

Your Partner in

Digital Transformation

Annual Report 2020





YOUR PARTNER IN DIGITAL TRANSFORMATION

Its Business as Usual at Avanceon.

For more than 30 years, Avanceon has lived by a core value to “take care of our customers, partners, and employees.” This enduring value guided us in 2020 as we faced the difficult challenge of responding to the coronavirus (COVID-19) pandemic.

Our hearts and thoughts go out to everyone who has been affected by this unprecedented event, and we commend the healthcare workers, local communities, and the Governments of Pakistan and around the world who are on the front line working tirelessly to contain this pandemic.

In this climate, we have made sure that the safety of our customers, partners, and employees remained our top priority. As a result, in 2020, we implemented a host of safety protocols and policies at Avanceon and its subsidiary Octopus Digital to ensure we remained “business as usual” for our customers and partners for as long as the situation demanded.

We would like to thank you for putting your trust in Avanceon and hope for better days for all in the future.
Stay Safe and Let's Flatten the Curve Together!

Team Avanceon

Welcome to Avanceon 2020 Annual Report

LETTER FROM THE FOUNDER & CEO

Dear Shareholders, Partners, Customers and Team,
Welcome to Avanceon 2020 Annual Report.

As I reflect on a uniquely challenging year, one thing is clear that we have all been impacted by the pandemic COVID-19 in one form or another.

My heart goes out to those who are grieving their loved ones, to those who were furloughed or lost their jobs, and to businesses who have struggled or were forced to shut down. While it has been a tough year for many, I am confident that better days remain ahead for all of us.

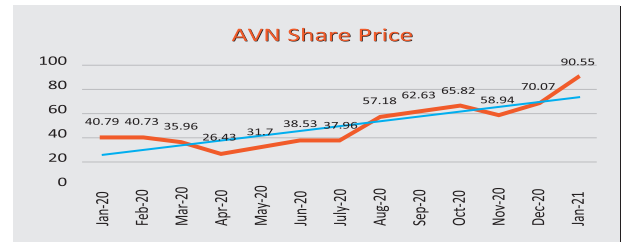
2020 was a transformative year for all businesses and Avanceon was not immune to the changes brought about by the pandemic. The focus of our response however, remained in line with our goals and values. And while we have weathered serious events and extreme market volatility in the past, 2020 presented us with a unique set of challenges...

A Year in Turmoil: The Pakistan economy showed positive signs of recovery in 2019, the rebound however was short lived as the country went into lockdown in March 2020. This adversely affected the industrial and services sector which saw an overall drop of 2.6% mainly due to a 7.8% decrease in large-scale manufacturing sectors. As a result, our Pakistan business saw a 16.8% decline in PO generation. The decline affected our Systems, BMS and Retail business bottom lines. The COVID-19 pandemic has also set the Middle East economies back. Weak global energy demand exerted pressure on the oil sector. With both oil and non-oil sectors facing hurdles, the GCC faced a large GDP contraction of 5.3% in 2020. Our PO generation from the Middle East also saw a minor decline. Coupled with our backlog, the pipeline of all regions continues to be strong which will make up the funnel in 2021.

AVN's Impressive Run at PSX: Even though 2020 was a volatile year for the markets all around the world, it was also the year when the Avanceon share reclaimed most of its former glory at PSX. Your share witnessed an impressive 121.99% increase in 2020 and many capital management groups are predicting more gains in 2021. This is mainly due to Avanceon's healthy and consistent earnings growth, diversified business portfolio and a high-profile clientele spread across international territories. Just to put things in perspective, the Avanceon share has achieved a cumulative investor return of 1100% based on its stock performance during the period 2013 - 2020.

A Sharpened Focus on Sustainability: In 2020, Avanceon strengthened its middle eastern footprint with the establishment of two wholly owned subsidiaries in Qatar and Saudi Arabia regions. The incorporation of the new entities will open new business opportunities and improve the quality and efficiency levels of all our current and upcoming projects. Furthermore, our presence in Nigeria is bearing fruit as we have started seeing successes in the oil rich nation. UAE was a big success for us in 2020 as we acquired our biggest project to date in the region worth \$10 Million.

Today, we are better positioned than ever in all regions to capture a growing share of the market by continuing to build on our "no trade-offs" approach. We plan to continue delivering quality service and leveraging our scale to operate efficiently and profitably.



Our Response to the Pandemic: The COVID-19 pandemic forced all of us to develop a deeper and more concrete understanding of the stability of our processes and systems. From the onset of the pandemic, we decided that the key objectives of our COVID-19 Business Response Plan must encompass our People, Communication, Business Continuity and Seamless Recovery. Our priority is and will always be the safety of our people, our partners, and customers. To ensure business continuity, unfiltered communication with all stakeholders was necessary which allowed us to reshape and rethink our strategy. This helped in building resilience and prepared us for recovery. Avanceon's response to the pandemic has been systematic with every possible contingency in place for future shocks. I am glad to announce that throughout the pandemic, Avanceon has not experienced any delays on any of its deliverables and it gives me utmost pleasure and satisfaction to report that we are one of the handful of businesses who avoided downsizing and furloughing during these testing times.

The Road to Octopus Digital: In 2020, Avanceon selected BMA Capital Management as its sole financial consultant/advisor for the planned Initial Public Offering of its wholly owned subsidiary Octopus Digital (Pvt) Limited. As a leading financial institution specializing in introducing new and innovative companies to Pakistan's capital markets, I believe BMA Capital Management is the perfect partner in introducing Octopus Digital to potential investors. Octopus Digital also secured its first set of orders in Pakistan in 2020 and we are in the process of developing a strong pipeline of projects. We have participated in several investor conferences and are very positive about the value investors and capital management groups from all over the world find in Octopus Digital. Emerging Stronger and Wiser from this Crisis Looking forward, I see even greater opportunity. The COVID-19 pandemic offered a stress-test of our systems and processes and coming out on the other end we have realized that our resolve increases tenfold in the face of adversity. I would like to take this opportunity to thank our employees, customers and partners who have handled this highly unusual situation with enormous commitment and grace. I would also like to thank you, our shareholders, for your trust in our abilities. We could not have done this without your support.

I eagerly look forward to the day when we can all see each other again, face-to-face, and shake hands just like in the old days. Until then, please be safe and stay well.

Yours Sincerely,



Bakhtiar H. Wain
CEO & Founder



AVANCEON

Tomorrow's solutions, today.

COMPANY INFORMATION

DIRECTORS

Khalid Hameed Wain	Director / Chairman
Bakhtiar Hameed Wain	Director / Chief Executive Officer
Tanveer Karamat	Director / President
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
Bakhtiar Hameed 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
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.,
Shahra-e-Faisal, Karachi.
Phone: +92 (21) 3438 0101-5
Fax No: +92 (21) 3438 0106
www.famco.com.pk

REGISTERED OFFICE

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

REGIONAL HEADQUARTERS - 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

Islamabad, Pakistan

Manzoor Plaza (The Hive Building),
First Floor, Plot 14-E Fazal-e-Haq Road,
G-6/2, Blue Area, Islamabad 44000
Phone: +92 51 573 3031
Email: support.sea@avanceon.ae

**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 representing minority interest. The board comprises of 7 directors out of which 5 are non-executive directors, including 3 representing minority interests. 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, Chairman – 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.

TANVEER KARAMAT, President & Executive 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.

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 expectations 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 – Omer Iqbal Khan 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

From the Chairman's Desk

Dear Shareholder,

It is with great privilege that I present to you the Chairman's Review Report on Avanceon's Board Performance for the financial year ended on December 31, 2020. My responsibility as the Chairman of the Board includes an overview of the board's overall performance, its effectiveness, and the role it is playing to achieve your organization's goals and objectives for the future.

Here are a few salient highlights of the board's activities in 2020.

Appointment of New Board Members – In 2020 we reaffirmed our commitment to Diversity and Inclusion by making three new appointments to the Board of Directors. Hanan Darwish, Omer Iqbal Khan and Mohammad Shahid Mir began serving as Independent Directors on the Avanceon Limited's Board.

These appointments will bring extensive experience and expertise in management, leadership development, human resource, and financial industry consultation. It is also the first time in our company's history we have a woman serving as a board member and I promise that she will not be the last as we will continue our commitment to gender equality. I would like to take this opportunity to thank our outgoing Board Members Umar Ahsan Khan, Tajammal Hussain, and Naveed Ali Baig without whose wisdom and business acumen Avanceon could not have achieved sustained success over the years.

Establishment of a New Wholly Owned Subsidiary – In 2020, Avanceon Limited incorporated a new wholly owned subsidiary in the State of Qatar with the name Avanceon QFZ LLC. The State of Qatar has established Free Zones in Doha, Qatar whereby allowing companies to incorporate with full foreign ownership without the need for a Kafael (100% foreign ownership). Further incentives the Free Zones will provide include renewable 20-year tax holidays, zero corporate tax, zero customs duty and no personal income tax. The free zones will also provide spacious premises/staging facilities and access to a skilled and flexible workforce. With the establishment of the new subsidiary, Avanceon aims to cement its presence in Qatar and build long term relationships with her partners and customers in the region.

Our Response to the Ongoing COVID-19 Pandemic – Throughout 2020, your company responded to the economic impacts and operational setbacks from COVID-19 with strong governance and oversight. The Board approved difficult but necessary financial decisions to maintain operating cash flow, preserve jobs and maintain 24/7 connectivity for customers. Measures such as reducing capital expenditures have strengthened our financial position and allowed Avanceon to bounce back quickly. I am happy to announce that our financial and operational maneuvering has paid off and we are currently prepared to withstand shocks 2021 may have in store for us.

Your Company's Performance in 2020

Despite a turbulent year, here is how your company performed in 2020 as compared to the previous year.

- Profit after Tax (PAT) excluding other Income was up by 47% at 882 Million PKR



- Net Sales were up by 32% at 6,445 Million PKR and
- Earnings Per Share was up by 4% at 4.93 PKR.

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

<u>Khalid H. Wain</u>	(Chairman of the Board – Non-Executive)
<u>Bakhtiar H. Wain</u>	(Director and Chief Executive Officer)
<u>Tanveer Karamat</u>	(Director and President)
<u>Amir W. Wain</u>	(Director – Non-Executive)
<u>Hanan Darwish</u>	(Director – Non-Executive/Independent)
<u>Omer Iqbal Khan</u>	(Director – Non-Executive/Independent)
<u>Mohammad Shahid Mir</u>	(Director – Non-Executive/Independent)

In 2020, the Board of Directors met on four occasions in person and online. Besides this, 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. Areas that required improvement were duly considered and suitable action plans were formulated and communicated.

When writing my last letter to you, we could not have imagined the considerable changes we would experience with respect to our lives, working environment and the overall business performance. Today, one year later, we have learned many important lessons on how to best handle and cope with the crisis and, despite the still limited visibility, we can be cautiously optimistic that in 2021 we will see tangible improvements.

In closing, I would like to commend our teams who made 2020 possible for us. Our HR and HSE teams who made sure of our safety and wellbeing. Our Engineering team who despite the threat of contracting COVID-19 went onsite and completed our projects on time. And our Customers, Partners, and Shareholders who continued to believe in us.

I hope for better days for everyone ahead.

Best Regards,

Khalid H. Wain
Chairman of the Board – Non-Executive

Lahore,
Dated: April, 2020



NOTICE OF 18TH ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of Avanceon Limited "Company" will be held on Wednesday, 26 May 2021 at 03:00 PM via Zoom video link from Avanceon Limited, Regional Operations Center, 19-Kms, Main Multan Road, Lahore, to transact the following business:

We hereby inform to our members that due to 3rd wave of COVID-19, the Government has imposed restrictions on indoor and outdoor gatherings and other recreational activities to control the COVID-19 spread, therefore we will conduct Annual General Meeting of Avanceon Limited via Zoom video link only.

A. ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.
2. 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 retiring auditors M/s EY Ford Rhodes, Chartered Accountants for re-appointment as auditors of the Company for the year ending 31 December 2020.
3. 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.
4. To consider and approve, as recommended by the Board of Directors, the issue of bonus shares @ 20% 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 Tuesday, 18 May 2021 in the proportion of 20 Bonus Share for every 100 Shares held, that is at the rate of 20%.

These Bonus Shares shall rank pari pasuu 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.

B. SPECIAL BUSINESS

5. To consider and approve, the Authorized Capital of the Company be increased from Rs. 2,500,000,000 (Rupees Two Billion Five Hundred Million only) divided into 250,000,000 (Two Hundred Fifty Million) of the nominal value of Rs.10/- (Rupees Ten each) ordinary shares to Rs. 5,000,000,000 (Rupees Five Billion only) divided into 500,000,000 (Five Hundred Million) of the nominal value of Rs.10/- (Rupees Ten each).

and that

- a) RESOLVED that the Clause V of the Memorandum of Association of the Company be and is hereby amended to read as follows:

"The authorized capital of the company is Rs. 5,000,000,000/- (Rupees Five Billion Only) divided into 500,000,000 (Five Hundred Million Only) ordinary shares of Rs. 10/- (Rupees Ten each) with the power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes in accordance with the provisions of the Companies Act, 2017.

- b) RESOLVED that the Article 5 of the Articles of Association of the Company be and is hereby amended to read as follows:

"The authorized share capital of the Company is Rs. 5,000,000,000/- (Rupees Five Billion Only) divided into 500,000,000 (Five Hundred Million Only) ordinary shares of Rs. 10/- (Rupees Ten each) with power to increase, consolidate, sub-divide, cancel, reduce or otherwise reorganize the share capital of the Company subject to the provisions of Section 85 and 89 of the Act.

6. ANY OTHER BUSINESS:

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

By Order of the Board

Ahsan Khalil
Company Secretary

Lahore,
Dated: 04 May, 2021

WEBLINK FOR ONLINE MEETING VIA ZOOM:

In pursuance of SECP Circular No. 4 dated 15 February 2021 the Securities and Exchange Commission of Pakistan facilitate for attending general meetings virtually through video-link, webinar, or other electronically, so the proceedings of the AGM shall be held online only through/ via "ZOOM".

For attending live proceedings of the AGM the shareholders are requested to follow the below link:

https://us02web.zoom.us/webinar/register/WN_BsPJUU0XRCi2VZ5g2xPWtg

Please follow the below link for complete guidance as how to login on Zoom to attend the Annual General Meeting:

<http://www.avanceon.ae/investor-relations/>

(scroll to the bottom of the page for guideline doc)

The shareholders attending AGM through Zoom, are given the option to send in advance their respective questions/ comments/suggestions along with their Name and Folio Number on the following link or email address or postal address according to their convenience.

[Link: http://www.avanceon.ae/regional-operations/](http://www.avanceon.ae/regional-operations/)

(scroll to the bottom of the page for contact us)

Email: investors@avanceon.ae

Postal Address: Corporate Officer, Avanceon Limited, 19-Kms, Main Multan Road, Lahore.

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.

NOTES:

1. The share transfer books of the Company will be closed and no transfer of shares will be accepted for registration from Wednesday, 19 May April 2021 to Wednesday, 26 May 2021 (both days inclusive). Transfer received in order at the office of our Registrar, Ms. 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 (5.00 p.m.) on Tuesday, 18 May 2021 will be treated to have been in time for attending & 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, Ms. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.

ADDITIONAL NOTES;

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in circular #1 dated 26 Jan 2000, issued by SECP.

FOR ATTENDING THE SHAREHOLDERS' MEETING

- I. 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 uploaded as per the Regulations, shall authenticate his identity by his National Identity Card (NIC) or passport at the time of online registration/attending the meeting.
- II. The shareholders registered on CDC are also requested to provide their particular ID numbers and account numbers in CDS.
- III. 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:

- I. 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.
- II. The proxy form shall be witnessed by the two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- III. Attested copies of valid NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- IV. The proxy shall provide his/her CNIC or passport at the time of online registration/attending the meeting.
- IV. 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.

Submission of CNIC/NTN Copy - Electronic Dividend (MANDATORY):

- a) In accordance with the directives of the SECP, the dividends of shareholders whose CNIC copies have not been received by the Company shall not be electronically credited until receipt thereof.
- b) Accordingly, those shareholders who have not yet submitted a copy of their valid CNIC or NTN certificate, are once again requested to immediately submit the same to the Company's Share Registrar at CDC Share Registrar Ms. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahr-e-Faisal, Karachi. Corporate entities are requested to provide their National Tax Number (NTN) and Folio Number along with the authorized representative's CNIC copy.

Payment of Cash Dividend Through Electronic Mode (Mandatory):

- a) In accordance with the provisions of section 242 of the Companies Act 2017, a listed Company is required to pay cash dividend only through electronic mode directly in to the bank account designated by the entitled shareholders. For the convenience of shareholders, the Company's e-Dividend Mandate Form is available on the Company's website i.e. www.avanceon.ae. The CDC account holders must submit their information directly to their broker (participant) / Central Depository Company of Pakistan Limited.
- b) Please note that as per Section 243(3) of the Companies Act, 2017, the Company is entitled to withhold payment of dividend if the requisite information is not provided by the Shareholders.

In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the share registrar of the Company by the first day of book closure.

The FBR has clarified that in case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to the Company's share registrar, otherwise it will be assumed that the shares are equally held by the joint shareholders:

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder	Joint Shareholder (s)
			Name & CNIC No. Shareholding proportion (No. of Shares)	Name & CNIC No. Shareholding proportion (No. of Shares)

STATEMENT(S) UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This Statement is annexed to the Notice of the 18th Annual General Meeting of Avanceon Limited to be held on Wednesday, 26 May 2021 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;

ITEM 5 OF AGENDA

The Board of Directors' in their meeting held on 20 April 2021 approved the increase in authorized share capital of the company to Rs. 5,000,000,000 (Rupees Five Billion only) divided into 500,000,000 (Five Hundred Million) of the nominal value of Rs.10/- (Rupees Ten each) ordinary shares from Rs. 2,500,000,000 (Rupees Two Billion Five Hundred Million Only) divided into 500,000,000 (Five Hundred Million) of the nominal value of Rs.10/- (Rupees Ten each) ordinary shares. This increase in Authorized Capital is indispensable to accommodate the current bonus issue of 20% bonus shares as mentioned in Item No. 4 of the Agenda. Further the current increase in authorized capital is approved to anticipate any increase in issue of shares as the total authorized capital of the company is 85% issued, paid-up and subscribed.

The Directors of the Company have no personal interest in the increase of Authorized Share Capital whether directly or indirectly except to the extent of the shareholding held by them in the Company.

SHAREHOLDERS INFORMATION

The 18th Annual General Meeting of Avanceon Limited will be held on Wednesday, 26 May 2021 at 03:00 PM via Zoom video link from Avanceon Limited, Regional Operations Center, 19KM, Main Multan Road, 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:

In pursuance of SECP Circular No. 4 dated 15 February 2021 the Securities and Exchange Commission of Pakistan facilitate for attending general meetings virtually through video-link, webinar, or other electronically, so the proceedings of the AGM shall be held online only through/via "ZOOM".

For attending live proceedings of the AGM the shareholders are requested to follow the below link:

<https://us02web.zoom.us/join/register/WN-BsPJUU0XRCi2VZ5g2xPWtg>

Please follow the below link for complete guidance as how to login on Zoom to attend the Annual General Meeting:

<http://www.avanceon.ae/investor-relations/> (scroll to the bottom of the page for guideline doc)

The shareholders attending AGM through Zoom, are given the option to send in advance their respective questions/comments/suggestions along with their Name and Folio Number on the following link or email address or postal address according to their convenience.

<http://www.avanceon.ae/regional-operations/> (scroll to the bottom of the page for contact us)

Email: investors@avanceon.ae
Postal Address: Corporate Officer, Avanceon Limited, 19-Kms, Main Multan Road, Lahore.

Major Resolution – Shareholders information:

1. The Board of Director's recommended 10% Final Cash Dividend for the year 31 December 2020.
2. The Board of Director's recommended 20% Bonus share issue i.e. 20 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 29 May 2021 to 04 June 2021 (both days inclusive). Transfer received in order at the office of our Registrar, Ms. FAMCO Associates 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi by the close of business (5.00 p.m.) on Friday 28 May 2021 will be treated to have been in time for the purposes of entitlement of Dividend & Bonus shares to the transferees.

3. The Board of Director's recommended the Authorized Capital of the Company be increased from Rs. 2,500,000,000 (Rupees Two Billion Five Hundred Million only) divided into 250,000,000 (Two Hundred Fifty Million) of the nominal value of Rs.10/- (Rupees Ten each) ordinary shares to Rs. 5,000,000,000 (Rupees Five Billion only) divided into 500,000,000 (Five Hundred Million) of the nominal value of Rs.10/- (Rupees Ten each) ordinary shares. As a result the same changes shall be made in the Memorandum and Articles of Association of the Company.

Ownership

As on 31 December 2020 there were 5,945 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 2021 are:

1st quarter:	30 April 2021
Half yearly:	25 August 2021
3rd quarter:	28 October 2021

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, 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 and is readily accessible to the shareholders.

www.avanceon.ae.

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



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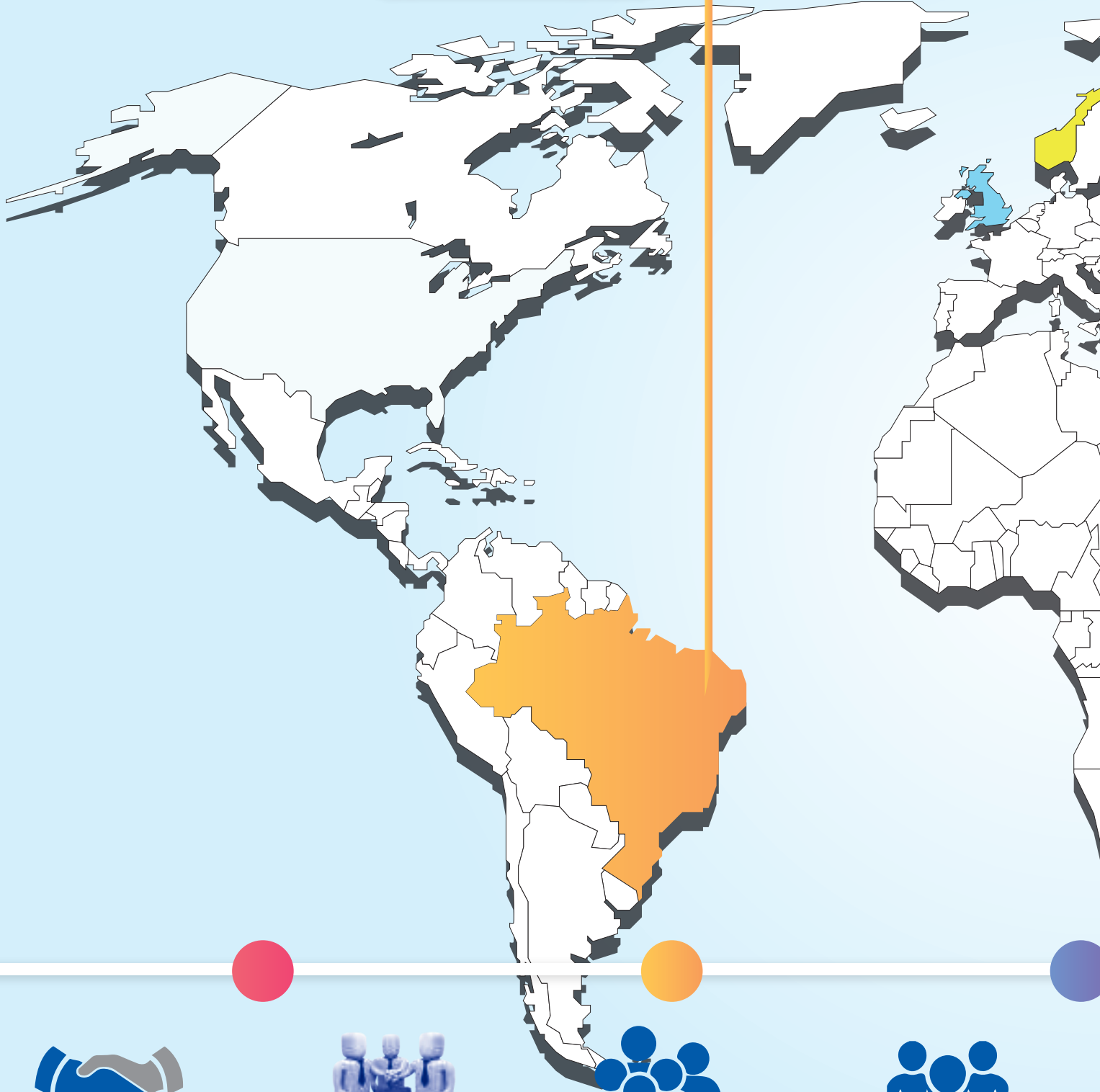
KEY HIGHLIGHTS

