

Your Partner in

Digital Transformation

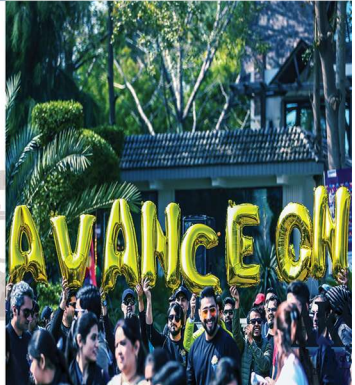
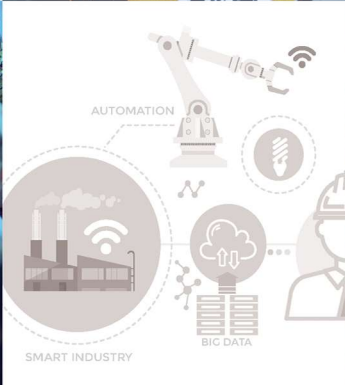
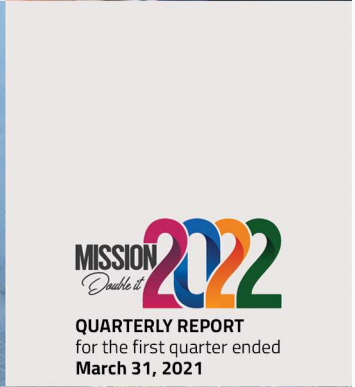
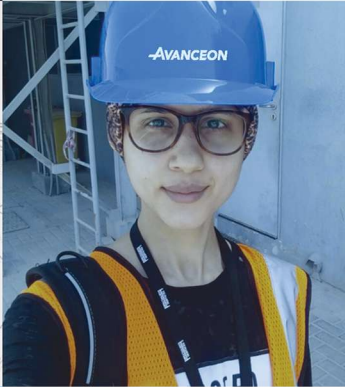
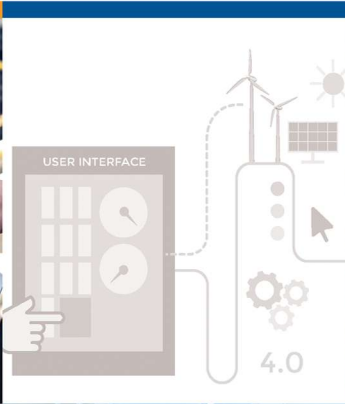


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Company Information

Directors

Khalid Hameed Wain	Director / Chairman
Bakhtiar Hameed Wain	Director / Chief Executive Officer
Tanveer Karamat	Director / Chief Operating Officer
Amir Waheed Wain	Director
Hanan Darwish	Director
Omer Iqbal Khan	Director
Umar Ahsan Khan	Director

Saeed Ullah Khan Niazi	Chief Financial Officer
Ahsan Khalil (ACA-FPFA)	Company Secretary

Audit Committee

M. Shahid Mir	Chairman
Amir Waheed Wain	Member
Bakhtiar Waheed Wain	Member

Human Resource & Remuneration Committee

M. Shahid Mir	Chairman
Bakhtiar Hameed Wain	Member
Khalid Hameed Wain	Member

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

Chima & Ibrahim

Web Presence

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

Bankers

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

Share Registrar

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Trade Mark

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Interim Director's Report

The Directors of the company take pleasure in presenting their first quarter report together with the Company's unaudited interim condensed standalone and consolidated financial statements for the first quarter ended March 31, 2021.

(Rupees in '000)	For the first quarter ended March 31, 2021	2020
Operating results (consolidated)		
Revenues	1,279,082	968,406
Profit before tax	259,782	387,111
Provision for taxation	(14,951)	(2,146)
Profit after taxation	244,831	384,965
Operating results (standalone)		
Revenues	385,104	282,148
Profit before tax	288,338	284,532
Provision for taxation	(8,816)	(2,146)
Profit after taxation	279,522	282,385

Earnings per share (consolidated) for the first quarter ended March 31, 2021

The basic earnings per share after tax is Rs. 1.14 (2020: Rs. 1.80, restated)

Earnings per share (standalone) for the first quarter ended March 31, 2021

The basic earnings per share after tax is Rs. 1.31 (2020: Rs. 1.32 restated)

