars One Million and Five Hundred Thousand Only).
(vii)	In case of sale, if the expected sale price is lower than book value or fair value, then the reasons thereof	The consideration received consist of two things: a) USD 1,500,000/- cash to Octopus Digital Inc. Pennsylvania USA (formerly Engro Innovative, Inc.), is a "Special Purpose Vehicle company" (SPV). b) The transfer of rights of trademark and/or service mark/brand "AVANCEON" to the holding company Avanceon FZE, Dubai, UAE, in the territories forming part of the world other than United States, Canada or Mexico ("North America") which is valued approximately USD 16m.
2	The proposed manner of disposal of the said assets	Withdrawal of 25.0656% interest in both "Avanceon LP" and "Avanceon GP" under an agreement and transfer of the consideration.
3	In case the company has identified a buyer, who is a related party the fact shall be disclosed in the statement of material facts	Not Applicable
4	Purpose of the sale, lease or disposal of assets along with following details:	
(a)	Utilization of the proceeds received from the transaction	Expansion in United States under the name and style of Octopus Digital Inc. for the digital drive.
(b)	Effect on operational capacity of the company, if any	No major effect on the capacity of the group as the group plan to relaunch / re-initiate the digital drive under the name and style of Octopus Digital Inc.
(c)	Quantitative and qualitative benefits expected to accrue to the members	a. One Million Five Hundred Thousand Dollars (\$1,500,000) to Octopus Digital Inc. Pennsylvania USA (formerly Engro Innovative, Inc.), is a "Special Purpose Vehicle company" (SPV).and, b. The transfer of rights of trademark and/or service mark/brand "AVANCEON" to the holding company "Avanceon FZE, Dubai, UAE", in the territories forming part of the world other than United States, Canada or Mexico ("North America").

۲۔ کمپنیز ایکٹ 2017ء کی سیکشن (3) 134 کے تحت تمام دستاویزات بشمول ایجنڈا اور قرارداد کمپنی کے رجسٹرڈ آفس میں دفتری اوقات میں جانچ کے لیے موجود

ہیں۔

- ۲۔ حصص یافتگان جو کہ CDC میں رجسٹر ہیں ان سے درخواست کی جاتی ہے کہ وہ اپنا آئی ڈی نمبر اور اکاؤنٹ نمبر جو کہ CDC میں ہے، مہیا کریں۔
- ۳۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹران اپنے ٹرسٹیز کی قرارداد/مختار نامہ بمعہ نامزد کیے گئے شخص کے دستخط نمونہ پیش کریں۔

پراکسی کی تقرری کیلئے:-

- ۱۔ انفرادی فرد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور زیادہ افراد جسکی سکیورٹی گروپ اکاؤنٹ میں ہوں اور انکی رجسٹریشن کی تفصیلات قوانین کے مطابق جمع کروائی گئی ہوں، پراکسی فارم مکمل اور صحیح طور پر تصدیق شدہ ہو جمع کروانا ہونگے۔
- ۲۔ پراکسی فارم پر دو اشخاص گواہ ہونے چاہئیں جنکے نام، پتہ جات، شناختی کارڈ نمبر پراکسی فارم پر لکھے ہوں۔
- ۳۔ حصص یافتگان اور پراکسی کے درست شناختی کارڈ یا فائدہ مند مالکان کے پاسپورٹ کی تصدیق شدہ کاپیاں پراکسی فارم کے ساتھ مہیا کریں۔
- ۴۔ پراکسی اپنا شناختی کارڈ یا پاسپورٹ اجلاس کے وقت یا آن لائن رجسٹریشن کے وقت پیش کرے۔
- ۵۔ کارپوریٹ شناخت کی صورت میں مختار عام بورڈ آف ڈائریکٹران کارپوزیشن نامزد کیے گئے شخص کے دستخط نمونہ جات کے ساتھ اجلاس کے وقت یا آن لائن رجسٹریشن کے وقت پیش کرے۔

بیانات برمطابق کمپنی ایکٹ، 2017، سیکشن 134(3) اور SRO (I) 423/2018 بتاریخ 03 اپریل 2018:-

- ۱۔ ایپریل 2018 سے سالانہ بیسواں اجلاس عام مورخہ 29 مئی 2023ء کو منعقد ہوگا کے نوٹس کیساتھ منسلک بیانات جس میں کچھ خصوصی کاروباری ابتدائی معلومات کو فراہم کرنا ہے۔