GLOBAL PRESENCE

Worldwide Headquarter
North America
Regional Operations Center
Exton, PA, USA



Southeast
Operations



+30 years
of commitment



+10 key partners
worldwide



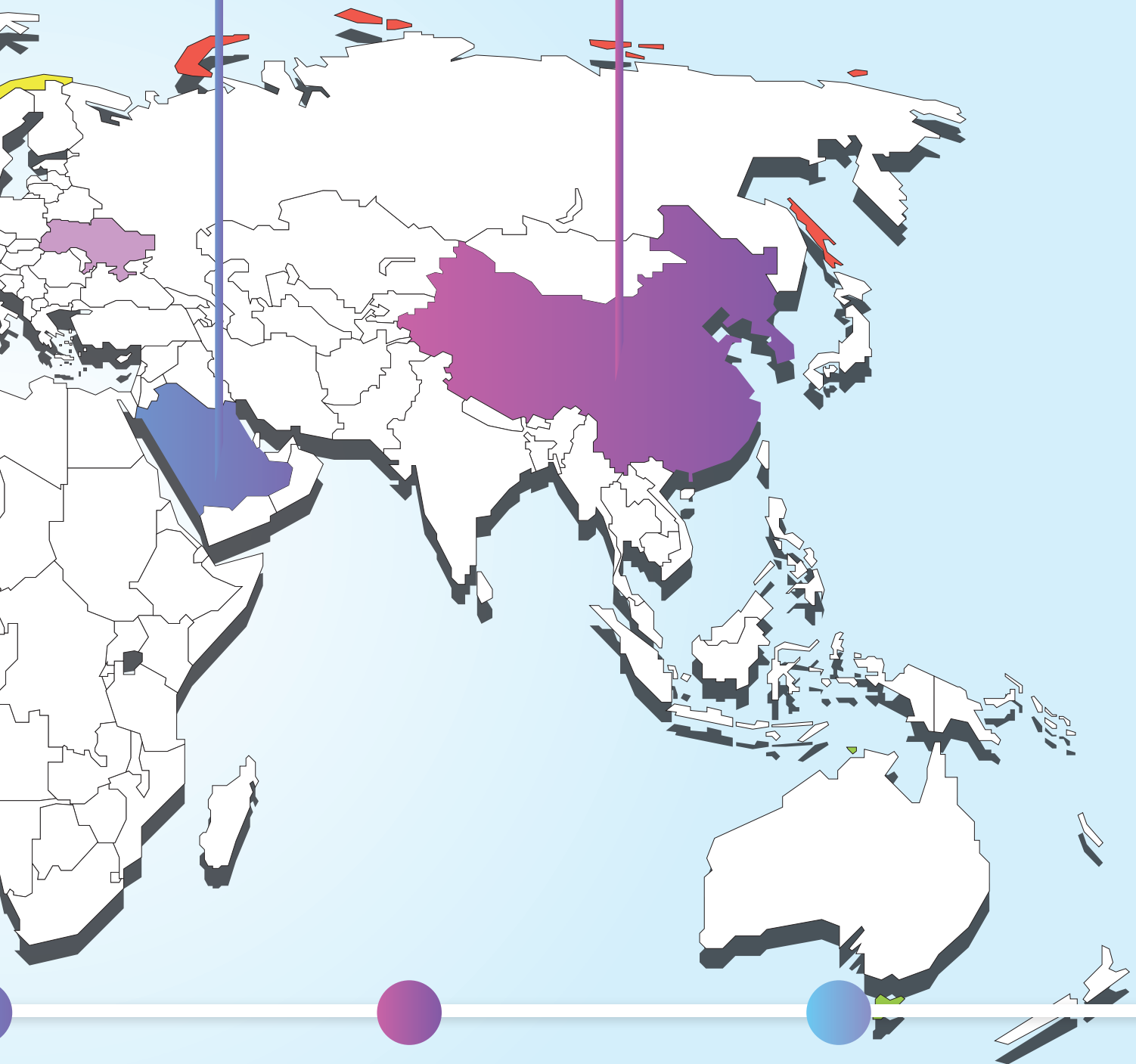
+150 Public & Private
blue chip customers



+1,000 medium &
large scale projects

East Asia Regional
Operations Center
Lahore,
Pakistan

Middle East and Africa
Regional Operations Center
Dubai, UAE



+200
employees



+10 offices,
3 operating centers

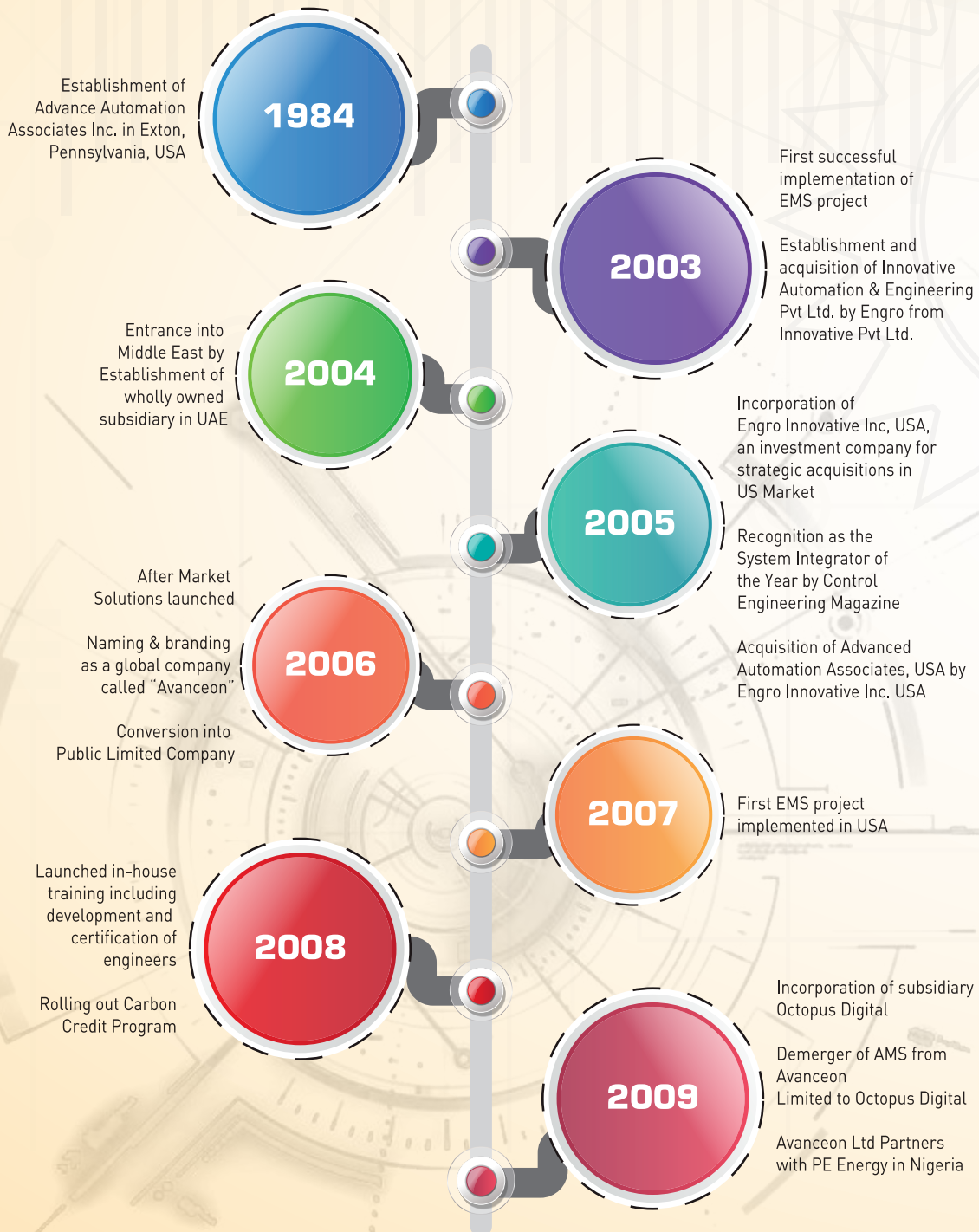


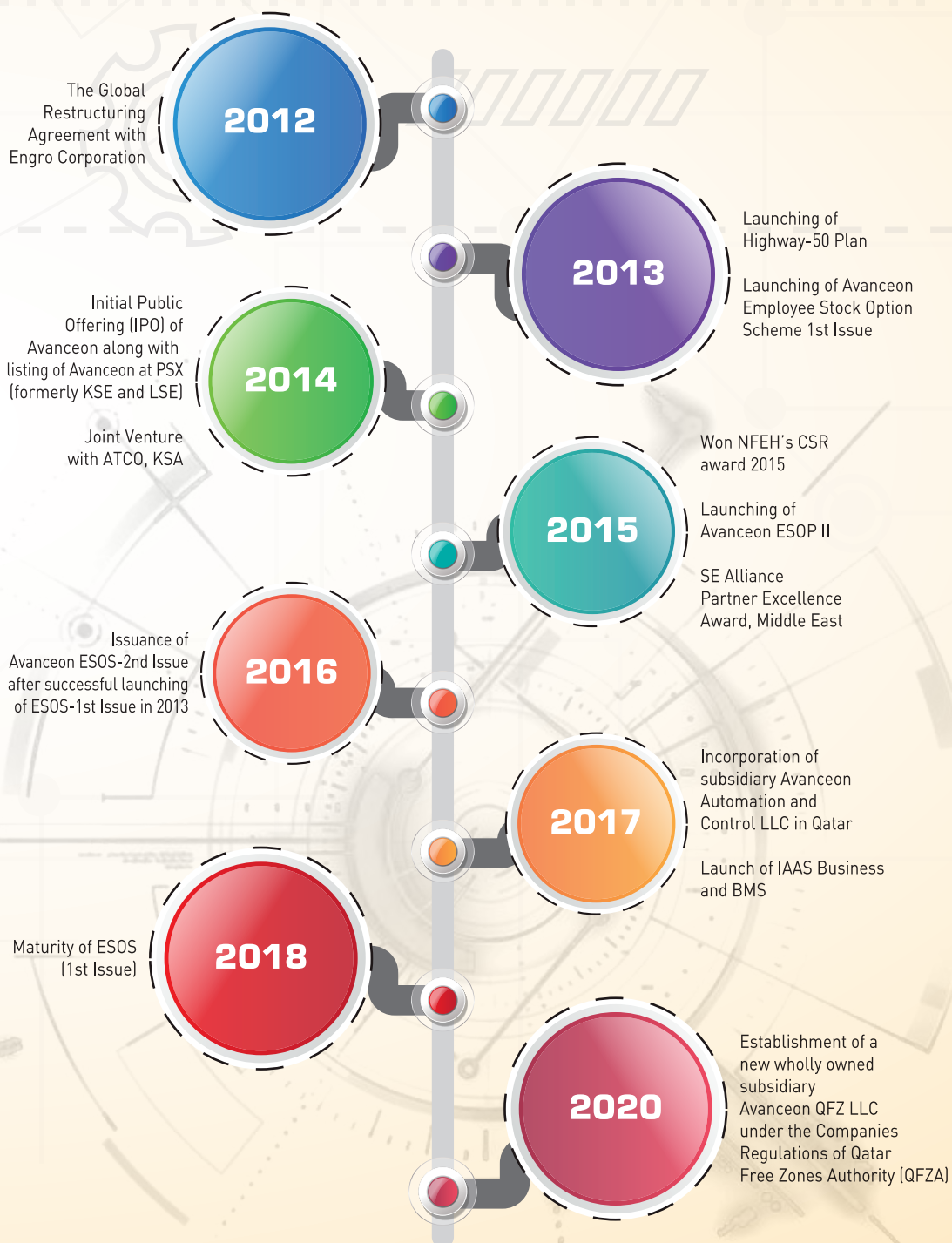
+15 industrial
segments served



+70% Control
System Engineers

OUR HISTORY





OCTOPUS

DIGITAL

Make Data Work For You

Translating Data into Business Intelligence

ABOUT OCTOPUS DIGITAL

The world is experiencing the fourth industrial revolution whether it is in oil and gas, manufacturing, supply chain or retail. Behind all the buzzwords, there is a profound transformation taking place within the industry all around the world.

Octopus Digital has evolved from within Avanceon, region's leading engineering and automation company, as it is a wholly owned subsidiary and aims to provide digital services to help transform industries through modern day tech incl. cloud services, data analysis, advanced and predictive analytics, predictive maintenance, and risk management. Octopus Digital's primary focus is to contextualize data buried in the customer's ERPs, controllers, and historians, cleaning it in AI-centric ways by storing and computing on cloud and then extracting meaningful insights that improve operational efficiencies and reduce risks.

Octopus Digital delivers various solutions targeting user interaction and machine behavior ranging from plant data analysis to the overall performance of the plant. Most of our work focuses on analysis from an industrial point of view with the approach to make system processes more reliable and sustainable. Octopus Digital dashboards are designed to specifically tackle the volume, velocity, and a variety challenges of plant floor data analysis. This is done via subscription-based Digitalization Services powered with sophisticated analytics made available via simple, intuitive user interfaces, easy-to-understand information, and visualizations.

OCTOPUS DIGITALIZATION SERVICES AND KPI DASHBOARDING ENABLE INDUSTRIES TO:

- Turn raw, industrial IoT or plant floor data into Proactive Insights
- Minimize time-to-resolution by detecting anomalies in Real-Time
- Enhance decision-making with operationalized Insights
- Improve forensic data investigation after Incidents

BUSINESS MODEL

Octopus Digital's business model is based on perpetual or term-based multi-year monthly subscription service instead of fixed cost or time & material-based projects. Our Digitalization Services, both managed and unmanaged include:

- Creating a "Connected Enterprise" by integrating all-intended plant, oil terminal, assets through IIoT technologies & collecting their data centrally
- Creating a "Digital Enterprise" by setting up a digital twin through visually appealing dashboards accessible on the cloud
- Creating an "Optimized Enterprise" by providing decision-support via actionable intelligence through collaborative handholding by process and data experts

Octopus Digital offers the above-mentioned services with Zero Upfront Investment and any investment to activate the service, which might include system integration, installation of additional hardware, software, or third-party equipment. The support services offered by Octopus Digital are uninterrupted, and information will be seamlessly available via KPI dashboards to the decision makers on 24x7x365 basis from the Cloud.

WHY DIGITALIZATION VIA TOPWARE™?

It is very hard to separate the concept of the physical computer from what the computer does. A computer is nothing more than processing power, memory, and storage. As businesses and technology advances, so does the need for more storage, more memory, faster processing, etc., however the need for this frequent capital expense cannot be underestimated, especially for an item that depreciates so quickly and is worth nothing at the end of its life. Similarly, for control systems the importance, apart from controlling a process, is data that is gathered from the plant floor and stored on-premises. Sometimes it is consumed to develop reports and KPIs manually either in Microsoft Excel or through some sort of PIMS (Plant Information Management System). Mostly, such systems and reports require constant upgrades, updates, modifications to keep them purpose fit. That's not just an expense in dollars but can also cost operational efficiencies. In the end, extracting actionable intelligence from data, drawing meaningful insights, making educated predictions and prescriptions are actions that require real-time digital twining of the plant floor which is the ultimate objective of Digitalization.





OCTOPUS DOES IT ALL AND MORE!

Octopus Digital takes all the risk and expense of any capital purchase, move its customers to a path of digital transformation via subscription model, from which all the intelligence, insights, analytics, prediction & prescription is delivered as a service. To ensure maximum safety and cybersecurity of data, Octopus Digital has partnered with the Microsoft Corporation to use the Azure cloud platform globally. This data & information processing through cloud-based digital twinning has been termed as digitalization and is offered collectively as 'Topware™', Octopus's open-source Digitalization services suite.

WHY EMBRACE DIGITALIZATION?

Financial Planning Gets Better - From a pure accounting standpoint, customers can eliminate the capital expense incurred with a new server (or servers), new field sensor (or sensors), new software or storage(s) and deployment, along with the required operating system and common SCADA or PIMS applications like FactoryTalk or OSIsoft PI. Instead, customers can transition into an operational expense that they can plan and budget for.

Technical Chores are Handled by Octopus Digital - From a technology standpoint, the customer no longer needs to worry about complex KPIs and process or performance calculations, trivial SCADA or PIMS software, hardware failures, offsite backup, internet outages, and expensive maintenance or upgrade fees. The customer can get rid of IT hardware and SCADA or PIMS software obsolescence by receiving data, information & insights through the subscription-based Digitalization Service called 'Topware™'.

Business-Focus is a Top Priority - From a business standpoint, the customer can avoid costly downtime, unavailability of the right and accurate information for timely corporate reporting and the need to maintain application updates across multiple systems. The customer gains the ability to work and access from anywhere and be informed of critical plant parameters and KPIs that matter the most.

OPTIMUM DATA ENGINEERING

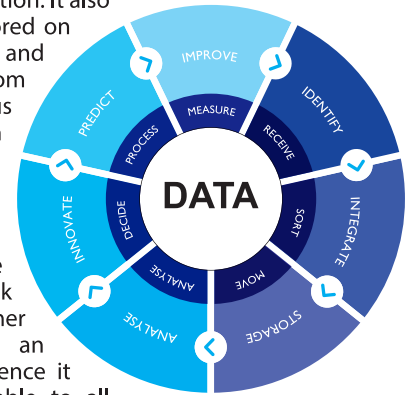
Data Gathering, Cleaning & Compiling - Data is at the core of Topware™. And data management is also the most critical, as it is the basic step that can lead to intricate discoveries through analysis. Octopus Digital proactively communicates with the plant floor to understand the relevant data for KPI reporting purposes. This data is classified further into categories that become building blocks of business intelligence. Octopus Digital will provide the capability to integrate different sets of data from various systems connecting to its platforms.

Using Data to Automate Tasks and Improve Processes - Topware™ is equipped with prebuilt & purpose built Dashboarding and reporting tools that help generate the analysis for predictive & prescriptive measures. The historical analysis helps generate better predictive calculations benchmarked on historical performances of identical assets. Topware™ keeps track of historical analysis and improves its results based on the recent measures taken as KPIs to show real-time improvement or degradation. The prediction can be performed manually, or the system can be tuned to offer predictive maintenance features automatically. As an

advance feature, the production teams can also acquire system predictions for recipe suggestion and improvement of product mixes. It offers a variety of predictive analysis features along with user friendly displays for quick anomaly identification.

Octopus Digital Ensures Data is Protected and Well Managed –

Octopus Digital's Topware™, its underlying cloud platform and back-end development is all based on Microsoft Corporation's Azure computing standards that comply fully with NIST standards of cybersecurity and data protection. It also ensures that the data being stored on the cloud is complete, safe, and permanently secure. Apart from data safety and security, Octopus Digital also performs certain consistency checks that help validate data and remove any redundant results from the data sets. It keeps track of the data being manually fed into the system and keeps a tight check on its overall integrity. Customer data is protected through an integrated security platform; hence it keeps data safe and accountable to all users. This rigorous mechanism of data handling makes it a reliable and robust data archive on cloud which works fast and hassle-free.



24X7X365 UNINTERRUPTIBLE SUPPORT & SLA

Take Advantage of the Cloud - Traditionally, the support services company profits when a client experiences issues. As a result, there wasn't much incentive to ensure trouble-free operations at the client site. There has also been a constant drive for upgrades, migrations, and projects. By leveraging a combination of cloud technology and correcting this misalignment of services, Octopus Digital accomplishes multiple goals. First and foremost, customers benefit by always having their KPIs and reporting they need, allowing them to be more productive and informed without a constant outlay of capital expenses. Second, our fixed priced monthly subscription support services doesn't allow Octopus Digital to profit when the customers have problems.

The Customers Goals are Octopus Digital's Goals - The customer success managers and data scientists employ cutting edge techniques to proactively identify potential problems and address them before they cause downtime – an advance feature of Topware™. By offering Topware™ on a fixed monthly subscription fee structure Octopus Digital are incentivized to ensure that the customer has trouble-free operations and minimal downtime, driving efficiency and profitability. In fact, the more reactive service Octopus Digital is called upon to perform, the less profitable Topware™ becomes.

This is a true representation of "having skin in the game" since Octopus Digital's goals are 100% aligned with the customers.

Various Support Plans - After Topware™ is enabled with the monthly subscription, Octopus Digital's support teams, depending on the type of subscription plan chosen, proactively understand, trace, and inform the issues and challenges arising by looking at the KPIs and reports. There are many factors that impact the process or asset performance and Octopus Digital's experts depending on the chosen subscription plan, identify key areas of improvement, and suggest any changes necessary.



FINANCIAL HIGHLIGHTS

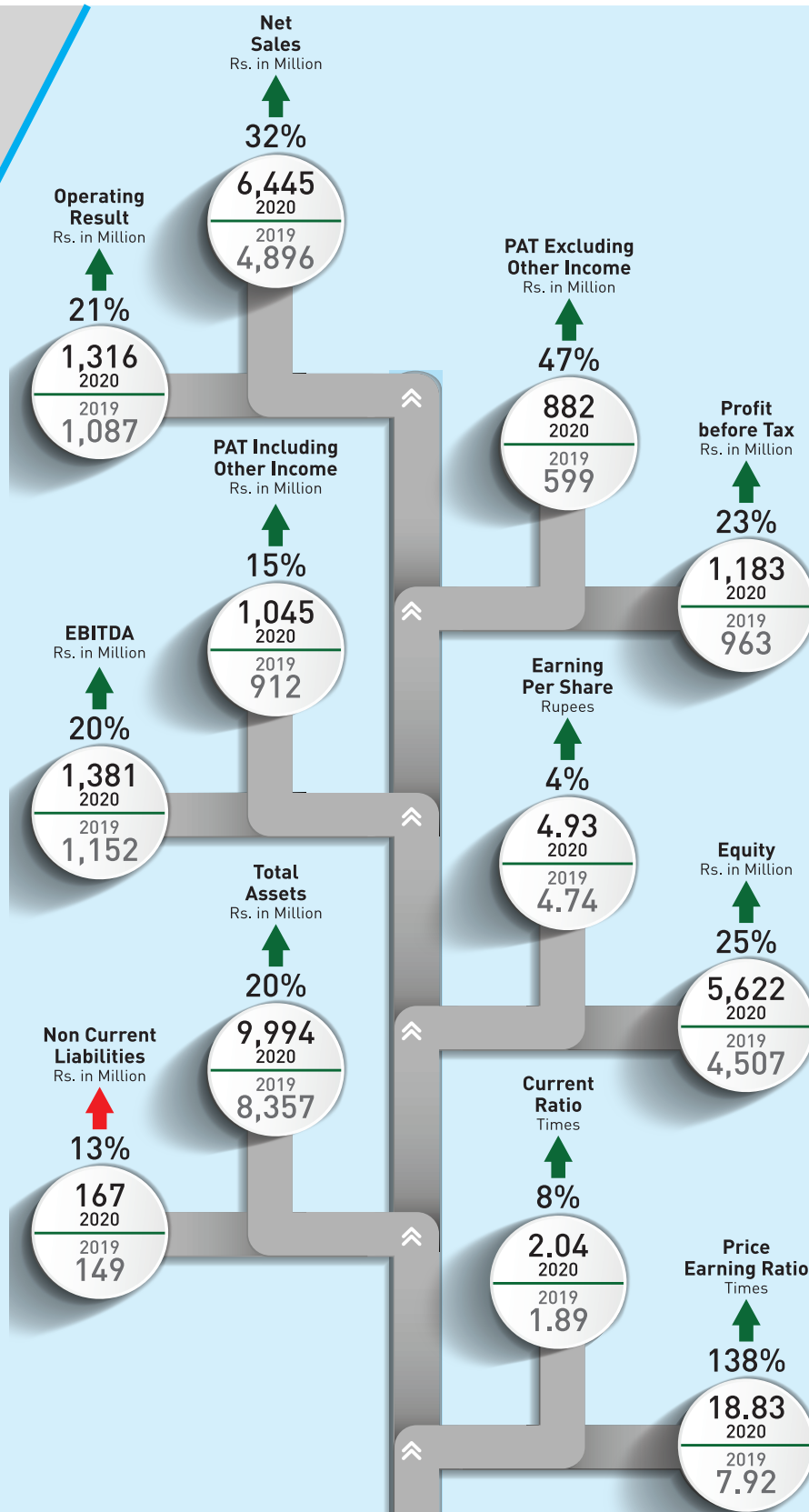
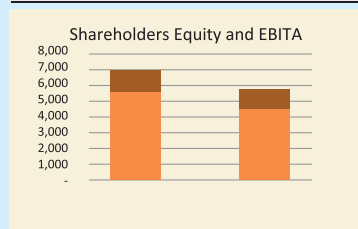
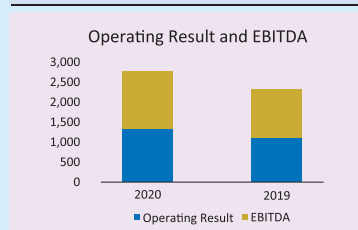
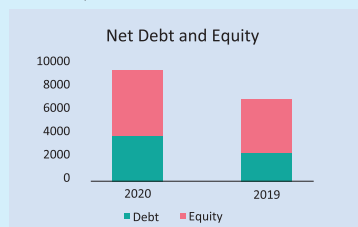
(AS AT DECEMBER 31, 2020) CONSOLIDATED



BAKHTIAR H. WAIN

Founder & CEO

Totally overwhelmed with our best results in such challenging times. It is amazing how Team Avanceon ensured delivery of projects in seven countries with no disruption in customer support, all of this with unwavering COVID safety protocols. A Big Thankyou to our clients who stuck by and belived in us.