As per above operating financial results of the company for the first quarter ended March 31, 2021, revenues remained on positive side as per corporate plan and expectations with 32% and 36% increased at group level and standalone level respectively, which shows the results are in right direction to achieve corporate plan for FY 2021. but the net profits should be much more but affected mainly due to exchange loss of PKR 78m on translation of inter-company balances caused by appreciation of PKR on USD. Management is confident to achieve the targeted corporate plan for revenues and net profit after tax for the financial year 2021. We are expecting more recovery of earnings in remaining last quarter of financial year 2021, historically, our revenues and profits remain on lower side in first quarter, get start momentum in 2nd quarter and major portion of revenue of orders start getting recognized in 3rd and 4th quarter of

each financial year due to business cycle which is being observed from many financials years, currently, we have strong portfolio of orders in hand and in the pipeline for Pakistan, UAE, Qatar, Saudi Arabia (KSA) and also the newly incorporated subsidiary M/S Octopus Digital Limited shall also contribute in revenues and profits with positive numbers in upcoming quarters

Communication

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

For and on behalf of the
BOARD OF DIRECTORS



Bakhtiar Hameed Wain
Chief Executive Officer

April 26, 2021
Lahore, Pakistan.

Avanceon

**Condensed Standalone
Interim Financial Statements**
for the first quarter ended March 31, 2021

Condensed Statement of Financial Position

as at March 31, 2021

(Rupees in '000)	Note	Un-audited March 31, 2021	Audited December 31, 2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
250,000,000 (2020: 250,000,000)			
ordinary shares of Rs. 10 each		2,500,000	2,500,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
213,827,798 (2020: 211,790,006)			
ordinary shares of Rs. 10 each		2,138,278	2,117,900
CAPITAL RESERVES			
Share Premium		144,189	138,384
Employees' share compensation reserve		74,270	74,270
Surplus on revaluation of property, plant & equipment		241,522	241,827
		459,981	454,481
REVENUE RESERVES			
Un-appropriated profit		3,066,239	2,786,411
		5,664,498	5,358,793
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		11,174	17,460
Long Term Loan		23,551	23,551
Deferred Grant		30	518
		34,755	41,529
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		20,983	20,983
Current portion of long term loan		25,911	25,911
Current portion of Deferred Grant		1,218	1,218
Finances under mark up arrangements and other credit facilities - secured		385,767	419,006
Contract Liabilities		70,743	82,176
Unclaimed / Unpaid Dividend		1,625	1,665
Creditors, accrued and other liabilities		684,768	714,119
		1,191,015	1,265,077
CONTINGENCIES AND COMMITMENTS			
	5		
		6,890,267	6,665,399

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

(Rupees in '000)	Note	Un-audited March 31, 2021	Audited December 31, 2020
ASSETS			
NON CURRENT ASSETS			
Property and equipment		367,933	379,281
Intangible Assets		-	-
Long term investments		4,100,490	4,218,820
Deferred tax Asset		57,450	57,450
Long term loans and deposits		2,022	2,072
		4,527,895	4,657,624
CURRENT ASSETS			
Stock in trade		42,723	39,984
Trade debts		1,042,443	967,810
Advances, deposits, prepayments and other receivables		1,039,279	742,658
Contract Assets		197,886	187,931
Short term Investments		2,955	2,955
Cash and bank balances		37,087	66,438
		2,362,372	2,007,776
		6,890,267	6,665,399


 Director
 Taveer Karamat

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

for the first quarter ended March 31, 2021

(Rupees in '000)	Note	Un-audited March 31, 2021	Un-audited March 31, 2020
Revenues		385,104	282,148
Cost of revenue		(234,891)	(172,294)
Gross profit / (Loss)		150,213	109,854
Administrative and selling expenses		(41,589)	(35,824)
Other operating charges	3	(79,277)	(923)
Other operating income	4	266,479	224,749
		145,614	188,002
Profit / (Loss) from operations		295,827	297,856
Finance costs		(7,489)	(13,324)
Profit / (Loss) before tax		288,338	284,532
Taxation		(8,816)	(2,146)
Profit / (Loss) for the period		279,522	282,385
Earnings/(Loss) per share - basic		1.31	Restated 1.32
Earnings/(Loss) per share - diluted		1.28	1.29

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the first quarter ended March 31, 2021