کارروائی کی چھٹی حق:-

ٹیکنالوجی میں پیشرفت کے زیادہ سے زیادہ استعمال کو مد نظر رکھتے ہوئے اور ماحولیات اور پائیداری کے لیے کمپنی کی کارپوریٹ سماجی ذمہ داری کو پورا کرنے کے لیے اور 2023/ (I) 389 S.R.O بتاریخ 21 مارچ 2023ء کے مطابق سالانہ مالیاتی گوشوارے اور نفع و نقصان اکاؤنٹ، آڈیٹر کی رپورٹ اور ڈائریکٹرز کی رپورٹ، وغیرہ ("سالانہ آڈٹ شدہ مالیاتی گوشوارے") QR فعال کوڈ اور ویب لنک کے ذریعے کمپنی کے ممبران تک پہنچایا جائے گا۔

کارروائی کی ساتویں حق:-

کمپنیز (Further Issue of Shares) ریگولیشنز، 2020ء کے ضابطہ نمبر 7(1)v(a) کے تحت ایک علیحدہ خصوصی قرارداد منظور کی جا رہی ہے، تاکہ کمپنی اور/یا اس کی ذیلی کمپنی کمپنیز کے اہل شناخت شدہ ملازمین کو ایپلائنڈ اسٹاک آپشن اسکیم 2022ء کے تحت آپشن گرانٹ کی جاسکیں گی۔

کارروائی کی آٹھواں حق:-

ایپلائنڈ اسٹاک آپشن اسکیم 2022ء کی حق 1.1، تخریج اور حق 7.1 "آپشنز کی گرانٹ" میں ترمیم کی گئی ہے تاکہ کمپنی اور/یا اس کی ذیلی کمپنی کمپنیز کے ملازمین کو آپشنز گرانٹ کی جاسکیں گی۔

"Eligible Employee: Means:

a) A full-time regular employee who is on the payroll of the company and/or its subsidiary company (ies) as an employee, (and who is admitted in the scheme by the Board).

b) the Chief Executive officer of the company, and Executive Director who is on the payroll of the Company."

مزید قرار پایا کہ ایپلائنڈ اسٹاک آپشن اسکیم 2022ء کی شق 7.1 میں ترمیم کی جاتی ہے اور اسے حسب ذیل پڑھا جائے:

"The grant of option to eligible identified employees in any one year equal to or over 1% of the paid-up capital of the company (as increase from time to time excluding outstanding conversions) shall require a separate resolution of the shareholders of the company.

It is also clarified that the committee, in its discretion may grant options to Eligible Employees including those presently in employment of the Company and/or its subsidiary Company(ies) and those who join in the future. Whether further options are to be granted to any such employee who has already been granted Option in any one year will also be in the discretion of the committee."

9۔ غور کرنے اور مناسب سمجھے جانے پر، کمپنیز ایکٹ، 2017ء کے سیکشن 183 کے مطابق اور تمام منظور یوں اور رضامندیوں کے ساتھ، جیسا کہ قانون کے تحت ضروری ہے، Octopus Digital Inc. Pennsylvania USA (formerly Engro Innovative, Inc.)، جو کے ایک "خصوصی مقاصد کی کمپنی ہے" (انوسٹ کمپنی)، جو کے Avanceon FZE Dubai UAE کی مکمل ملکیتی ذیلی کمپنی ہے، جو کہ حتمی طور پر Avanceon LP, a Pennsylvania USA limited Partnership کی مکمل ملکیتی ذیلی کمپنی ہے، جو کے "کمپنی" میں 25.0656% کے پارٹنرشپ انٹرسٹ کی مالک ہے اور اسی طرح سے GP میں 25.0656% کے پارٹنرشپ انٹرسٹ کی مالک ہے۔ کمپنی اور "GP" سے اپنے حصہ سے دستبردار ہوتی ہے، فروخت کرتی ہے، منتقل، اور تقویض کرتی ہے۔

بعوض مندرجہ ذیل:

(1) ایک ملین پانچ سو ہزار ڈالر (\$1,500,000) جو کے Octopus Digital Inc. Pennsylvania USA (formerly Engro Innovative, Inc.)، is a "Special Purpose Vehicle company" (SPV) کو ادا ہو گے اور،

ب) ٹریڈ مارک اور/یا سرورس مارک/برانڈ "AVANCEON" کے حقوق "Avanceon FZE Dubai UAE" کو ریاستہائے متحدہ امریکا، کینیڈا یا میکسیکو کے علاوہ بھلا یہ تمام دنیا کے حصے میں منتقل کیے جائیں گے۔

"Eligible Employee: Means:

a) A full-time regular employee who is on the payroll of the company and/or its subsidiary company (ies) as an employee, (and who is admitted in the scheme by the Board).

b) the Chief Executive officer of the company, and Executive Director who is on the payroll of the Company."