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.

VISION

Our Vision & Mantra is our everlasting commitment to always move forward and ensure that we always co-create value with each and every one of our stakeholders by delivering: Tomorrow's Solutions, Today.

MISSION

Our mission is to passionately grow to be the leader of engineered solutions through the Inspired development of our teams by delivering forthcoming value to our customers.

VALUES

Our values are deeply rooted within Avanceon and act as a guide in building value with both our internal and external stakeholders. These are the beliefs which drive our conduct and serves as a foundation of our business:

SUSTAINABILITY



INTEGRITY



TEAMWORK



QUALITY



CREATIVITY

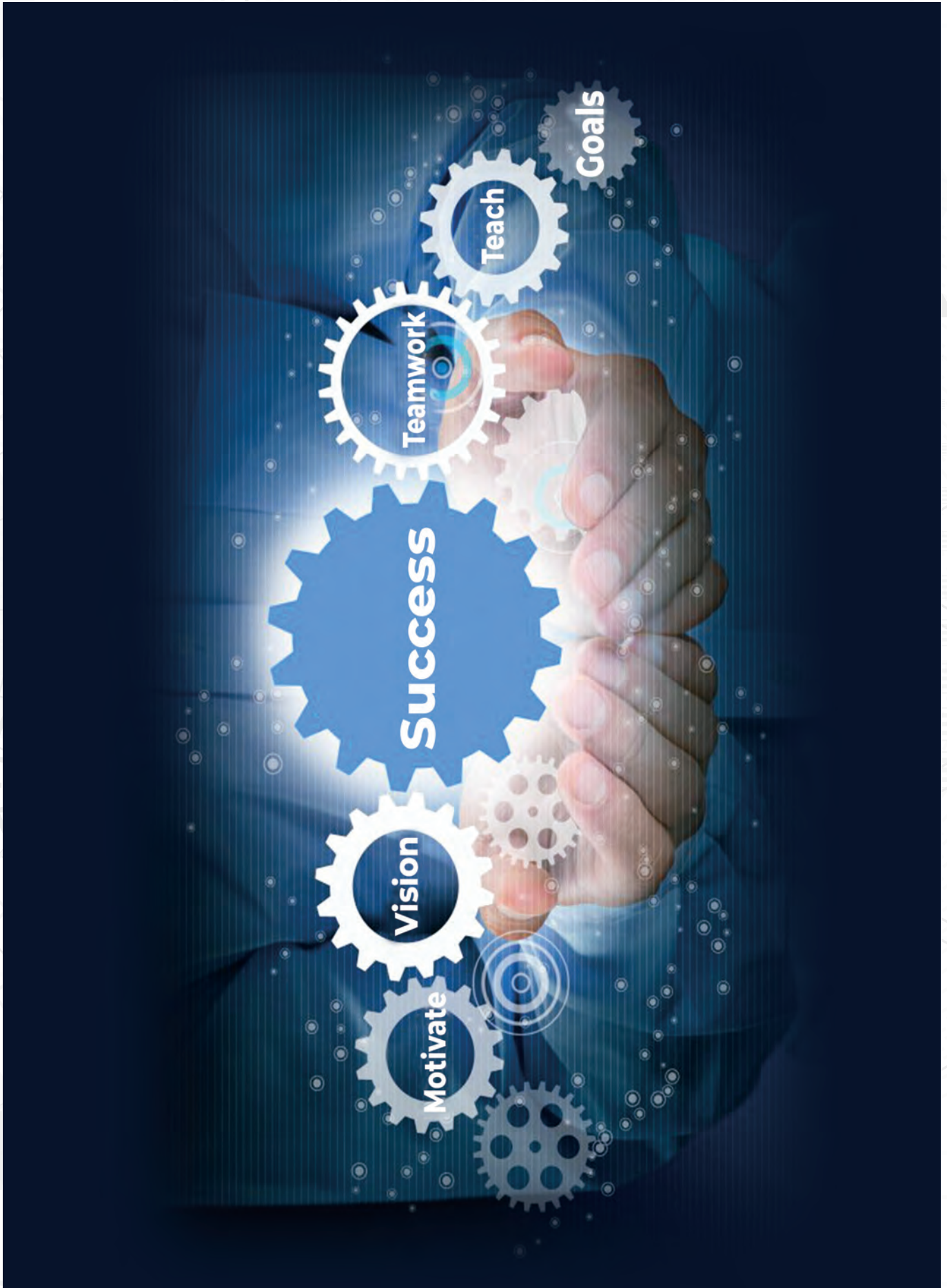


AGILITY



CANDOR





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, covering South East Asia, and Exton, Pennsylvania, covering North America.



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.

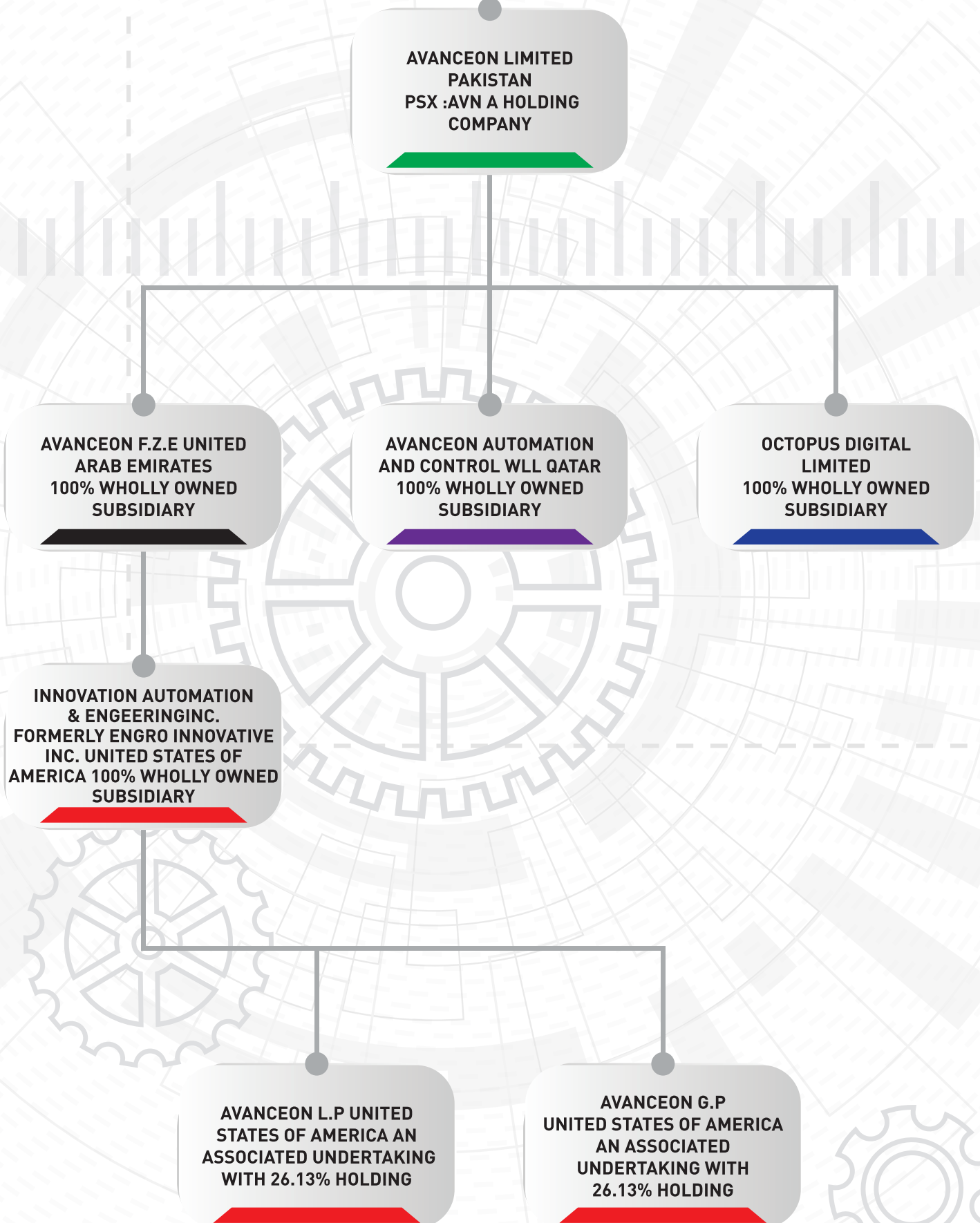
ORGANIZATIONAL STRUCTURE

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.

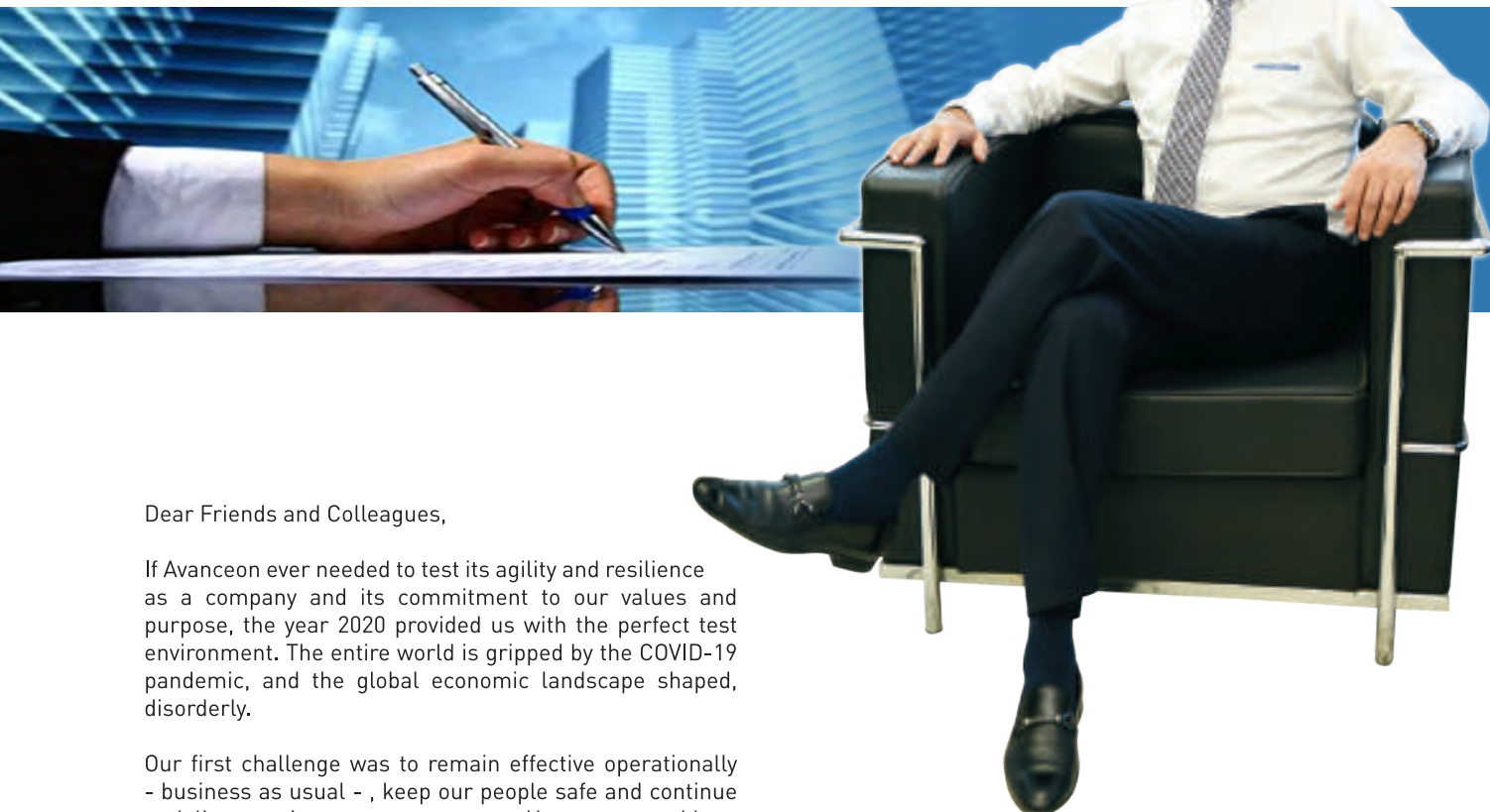
In 2020, Octopus Digital (Private) Limited complied with all the requirements precedent and incidental to the conversion of a Private Company to a Public Company. Octopus Digital Limited is now a Public Limited Company effective 11 November 2020.

Avanceon Limited has incorporated a new wholly owned subsidiary in the State of Qatar with the name "Avanceon QFZ LLC" as a limited liability Company under the Companies Regulations of Qatar Free Zones Authority, with Registration No. FZA 194.

The Qatari Government has established Free Zones in Qatar Doha whereby allowing to incorporate Companies with full foreign ownership without having the need of a Kafael, Tax Holidays/ Zero Corporate Tax and provision of spacious premises/ staging Facility. With the establishment of these Free Zones, QFZA aims to deliver long term solutions by providing an ideal platform for companies looking to expand and improve their business footprint in Qatar and beyond.



LETTER FROM THE PRESIDENT



Dear Friends and Colleagues,

If Avanceon ever needed to test its agility and resilience as a company and its commitment to our values and purpose, the year 2020 provided us with the perfect test environment. The entire world is gripped by the COVID-19 pandemic, and the global economic landscape shaped, disorderly.

Our first challenge was to remain effective operationally - business as usual - , keep our people safe and continue to deliver services to our customers. How we were able to achieve our goals, I will explain in this letter.

First, let's take a look at the business highlights region-wise.

Pakistan Highlights

Like almost every country around the globe, the Pakistan economy suffered in 2020 too. The GDP growth rate for the fiscal year 2019-20 was — 0.4 percent — the first time it fell negative in seven decades.

Our core business was able to generate 1037 Million PKR of orders in Pakistan, below our plan, due to some significant deferred opportunities. We have a backlog orders of over a billion PKR in 2020 and the new order generation in 2021 looks promising. The revenue numbers are well on course in 2021.

Middle East Highlights

- **State of Qatar** – The International Monetary Fund (IMF) projected the Qatar GDP contraction in 2020 at 2.5%. The Qatar economy is expected to bounce back to 2.0% in 2021 and 3.9% in 2022, subject to post-pandemic global economic recovery and expected boom in the services sector ahead of the FIFA 2022 World Cup.

Avanceon is playing a significant role in helping the Emirati nation prepare for the FIFA 2022 World Cup and realize its National Vision 2030. Our project portfolio in Qatar primarily consists of Infrastructure and Transportation projects. We have several high-value projects in the pipeline in the region, and I am confident of our returns in 2021.

- **Kingdom of Saudi Arabia** – The COVID-19 pandemic and dwindling oil prices and demand led to a sharp contraction for the Saudi economy in 2020. Extended OPEC production cuts and declining oil prices in 2020 pulled the Saudi economy into recession, with GDP contracting by an estimated 5.4%. The country expects to grow by 3.1% in 2021, according to IMF. The return of capital projects is most anticipated.

In addition to acquiring new projects, it gives me immense pleasure to report that even during the COVID-19 lockdown, Avanceon received perfect satisfaction scores from one of our most important customers Saudi Aramco. It is a testament to our commitment under any circumstances.

- **United Arab Emirates** – The World Bank has predicted that the \$414 billion UAE economy would grow by 2.4 percent in 2022, after a contraction of 6.3 percent in 2020 and a one percent rise projected for 2021. UAE, as a result, like many of her neighbors has aggressively implemented a containment strategy with strict lockdowns, postponed major events such as World Expo 2020, imposed social distancing, and instituted large-scale testing.

In my previous letter, I alluded to increasing our service base and enter the Oil and Gas market in Abu Dhabi in a big way. In 2020, we did just that. Avanceon FZE secured its largest contract to date in the Middle East. It is valued at \$10 million and is a record for us in the Oil & Gas sector in the Middle East region.

Commitment to our Partnerships and Partners

Since our inception, Avanceon has lived by a core value to “take care of our customers, partners, and employees.” This enduring value guides us as we face the difficult challenge of responding to the COVID-19 pandemic.

We vigilantly monitored the COVID-19 situation and immediately placed precautions and systems to ensure our employees and partners remained safe and healthy. We also ensured that we remained accessible, so did our services to our clients at all times. We are aware that this prolonged period of uncertainty and volatility requires everyone at Avanceon to be nimble and adaptable. More than ever, we are focused on leveraging our scale and resources to provide our clients with innovative products, advice, and solutions as we navigate new market realities together.

Responding to the Pandemic

At the beginning of the spring of 2020, the pandemic had a substantial impact on us. Our utmost priority was the safety of our staff and continuity of service to our customers. We immediately activated our Pandemic Response Plan, and with some changes and adjustments, it allowed us to continue our daily operations and reliably and safely serve our customers. We continue to operate under this plan even today. From the beginning, we decided that the objectives of our Pandemic Response Plan must include four important aspects,

- Safety – Prioritize People Safety First and Foremost
- Communication – Regular and Unfiltered Communication with all Stakeholders
- Business Continuity – Reshape Strategy to maintain business continuity.
- Seamless Recovery – Build resilience and prepare for recovery.

We faced a Challenging Uphill Task of assembling a 200+ workforce (including systems) spread over two continents and six geographical locations on a remotely connected platform. Our response to the pandemic was swift and agile. We developed and Implemented a comprehensive Work from Anywhere Policy immediately. The department heads were trained to manage their teams remotely. We focused on building cash reserves and prudently watched our costs to smoothen our cash flows.

The Results of our response were better than we expected. Despite 95% of our employees working remotely, none of our projects experienced any untoward delays. We achieved some of our best customer satisfaction scores in 2020, both in Pakistan and the Middle East. We were able to identify and leverage new opportunities for a post-COVID-19 landscape with our partners. As a socially conscious organization, Avanceon and its employees contributed handsomely to the Prime Minister COVID-19 Relief Fund.

It gives me great satisfaction to report that we accomplished all of this without laying off or furloughing a single resource. Here I would like to take this opportunity to commend the entire Avanceon team, especially our Human Resource and HSE teams, for going above and beyond the call of duty in keeping us safe and operational.

Leveraging our Systems to Develop Skill Matrices

We achieved a major milestone in 2020 concerning our

internal systems. Avanceon now has a companywide skill set matrix available online. This matrix allows us to have a clearer picture of the correlation between the actual skills and competencies present within our organization and those required. If there is a skill gap, the skill matrix allows us to respond more swiftly to fill it.

Knowing who has what skill makes it possible to effectively and efficiently assign resources around the organization. Managers and Team Leads can now drive efficiencies, monitor their teams, and individual progress more objectively. Employees get a clearer picture of their qualities and role within the organization. More importantly, the skill matrix will address the communication gap among our engineering, sales, and proposal departments. Skill matrix will prove a cornerstone in managing our engineering capital pool best aligned with our business needs.

Our Philosophy behind Octopus Digital

Our philosophy with Octopus Digital is simple. We believe in contemporary business values and are proud to continue these traditions where businesses are honest in their practices and deliver high quality, reliable services and make them available at a fair price. Our mission is to create inexpensive, turnkey, and reliable, cloud based visual analysis for companies in most industries by adhering to the fundamental needs of the industrial process monitoring, measurement, and performance reporting.

Octopus Digital has the expertise to tailor a zero capex, ready to adapt managed serviced solution on a term-based or perpetual monthly subscription model. Octopus takes complete responsibility to set up its digital services based on the customer's needs with a 360-degree coverage to maintain & support uninterrupted digitalization services while delivering a best-in-class user experience.

In 2020, we saw great success and a lot of interest in our Industry 4.0 offering. I am confident that 2021 will be the year Octopus Digital takes off.

Moving Forward Together

Time and time again, Avanceon has proven its resilience in the face of adversity and challenges. The year 2020 is just another example of our tenacity and commitment to serve our customers in every environment imaginable. Being an optimist, I refuse to see anything else but the glass half full. Even during these unprecedented times, as our community faces extraordinary challenges due to the COVID-19 public health and economic crisis, I find hope and inspiration to learn from these challenges and continue to march on with much greater confidence and experience.

With this, I would like to thank the Avanceon team and our shareholders for their support and commitment in helping us weather this crisis. We hope for better days for everyone in the future.

Yours Sincerely,



Tanveer Karamat
President & Executive Director
Avanceon Limited

ACHIEVE MORE

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

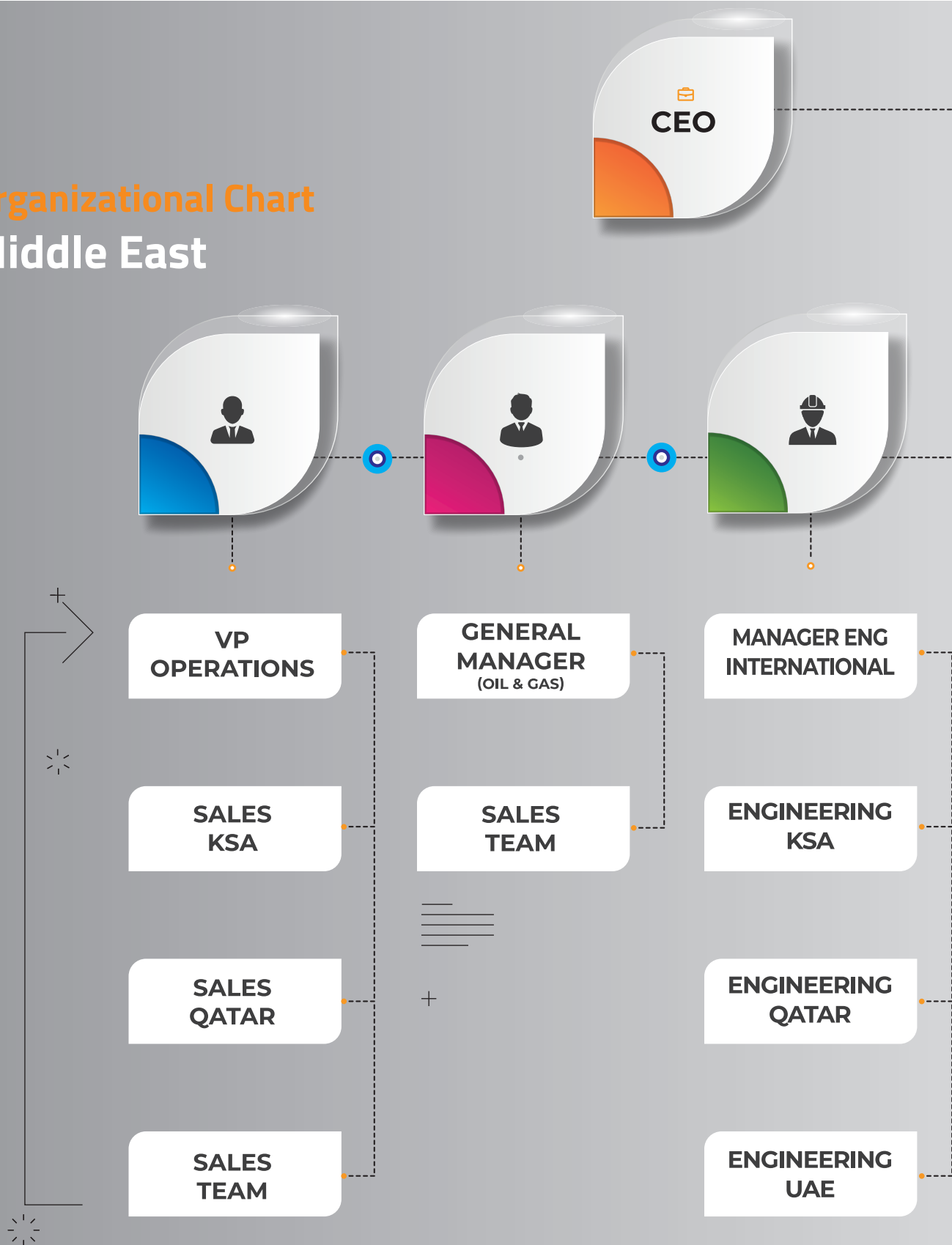
CUSTOMER BILL OF RIGHTS

- 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

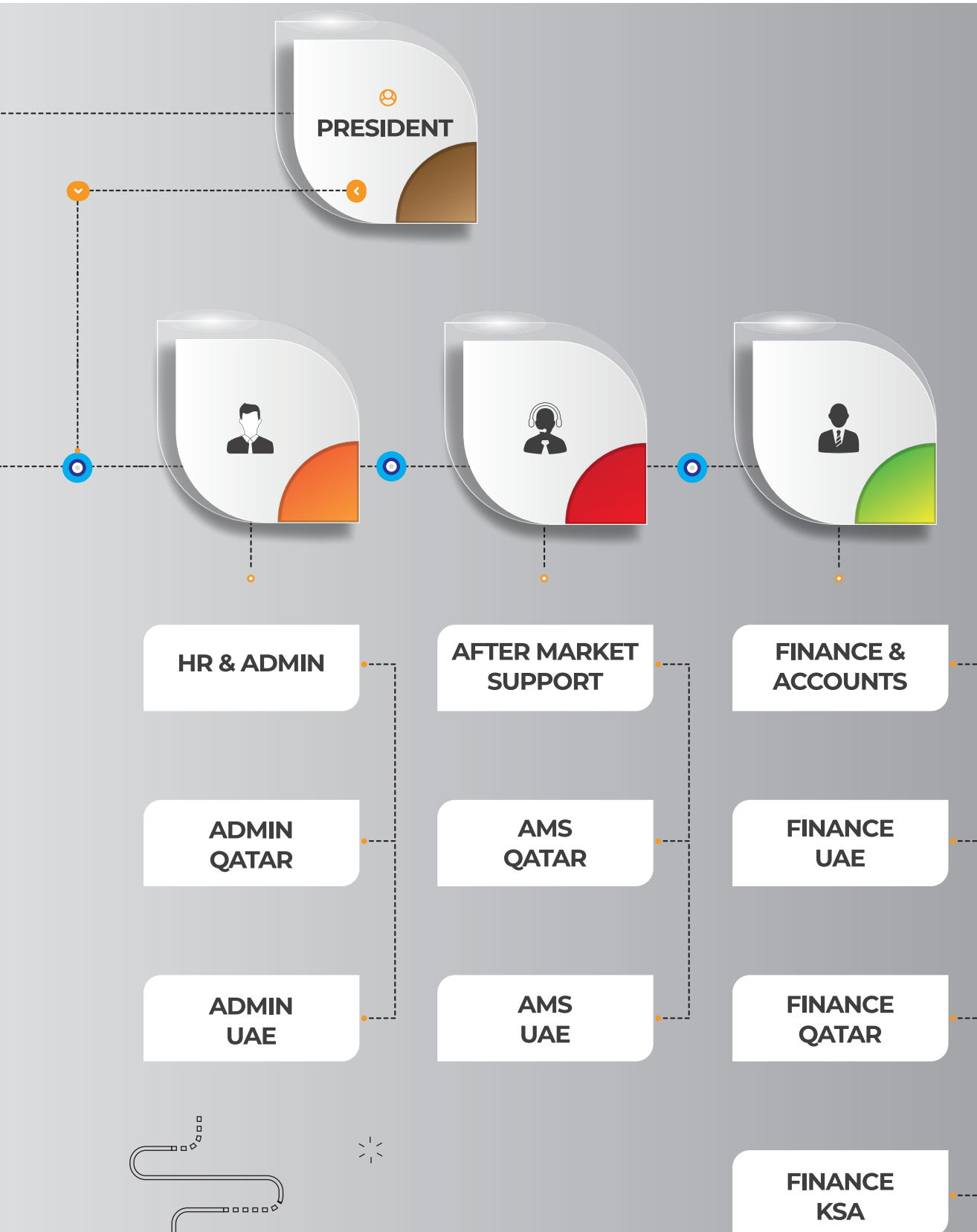
- To set and follow specific objectives for the project
- To know how long the project will take and how much it will cost
- To decide whether to include a feature
- To make reasonable changes to the requirements throughout the course of the project
- To know upfront the cost of making and implementing 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 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



TANVEER KARAMAT
President

Brings over 30 years of exemplary leadership within top companies such as Honeywell. Tanveer is responsible for MEA business vision, performance and growth.