(Rupees in '000)	Un-audited March 31, 2021	Un-audited March 31, 2020
Profit /(loss) for the period	279,522	282,385
Other comprehensive income		
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets for the period- net of tax	(306)	-
Deferred tax on revaluation surplus due to reduction in tax rate	-	-
Total comprehensive income / (loss) for the period	279,216	282,385

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

Condensed Interim Statement of Cash Flows (Un-audited)

for the first quarter ended March 31, 2021

(Rupees in '000)	Un-audited March 31, 2021	Un-audited March 31, 2020
Cash flows from operating activities		
Profit / (loss) before tax	288,338	284,532
Adjustments for:		
Depreciation on property, plant and equipment	9,492	8,400
Exchange gain (gain)/loss	78,113	(381,216)
Unrealised gain/(loss) on short term investments	-	502
Finance cost	7,489	13,324
Income on bank deposits	(199)	(127)
	94,894	(359,117)
Profit before working capital changes	383,232	(74,585)
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	(2,739)	(18,388)
- Trade debts	(174,133)	158,611
- Advances, deposits, prepayments and other receivables	(292,633)	4,884
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	60,856	(20,183)
	(408,650)	124,924
Cash generated from operations	(25,417)	50,338



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

Condensed Interim Statement of Cash Flows (Un-audited)

for the first quarter ended March 31, 2021

(Rupees in '000)	Un-audited March 31, 2021	Un-audited March 31, 2020
Cash generated from operations	(25,417)	50,338
Finance cost paid	(6,799)	(21,200)
Taxes paid	(12,804)	(11,149)
Net cash from operating activities	(45,020)	17,989
Cash flows from investing activities		
Purchase of property, plant and equipment	1,857	(9,477)
Short term investmnets	-	1
Profit on bank deposit	199	127
Net change in long term advances and deposits	50	282
Net cash generated from / (used in) investing activities	2,106	(9,068)
Cash flows from financing activities		
Long term loan	(488)	(1,579)
Share issuance	20,378	-
Dividend	(40)	-
Lease	(6,286)	(6,635)
Net cash used in financing activities	13,564	(8,214)
Net increase/(decrease) in cash and cash equivalents	(29,351)	707
Cash and cash equivalents at the beginning of period	66,438	17,675
Cash and cash equivalents at the end of period	37,087	18,382

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


 Director
 Taveer Karamat

Condensed Statement of Changes in Equity (Un-audited)

for the first quarter ended March 31, 2021

	CAPITAL RESERVES				REVENUE RESERVES	Total
	Share Capital	Share Premium	Employees' share compensation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)	
(Rupees in '000)						
Balance as on January 01, 2020	1,925,364	138,384	53,862	209,721	1,220,393	3,547,725
Profit for the period	-	-	-	-	282,385	282,385
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	282,385	282,385
Balance as on March 31, 2020	1,925,364	138,384	53,862	209,721	1,502,778	3,830,110
Profit for the period	-	-	-	-	391,455	391,455
Other comprehensive income	-	-	-	32,821	-	32,821
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	(715)	715	-
	-	-	-	32,107	392,170	424,276
Gain on transfer of business to Octopus Digital Limited	-	-	-	-	1,084,000	1,084,000
Bonus Share Issue @ 10%	192,536	-	-	-	(192,536)	-
Employee Share Option Reserve	-	-	20,408	-	-	20,408
	192,536	-	20,408	-	(192,536)	20,408
Balance as on December 31, 2020	2,117,900	138,384	74,270	241,828	2,786,411	5,358,793
Profit for the period	-	-	-	-	279,522	279,522
Other comprehensive income	-	-	-	-	-	-
Issuance of bonus shares	20,378	5,805	-	-	-	26,183
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	(306)	306	-
	20,378	5,805	-	(306)	279,827	305,704
Balance as on March 31, 2021	2,138,278	144,189	74,270	241,522	3,066,239	5,664,498

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

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

for the first quarter ended March 31, 2021

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 31 March 2008 under the 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. Following are the business units of the Company along with their respective locations:

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

During the year the Company sold its After Market Support (AMS) segment to Octopus Digital Limited (ODL), a subsidiary. Under the Business Arrangement Contract dated 08 December 2020 between the Company and ODL, the Company transferred entire business of AMS segment along with existing customer contacts against consideration of Rs. 1,084 million settled through issuance of 108,400,000 ordinary shares of Rs. 10/- each by ODL.