مزید قرار پایا کہ ایسپلائز اسٹاک آپشن اسکیم 2022ء کی شق 7.1 میں ترمیم کی جاتی ہے اور اسے حسب ذیل پڑھا جائے:

"The grant of option to eligible identified employees in any one year equal to or over 1% of the paid-up capital of the company (as increase from time to time excluding outstanding conversions) shall require a separate resolution of the shareholders of the company.

It is also clarified that the committee, in its discretion may grant options to Eligible Employees including those presently in employment of the Company and/or its subsidiary Company(ies) and those who join in the future. Whether further options are to be granted to any such employee who has already been granted Option in any one year will also be in the discretion of the committee."

9۔ غور کرنے اور مناسب سمجھے جانے پر، کمپنیز ایکٹ، 2017ء کے سیکشن 183 کے مطابق اور تمام منظور یوں اور رضامندیوں کے ساتھ، جیسا کہ قانون کے تحت ضروری ہے، Octopus Digital Inc. Pennsylvania USA (formerly Engro Innovative, Inc.)، جو کہ ایک "خصوصی مقاصد کی کمپنی ہے" (انوسٹ کمپنی)، جو کہ Avanceon FZE Dubai UAE کی مکمل ملکیتی ذیلی کمپنی ہے، جو کہ حتمی طور پر Avanceon LP, a Pennsylvania USA limited Partnership کی مکمل ملکیتی ذیلی کمپنی ہے، جو کہ "کمپنی" میں 25.0656% کے پارٹنرشپ انٹرسٹ کی مالک ہے اور اسی طرح سے GP میں 25.0656% کے پارٹنرشپ انٹرسٹ کی مالک ہے۔ کمپنی اور "GP" سے اپنے حصہ سے دستبردار ہوتی ہے، فروخت کرتی ہے، منتقل، اور تقویض کرتی ہے۔

بعوض مندرجہ ذیل:

(1) ایک ملین پانچ سو ہزار ڈالر (\$1,500,000) کے Octopus Digital Inc. Pennsylvania USA (formerly Engro Innovative, Inc.)، جو کہ "Special Purpose Vehicle" (SPV) Innovative, Inc.)، is a "Special Purpose Vehicle" کو ادا ہو گے اور،

ب) ٹریڈ مارک اور/یا سرورس مارک/برانڈ "AVANCEON" کے حقوق "Avanceon FZE Dubai UAE" کو ریاستہائے متحدہ امریکا، کینیڈا یا میکسیکو کے علاوہ بھلائی تمام دنیا کے حصے میں منتقل کیے جائیں گے۔

نوٹس برائے سالانہ بیسواں اجلاس عام

B۔ خصوصی کاروباری امور:-

6۔ غور کرنے اور مناسب سمجھے جانے پر منظور کرنا کہ، 389 S.R.O/(I)2023/ بتاریخ 21 مارچ 2023ء کے مطابق سالانہ مالیاتی گوشوارے اور نفع و نقصان کے اکاؤنٹ، آڈیٹر کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ ("سالانہ آڈٹ شدہ مالیاتی گوشوارے") QR فعال کوڈ اور ویب لنک کے ذریعے اراکین کو ارسال کرنا اور مندرجہ ذیل قرارداد منظور کرنا:

"قرارداد پاپا کہ 389 S.R.O/(I)2023/ بتاریخ 21 مارچ 2023ء اور کمپنیز ایکٹ، 2017ء کے سیکشن 223(6) کے تحت، سالانہ مالیاتی گوشوارے اور نفع و نقصان کا اکاؤنٹ، آڈیٹر کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ ("سالانہ آڈٹ شدہ مالیاتی گوشوارے") QR فعال کوڈ اور ویب لنک کے ذریعے کمپنی کے ممبران تک پہنچایا جائے گا"

7۔ غور کرنے اور مناسب سمجھے جانے پر، "Avanceon Limited Employee Stock Option Scheme 2022" کے متعلق مندرجہ ذیل قراردادوں کو خصوصی قراردادوں کے طور پر، کسی ترمیم کے ساتھ یا اس کے بغیر، منظور کرنا:

قرارداد پاپا کہ کمپنیز (Further Issue of Shares) ریگولیشنز، 2020ء کے تحت، آپشنز کی گرانٹ کمپنی کے جاری کردہ یا ادا شدہ سرمائے (جو کہ آپشنز کی گرانٹ کے وقت) کے ایک فیصد کے برابر یا اس سے زیادہ (1%) شناخت شدہ ملازمین کو دیے جاسکتے ہیں۔

مزید قرارداد پاپا کہ، کمپنیز (Further Issue of Shares) ریگولیشنز، 2020ء کے تحت کمپنی اور یا ذیلی اداروں کے کسی بھی ملازم کو آپشنز کی گرانٹ دی جاسکتی ہیں۔

مزید قرارداد پاپا کہ، کمپنی کے چیف ایگزیکٹو آفیسر اور یا کمپنی سیکرٹری مشترکہ طور پر اور یا الگ الگ، کسی بھی دستاویز پر عمل درآمد کرنے اور مجوزہ قرارداد کو عملی جامہ پہنانے کے لیے تمام ضروری اقدامات کرنے کے لیے اختیار دیا جاتا ہے۔

8۔ غور کرنے اور مناسب سمجھے جانے پر، "Avanceon Limited Employee Stock Option Scheme 2022" کے متعلق مندرجہ ذیل قراردادوں کو خصوصی قراردادوں کے طور پر، کسی ترمیم کے ساتھ یا اس کے بغیر، منظور کرنا:

قرارداد پاپا کہ، کمپنیز (Further Issue of Shares) ریگولیشنز، 2020ء کے ضابطہ نمبر 7(1) کی شق v(a) اور شق viii کے تحت، ایپلائنڈ اسٹاک آپشن اسکیم 2022ء میں درج ذیل ترمیم کی جاتی ہے:

قرارداد پاپا کہ ایپلائنڈ اسٹاک آپشن اسکیم 2022ء، شق 1.1، اہل ملازم کی تشریح/ترمیم کی جاتی ہے اور اسے حسب ذیل پڑھا جائے

نوٹس برائے سالانہ بیسواں اجلاس عام

اطلاع دی جاتی ہے کہ ایسیون لمیٹڈ "کمپنی" کا سالانہ بیسواں اجلاس عام مورخہ 29 مئی 2023ء بروز پیر 3:30 بجے بمقام نشاط ہوٹل، گیٹ نمبر 7، امیریل ہال روم۔ بی، ایچ پی ریٹیم مال، ملحق عبدالحق روڈ، جوہر ٹاؤن، لاہور سے مندرجہ ذیل کاروباری امور کو انجام دینے کیلئے منعقد ہوگا۔

1۔ عمومی کاروباری امور:-

1۔ تفصیلات کی منظوری (Minutes of the Meeting) جو کہ سالانہ بیسواں اجلاس عام بتاریخ 29 اپریل 2022ء کو منعقد ہوا تھا۔

2۔ 31 دسمبر 2022ء کو ختم ہونے والے کمپنی کے مالی سال کے آڈٹ شدہ مالیاتی گوشوارے، چیئرمین کا جائزہ، ڈائریکٹران اور آڈیٹرز کی رپورٹس وصول کرنا اور غور کرنا اور انہیں اختیار کرنا۔

کمپنیز ایکٹ 2017ء کے سیکشن (7) 223 کے تحت، کمپنی کے مالیاتی گوشوارے کمپنی کی ویب سائٹ پر اپ لوڈ کر دیے گئے ہیں جنہیں درج ذیل لنک سے ڈاؤن لوڈ کیا جاسکتا ہے۔



<https://www.avanceon.ae/investor-information/>

3۔ کمپنی کے آڈیٹرز کو مقرر کرنا اور اس کا معاوضہ طے کرنا۔ حصص یافتگان کو اطلاع دی جاتی ہے کہ کمپنی کی بورڈ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹران نے ریٹائر ہونے والے آڈیٹرز BDO Ebrahim & Co. چارٹرڈ اکاؤنٹنٹس کا نام آئندہ مالی سال 31 دسمبر 2023ء کیلئے کمپنی کے آڈیٹرز کی تقرری کیلئے تجویز کیا ہے۔

4۔ بونس حصص بحساب 15% پر غور و خوض اور منظوری دینا، جیسا کہ کمپنی کے بورڈ آف ڈائریکٹران نے کمپنی کے حصص یافتگان کیلئے سفارش کی ہے اور مندرجہ ذیل قرار و منظور کرنا:-