SALES & MARKETING EXECUTIVE

SALES MANAGER

MARKETING

NEW BUSINESS DEVELOPEMENT



QUALITY FINANCE HR EXECUTIVE

FINANCE MANAGER

ERP MANAGER

ACCOUNTING

QUALITY MANAGER

INTERNAL AUDIT TEAM

QUALITY ASSURANCE

HR MANAGER

COMPENSATION & BENEFITS

TRAINING & DEVELOPMENT

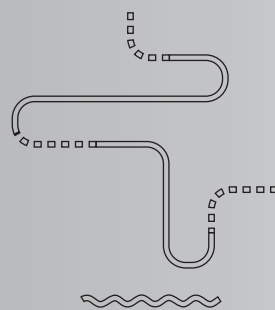
SENIOR RECRUITMENT

NETWORK ENGINEERING

ADMINISTRATION

TRAVELS

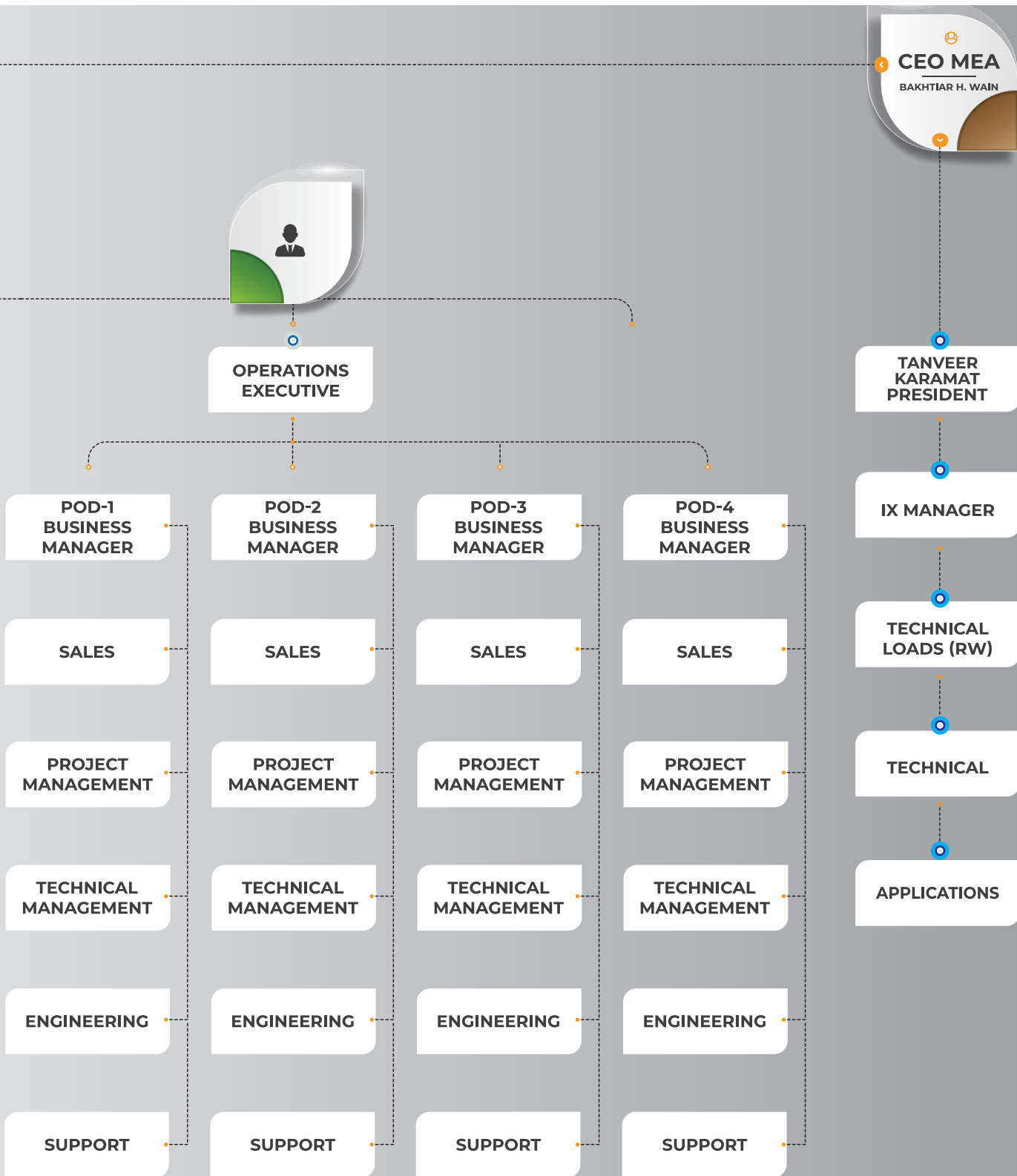
INTERNAL AUDIT MANAGER



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]

+

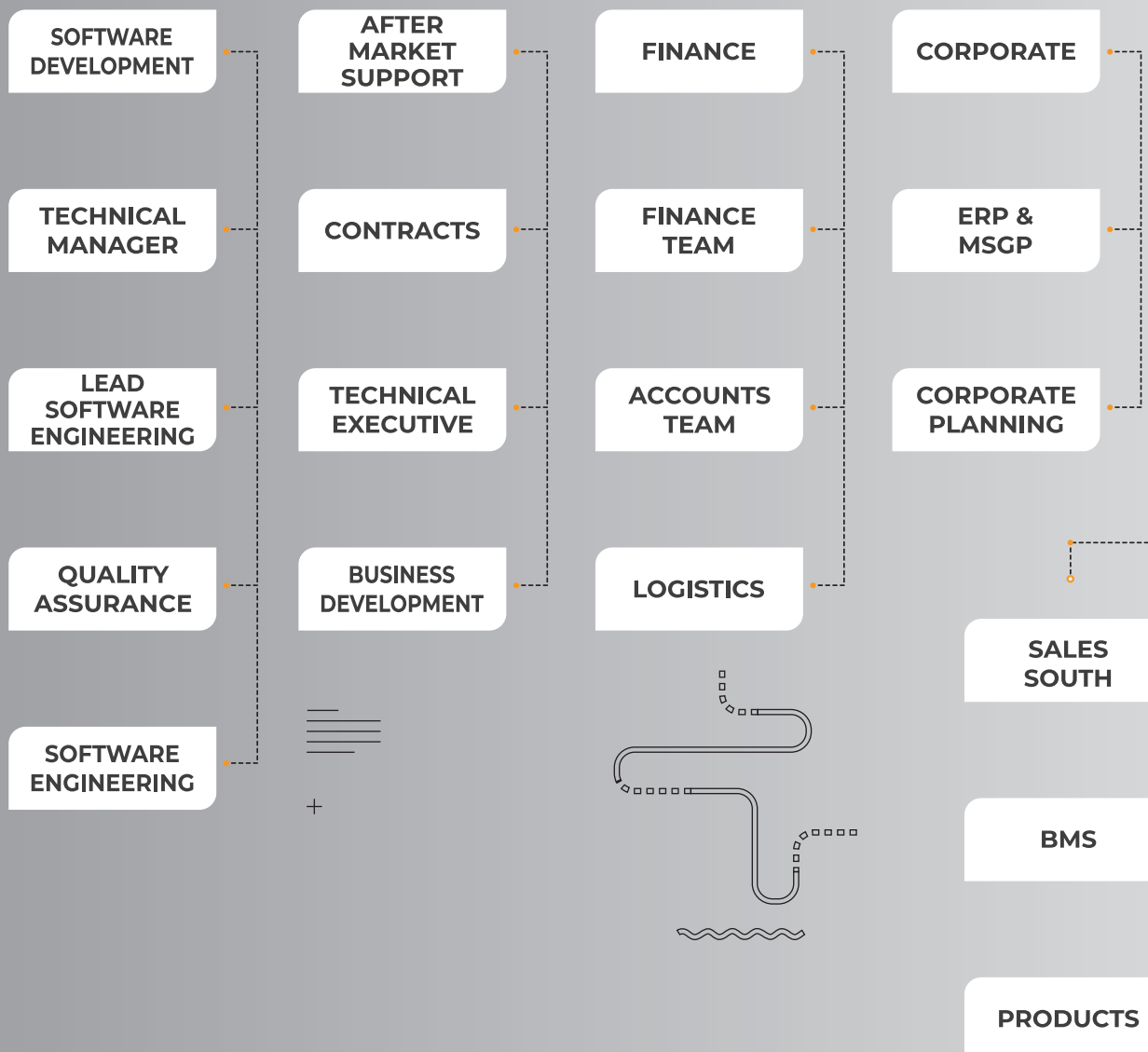


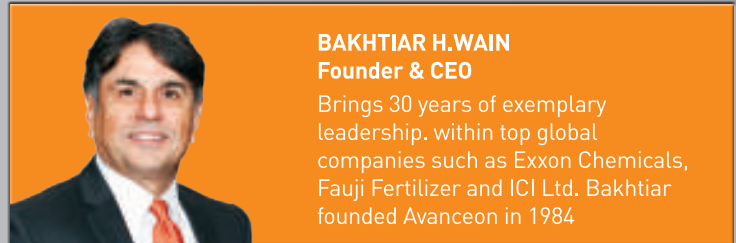
Organizational Chart SOUTH ASIA



TANVEER KARAMAT
President

Brings over 30 years of exemplary leadership within top companies such as Honeywell. Tanveer is responsible for MEA business vision, performance and growth.





**VP
OPERATIONS**

**SUPPLY
CHAIN**

ENGINEERING

**HUMAN
RESOURCE**

**ENG.
SOUTH**

**HUMAN
RESOURCE**

**ENG.
NORTH**

**NETWORK
& IT**

**ENG.
IX**

HSE

**ENG.
RETAIL**

ADMIN

**ENG.
BMS**

**RPS &
SYSTEMS**

**SALES
NORTH**

SYSTEMS

ABS

RPS

PRODUCTS

NATURE OF OUR BUSINESS



ECONOMIC OUTLOOK OF THE REGIONS WE OPERATE IN Pakistan Economic Outlook

Due to lockdown measures imposed at the tail end of the year, GDP growth slowed significantly in FY 2020 (July 2019–June 2020). The economy likely recovered in Q1 of this fiscal year—which began in July 2020. In July–September, industrial production rebounded, mainly due to healthier manufacturing activity. Moreover, average remittances growth surged in the quarter, which, coupled with easing containment measures, should have boosted private spending. Turning to Q2 (October–December) economic conditions continued to improve. In October, merchandise exports expanded modestly year-on-year, while imports continued to contract, leading to a notable improvement in the trade deficit. However, an uptick in new Covid-19 cases prompted a snap-back of some restrictions in mid-November, which may weigh on activity.

The economy should rebound in FY 2021 as the impact of the pandemic gradually fades and domestic demand recovers. Moreover, structural reforms should boost investment, while foreign demand is expected to pick up in tandem with the global economic recovery. However, mounting debt, uncertainty over the evolution of the virus and geopolitical tensions cloud the outlook. Economists project growth of 1.5% in FY 2021 and 4.0% in FY 2022.

OIL & GAS SECTOR – (2020)

Pakistan's oil production during the fourth quarter of 2020 fell by 25% year-on-year, from 7.8 million barrels in the fourth quarter of 2019, to 5.9 million barrels in 2020. This brings the total production in 2020 to 28 million barrels, which is a 13% fall year-on-year from the 32.8 million barrels produced in 2019. This quarter experienced the sharpest drop compared to previous quarters because a lot of refineries were affected by the lockdown. The top eight gas fields in the country – Nashpa, Adhi, Makori East,

Maramzai, Chanda, Mardankhel, Pasakhi, and Makori Deep – make up 60% of the country's oil production. Collectively, the production from these eight fields fell by 29% year-on-year to 3.3 million barrels in the last quarter. Of these, oil flows from Mardankhel, Maramzai and Makori East, which are all located in the Tal Block in Khyber Pakhtunkhwa managed by Pakistan Petroleum, dropped by between 38% and 63% year-on-year during the fourth quarter. However, production in Makori Deep and Chanda improved by 79% and 35% year-on-year respectively due to the discoveries in wells Makori Deep 02 and Chanda 5.

Meanwhile, Pakistan's gas production during the fourth quarter of 2020 fell by 17% year-on-year. This brings the total production in 2020 to 1.2 million mmcf, which is a 10% fall year-on-year from the 1.4 million mmcf produced in 2019.

Of the top eight gas fields, Kunhar Pasakhi Deep and Kandhkot experienced the greatest decline, at 46% and 43% respectively.

According to data from Pakistan Petroleum information, companies reported nine discoveries and ten dry wells in 2020. This is a success ratio of 47%, which is higher than the historical average of 36%.

QATAR ECONOMIC OUTLOOK

Following trade restriction imposed by Saudi Arabia, the UAE, Bahrain, and Egypt in 2017, Qatar established new trade routes with other countries to maintain access to imports.

Qatar's oil and natural gas resources are the country's main economic engine and government revenue source, driving Qatar's high economic growth and per capita income levels, robust state spending on public entitlements, and

booming construction spending, particularly as Qatar prepares to host the World Cup in 2022. Although the government has maintained high capital spending levels for ongoing infrastructure projects, low oil and natural gas prices in recent years have led the Qatari Government to tighten some spending to help stem its budget deficit.

Qatar's reliance on oil and natural gas is likely to persist for the foreseeable future. Proved natural gas reserves exceed 25 trillion cubic meters - 13% of the world total and, among countries, third largest in the world. Proved oil reserves exceed 25 billion barrels, allowing production to continue at current levels for about 56 years. Despite the dominance of oil and natural gas, Qatar has made significant gains in strengthening non-oil sectors, such as manufacturing, construction, and financial services, leading non-oil GDP to steadily rise in recent years to just over half the total.

Saudi Arabia, the UAE, Bahrain, and Egypt restored diplomatic ties with Qatar and reopened their borders to Qatar in early 2021, ending their long-running boycott. The Qatari economy will return to growth in 2021, of 2.4%, as the economy benefits from a recovery in Chinese and global LNG demand, as well as the rapprochement with the former boycotting quartet. The emir, Sheikh Tamim bin Hamad al-Thani, will remain secure in office in 2021-25, supported by strong public confidence.

KINGDOM OF SAUDI ARABIA ECONOMIC OUTLOOK

Saudi Arabia has an oil-based economy with strong government controls over major economic activities. It possesses about 16% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. The petroleum sector accounts for roughly 87% of budget revenues, 42% of GDP, and 90% of export earnings.

Saudi Arabia is encouraging the growth of the private sector to diversify its economy and to employ more Saudi nationals. Approximately 6 million foreign workers play an important role in the Saudi economy, particularly in the oil and service sectors; at the same time, however, Riyadh is struggling to reduce unemployment among its own nationals. Saudi officials are particularly focused on employing its large youth population.

Historically, Saudi Arabia has focused diversification efforts on power generation, telecommunications, natural gas exploration, and petrochemical sectors. More recently, the government has approached investors about expanding the role of the private sector in the health care, education, and tourism industries. While Saudi Arabia has emphasized their goals of diversification for some time, current low oil prices may force the government to make more drastic changes ahead of their long-run timeline. After contracting sharply in 2020, real GDP will grow steadily from 2021 onward, driven by higher oil and non-oil activity.

UNITED ARAB EMIRATES ECONOMIC OUTLOOK

The UAE has an open economy with a high per capita income and a sizable annual trade surplus. Successful efforts at economic diversification have reduced the portion of GDP from the oil and gas sector to 30%.

The economy seemingly started to recover in the third quarter, after the second quarter's sharp contraction. In September, the PMI moved back into expansionary territory and recorded the best reading in 11 months, signaling an improvement in the business conditions of the non-oil private sector. However, the reading showed that employment levels continued to decrease, albeit at a slower pace than in August. Moreover, oil production hit a near-decade low in Q3, amid constrained output and low global prices, likely weighing on government finances. Additionally, the sharp increase in new Covid-19 cases through September–October poses a threat to the recovery, as restrictions could be tightened again. In October 2020, the UAE and Israel struck a preliminary deal for the oil exporter to send oil directly to Europe via an Israeli pipeline, boding well for the UAE's oil exports.

In 2021, GDP is expected to recover on the back of stronger aggregate demand as economies reopen globally. Nevertheless, downside risks remain: Uncertainty over the pandemic lingers, and further spikes in infections could dampen oil demand ahead. Economists forecast GDP to expand 3.0% in 2021 and 3.6% in 2022.

The UAE's strategic plan for the next few years focuses on economic diversification, promoting the UAE as a global trade and tourism hub, developing industry, and creating more job opportunities for nationals through improved education and increased private sector employment.

Sources:
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<https://www.economy.com/united-arab-emirates/indicators>
<http://country.eiu.com/united-arab-emirates>
<https://www.focus-economics.com/countries/united-arab-emirates>



STRATEGIC PARTNERSHIPS



In 2020, Avanceon continued its commitment to bringing world-class OEMs and solutions to its customers in a variety of sectors. Here are a few salient highlights of Avanceon's drive to develop value added and long-lasting partnerships.

1. Avanceon Limited achieved Achilles FPAL Membership in 2020. The Achilles FPAL Membership demonstrates Avanceon's commitment to delivering reliable high-quality services to the Oil & Gas Industry
2. Avanceon agreed to a strategic partnership with Parksol - a leading supplier of intelligent parking solutions for shopping malls, hotels, government buildings, hospitals, and airports. Through this partnership, Avanceon and Parksol will identify new business avenues and develop joint offers for the Building Management System (BMS) sector in the region.
3. Avanceon FZE was recognized as a System Integrator with the capability to engineer, develop and install solutions featuring Emerson's Industrial Automation and Control portfolio of Products. Emerson is widely recognized as a global technology leader specializing in Automation and Commercial & Residential Solutions.
4. In 2020, Avanceon in collaboration with Endress+Hauser and Analytik Jena joined the fight against COVID-19 to introduce UVP Crosslinker CL1000 - Ultraviolet-based disinfection for the inactivation of viruses on Respirator Masks.

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 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.

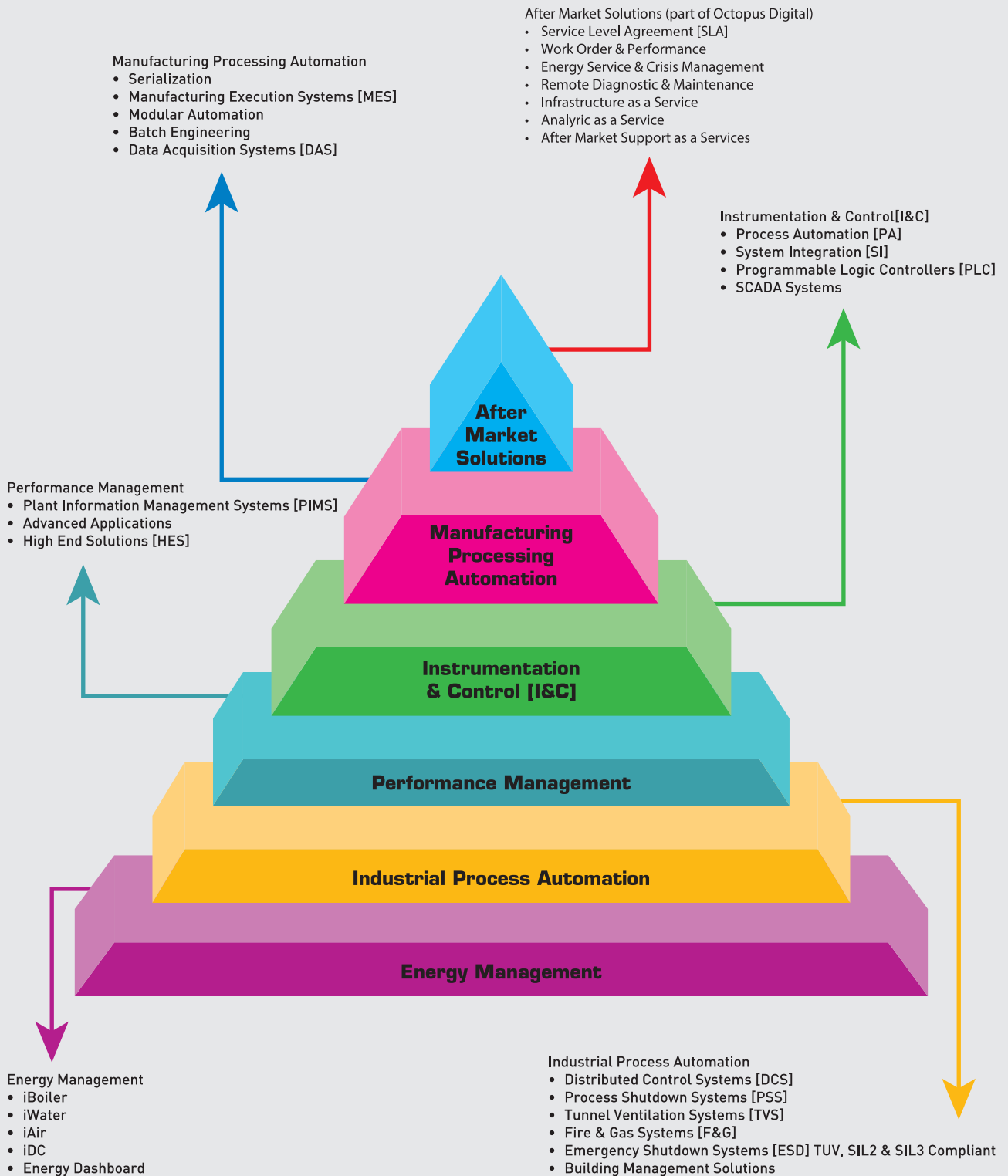
EMERSON

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 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:


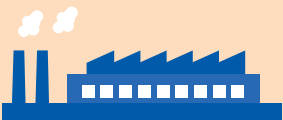



- **Energy Dashboard:** A complete service-offering platform for the monitoring of energy consumption in different business units of a plant remotely from anywhere in the world
- **iWater:** Water is a big energy cost centre in most industries. Through iWater, Avanceon offers a proprietary solution to 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 few are given below) enabling it to earn strong credentials, move up the learning curve and develop a diverse customer base.