Impact of COVID-19 on the unconsolidated financial statements

The World Health Organization declared COVID-19 a global pandemic on 11 March 2020. Accordingly, on 20 March 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. The outbreak of COVID-19 has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts.

The Company's management is fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation.

The management has assessed the impact of the COVID-19 on the financial statements and concluded that, as the Company is operating in the technology sector its financial performance was not adversely impacted during COVID-19. There is no material financial impact of COVID-19 on the carrying amounts of assets, liabilities, income or expenses which required specific disclosures.

2. Basis of preparation

2.1 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:

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

for the first quarter ended March 31, 2021

International Financial Reporting Standards (IFRSs Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.

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) separate financial statements of the Company in which investments in subsidiaries have been carried at cost, consolidated financial statements have been presented separately.

2.2 Standards, Interpretations and amendments to published approved accounting standards

2.2.1 New and amended standards and interpretations, and improvements

During the year certain amendments to standards became effective. However, the amendments or interpretations did not have any material effect on the financial statements of the Company.

Standard or Interpretation		Effective date (annual periods Beginning on or after)
IFRS 3	Business Combinations - Definition of a Business (Amendments)	January 01, 2020
IFRS 7 & IFRS 9	Financial instruments - Amendments regarding pre-replacement issues in the context of the interest rate benchmark reform (IBOR)	January 01, 2020
IAS 1 & IAS 8	Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)	January 01, 2020
IFRS 16	Covid-19-Related Rent Concessions (Amendment to IFRS 16)	June 01, 2020
IFRS 14	Regulatory Deferral Accounts - Original issue	July 01, 2019

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the financial statements.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies

based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

2.2.2 Amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Company:

Standard and IFRIC	Effective date (annual periods Beginning on or after)
IFRS 7 & IFRS 9 Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 01, 2021
IFRS 3 Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	January 01, 2022
IAS 16 Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 01, 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.	January 01, 2022
IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	January 01, 2023
IFRS 10& IAS 28 Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized

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

for the first quarter ended March 31, 2021

The Company expects that the adoption of the above standards and amendments will have no material effect on the Company's financial statements.

In addition to the above new standards and amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022:

IFRS 1	First-time Adoption of International Financial Reporting Standards: Subsidiary as a first-time adopter – The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
IFRS 9	Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.
IFRS 16	Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.
IAS 41	Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		Effective date (annual periods Beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

(Rupees in '000)	Un-audited March 31, 2021	Un-audited March 31, 2020
3. Other operating charges		
Donations	1,164	923
Exchange Loss	78,113	-
	79,277	923
4. Other operating income		
Income on bank deposits	199	127
Exchange gain	-	225,124
Capital Gain/Loss	-	(502)
Amortization of deferred grant	487	-
Dividend Income	261,120	-
Others	4,673	-
	266,479	224,749

5. Contingencies and commitments

5.1 Contingencies

- (i) There are no contingencies to report as at March 31, 2021 (2020: Nil)

5.2 Commitments

- (i) Bank guarantees issued amounting to Rs.24.68 million (2020: Rs. 23.168 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.35.46 million (2020: 47.76) which relates to import acceptance bills.

6. Remuneration of chief executive, directors and executives

The aggregate amount charged in the financial statements for the three months for remuneration, including certain benefits, to the full time working directors and certine executives of the company is as follows:

(Rupees in '000)	Director		Others Executives	
	2021	2020	2021	2020
Managerial remuneration	1,145	1,145	19,060	14,233
House rent	458	458	7,624	5,693
Utilities	114	114	1,906	1,423
Provident Fund / Gratuity	114	114	1,906	1,423
	1,834	1,834	31,083	23,451
Number of persons	1	1	26	27

The Company also provides the director and certain executives with company maintained cars.

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

for the first quarter ended March 31, 2021

7. Date of authorization for issue

The condensed interim unconsolidated financial information was authorised for issue on April 30, 2021 by the Board of Directors.