قرار پایا جاتا ہے کہ عام حصص جن کی بنیادی قیمت 10/- روپے فی حص کے حساب سے ہے بطور بونس حصص اور مذکورہ حصص مکمل ادا شدہ عام حصص کے مطابق کمپنی کے حصص یافتگان کو جاری کیے جائیں گے، جن کا نام کمپنی کے شیئر رجسٹر میں مورخہ 19 مئی 2023ء بروز جمعہ کو ظاہر ہوگا۔ ان بونس حصص کا تناسب ہر 100 حصص پر 15 حصص کے حساب سے ہوگا یعنی 15%۔ ایسے بونس حصص ڈیویڈنڈ کی ترسیل اور تمام امور میں عام حصص کے قانونی مساوی ہونگے۔

مزید قرار پایا جاتا ہے کہ حصص یافتگان کے کسری استحقاق کو مکمل حصص میں اکٹھا کر کے اسٹاک مارکیٹ میں فروخت کیا جائے گا اور اس سے حاصل شدہ رقم کسی فلاحی ادارے کو عطیہ کی جائے گی۔

5۔ 29 مئی 2023ء سے شروع ہونے والی اگلی 03 (تین) سالہ مدت کیلئے کمپنی کے 07 (سات) ڈائریکٹران کا انتخاب کرنا۔ ریٹائر ہونے والے ڈائریکٹران کے نام مندرجہ ذیل ہیں۔

1۔ جناب خالد حمید وائس۔ 2۔ جناب بختیار حمید وائس۔ 3۔ جناب عامر وحید وائس۔ 4۔ جناب تنویر کرامت۔ 5۔ جناب محمد شاہد میر۔ 6۔ جناب عمر اقبال خان۔ 7۔ محترمہ جناب درویش

پراسیکی فارم

نوٹس برائے سالانہ جنیواں اجلاس عام

میں اہم _____
 ساکن _____ بطور اوضیح ان لمینڈ
 رکن و حامل _____ عام حصص برطانیہ شیئرز جسٹڈ
 فولیو نمبر _____ اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور
 ذیلی کھاتہ نمبر _____ ساکن _____ یا بصورت دیگر
 ساکن _____ کو اپنی جگہ مورخہ 29 مئی
 2023ء منعقد یا متوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کیلئے اپنا نامکندہ مقرر کرتا ہوں۔

دستخط تاریخ _____ 2023ء

گواہان:-

براہ کرم ہانچ روپے
 مالیت کے ریونڈنگ
 چسپاں کریں

دستخط

دستخط کھنی میں درج نمونہ کے
 مطابق ہونے چاہئیں

- 1 دستخط: _____
 نام: _____
 پتہ: _____
 قومی شناختی کارڈ یا پاسپورٹ نمبر: _____
- 2 دستخط: _____
 نام: _____
 پتہ: _____
 قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

نوٹ: پراسیکیور کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کھنی کو موصول ہوں۔ نیابت دار کا کھنی کارکن ہونا ضروری نہیں ہے۔ سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے اتنا سا ہے کہ وہ اپنے کہیں براؤزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراسیکیور کے ساتھ کھنی میں جمع کروائیں۔



Form of Proxy
20th Annual General Meeting of Avanceon Limited

I/We _____
of _____
being a member of Avanceon Limited and holder of _____ ordinary shares as
per share Register Folio (Number of Shares) No _____ and / or CDC
Participant ID No. _____ and Sub
Account No. _____ hereby appoint _____ of
_____ or
failing him _____ of _____ as
my/our proxy to vote for me/us and on my/our behalf at the 20th Annual General Meeting of the company to
be held on the **29th day of May 2023** and at any adjournment thereof.

Signed this _____ day of _____ 2023

Witnesses:

1) **Signature:** _____
Name : _____
Address : _____

CNIC or: _____
Passport : _____

Signature on Rs. 5/- Revenue Stamp

Signature
Signature should agree with the
specimen registered with the company

2) **Signature:** _____
Name : _____
Address : _____

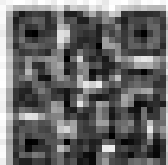
3) CNIC or: _____
Passport : _____

Note:

Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.





FOR MORE ON

AVANCEON

CONSTRUCTION SOFTWARE

Specialty Solutions

The Best Solution For:
The Trade Contractors Seeking
The Most Value From Their
People, Time, Tools, Money
More... Call Us Today!

Global Features

Enterprise Level Capabilities
Efficiency, Better Cost
Control, Risk Mitigation
More... Call Us Today!