Having established its footprint in the Middle East by setting up of offices in Qatar and Kingdom of Saudi Arabia in 2017, Avanceon partnered with PE Energy in 2019 to establish its presence on the African continent.

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 EMICOOL, UAE EMPOWER, UAE Kot Addu Power Company Limited, Pakistan PAL Technologies, UAE Dubai Metro, UAE QDVC, Qatar National Water Company – KSA	Serco 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



HR UPDATES

HR Updates 2020: In 2020, Avanceon's Human Resource Dept. embarked on a mission to streamline, secure, and update our internal systems. Here is a report of their performance in 2020.

HR Initiatives and Developments

- Information Security Initiative
- Development of Companywide Skill Set Matrix
- Avanceon Projects
- Avanceon People

Information Security Initiative: Avanceon's objectives with the Information Security Initiative is to,

- Protect information against various threats.
- Ensure Business continuity
- Minimize financial losses.
- Optimize return on investments.
- Create opportunities to do business safely.
- Maintain privacy and compliance.

ISMS 27001 Certification - Avanceon has opted for the ISMS 27001 and developed processes and methodologies to ensure the integrity, confidentiality, and availability of data. The auditing body chosen for certification is TUV Austria. The internal audit is planned in May 2021 and external audit is planned by June 30, 2021.

PC Sentry - Avanceon is using PC Sentry as an internal software information system for two main reasons:

- Safeguarding information
- Monitoring employee activity and productivity during COVID-19 WFA regime

Development of Companywide Skill Set Matrix: Avanceon developed a companywide skillset matrix on Avanceon People across engineering department and tech teams to achieve the following objectives,

- Drive resource allocation decisions for assignments
- Employee TNA- Gap analysis with employee's skill set and skill level
- Forecast hiring requirements

Avanceon Projects: With Avanceon Projects, the team can accomplish the following,

Single Interface for Project Plan - All projects plans are accessed through one platform

Live Plans - Project plans are updated on a daily basis with Gantt charts and every detail of the project including milestones, task lists, percentage of completeness, and

overdue tasks

Knowledge Sharing - Avanceon Project allows to create a page and save documents and other information which team members can access when needed

Workflow - Avanceon Projects allows to create custom workflows and configure notifications

Tracking Project Delays - Each resource's hours are loaded on Avanceon Projects which has made tracking delays in projects easier

Insightful Reports - Avanceon Projects integrates with Zoho Reports and helps customize dashboards and track metrics that are important for progress

Integration with other tools - Avanceon Projects makes project management easier by integrating into Gmail, Google Drive, Google Calendar and Dropbox

Avanceon People: Avanceon People is an online HRIS which has made Effortless HR Management possible. As a result, Avanceon HR is maintaining all the following under one roof/platform.

Employee Data Management - Complete employee profile including joining date, experience, education, dependents information, personal information etc is being maintained.

Administration made effective - Using Avanceon people attendance and leave module to manage employees. Travel module has also been set up to plan employee's international travel on work assignments

Workflows - Using workflows to automate various HR forms like employee requisition form, confirmation form, separation form etc.

Performance Module - Managing Quarterly performance reviews online from start of review till appraisal letter distribution. Maintaining a companywide skill set matrix at bird's eye view

Learning Management System (LMS) - Managing and monitoring employee trainings through Avanceon LMS. Efficient on-boarding with orientation package available on LMS

Bonus Achievement: Avanceon's CSR Initiative is specifically designed to help talented children of our associates realize their full potential. One such shining star in our constellation is our very own Augustus Jalal's daughter Florance Muskan who was accepted at DOW University of Health and Sciences BSN program.

Avanceon is privileged and honored to support Ms. Muskan'

QHSE UPDATES

QHSE Achievements in 2020

The passion and professionalism of Avanceon's HSE team and their commitment to reducing risk, protecting people, the environment and saving lives has been commendable throughout 2020.

Here are a few highlights of the efforts put forward by Avanceon's HSE Dept in 2020.

1. Successfully launched LMS program for HSE Trainings on AVANCEON People (ZOH0).
2. Training on Basic Electrical Safety with Engineering and AMS team.
3. Developed and Implemented COVID-19 Prevention Guidelines in all regional offices.
4. Training of all employees on the COVID-19 Prevention.
5. Development of HSE Guidebooks on Business Continuity Plan and COVID-19 Home Safety.
6. Conducted sessions on COVID-19 protection and prevention for employees' families.
7. Production of In-house Hand sanitizers using WHO Guidelines and distribution among employees and families.
8. Successful office resumption compliant to Govt. Protocols on COVID-19 prevention.
9. Arranged Three-day Contractors' HSE Development and Training Program.
10. Safe execution of all Oil & Gas project sites with zero Loss Time Injury.
11. Complete revamp of the Emergency Response Team
12. Conducted Sessions on Defensive Driving by NHMP.
13. Successfully passed vendor qualification. Awarded contract by a major Oil & Gas marketing company in Pakistan.
14. Successfully renewed PEC certification.
15. Successfully passed surveillance audit on ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 for Avanceon Ltd.
16. Successfully passed certification on ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 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 HSE team, Avanceon has been able to play a significant role in supporting the national effort to tackle the COVID-19 pandemic.

CONTRACTORS' HSE DEVELOPMENT & TRAINING PROGRAM

Keeping in view the current situation with the COVID-19 pandemic and to ensure maximum participation, this year Avanceon HSE conducted its HSE Development and Training Program online via GoTo Meeting.

The following modules were covered in the Contractors HSE Development & Training Program

01 / Module

- Avanceon's Basic Safety Module/Orientation
- Avanceon Safety Rules and Accountability Matrix
- Hazard Spotting and Job Safety Analysis
- Use of PPEs
- Emergency Response Fire Fighting & First Aid

02 / Module

- Incident Classification and Reporting
- Permit to Work System
- Excavation Safety
- Hot Work and Fire Watcher

03 / Module

- Working at Height (Including Scaffolds)
- Lifting and Rigging
- Electrical and Instrumentation Safety
- Project Safety Management



Avanceon Aims to Create a Positive Safety Culture by Building HSE Competence of its Contractors.



H.S.E. Dept.
For further enquiries contact
trahar@avanceon.ae | +92 501 8511 465



CB-037-MS



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Corporate governance is control and mechanism applied by the Board of Directors to oversee a company. It includes Company's Financial, Corporate, institutional, and ethical responsibilities to its stakeholders. A sustainable level of corporate governance is to being transparent about the information to outsiders, ensuring that a strong sense of ethical behavior permeates the organization, and making sure a strong control system is employed. The Optimal level of governance is achieved by striking the balance in the interests of shareholders, investors, business partners, regulators, money lenders, customers, vendors, and the community.

The stakeholders 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 regards the Board is committed to the principles and do comply with requirements of the Code of Corporate Governance included in the listing regulations of Pakistan Stock Exchange. 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 (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. However, it recognizes that the internal control system has to be cost effective and that no cost effective system will preclude all errors or irregularities. The system is based upon written 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 constant 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 maintain the 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, present its state of affairs fairly, the results of 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 principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of Avanceon. 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 Chief Executive Officer must also: build the brand, reputation and franchise of Avanceon; diversify business evolve the company offering to bring more services and profitability; establish a company structure that optimizes execution of the Company's adopted strategies; foster a corporate culture that promotes sustainable ethical



practices, encourages individual integrity and fulfills social responsibility goals; ensure a positive and constructive working environment where employees are motivated and retained.

The Board comprises of two executive and five non-executive directors including two 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 directors tenure completed the three year period on April 24, 2020. The Board has constituted the following committees:

1. Audit Committee
2. Human Resource and Remuneration Committee
3. Executive(s) 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 was formed in 2019 and is responsible for the smooth conduct of the affairs of the Company via following up on the OKRs (Objectives Key Results).

The Executive Board Comprises of key management leadership across the board from sales, engineering, finance, HR and Corporate globally. 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.

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

In order to orient the key management personnel of the corporate governance concepts and best practices, the company conducts periodical workshops 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 in order 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.

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

Avanceon does not use bribery as an instrument for any business or financial gain. Employees are not authorized to give or receive any gift or payment 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

SUSTAINABILITY

Corporate Social Responsibility Avanceon takes corporate social responsibility seriously. Through giving back to the people that work with us and the communities where 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. This year the company enrolled all the children of its support staff, 38 in total, 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. The Avanceoners pledged to donate very material amount which was doubled by the same contribution amount by the company for Army relief funds for the IDP's, to make a difference and volunteering support for the under privileged individuals in effort to better their lives.

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. 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.

OCCUPATIONAL SAFETY AND HEALTH

The Company always puts the safety and health of its employees as a priority and has invested significantly and committed to invest further in the future. The Company offers attractive health & safety policies such as periodic awareness sessions to promote preventative measures with the intention of ensuring safety and security of the employees.

The Company has established a safety department led by an experienced member of staff, equipped with sophisticated firefighting and safety equipment, at all locations. Similarly, we have established facilities of Nestle water and dispensaries and ambulances at all locations. The Company arranges office fumigation on a regular basis in order to prevent dengue and other diseases, as well as providing a nutritional lunch to employees without hierarchical discrimination.

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. Key roles are taken by various nationalities: American, Egyptian, Filipino, French, Indian, Japanese and Pakistani, women are especially encouraged across the company.

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



Keeping up with constantly changing corporate world of governance laws, at Avanceon we strive to follow the best Corporate and Governance practices. It is a proven fact that companies with sound governance practices are always transparent and out-perform their peers in operations & management affairs. – Ahsan Khalil

(ACA-FPFA) Company Secretary.

AVANCEON'S WHISTLEBLOWER POLICY – “SPEAK OUT!”

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 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.

A concrete Whistleblower system is in effect at the Company. The Company expects employees, suppliers and contractors at all affiliated companies to not only abide by our standards of business conduct but come forward without fear and 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.

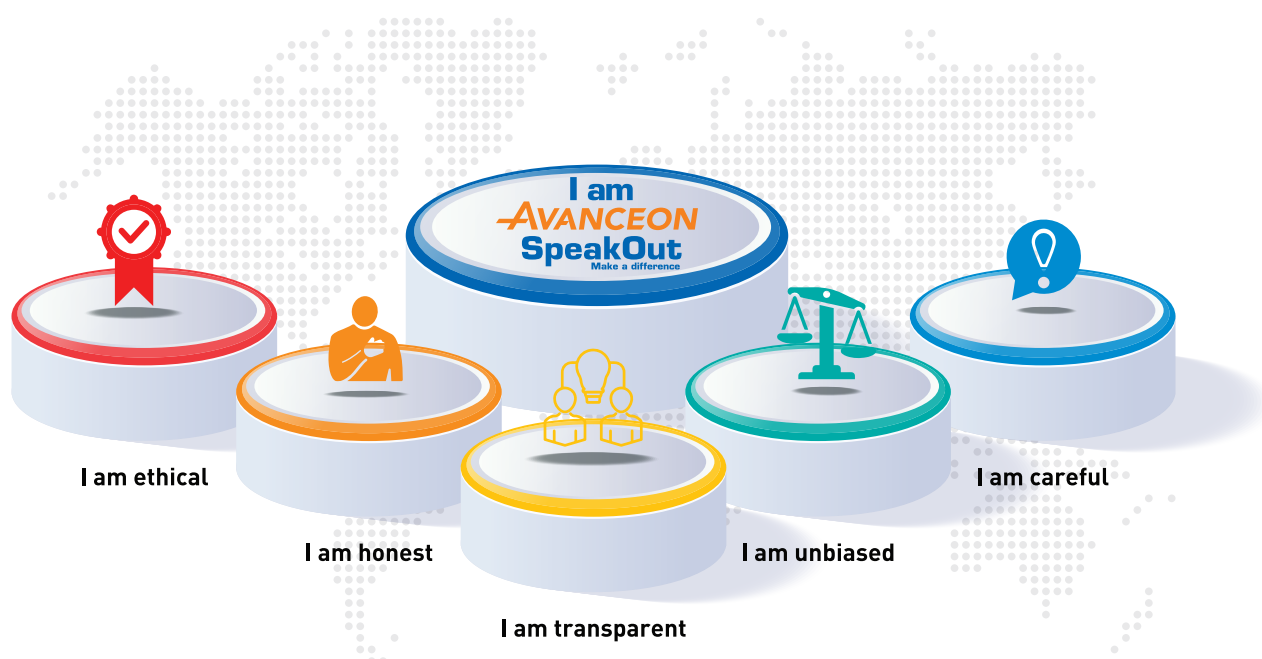
Considerable efforts are made to maintain the confidentiality of complainants and to protect them from any form of retaliation or victimization for genuinely held concerns that are raised in good faith.

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 2020, no cases were reported, highlighting ethical commitment of Company's stakeholders'.



REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF (CODE OF CORPORATE GOVERNANCE) Regulations, 2020

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, 2020 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, 2020

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in Notes 10 and 14 of the Statement of Compliance:

Reference	Description
Regulation 31 (6)	The Company's Head of Internal Audit resigned on 01 August 2019 and his vacancy has not been filled till the date of this report.
Regulation 27 (2) (i)	The Audit Committee of a Company shall meet at least once every quarter of the financial year. However, only two meetings have been held during the year.



EY Ford Rhodes
Chartered Accountants
Lahore:

STATEMENT OF COMPLIANCE

ANNEXURE A

[SEE REGULATION] LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2020



Name of Company: **Avanceon Limited**
For the year ended: **31 December, 2020**

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
- b. Female: One

Latest elections of the Board were held in April 2017 before these Regulations came into force. The Company shall comply with the requirement of at least one female director on its Board upon expiry of the term in 2020 as per clause 7 of the Regulations.

Category	Name
Independent Directors	Mr. Mohammad Shahid Mir Mr. Omer Iqbal Khan Mr. Hanan Darwish
Non-Executive Directors	Mr. Khalid Hameed Wain Mr. Amir Waheed Wain Mr. Bakhtiar Hameed Wain Mr. Tanveer Karamat
Female Directors	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. No Directors' Training Program has been arranged during the year due to COVID-19. However, the Company is currently compliant with the Regulations in this respect and is in process of arranging training programs for the remaining Directors within the time as prescribed in the Regulations;
10. No new appointment of CFO and Company Secretary occurred during the year.
The position of Head of Internal Audit remained vacant from August 01, 2019 to date during the year;
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
Mr. Khalid Hameed Wain	Member
Mr. Amir Waheed Wain	Member

b) HR and Remuneration Committee (Name of members and Chairman)

Mr. Mohammad Shahid Mir	Chairman
Mr. Khalid Hameed Wain	Member
Ms. Hanan Darwish	Member

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, -

	Frequency	Number of meetings held during the year
a) Audit Committee	Quarterly	2*
b) HR and Remuneration Committee	Yearly	1

* Quarterly meetings of Audit Committee are required to be held as per Regulation 27 (2) (i) as well as terms of reference of the Committee. However, only two meetings of the were held during the year, due to non-availability of members and time shortage to adjourn the meetings. The decisions were put forwarded to the Board of Directors of Avanceon Limited for the approvals;

15. The board has outsourced the internal audit function to Grant Thornton Anjum Rehman, Chartered Accountants 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

Khalid H. Wain
Chairman

LAHORE

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 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. Human Resource management has introduced the Pay Continuation Plan; over and above to the current benefits, grieved family will receive 50% of monthly gross salary for the period of ten years.

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 grand child.*

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 grieved 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

As the reported cases of Corona Virus COVID-19 continued to increase drastically throughout the world 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, 2020, the all financial statements and notes to the accounts have been prepared by the management of the company as under:



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

The Directors' Report, prepared under relevant sections of the prevailing Companies Ordinance, in Pakistan, will be put forward to the members at the 18th Annual General Meeting of the Company to be held Wednesday, 26 May 2021 at 03:00 PM via Zoom video link from Avanceon Limited, Regional Operations Center, 19-KM, Main Multan Road, Lahore, Pakistan.

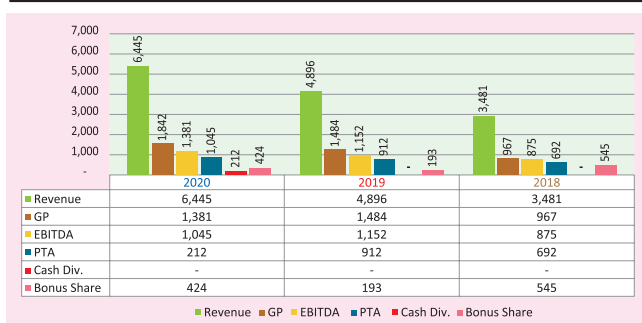
Directors' Report

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 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 2020 ended with the second highest ever backlog of USD 53million which bodes very well for revenues and net profit of FY 2020 at another positive trend figures. We accounted for PKR 37million saving in fixed costs due to online working during COVID-19 period which is the proof of Avanceon abilities to work remotely. Being a technology company, we successfully conducted a lot of FATs remotely with highest ever satisfaction ratings.

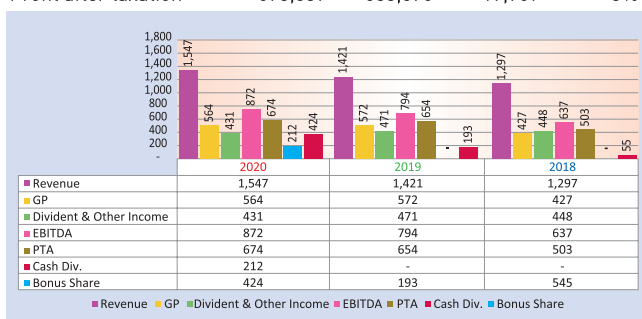
Operating results (consolidated)

(Rupees in ,000)	2020	2019	Variation	%age Variation
Revenue	6,444,692	4,896,158	1,548,534	32%
Profit before tax	1,183,374	962,940	220,434	23%
Profit after taxation	1,044,979	912,176	132,803	15%



Operating results (standalone)

(Rupees in ,000)	2020	2019	Variation	%age Variation
Revenue	1,547,153	1,420,979	126,174	9
Profit before tax	764,080	691,727	72,353	10%
Profit after taxation	673,839	653,870	19,969	3%

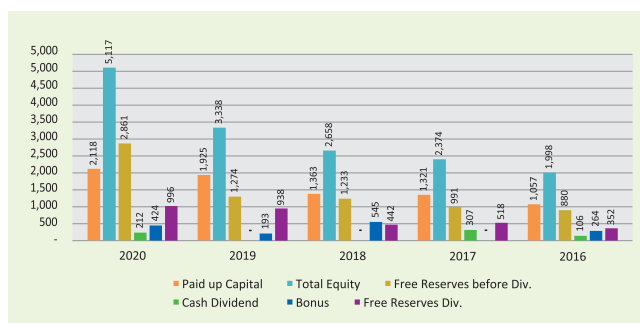


SUBSEQUENT APPROPRIATIONS

The Directors have recommended a cash dividend 10% (2019: NIL) and bonus shares 20% (2019: 10%)

The following appropriations have been made:

(Rupees in ,000)	2020	2019
Reserve available for appropriations (at standalone financials)	1,631,483	1,070,907
Appropriation:		
Proposed Dividend @ 10% (2019:Nil)	-	211,790
Proposed Bonus @ 20% (2019:10%)	423,580	192,536
Unappropriated reserve carried forward	996,113	878,371



EARNINGS PER SHARE (EPS)

Earnings per share of the Company remained on a positive side over the last five years except for FY 2017 which is indicative of consistent performance in all business segments & regions and meeting the expectations of the shareholders.

Consolidated

The basic earnings per share after tax is Rs. 4.93 (2019: Rs. 4.31 - restated).

Standalone

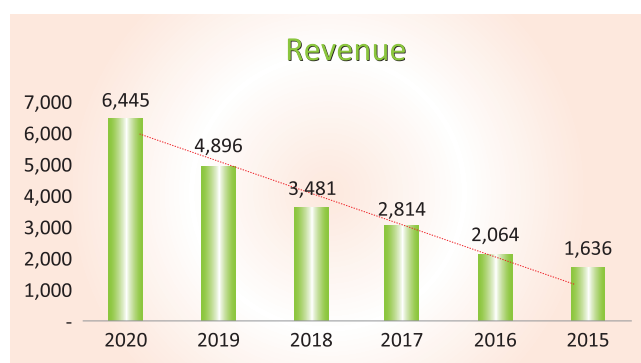
The basic earnings per share after tax is Rs. 3.18 (2019: Rs.3.01 - restated)

Directors' Report

FINANCIAL PERFORMANCE (CONSOLIDATED)

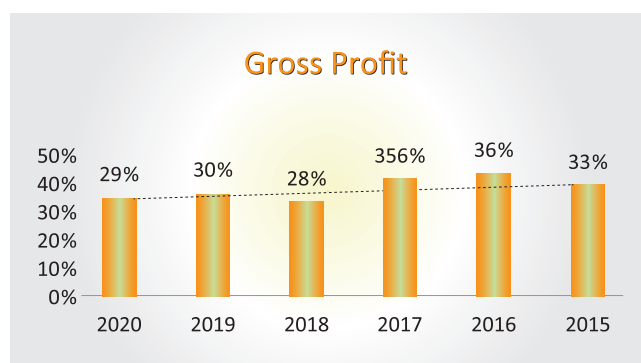
Revenue

The Company revenue of Rs. 6.445 billion has 32% increased as compared to last financial year, we observed excellent and expected growth of revenues over the financial year 2017, 2018 & 2019. However, the order generation in 3rd & 4th Quarter of financial year 2020 and in 1st Quarter of Financial year 2021 is as per the projected figure and to achieve the corporate plan. We can forecast a solid growth in the 3rd and 4th Quarters of financial year 2021 as disclosed and briefed during analyst briefing May 05, 2021. We have seen excellent growth in same quarters of financial year 2020 except some delays in revenue recognition in 1st and 2nd Quarter 2020 due to COVID-19. The Company's revenues maintained a positive trajectory throughout the financial year with growth over financial year 2017, 2018 & 2019.

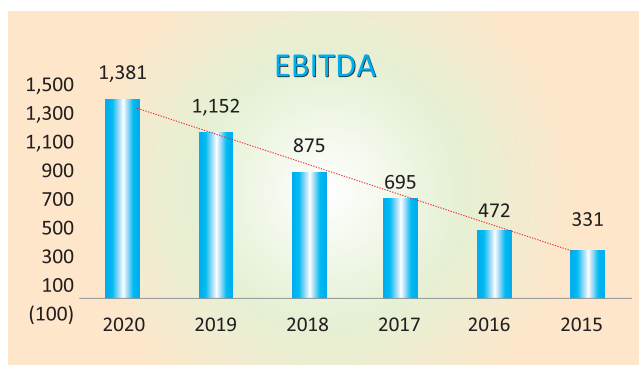


Gross Profits

We observed a 1% decrease in gross margins as compared to the last financial year due to competitive environment in Middle East. The management is too much confident to restore the GP margin 30% in FY 2021 as per the historical trend that we observed in last many financial years.

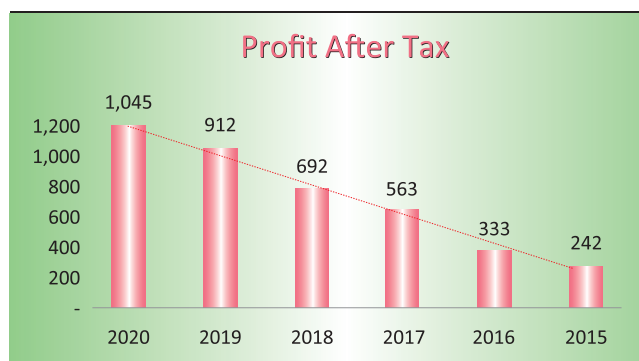


Earnings before Interest, Taxes, depreciation and amortization (EBITDA)



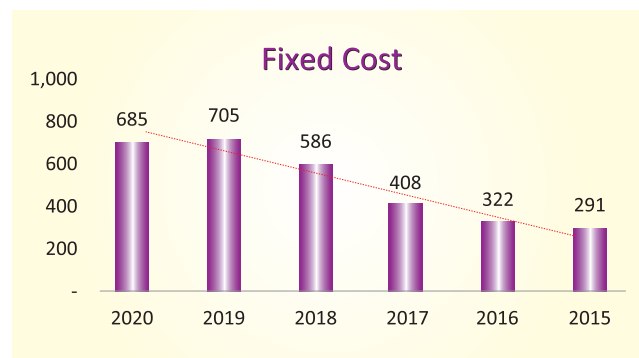
Profit after taxation

A 15% increase in net profit after taxation is very encouraging which include Rs. 106million 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 2021 and 2022 due to a strong pipeline and unrecognized business of over USD 47m (calculated) as of March 31, 2021. The management is also very much confident to achieve the targeted revenues in FY 2021.