8. General

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

Avanceon
Condensed Consolidated
Interim Financial Statements
for the first quarter ended March 31, 2021

Condensed Consolidated Statement of Financial Position

as at March 31, 2021

(Rupees in '000)	Note	Un-audited March 31, 2021	Audited December 31, 2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
250,000,000 (2020: 250,000,000)			
ordinary shares of Rs. 10 each		2,500,000	2,500,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
213,827,794 (2020: 211,790,006)			
ordinary shares of Rs. 10 each		2,138,278	2,117,900
CAPITAL RESERVES			
Share premium		144,189	138,384
Employees' share compensation reserve		74,270	74,270
Statutory reserve		3,002	3,002
Exchange revaluation reserve		565,219	626,218
Surplus on revaluation of property & equipment		241,522	241,827
		1,028,201	1,083,701
REVENUE RESERVES			
Un-appropriated Profit		2,660,828	2,415,691
		5,827,307	5,617,292
Non-controlling Interest		4,506	4,506
		5,831,813	5,621,798
NON CURRENT LIABILITIES			
Long Term Loans		23,551	23,551
Liabilities against assets subject to finance lease		31,293	42,300
Deferred Grant		30	517
Deferred liabilities		102,263	100,787
		157,137	167,155
CURRENT LIABILITIES			
Current portion of Long Term Loans		25,911	25,911
Current portion of lease liabilities		36,088	38,159
Current portion of deferred grant		1,218	1,218
Finances under mark up arrangements and other credit facilities - secured		486,892	487,386
Unclaimed Dividend		10,951	10,951
Creditors, accrued and other liabilities		1,649,096	2,739,492
Contract Liabilities		1,098,813	902,093
Income tax payable		3,308,968	4,205,210
CONTINGENCIES AND COMMITMENTS			
	5		
		9,297,918	9,994,164

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

(Rupees in '000)	Un-audited March 31, 2021	Audited December 31, 2020
ASSETS		
NON CURRENT ASSETS		
Property and equipment	418,178	431,326
Intangible Assets		
Capital Work in Progress	25,737	20,029
Long term investment	839,508	874,023
Deferred Tax	58,803	58,853
Long term deposits	34,653	32,849
	1,376,878	1,417,080
CURRENT ASSETS		
Stock in trade	138,472	123,783
Trade debts	2,696,368	3,586,027
Contract Assets	3,820,458	3,760,963
Advances, deposits, prepayments and other receivables	703,278	502,239
Term deposits with banks	9,125	73,788
Investments in Stocks	2,955	2,955
Cash and bank balances	550,384	527,329
	7,921,040	8,577,084
	9,297,918	9,994,164


 Director
 Taveer Karamat

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

for the first quarter ended March 31, 2021

(Rupees in '000)	Note	Un-audited March 31, 2021	Un-audited March 31, 2020
Revenues		1,279,082	968,406
Cost of revenue		(816,188)	(630,321)
Gross Profit / (Loss)		462,894	338,085
Administrative and selling expenses		(153,844)	(152,044)
Other operating expenses	3	(79,496)	(923)
Other operating income	4	51,267	227,150
		(182,072)	74,183
Profit / (Loss) from operations		280,822	412,268
Finance costs		(21,040)	(25,157)
Profit / (Loss) before tax		259,782	387,111
Taxation		(14,951)	(2,146)
Income for the period from operations		244,831	384,965
Combined earnings per share			Restated
Basic		1.14	1.80
Diluted		1.12	1.76

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

Condensed Consolidated Interim Statement of Comprehensive Income (Un-audited)

for the first quarter ended March 31, 2021

(Rupees in '000)	Un-audited March 31, 2021	Un-audited March 31, 2020
Profit / (Loss) for the period	244,831	384,965
Other comprehensive income		
Exchange difference on translating foreign operations	(60,999)	46,195
Surplus on revaluation of property and equipment realised through incremental depreciation charged on related assets for the period-net of tax		
Items to be re-classified to profit and loss in subsequent period		
Total comprehensive income for the period	183,832	431,160