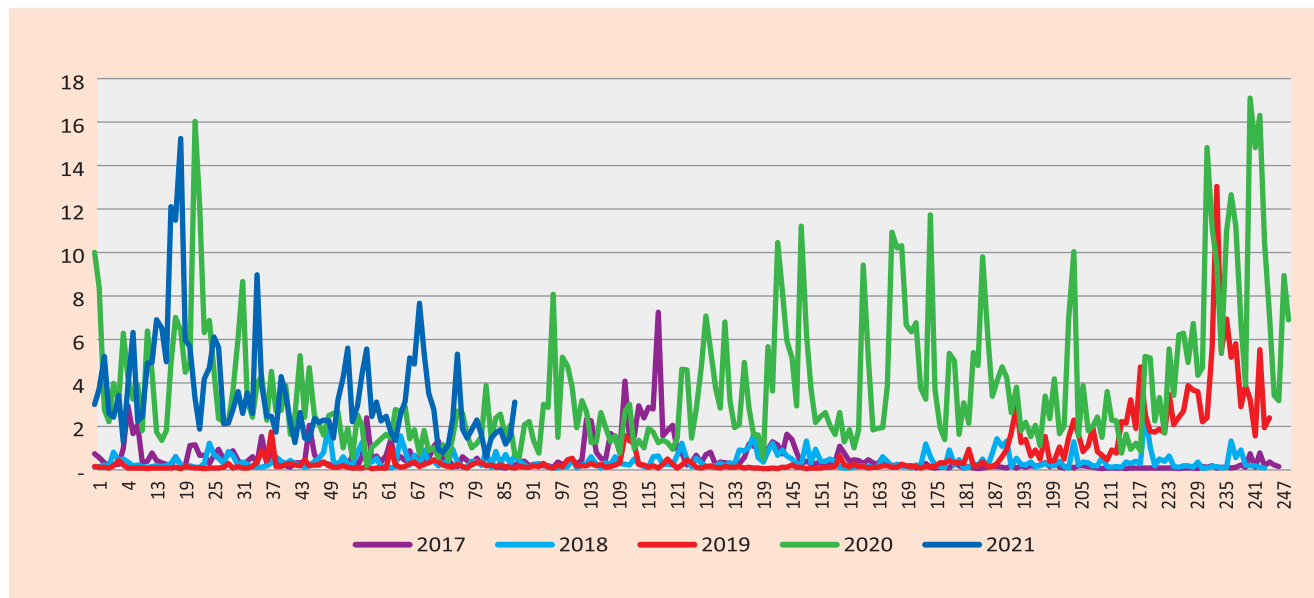
Fixed Cost

We observed 3% (2019: 20% net increase) net decrease in fixed cost mainly due to Rs. 37m saving in fixed cost due to working remotely during COVID-19 situation. The last year figure was abnormally high due to first time adoption of IFRS-9 and resulted in provisions for bad debts & ECL impact.



STOCK LIQUIDITY

Finally, AVN stock achieve the liquidity target in FY 2020 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.

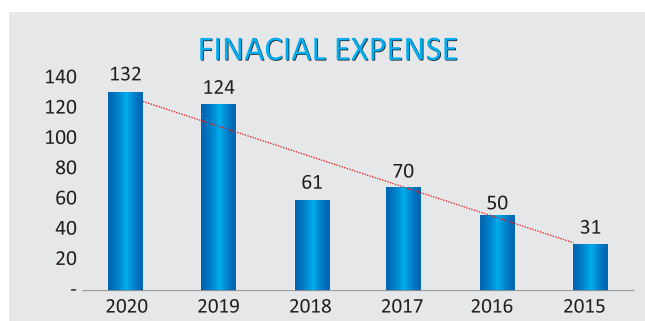
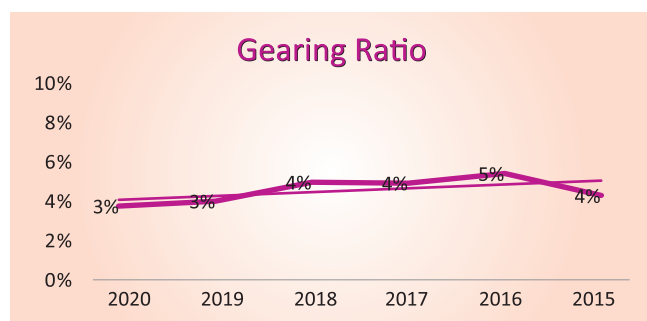


CAPITAL STRUCTURE

The Company 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

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 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 cost by generating positive cash inflow. In FY 2018, the company took out short term loans to finance two big value orders in Pakistan and UAE respectively; in FY 2020, the management has plans to keep working capital balances at FY 2016 levels. Due to recent decrease in markup rate in Pakistan which will help management to achieve the target.



Directors' Report

STRATEGY TO OVERCOME LIQUIDITY ISSUES

The company has redrafted and approved a new liquidity strategy policy in FY 2020 in order to achieve growing business financial needs and to achieve the corporate dividend policy outflows, for this purpose we are in negotiation with local and international banks for global banking facilities including running finance, project financing, bill discounting and bank guarantees. The management is confident to achieve the targets as defined in liquidity strategy policy in FY 2021.

FUTURE PROSPECTS

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

Creating a permanent operational presence in Qatar has increasingly become a business requirement in the fossil fuel-rich country, in order to continue to maintain a high level of service on existing projects but also because large tenders up for bid tend to mandate this requirement. This latest joint venture increases Avanceon's Middle East presence to four permanent offices alongside Dubai, Dammam and Jeddah, with key partnership agreements in place in Abu Dhabi with Ali & Sons and ATCO.

The Company is hopeful that 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.

COVID-19

The company may face delay in revenue recognition in last month of 1st Quarter and first two months of 2nd Quarter because of country wide shutdown due to COVID-19. We faced one-month complete shutdown in last month of 1st Quarter 2020 which impacted our order generation and revenue recognition around 80%. Definitely being a technology company our ability to work remotely is tremendous which enable us to execute projects, deliver revenue even in situation accrued due to COVID-19 Pandemic, this has anyway been the cornerstone of our business plan. But anyhow, may be some of our

current projects executions, commercial approvals and also relevant inflows may directly and indirectly impacted by the COVID-19 Pandemic issue, may face some delays in inflows during specifically last month and first month of 1st and 2nd Quarter respectively. The company successfully saved PKR 37m in fixed cost in Pakistan and Middle East respectively during this period because of working from home. The company committed and paid full salaries to all of our regular and contractual staff and no staff to be fired or terminated during this period of COVID-19.

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 2019 No Major issues were raised.

Agenda # 1: To confirm the minutes of the Extra Ordinary General Meeting held on 08 August 2019.

Agenda #2: To receive, consider and adopt the Standalone and Consolidated Audited

Financial Statements of the Company for the year ended 31 December 2019 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

Agenda # 3: To elect 07 (Seven) directors of the Company for the term of three years commencing from 25 April 2020 in accordance with the provision of Section 159 of The Companies Act, 2017 and Memorandum and Articles of Association.

Agenda # 4: To appoint Auditors of the Company and fix their remuneration. The members are hereby notified that the Audit Committee and the Board of Directors have recommended the name of retiring auditors M/s EY Ford Rhodes, Chartered Accountants for appointment as auditors of the Company.

Agenda # 5: To consider, and if thought fit, to approve as recommended by the Directors, the issue of bonus shares @ 10% and pass the following resolution.

Agenda # 6: RESOLVED that the Article 8 of the Articles of Association of the Company be and is hereby amended to read as follows:

"Shares in the Capital of the Company may be issued or allotted in full or part payment of any property, land, building, machinery, equipment or goods supplied or any services rendered to the Company in promotion and establishment of the Company or conduct of its business. Provided further that the shares may be issued to employees of the company under an employee stock option scheme approved by Securities and Exchange Commission of Pakistan under the applicable corporate law(s) in Pakistan."

Agenda # 7: 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.

President (Mr. Tanveer Karamat) 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.

The Director (Mr. Tanveer Karamat) and CFO (Mr. Saeed Ullah Khan Niazi) 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 (Formerly Karachi and Lahore Stock Exchanges).

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 ??, along with the Statement of Compliance.

BOARD OF DIRECTOR'S TRAINING

No training of director was 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	Junaid Mushtaq Paracha	General Manager Sales	Sell	15,000	41.10	CDC	02/01/2020	03/01/2020
Avanceon Ltd	Hussain Ahmad	Corporate Manager HR	Sell	10,000	40.50	CDC	02/01/2020	06/01/2020
Avanceon Ltd	Arif Shuja	Business Manager HES	Sell	10,000	38.60	CDC	06/01/2020	10/01/2020
Avanceon Ltd	Hussain Ahmad	Corporate Manager HR	Sell	2,500	40.05	CDC	09/01/2020	10/01/2020
Avanceon Ltd	Hussain Ahmad	Corporate Manager HR	Sell	2,500	40.15	CDC	09/01/2020	10/01/2020
Avanceon Ltd	Hussain Ahmad	Corporate Manager HR	Sell	2,500	40.30	CDC	09/01/2020	10/01/2020
Avanceon Ltd	Hussain Ahmad	Corporate Manager HR	Sell	2,500	40.49	CDC	09/01/2020	10/01/2020
Avanceon Ltd	Syed Adeel Haider	Business Manager Systems & RPS	Sell	10,000	40.97	CDC	13/01/2020 09/01/2020	16/01/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Sell	5,000	40.97	CDC	09/01/2020	17/01/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Managers sales	Sell	10,000	43.00	CDC	13/01/2020	17/01/2020
Avanceon Ltd	Masood Kareem	Manager Engineering Operations	Sell	10,000	44.15	CDC	16/01/2020	20/01/2020
Avanceon Ltd	Masood Kareem	Manager Engineering Operations	Sell	10,000	44.20	CDC	16/01/2020	20/01/2020
Avanceon Ltd	Masood Kareem	Manager Engineering Operations	Sell	10,000	44.30	CDC	16/01/2020	20/01/2020

Name of Company	Employee Name	Designation	Transaction Type	No. of shares	Price	Transaction Type	Date of Transaction	Date of Submission
Avanceon Ltd	Syed Adeel Haider	Business Manager Systems & RPS	Sell	10,000	44.566	CDC	16/01/2020	21/01/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager Sales	Buy	10,000	39.75	CDC	28/01/2020	30/01/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,000	44.38	CDC	20/01/2020	04/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	5,000	46.66	CDC	21/01/2020	04/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	2,000	43.89	CDC	22/01/2020	04/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	3,500	44.50	CDC	23/01/2020	04/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	2,000	44.66	CDC	24/01/2020	04/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	500	45.00	CDC	27/01/2020	04/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,500	40.21	CDC	28/01/2020	04/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,500	40.90	CDC	29/01/2020	04/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,000	40.14	CDC	30/01/2020	04/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	500	39.00	CDC	31/01/2020	04/02/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager Sales	Buy	7,000	45.90	CDC	17/01/2020	04/02/2020
Avanceon Ltd	Asmar Ahmed Atif	Head of Digitalization	Sell	66,000	42.8814	CDC	16/01/2020	04/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,000	40.00	CDC	06/02/2020	07/02/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager Sales	Buy	10,000	36.50	CDC	14/02/2020	19/02/2020
Avanceon Ltd	Syed Adeel Haider Zaidi	Business Manager Systems & RPS	Buy	9,500	36.10	CDC	18/02/2020	20/02/2020

Name of Company	Employee Name	Designation	Transaction Type	No. of shares	Price	Transaction Type	Date of Transaction	Date of Submission
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	500	41.80	CDC	31/01/2020	26/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	500	42.00	CDC	31/01/2020	26/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	500	42.20	CDC	31/01/2020	26/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,000	39.50	CDC	11/02/2020	26/02/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,000	40.50	CDC	12/02/2020	26/02/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Buy	3,000	34.50	CDC	10/03/2020	11/03/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Buy	5,000	31.45	CDC	13/03/2020	17/03/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,000	31.70	CDC	13/03/2020	17/03/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	500	21.61	CDC	20/03/2020	24/03/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	500	21.63	CDC	20/03/2020	24/03/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,000	19.41	CDC	30/03/2020	31/03/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,000	20.00	CDC	30/03/2020	31/03/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,000	20.50	CDC	30/03/2020	31/03/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Sell	3,000	34.15	CDC	15/05/2020	19/05/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Sell	10,000	40.29	CDC	29/05/2020	01/06/2020
Avanceon Ltd	Syed Adeel Haider Zaidi	Business Manager Systems & RPS	Sell	14,000	40.0036	CDC	29/05/2020	01/06/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Sell	1,000	37.30	CDC	03/06/2020	04/06/2020

Name of Company	Employee Name	Designation	Transaction Type	No. of shares	Price	Transaction Type	Date of Transaction	Date of Submission
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Sell	4,000	37.40	CDC	03/06/2020	04/06/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager Sales	Buy	10,000	37.50	CDC	04/06/2020	05/06/2020
Avanceon Ltd	Syed Adeel Haider Zaidi	Business Manager Systems & RPS	Buy	2,000	33.75	CDC	22/06/2020	23/06/2020
Avanceon Ltd	Syed Adeel Haider Zaidi	Business Manager Systems & RPS	Buy	6,000	35.20	CDC	25/06/2020	29/06/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager Sales	Sell	20,000	46.99	CDC	09/07/2020	10/07/2020
Avanceon Ltd	Syed Adeel Haider Zaidi	Business Manager Systems & RPS	Sell	20,000	46.03	CDC	09/07/2020	14/07/2020
Avanceon Ltd	Hussain Ahmad	Corporate Manager HR	Sell	21,500	46.15	CDC	09/07/2020	16/07/2020
Avanceon Ltd	Hussain Ahmad	Corporate Manager HR	Sell	28,500	46.20	CDC	09/07/2020	16/07/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Sell	2,500	49.15	CDC	17/07/2020	20/07/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Sell	2,000	49.35	CDC	17/07/2020	20/07/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Sell	500	49.36	CDC	17/07/2020	20/07/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Buy	5,000	48.50	CDC	21/07/2020	22/07/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Buy	5,000	47.60	CDC	22/07/2020	23/07/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Buy	5,000	47.80	CDC	22/07/2020	23/07/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Sell	5,000	48.10	CDC	22/07/2020	23/07/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Buy	5,000	47.20	CDC	23/07/2020	24/07/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Sell	5,000	48.80	CDC	23/07/2020	24/07/2020
Avanceon Ltd	Masood Kareem	Manager Engineering	Sell	3,000	42.20	CDC	08/07/2020	27/07/2020
Avanceon Ltd	Masood Kareem	Manager Engineering	Sell	3,000	43.00	CDC	08/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	73,000	46.75	CDC	13/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	1,000	46.76	CDC	13/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	3,000	46.80	CDC	13/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	6,500	46.99	CDC	13/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	16,500	47.00	CDC	13/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	1,000	49.57	CDC	14/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	6,000	49.60	CDC	14/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	1,000	49.61	CDC	14/07/2020	27/07/2020

Name of Company	Employee Name	Designation	Transaction Type	No. of shares	Price	Transaction Type	Date of Transaction	Date of Submission
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	2,000	49.73	CDC	14/07/2020	27/07/2020
Avanceon Ltd	Masood Kareem	Manager Engineering	Sell	2,000	50.50	CDC	20/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	25,000	49.75	CDC	20/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	9,000	50.00	CDC	20/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	1,000	50.05	CDC	20/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	10,000	50.10	CDC	20/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	5,000	50.25	CDC	20/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	1,000	48.60	CDC	21/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	2,500	48.70	CDC	21/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	3,000	48.75	CDC	21/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	500	48.80	CDC	21/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	500	48.84	CDC	21/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	2,500	48.89	CDC	21/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	5,000	47.00	CDC	23/07/2020	27/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	5,000	48.30	CDC	27/07/2020	28/07/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Sell	5,000	47.90	CDC	27/07/2020	28/07/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Sell	5,000	48.40	CDC	27/07/2020	28/07/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Sell	10,000	52.07	CDC	29/07/2020	30/07/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager Sales	Sell	10,000	52.07	CDC	29/07/2020	30/07/2020
Avanceon Ltd	Masood Kareem	Manager Engineering	Sell	3,000	52.05	CDC	29/07/2020	30/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	50,000	51.00	CDC	29/07/2020	30/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	50,000	52.05	CDC	29/07/2020	30/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	10,000	52.07	CDC	29/07/2020	30/07/2020
Avanceon Ltd	Tanveer Karamat	President	Sell	50,000	52.07	CDC	30/07/2020	30/07/2020
Avanceon Ltd	Tanveer Karamat	President	Sell	50,000	52.25	CDC	30/07/2020	30/07/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	10,000	57.50	CDC	03/08/2020	04/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	10,000	55.00	CDC	04/08/2020	06/08/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Buy	10,000	52.90	CDC	04/08/2020	06/08/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Sell	20,000	55.50	CDC	05/08/2020	06/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	2,500	59.01	CDC	06/08/2020	07/08/2020

Name of Company	Employee Name	Designation	Transaction Type	No. of shares	Price	Transaction Type	Date of Transaction	Date of Submission
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	7,000	59.03	CDC	06/08/2020	07/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	1,000	59.05	CDC	06/08/2020	07/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	1,000	59.10	CDC	06/08/2020	07/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	3,500	59.17	CDC	06/08/2020	07/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	100,000	59.44	CDC	06/08/2020	07/08/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager Sales	Sell	40,000	59.44	CDC	06/08/2020	07/08/2020
Avanceon Ltd	Syed Adeel Haider Zaidi	Business Manager Systems & RPS	Sell	30,000	56.11	CDC	04/08/2020	11/08/2020
Avanceon Ltd	Syed Adeel Haider Zaidi	Business Manager Systems & RPS	Sell	20,000	58.66	CDC	06/08/2020	11/08/2020
Avanceon Ltd	Syed Adeel Haider Zaidi	Business Manager Systems & RPS	Sell	10,000	62.00	CDC	07/08/2020	11/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	5,000	60.10	CDC	17/08/2020	19/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	2,500	60.25	CDC	17/08/2020	19/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	5,000	60.40	CDC	17/08/2020	19/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	5,000	60.50	CDC	17/08/2020	19/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	10,000	60.65	CDC	17/08/2020	19/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	35,000	60.75	CDC	17/08/2020	19/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	2,500	60.80	CDC	17/08/2020	19/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	25,000	61.00	CDC	17/08/2020	19/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	3,000	61.01	CDC	17/08/2020	19/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	5,000	60.31	CDC	18/08/2020	19/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	1,000	60.50	CDC	18/08/2020	19/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	25,000	60.75	CDC	18/08/2020	19/08/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,000	59.50	CDC	24/08/2020	25/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	10,000	60.30	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	5,000	60.00	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	5,000	60.05	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	15,000	60.09	CDC	25/08/2020	27/08/2020

Name of Company	Employee Name	Designation	Transaction Type	No. of shares	Price	Transaction Type	Date of Transaction	Date of Submission
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	10,500	60.10	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	1,500	60.11	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	500	60.14	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	5,000	60.15	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	10,000	60.16	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	5,000	60.17	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	11,500	60.19	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	20,000	60.20	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	5,000	60.21	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	500	60.22	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	10,000	60.25	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	15,000	60.30	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	1,000	60.35	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	15,000	60.40	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	2,500	60.20	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	1,000	60.23	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	1,000	60.24	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	5,500	60.25	CDC	25/08/2020	27/08/2020
Avanceon Ltd	Masood Kareem	Manager Engineering	Sell	5,000	64.20	CDC	26/08/2020	27/08/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Sell	10,000	64.39	CDC	26/08/2020	27/08/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Sell	10,000	53.50	CDC	30/07/2020	27/08/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	1,000	62.00	CDC	31/08/2020	01/09/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	1,000	62.25	CDC	01/09/2020	02/09/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	1,000	62.45	CDC	01/09/2020	02/09/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	2,000	62.00	CDC	02/09/2020	03/09/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Buy	10,000	62.50	CDC	03/09/2020	04/09/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Buy	10,000	63.00	CDC	03/09/2020	04/09/2020
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,000	69.75	CDC	07/09/2020	11/09/2020

Name of Company	Employee Name	Designation	Transaction Type	No. of shares	Price	Transaction Type	Date of Transaction	Date of Submission
Avanceon Ltd	Imran Ashraf	Business Manager Software Development	Sell	1,000	70.00	CDC	07/09/2020	11/09/2020
Avanceon Ltd	Tanveer Karamat	President	Sell	20,000	69.10	CDC	07/09/2020	11/09/2020
Avanceon Ltd	Tanveer Karamat	President	Sell	10,000	69.20	CDC	07/09/2020	11/09/2020
Avanceon Ltd	Tanveer Karamat	President	Sell	10,000	69.40	CDC	07/09/2020	11/09/2020
Avanceon Ltd	Tanveer Karamat	President	Sell	10,000	69.49	CDC	07/09/2020	11/09/2020
Avanceon Ltd	Tanveer Karamat	President	Sell	10,000	69.70	CDC	07/09/2020	11/09/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	1,000	68.00	CDC	07/09/2020	11/09/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	1,000	68.99	CDC	07/09/2020	11/09/2020
Avanceon Ltd	Saeed Ullah Khan Niazi	Chief Financial Officer	Sell	49,000	71.45	CDC	09/09/2020	11/09/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Buy	8,000	72.40	CDC	15/09/2020	16/09/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Buy	5,000	72.50	CDC	15/09/2020	16/09/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Buy	500	72.59	CDC	15/09/2020	16/09/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Buy	4,500	72.60	CDC	15/09/2020	16/09/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Buy	5,000	72.80	CDC	15/09/2020	16/09/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Buy	7,500	73.00	CDC	15/09/2020	16/09/2020
Avanceon Ltd	Syed Adeel Haider Zaidi	Business Manager Systems & RPS	Sell	40,000	73.35	CDC	09/09/2020	17/09/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Buy	20,000	66.50	CDC	16/09/2020	17/09/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Buy	20,000	67.50	CDC	16/09/2020	17/09/2020
Avanceon Ltd	Masood Kareem	Manager Engineering	Buy	7,000	67.00	CDC	18/09/2020	21/09/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	35,000	61.43	CDC	19/08/2020	21/09/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	5,000	59.75	CDC	24/08/2020	21/09/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Buy	500	70.20	CDC	08/09/2020	21/09/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Buy	11,000	60.07	CDC	19/08/2020	21/09/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Sell	81,500	69.63	CDC	07/09/2020	21/09/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager Sales	Sell	25,000	71.19	CDC	09/09/2020	21/09/2020
Avanceon Ltd	Syed Adeel Haider Zaidi	Business Manager Systems & RPS	Buy	20,000	67.00	CDC	18/09/2020	22/09/2020
Avanceon Ltd	Syed Adeel Haider Zaidi	Business Manager Systems & RPS	Buy	20,000	66.50	CDC	21/09/2020	22/09/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Buy	3,000	67.50	CDC	23/09/2020	24/09/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Sell	10,000	63.50	CDC	05/10/2020	06/10/2020

Name of Company	Employee Name	Designation	Transaction Type	No. of shares	Price	Transaction Type	Date of Transaction	Date of Submission
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Buy	10,000	60.89	CDC	05/10/2020	06/10/2020
Avanceon Ltd	Muhammad Saqib Rauf Chaudhry	Manager Commercials	Sell	30,000	60.00	CDC	06/10/2020	07/10/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Buy	10,000	66.50	CDC	24/09/2020	09/10/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Buy	10,000	67.00	CDC	24/09/2020	09/10/2020
Avanceon Ltd	Junaid Mushtaq Paracha	General Manager sales	Buy	15,000	65.30	CDC	25/09/2020	09/10/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	481	67.00	CDC	25/09/2020	09/10/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	4	67.02	CDC	25/09/2020	09/10/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	2,000	67.01	CDC	25/09/2020	09/10/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	5,000	67.02	CDC	25/09/2020	09/10/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	500	67.03	CDC	25/09/2020	09/10/2020
Avanceon Ltd	Saeed Ullah Khan Niazi	Chief Financial Officer	Buy	15,500	63.36	CDC	12/11/2020	12/11/2020
Avanceon Ltd	Sarmad Mahmood Qureshi	Vice President Middle East	Sell	500	67.03	CDC	25/09/2020	09/10/2020
Avanceon Ltd	Saeed Ullah Khan Niazi	Chief Financial Officer	Buy	15,500	63.36	CDC	12/11/2020	12/11/2020

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
2.	Mr. Khalid Hameed Wain	Member
3.	Mr. Amir Waheed Wain	Member

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 Directors
3.	Mr. Amir W. Wain	Non-executive Director but not independent
4.	Mr. Tanveer Karamat	Executive Directors
5.	Mr. Mohammad Shahid Mir	Independent Director
6.	Mr. Omer Iqbal Khan	Independent Director
7.	Ms. Hanan Darwish	Independent 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:

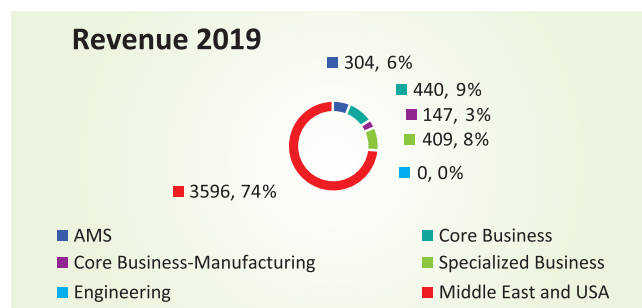
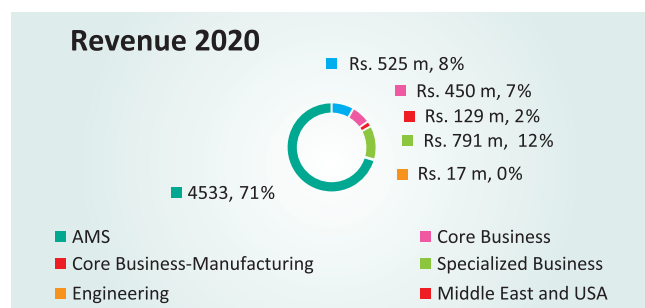
Sr. No.	Name of Director	Present	Leave Granted
1.	Mr. Khalid H. Wain	2	2
2.	Mr. Bakhtiar H. Wain	4	0
3.	Mr. Amir W. Wain	4	0
4.	Mr. Tanveer Karamat	4	0
5.	Mr. Umer Ahsan Khan	2	0
6.	Mr. Tajammal Hussain	0	2
7.	Mr. Naveed Ali Baig	4	0
8.	Mr. Omer Iqbal Khan	0	2
9.	Ms. Hanan Darwish	0	2
10.	Mr. Mohammad Shahid Mir	0	0

SEGMENTAL BUSINESS PERFORMANCE AND MARKET SHARE INFORMATION

According to the Control Engineering Giants List 2014, Avanceon's market share nears 2% 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

Directors' Report

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.