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

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

for the first quarter ended March 31, 2021

(Rupees in '000)	Un-audited March 31, 2021	Un-audited March 31, 2020
Cash flow from operating activities		
Profit / (loss) before tax	259,782	387,111
Adjustments for:		
Depreciation on property, plant and equipment	11,697	9,527
Exchange (gain) / loss	78,332	(224,964)
Exchange revaluation reserve	(26,483)	(14,086)
Unrealised gain/(loss) on short term investment	-	502
Finance cost	21,040	25,157
Income on bank deposits	(200)	(2,688)
	84,384	(206,551)
Profit before working capital changes	344,167	180,560
(Increase) / decrease in current assets		
- Stock in trade	(14,689)	7,336
- Trade debts	948,552	(163,660)
- Advances, deposits, prepayments and other receivables	(195,006)	(18,800)
(decrease) / Increase in current liabilities		
- Creditors, accrued and other liabilities	(1,084,302)	1,108
	(345,445)	(174,016)
Cash (used in) / generated from operations	(1,278)	6,544



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

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

for the first quarter ended March 31, 2021

(Rupees in '000)	Un-audited March 31, 2021	Un-audited March 31, 2020
Cash generated from continuing operations	(1,278)	6,544
Finance costs paid	(20,349)	(33,034)
Taxes paid	(20,934)	(11,236)
Net cash (used in) / generated from operating activities	(42,561)	(37,726)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,257)	(16,441)
Profit on bank deposit	200	2,688
Term deposits with banks	64,663	52,382
Net change in long term advances and deposits	(1,804)	(1,737)
Net cash (used in) / generated from investing activities	58,803	36,893
Cash flows from financing activities		
Dividend paid	-	139
Long term loan (repaid) / received	(487)	(1,515)
Share issuance	20,378	-
Repayment of finance lease liabilities	(13,079)	(2,826)
Net cash (used in) / generated from financing activities	6,812	(4,202)
Net (decrease) / increase in cash and cash equivalents	23,055	(5,035)
Cash and cash equivalents at the beginning of year	527,329	105,226
Cash and cash equivalents at the end of period	550,384	100,190

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


Director
Taveer Karamat

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

for the first quarter ended March 31, 2021

	CAPITAL RESERVES						REVENUE RESERVES		TOTAL
	Share Capital	Share Premium reserve	Employees' share compensation reserve	Statutory Reserve	Exchange revaluation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)		
(Rupees in '000)									
Balance as on January 01, 2020	1,925,364	138,384	53,862	3,002	610,100	209,721	1,562,534	4,346	4,507,313
Profit for the period	-	-	-	-	-	-	384,965	-	384,965
Other comprehensive income	-	-	-	-	46,195	-	-	-	46,195
	-	-	-	-	46,195	-	384,965	-	431,160
Balance as on March 31, 2020	1,925,364	138,384	53,862	3,002	656,295	209,721	1,947,499	4,346	4,938,473
Profit for the period	-	-	-	-	-	-	660,014	-	660,014
Other comprehensive income	-	-	-	-	(30,077)	32,821	-	160	2,904
Transfer from revaluation surplus on account of incremental depreciation	-	-	-	-	-	(715)	715	-	-
	-	-	-	-	(30,077)	32,106	660,729	160	662,918
Bonus Share Issue @ 10%	192,536	-	-	-	-	-	(192,536)	-	-
Employee share option reserve	-	-	20,408	-	-	-	-	-	20,408
	192,536	-	20,408	-	-	-	(192,536)	-	20,408
Balance as on December 31, 2020	2,117,900	138,384	74,270	3,002	626,218	241,827	2,415,691	4,506	5,621,798
Profit for the period	-	-	-	-	-	-	244,831	-	244,831
Other comprehensive income	-	-	-	-	(60,999)	-	-	-	(60,999)
Issuance of bonus shares	20,378	5,805	-	-	-	-	-	-	26,183
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	-	-	(306)	306	-	-
	20,378	5,805	-	-	(60,999)	(306)	245,137	-	210,015
Balance as on March 31, 2021	2,138,278	144,189	74,270	3,002	565,219	241,522	2,660,828	4,506	5,831,813

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

Notes to the condensed consolidated Interim financial Statements (Un-audited)

for the first quarter ended March 31, 2021

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

1.1 The "Group" consists of:

Holding Company

Avanceon Limited (AVL)

Subsidiary companies

% age of Holding

- Avanceon Free Zone Establishment, UAE (AFZE)	100%
- Innovative Automation Inc. (formerly Engro Innovative Inc.) USA (IA)	100%
- Avanceon Automation and Control W.L.L (AVAC)	49%
- Octopus Digital Limited	100%

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.

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.

Notes to the condensed consolidated Interim financial Statements (Un-audited)

for the first quarter ended March 31, 2021

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.