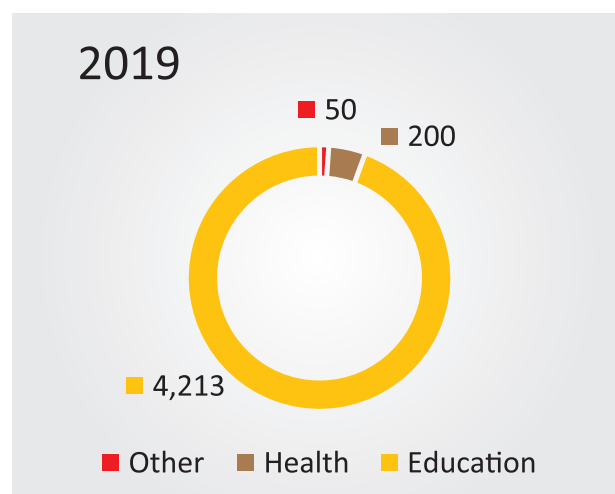
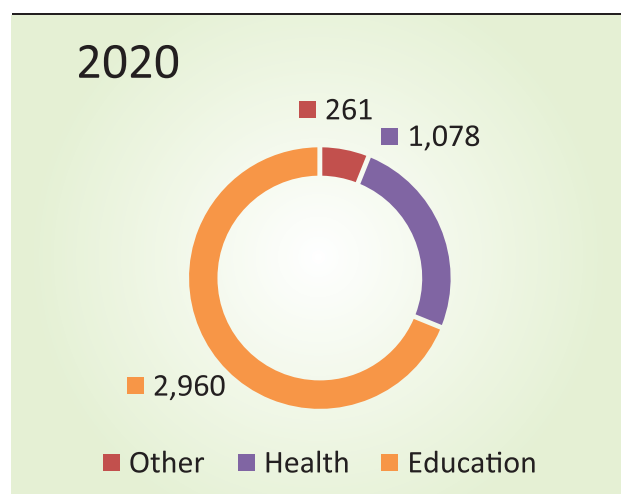
PROCEDURES ADOPTED FOR QUALITY ASSURANCE

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:



EMPLOYEES' RETIREMENT BENEFITS

The Company operates a defined contribution plan for its permanent employees through a recognized provident trust fund.

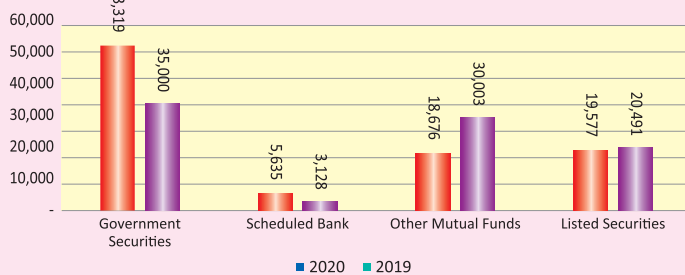
Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2020		2019	
	Investments (Rupees in '000)	Investment as % of size of the fund	Investments (Rupees in '000)	Investment as % of size of the fund
Government Securities	53,319	40%	35,000	34%
Scheduled Banks	5,635	4%	3,128	3%
Other Mutual Funds	18,676	14%	30,003	29%
Listed Securities	19,577	15%	20,491	20%
	<u>97,207</u>		<u>88,622</u>	

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. Financial year of the provident fund trust is 30 June.



Employee retirement Benefits



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, 2020 is annexed on subsequent Page No. 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. EY Ford Rhodes, 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, 2021.

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.

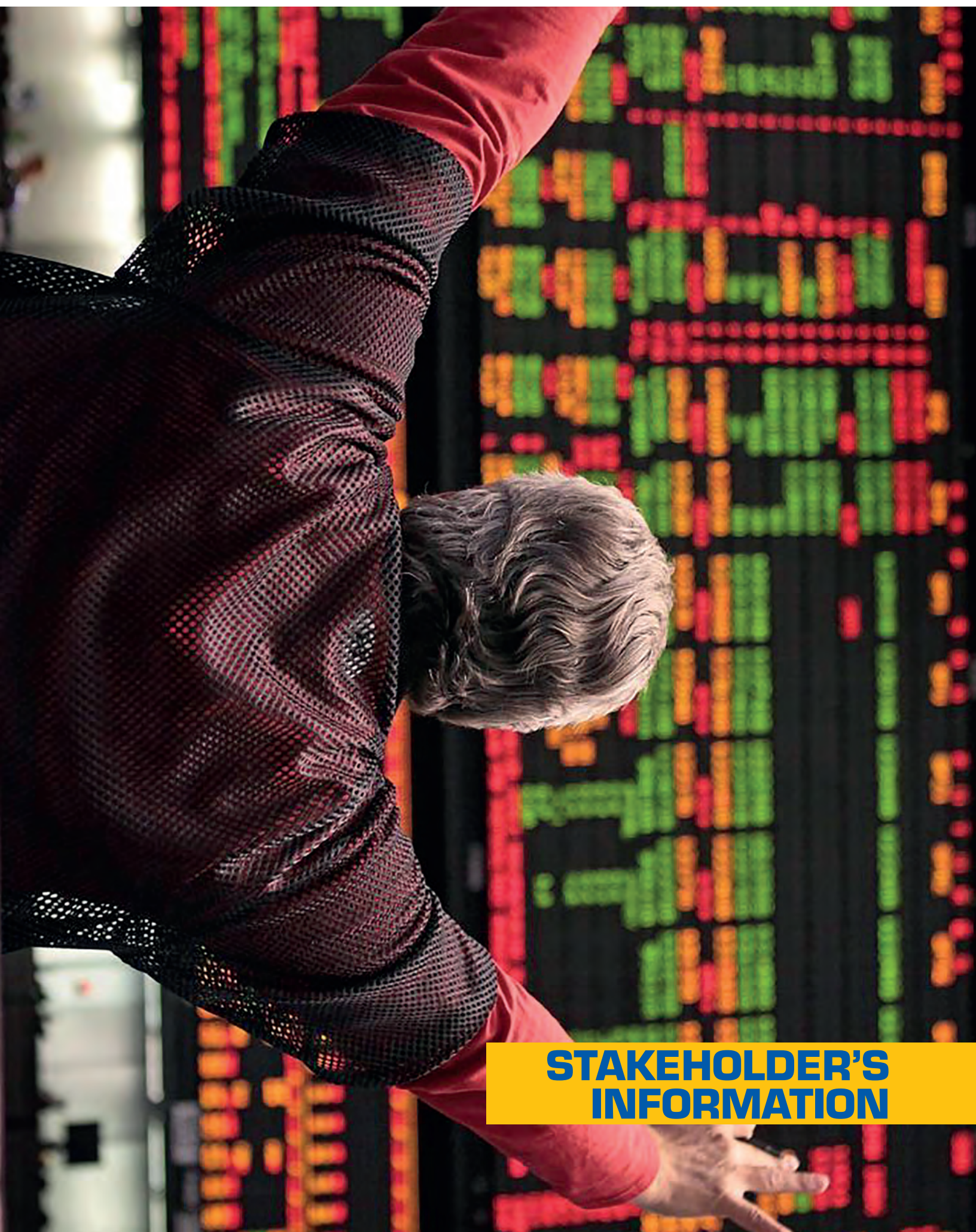
ACKNOWLEDGEMENT

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 20, 2021



STAKEHOLDER'S INFORMATION

PERFORMANCE INDICATORS

RATIOS FOR 6 YEARS

Years	2020	2019	2018	2017	2016	2015
PROFITABILITY RATIOS						
Gross Profit ratio	29%	30%	28%	35%	36%	33%
Operating Result Ratio	20%	22%	24%	24%	22%	19%
Profit Before Tax	18%	20%	22%	21%	19%	17%
Profit After Tax	16%	19%	20%	20%	16%	15%
Return On Capital Employed	23%	23%	23%	23%	19%	14%
Interest Coverage Ratio (Times)	9.9	8.7	13.9	9.5	8.9	9.8
EBITDA (Rs. In million)	1,381	1,152	875	695	472	331
EBITDA Margin	21%	24%	25%	25%	23%	20%
GROWTH RATIOS						
Net Sales	32%	41%	24%	36%	26%	-15%
Operating Results	21%	29%	26%	49%	48%	-35%
EBITDA	20%	32%	26%	47%	43%	-32%
Profit After Tax	15%	32%	23%	69%	38%	-43%
COST RATIOS						
Cost of Sales (% of Sales)	71%	70%	72%	65%	64%	67%
Administrative & selling Cost (% of Sales)	11%	14%	17%	14%	16%	18%
Financial Cost (% of Sales)	2%	3%	2%	2%	2%	2%
RETURN TO SHAREHOLDERS						
Return on Equity-Before Tax	22%	22%	24%	23%	19%	14%
Return on Equity-After Tax	19%	21%	21%	22%	16%	12%
Earning per Share (Basic) (Rs.)	4.93	4.31	3.62	4.26	2.51	2.29
Earning per Share (Diluted) (Rs.)	4.82	4.22	3.53	4.02	2.39	2.19
Break Up value per share without surplus on revaluation (Rs.)	25.40	22.32	23.96	19.62	19.68	18.48
Break Up value per share with surplus on revaluation (Rs.)	26.54	23.41	25.19	20.73	20.74	19.52

Years	2020	2019	2018	2017	2016	2015
EQUITY RATIOS						
Price Earning Ratio	18.83	8.71	22.84	8.12	13.88	17.82
Dividend Per Share	10%	0%	0%	22.5%	10%	20%
Dividend Payout Ratio	20%	0%	0%	53%	40%	87%
Market Value at the end of The Year	92.85	37.55	82.68	34.60	34.85	40.80
Market Value at the start of the Year	37.55	82.68	34.60	34.85	40.80	33.85
Highest Value During Year	96.05	84.61	100.37	59.44	40.03	45.23
Lowest Value During Year	18.51	29.14	35.07	32.64	28.19	30.77
Dividend Yield Ratio	0.11%	0.00%	0.00%	0.65%	0.29%	0.49%
Dividend Cover Ratio	4.93	0.00	0.00	2.67	1.57	1.14
ASSET UTILIZATION						
Total Asset turnover (Times)	0.64	0.59	0.58	0.61	0.63	0.57
Fixed Asset Turnover (Times)	14.95	11.29	10.32	10.16	8.86	7.08
Inventory Turnover (Times)	37.12	21.20	29.46	19.56	13.04	18.30
Trade Debts Turnover (Times)	0.88	0.81	0.87	0.97	1.12	1.09
Trade Creditors Turnover (Times)	1.67	1.77	1.23	1.36	1.89	2.12
Capital Employed Turnover (Times)	1.11	1.05	0.97	0.98	0.90	0.77
OPERATING CYCLE						
Inventory Holding Period (No. of days)	10	17	12	19	28	20
Trade Debt collection period (No. of days)	416	450	418	375	325	334
Trade Creditors payment period(No. of days)	218	206	298	269	193	172
Liquidity/Leverage						
Current ratio (Times)	2.04	1.89	2.03	2.12	2.49	2.81
Quick ratio (Times)	2.01	1.84	1.99	2.07	2.39	2.72
Cash to current liabilities (Times)	0.14	0.08	0.10	0.21	0.28	0.43
Financial leverage ratio (Times)	0.03	0.03	0.05	0.05	0.05	0.04
Total liabilities to equity (Times)	0.81	0.90	0.78	0.72	0.53	0.41

ANALYSIS OF FINANCIAL STATEMENTS

GROUP BALANCE SHEET

ASSETS

(Rupees in million)

Particulars	2020	2019	2018	2017	2016	2015
Non-Current Assets						
Property and Equipment	431	434	337	277	233	231
Intangible assets	20	-	0	0	0	-
Long term investments	874	843	746	599	567	569
Long term loans and deposits	33	27	38	33	31	27
Deferred tax asset	59	74	-	-	-	-
Total non-current assets	1,417	1,378	1,121	909	831	827
Current Assets						
Stock in trade	124	161	85	94	101	60
Trade debts	3,586	2,431	1,952	1,019	650	752
Contract assets	3,761	3,602	2,030	1,874	1,188	747
Term deposit with banks	74	197	189	195	156	181
Advances, deposits, prepayments and other receivables	502	480	562	337	243	163
Short term investments	3	1	1	-	-	-
Cash and bank balances	527	105	53	169	116	134
Total Current Assets	8,577	6,979	4,872	3,688	2,454	2,037
Total Assets	9,994	8,357	5,993	4,597	3,285	2,864

GROUP BALANCE SHEET

EQUITY AND LIABILITIES

(Rupees in million)

Particulars	2020	2019	2018	2017	2016	2015
Share Capital and reserves						
Issued, subscribed and paid up capital	2,118	1,925	1,363	1,321	1,057	1,057
Employees' share compensation reserve	74	54	115	70	52	45
Statutory reserve	3	3	3	-	-	-
Exchange revaluation reserve	632	610	440	245	209	210
Share Premium	138	138	62	62	62	62
Un-appropriated profit	2,410	1,563	1,280	894	700	579
	5,375	4,293	3,263	2,592	2,080	1,953
Non controlling interest	5	4	3	-	-	-
	5,380	4,298	3,266	2,592	2,080	1,953
Surplus on revaluation of property and equipment	242	210	168	146	112	110
Non-Current Liabilities						
Long term loan	24	-	2	20	-	-
Lease liabilities	42	68	64	52	45	35
Employees' end of service benefits	101	81	88	49	65	40
Deferred grant	1	-	-	-	-	-
Total Non-Current Liabilities	168	149	154	121	110	75
Current Liabilities						
Current portion of lease liabilities	38	46	26	26	22	18
Current portion of long term loan	26	2	18	18	-	-
Finances under mark up arrangements and other credit facilities - secured	487	599	312	340	266	190
Creditors, accrued and other liabilities	2,750	1,928	2,049	1,354	697	518
Contract liabilities	902	1,127	-	-	-	-
Total Current Liabilities	4,204	3,701	2,406	1,738	984	726
Total Equity and Liabilities	9,994	8,357	5,994	4,597	3,286	2,864

Analysis of Financial Statements (Contd...)

GROUP PROFIT AND LOSS

(Rupees in million)						
Particulars	2020	2019	2018	2017	2016	2015
Revenue from contracts with customers	6,445	4,896	3,481	2,814	2,064	1,636
Cost of revenue	(4,603)	(3,412)	(2,514)	(1,839)	(1,317)	(1,098)
Gross Profit	1,842	1,484	967	975	747	538
Administrative and selling expenses	(685)	(705)	(586)	(408)	(322)	(291)
Other charges	(4)	(4)	(5)	(4)	(10)	(5)
Other operating income	163	313	465	105	32	61
	(526)	(397)	(126)	(307)	(300)	(235)
Profit/(loss) from operations	1,316	1,087	841	668	447	303
Finance cost	(132)	(124)	(61)	(70)	(50)	(31)
Profit/(loss) before tax	1,183	963	780	598	397	272
Taxation	(138)	(51)	(89)	(35)	(64)	(31)
Profit/(loss) after Tax	1,045	912	692	563	333	242
Combined earnings/(loss) per Share						
Basic in Rs.	4.93	4.31	3.62	4.26	2.51	2.29
Diluted in Rs.	4.82	4.22	3.53	4.02	2.39	2.19

CASH FLOW STATEMENT

(Rupees in million)						
Particulars	2020	2019	2018	2017	2016	2015
Cash flow from operating activities	691	(98)	72	135	(23)	181
Cash flow from investing activities	100	(22)	1	(29)	40	27
Cash flow from financing activities	(369)	172	(189)	(52)	(34)	(113)
Increase/(decrease) in cash & cash equivalent	422	52	(117)	54	(17)	94

CONSOLIDATED CASH FLOW STATEMENT

(Rupees in million)

Particulars	2020	2019	2018	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash generated from operations	839	14	170	255	53	225
Finance costs paid	(127)	(46)	(38)	(49)	(27)	(16)
Retirement benefits paid	(4)	(4)	(2)	(0)	(0)	(2)
Taxes paid	(117)	(62)	(59)	(71)	(50)	(27)
Net cash (used in) / generated from operating activities	691	(98)	72	134	(23)	181
Purchase of property and equipment	(14)	(22)	(18)	(7)	(7)	(11)
Purchase of intangible asset	(20)	-	-	-	(0)	-
Proceeds from sale of property and equipment	4	7	11	5	11	11
Profit on bank deposit	7	13	8	15	13	14
Term deposits	124	(8)	6	(39)	25	19
Short term investments	-	-	(2)	-	-	-
Long term investment	-	-	-	-	0	-
Net increase in long term deposits	(1)	(12)	(5)	(3)	(3)	(5)
Net cash (used in) / generated from investing activities	100	(22)	1	(29)	39	27
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of long term finances	-	-	-	-	-	-
Issue of share capital	-	15	4	-	-	0
Dividend paid	(252)	(29)	(98)	(146)	(98)	(238)
Finances under markup arrangements	(112)	284	(28)	74	75	151
Repayment of loan from directors	-	-	-	-	-	-
Long term loan received	50	(18)	(18)	38	-	-
Repayment of finance lease liabilities	(56)	(79)	(50)	(18)	(11)	(26)
Net cash (used in) / generated from financing activities	(369)	172	(189)	(52)	(34)	(113)
Net (decrease) / increase in cash and cash equivalents	422	52	(117)	54	(19)	94
Cash and cash equivalents at the beginning of the year	105	53	169	116	134	40
Effect of cash and Cash equivalents of subsidiary disposed off						
Cash and cash equivalents at the end of the year	527	105	53	169	116	134

6 YEARS

VERTICAL AND HORIZONTAL ANALYSIS

BALANCE SHEET

ASSETS	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
Particulars	2020	2019	2018	2017	2016	2015	2020	2019	2018	2017	2016	2015
Non-Current Assets												
Property and Equipment	4%	5%	6%	6%	7%	8%	99%	129%	122%	119%	101%	112%
Intangible assets	0%	0%	0%	0%	0%	0%	100%	0%	38%	63%	0%	0%
Long term investments	9%	10%	12%	13%	17%	20%	104%	113%	125%	106%	100%	104%
Long term loans and deposits	0%	0%	1%	1%	1%	1%	120%	72%	115%	106%	115%	117%
Deferred tax asset	1%	1%	0%	0%	0%	0%	100%	100%	0%	0%	0%	0%
Total Non-Current Assets	14%	16%	19%	20%	25%	29%	103%	123%	123%	109%	100%	107%
Current Assets												
Stock in trade	1%	2%	1%	2%	3%	2%	77%	189%	91%	93%	168%	120%
Trade debts	36%	29%	33%	22%	20%	26%	147%	125%	192%	157%	86%	99%
Contract assets	38%	43%	34%	41%	36%	26%	104%	177%	108%	158%	159%	126%
Term deposit with banks	1%	2%	3%	4%	5%	6%	38%	104%	97%	125%	86%	91%
Advances, deposits, prepayments and other receivables	5%	6%	9%	7%	7%	6%	104%	85%	167%	139%	149%	104%
Short term investments	0%	0%	0%	0%	0%	0%	208%	114%	0%	0%	0%	0%
Cash and bank balances	5%	1%	1%	4%	4%	5%	501%	199%	31%	146%	87%	335%
Total Current Assets	86%	84%	81%	80%	75%	71%	123%	143%	132%	150%	120%	113%
Total Assets	100%	100%	100%	100%	100%	100%	120%	139%	130%	140%	115%	111%

EQUITIES AND LIABILITIES	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
Particulars	2020	2019	2018	2017	2016	2015	2020	2019	2018	2017	2016	2015
Share Capital and reserves												
Issued, subscribed and paid up capital	21%	23%	23%	29%	32%	37%	110%	141%	103%	125%	100%	100%
Employees' share compensation reserve	1%	1%	2%	2%	2%	2%	137%	47%	164%	135%	116%	100%
Statutory reserve	0%	0%	0%	0%	0%	0%	100%	100%	0%	0%	0%	0%
Exchange revaluation reserve	6%	7%	7%	5%	6%	7%	104%	139%	179%	117%	100%	114%
Share Premium	1%	2%	1%	1%	2%	2%	100%	224%	100%	100%	100%	100%
Un-appropriated profit	24%	19%	21%	19%	21%	20%	154%	122%	143%	128%	121%	101%
	54%	51%	54%	56%	63%	68%	125%	132%	126%	125%	107%	102%
Non controlling interest	0%	0%	0%	0%	0%	0%	115%	142%	0%	0%	0%	0%
Surplus on revaluation of property and equipment	2%	3%	3%	3%	3%	4%	115%	125%	115%	130%	102%	122%
Non-Current Liabilities												
Long term loan	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%
Lease liabilities	0%	1%	1%	1%	1%	1%	62%	106%	0%	0%	0%	0%
Employees' end of service benefits	1%	1%	1%	1%	2%	1%	125%	92%	0%	0%	0%	0%
Deferred grant	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%
Total Non-Current Liabilities	2%	2%	3%	3%	3%	3%	113%	97%	127%	110%	147%	115%
Current Liabilities												
Current portion of lease liabilities	0%	1%	0%	1%	1%	1%	83%	172%	102%	118%	122%	95%
Current portion of long term loan	0%	0%	0%	0%	0%	0%	1711%	8%	101%	0%	0%	0%
Current portion of deferred grant	0%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%
Finances under mark up arrangements and other credit facilities - secured	5%	7%	5%	7%	8%	7%	81%	192%	92%	128%	140%	487%
Creditors, accrued and other liabilities	28%	23%	34%	29%	21%	18%	143%	94%	151%	194%	135%	118%
Contract liabilities	9%	13%	0%	0%	0%	0%	80%	100%	0%	0%	0%	0%
Total Current Liabilities	42%	44%	40%	38%	30%	25%	114%	154%	138%	177%	136%	146%
Total Equity and Liabilities	100%	100%	100%	100%	100%	100%	120%	139%	130%	140%	115%	111%