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, 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.

Impact of COVID-19 on the consolidated financial statements

The World Health Organization declared COVID-19 a global pandemic on 11 March 2020. Accordingly, on 20 March 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. The outbreak of COVID-19 has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts.

The Group's management is fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Group's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation.

The management has assessed the impact of the COVID-19 on the consolidated financial statements and concluded that, as the Group is operating in the technology sector its financial performance was not adversely impacted during COVID-19. There is no material financial impact of COVID-19 on the carrying amounts of assets, liabilities, income or expenses which required specific disclosures.

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 (IFRSs) 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Standards, Interpretations and amendments to published approved accounting standards

2.2.1 New and amended standards and interpretations, and improvements

During the year certain amendments to standards became effective. However, the amendments or interpretations did not have any material effect on the financial statements of the Group.

Standard	Effective date (annual periods beginning on or after)
IFRS 3 Business Combinations - Definition of a Business (amendments)	January 01, 2020
IFRS 7 & IFRS 9 Financial instruments - Amendments regarding pre-replacement issues in the context of the interest rate benchmark reform (IBOR)	January 01, 2020
IAS 1 & IAS 8 Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)	January 01, 2020
IFRS 16 Covid-19-Related Rent Concessions (Amendment to IFRS 16)	June 01, 2020
IFRS 14 Regulatory Deferral Accounts - Original issue	July 01, 2019

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the consolidated financial statements.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of consolidated financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

2.2.2 Amendments to approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Group

Notes to the condensed consolidated Interim financial Statements (Un-audited)

for the first quarter ended March 31, 2021

Standard and IFRIC		Effective date (annual periods beginning on or after)
IFRS 7 & IFRS 9	Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 01, 2021
IFRS 3	Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	January 01, 2022
IAS 16	Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.	January 01, 2022
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	January 01, 2023
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized

The Group expects that the adoption of the above standards and amendments will have no material effect on the Group's financial statements.

In addition to the above new standards and amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022:

IFRS 1	First-time Adoption of International Financial Reporting Standards: Subsidiary as a first-time adopter – The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.
IFRS 9	Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.
IFRS 16	Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.
IAS 41	Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The Group expects that the adoption of the above standards will have no material effect on the Group's financial statements, in the period of initial application.

Further, the following new standards have been issued by the IASB, which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Standard		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

The Group expects that the adoption of the above standards will have no material effect on the Group's financial statements, in the period of initial application.

Notes to the condensed consolidated Interim financial Statements (Un-audited)

for the first quarter ended March 31, 2021

(Rupees in '000)	Un-audited March 31, 2021	Un-audited March 31, 2020
3. Other operating expenses		
Donations	1,164	923
Exchange Loss	78,332	-
	79,496	923
4. Other operating income		
Income on bank deposits	200	2,688
Amortization of deferred grant	624	-
Exchange gain	-	224,462
Reversal of provisions for ECL	23,845	-
Other Income	26,597	-
	51,267	227,150

5. Contingencies and commitments

5.1 Contingencies

- (i) There are no contingencies to report as at March 31, 2020 (2020: Nil)

5.2 Commitments

- (i) Bank guarantees issued amounting to Rs.24.68 million (2020: Rs. 23.168 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.35.46 million (2020: 47.76) which relates to import acceptance bills.

6 Remuneration of chief executive, directors and executives

The aggregate amount charged in the financial statements for the three months period for remuneration, including certain benefits, to the full time working directors and certine executives of the company is as follows:

(Rupees in '000)	Chief Executive Officer		Director		Others Executives	
	2021	2020	2021	2020	2021	2020
Managerial remuneration	14,645	14,502	1,787	1,787	59,188	49,065
House rent	4,147	4,107	458	458	20,823	16,911
Utilities	2,333	2,310	114	114	5,745	4,648
Provident Fund / Gratuity	1,257	1,206	168	168	3,132	3,439
Others	389	385	2	2	3,718	3,609
	22,771	22,511	2,529	2,529	92,606	77,671
Number of persons	1	1	1	1	42	40

The Company also provides the director and certain executives with company maintained cars.

7. Date of authorization for issue

The condensed interim consolidated financial information was authorised for issue on April 30, 2021 by the Board of Directors of the Holding Company.

8. General

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat



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