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

PROFIT AND LOSS STATEMENTS

Particulars	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
	2020	2019	2018	2017	2016	2015	2020	2019	2018	2017	2016	2015
Revenue from contracts with customers	100%	100%	100%	100%	100%	100%	132%	141%	124%	136%	126%	85%
Cost of revenue	-71%	-70%	-72%	-65%	-64%	-67%	135%	136%	137%	140%	120%	89%
Gross Profit	29%	30%	28%	35%	36%	33%	124%	153%	99%	131%	139%	78%
Administrative and selling expenses	-11%	-14%	-17%	-14%	-16%	-18%	97%	120%	144%	127%	111%	125%
Other charges	0%	0%	0%	0%	0%	0%	96%	94%	119%	40%	200%	20%
Other operating income	3%	6%	13%	4%	2%	4%	52%	67%	443%	328%	52%	197%
	-8%	-8%	-4%	-11%	-15%	-14%	133%	314%	41%	102%	128%	104%
Profit/(loss) from operations	20%	22%	24%	24%	22%	19%	121%	129%	126%	149%	148%	65%
Finance cost	-2%	-3%	-2%	-2%	-2%	-2%	106%	205%	87%	140%	161%	148%
Profit/(loss) before tax	18%	20%	22%	21%	19%	17%	123%	123%	130%	151%	146%	61%
Taxation	-2%	-1%	-3%	-1%	-3%	-2%	273%	57%	253%	55%	206%	194%
Profit/(loss) after Tax	16%	19%	20%	20%	16%	15%	115%	132%	123%	169%	138%	57%
Combined earnings/(loss) per Share												
Basic	0.08%	0.09%	0.10%	0.15%	0.12%	0.14%	114%	119%	85%	170%	110%	56%
Diluted	0.07%	0.09%	0.10%	0.14%	0.12%	0.13%	114%	120%	88%	168%	109%	56%

CASH FLOW STATEMENT

Particulars	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
	2020	2019	2018	2017	2016	2015	2020	2019	2018	2017	2016	2015
Cash flow from operating activities	164%	-186%	-62%	250%	135%	193%	-707%	-136%	54%	-585%	-13%	-238%
Cash flow from investing activities	24%	-42%	-1%	-53%	-235%	29%	-454%	-3456%	-2%	-72%	148%	-60%
Cash flow from financing activities	-87%	328%	162%	-97%	200%	-120%	-214%	-91%	364%	153%	30%	57%
Increase/(decrease) in cash & cash equivalent	100%	100%	100%	100%	100%	100%	804%	-45%	-217%	-316%	-18%	-30%

CONSOLIDATED CASH FLOW STATEMENT

Particulars	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
	2020	2019	2018	2017	2016	2015	2020	2019	2018	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES												
Cash generated from operations	199%	27%	-146%	476%	-283%	239%	6003%	8%	67%	480%	24%	-555%
Finance costs paid	-30%	-87%	32%	-91%	141%	-17%	279%	121%	77%	183%	169%	128%
Retirement benefits paid	-1%	-8%	2%	0%	2%	-2%	84%	235%	1035%	45%	24%	22%
Taxes paid	-4%	-118%	51%	-134%	264%	-29%	27%	105%	82%	144%	185%	176%
Net cash (used in) / generated from operating activities	164%	-186%	-62%	251%	124%	192%	-707%	-136%	54%	-578%	-13%	-240%
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchase of property and equipment	-3%	-41%	15%	-14%	35%	-12%	65%	120%	239%	113%	58%	248%
Purchase of intangible asset	-5%	0%	0%	0%	1%	0%	100%	N/A	N/A	0%	N/A	N/A
Proceeds from sale of property and equipment	1%	14%	-9%	10%	-58%	12%	58%	66%	206%	48%	99%	196%
Profit on bank deposit	2%	25%	-7%	29%	-67%	14%	56%	154%	55%	121%	94%	85%
Term deposits	29%	-16%	-5%	-73%	-135%	20%	-1465%	-143%	-15%	-155%	137%	-31%
Short term investments	0%	0%	2%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A
Long Term investment	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A
Net increase in long term deposits	0%	-23%	4%	-5%	18%	-5%	7%	262%	176%	80%	67%	223%
Net cash (used in) / generated from investing activities	24%	-42%	-1%	-54%	-207%	28%	-453%	-3456%	-2%	-74%	145%	-59%
CASH FLOWS FROM FINANCING ACTIVITIES												
Repayment of long term finances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Issue of share capital	0%	29%	-4%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dividend paid	-60%	-56%	84%	-273%	524%	-253%	857%	30%	67%	149%	41%	118%
Finances under markup arrangements	-27%	542%	24%	138%	-400%	161%	-39%	-1032%	-37%	99%	50%	387%
Repayment of loan from directors	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Long term loan received	12%	-35%	16%	71%	0%	0%	-277%	100%	-48%	N/A	N/A	N/A
Repayment of finance lease liabilities	-13%	-151%	43%	-34%	59%	-28%	70%	158%	278%	164%	42%	140%
Net cash used in financing activities	-87%	329%	162%	-98%	183%	-121%	-214%	-91%	363%	152%	30%	58%
Net (decrease) / increase in cash and cash equivalents	100%	100%	100%	100%	100%	100%	805%	-45%	-218%	-285%	-20%	-30%

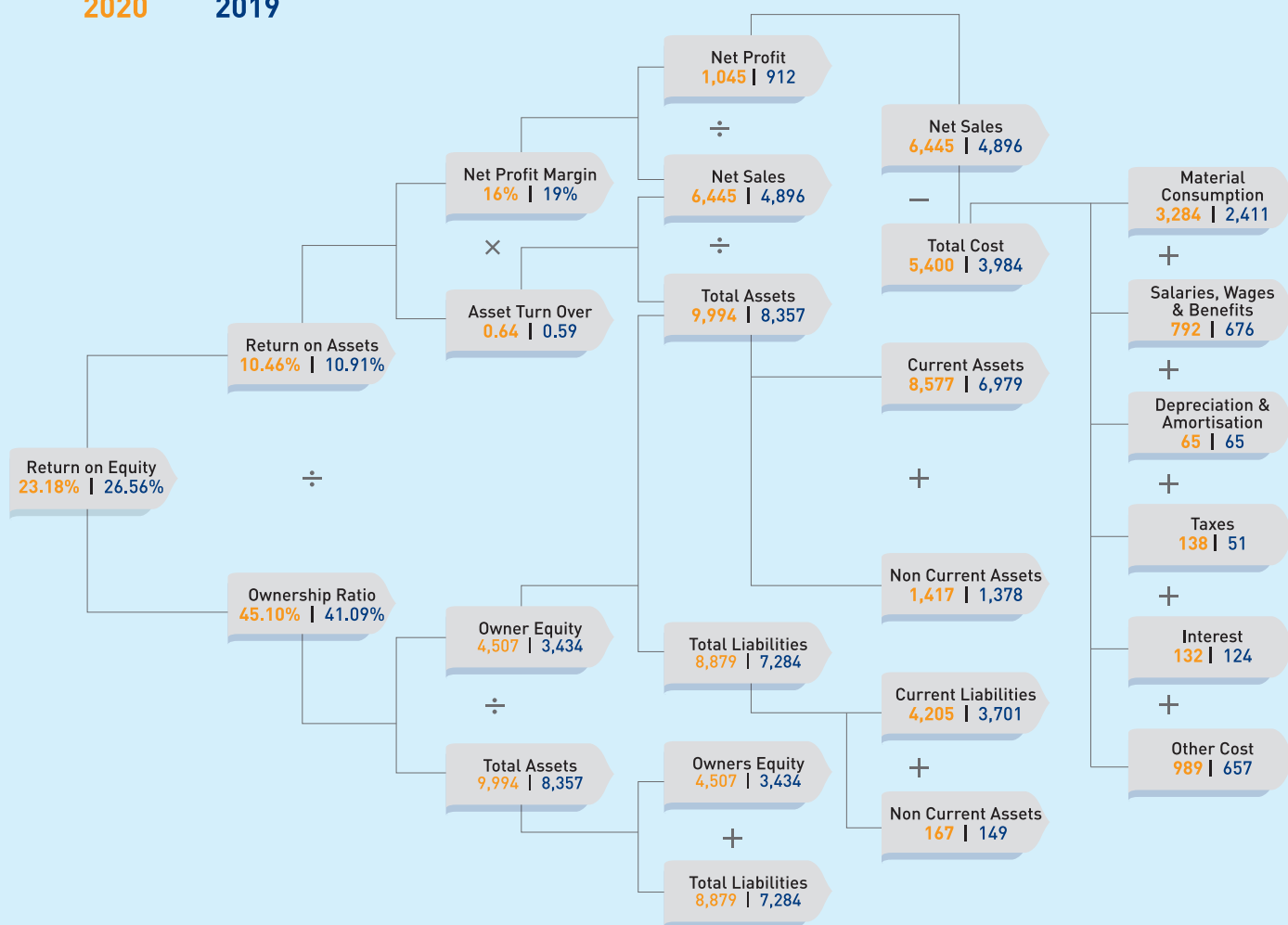
CONSOLIDATED CASH FLOW STATEMENT BY INDIRECT METHOD

(Rupees in million)

Particulars	2020	2019	2018	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash flows from Customers	(1,315)	(2,260)	(736)	(1,078)	(342)	(168)
Cash flows from Creditors	931	(197)	486	696	65	76
Cash flows from Stocks	37	(76)	8	8	(42)	(9)
Other cash flows from operations	1,185	2,546	412	629	372	326
Net cash (used in) / generated from continuing operations	839	14	170	255	53	225
Finance costs paid	(127)	(46)	(38)	(49)	(27)	(16)
Retirement benefits paid	(4)	(4)	(2)	(0)	(0)	(2)
Taxes paid	(17)	(62)	(59)	(71)	(50)	(27)
Net cash (used in) / generated from operating activities	(69)	(98)	72	134	(23)	181
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property and equipment	(14)	(22)	(18)	(7)	(7)	(11)
Purchase of intangible asset	20	-	-	-	(0)	-
Proceeds from sale of property and equipment	4	7	11	5	11	11
Profit on bank deposit	7	13	8	15	13	14
Term deposits	124	(8)	6	(39)	25	19
Short term investments	-	-	(2)	-	-	-
Long Term investment	-	-	-	-	0	-
Net increase in long term deposits	(1)	(12)	(5)	(3)	(3)	(5)
Net cash (used in) / generated from investing activities	100	(22)	1	(29)	39	27
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of long term finances	-	-	-	-	-	-
Issue of share capital	-	15	4	-	-	0
Dividend paid	(252)	(29)	(98)	(146)	(98)	(238)
Finances under markup arrangements	(112)	284	(28)	74	75	151
Repayment of loan from directors	-	-	-	-	-	-
Long term loan received	50	(18)	(18)	38	-	-
Repayment of finance lease liabilities	(56)	(79)	(50)	(18)	(11)	(26)
Net cash (used in) / generated from financing activities	(369)	172	(189)	(52)	(34)	(113)
Net (decrease) / increase in cash and cash equivalents	422	52	(117)	54	(19)	94
Cash and cash equivalents at the beginning of the year	105	53	169	116	134	40
Effect of cash and Cash equivalents of subsidiary disposed off	-	-	-	-	-	-
Cash and cash equivalents at the end of the year	527	105	53	169	116	134

DUPONT ANALYSIS

2020 2019

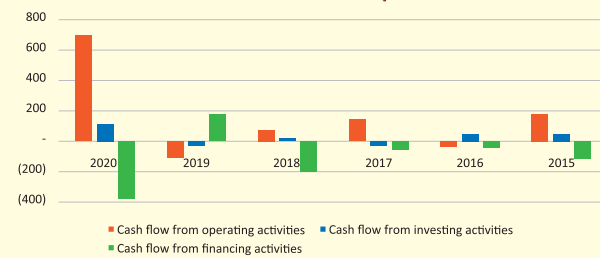


Avanceon showed excellent all-round performance in terms of PQ generation, year on year growth of revenues, gross profits, other income and net profits in financial year 2020. Avanceon stock performed exceptionally well in terms of capital gains, distribution of profits/dividends or bonuses since financial year 2014 with satisfactory stock liquidity. We are confident of our current business plan in financial year 2021. Well done team and thank you for your confidence in our capabilities.

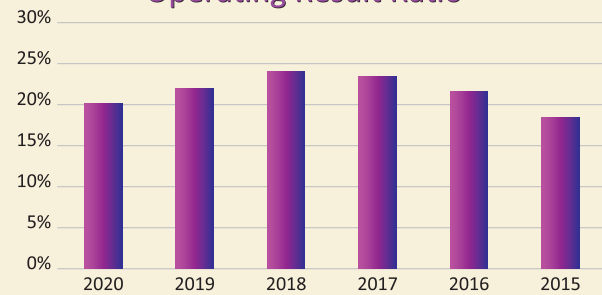
Saeed Ullah Khan Niazi
Chief Financial Officer



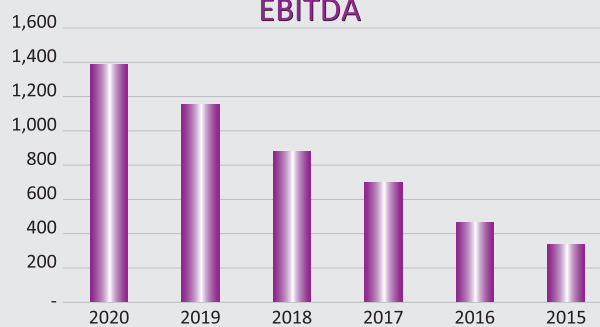
Cash Flow Analysis



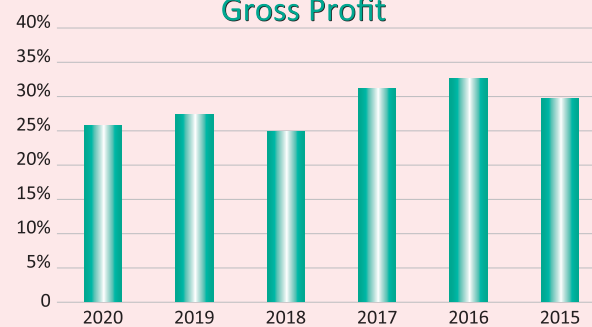
Operating Result Ratio



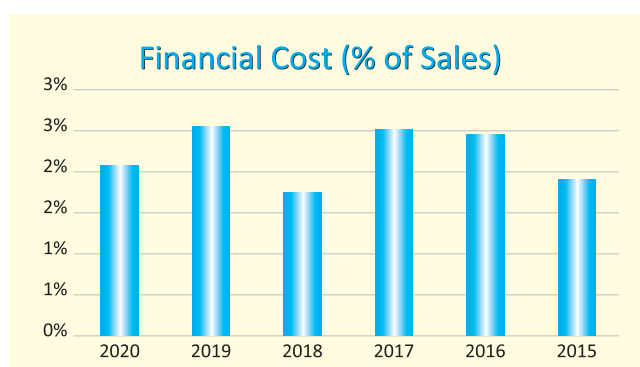
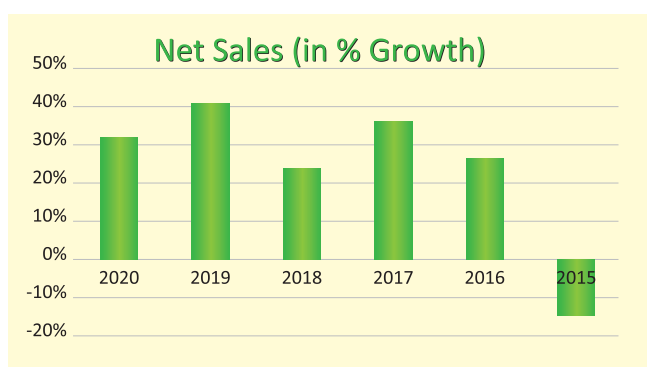
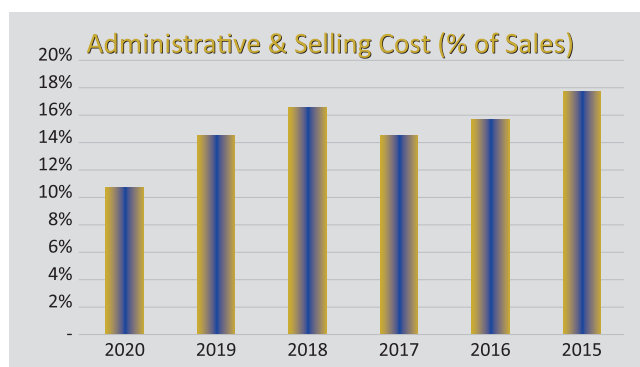
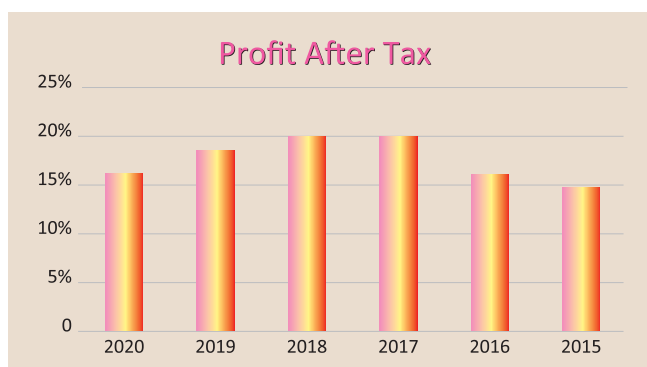
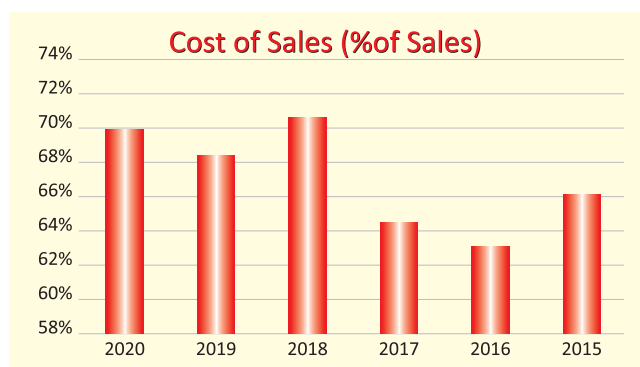
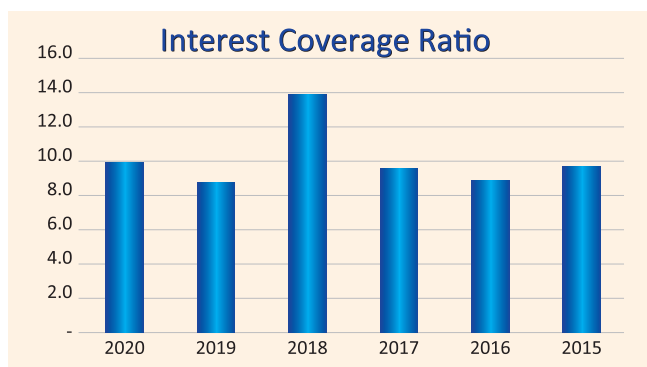
EBITDA



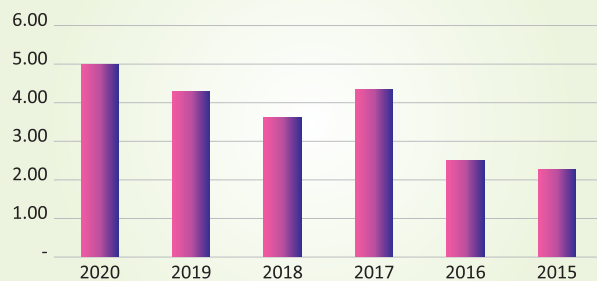
Gross Profit



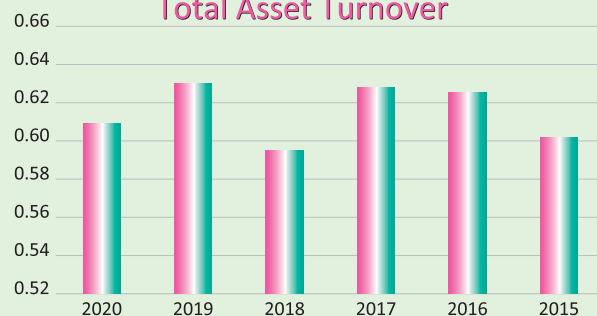
Graphic Representation 2015-2020 (Contd...)



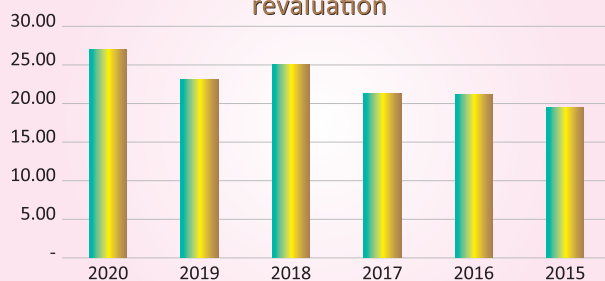
Earning per Share (Basic)



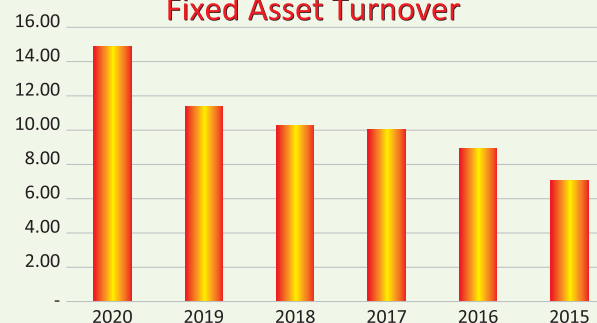
Total Asset Turnover



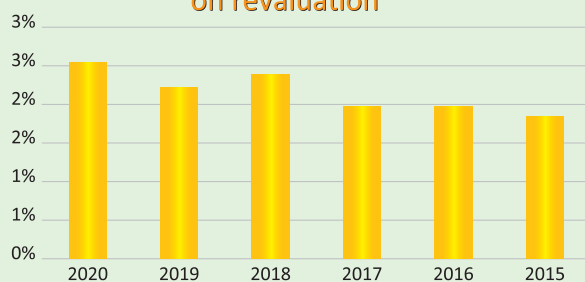
Break Up value per share with surplus on revaluation



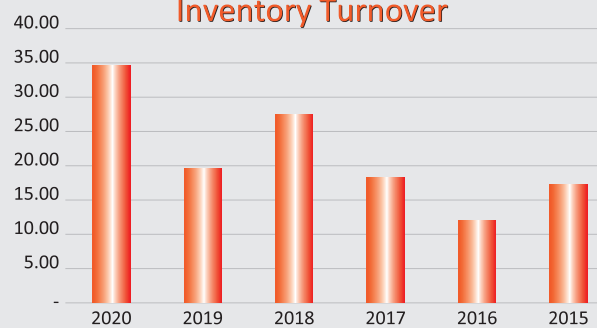
Fixed Asset Turnover



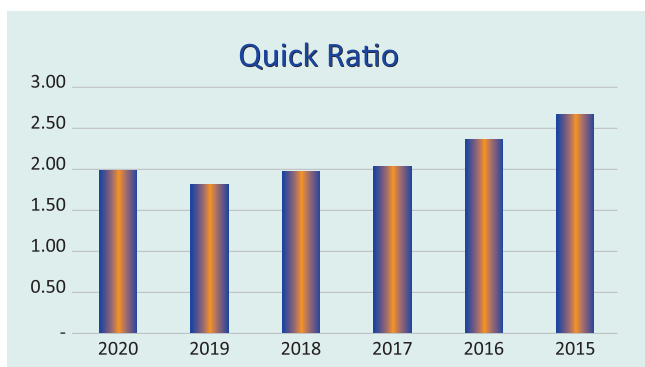
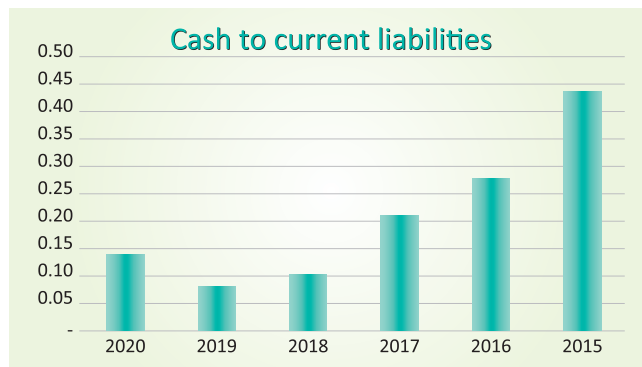
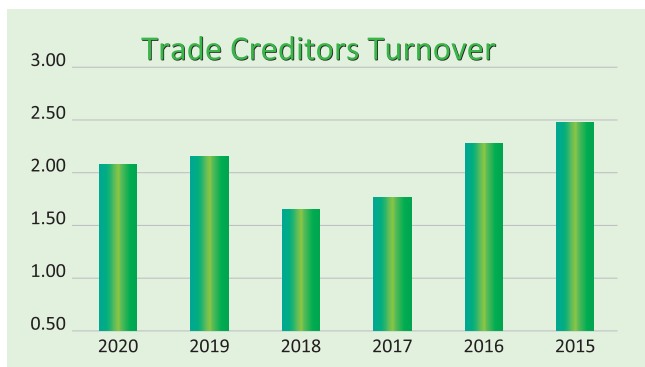
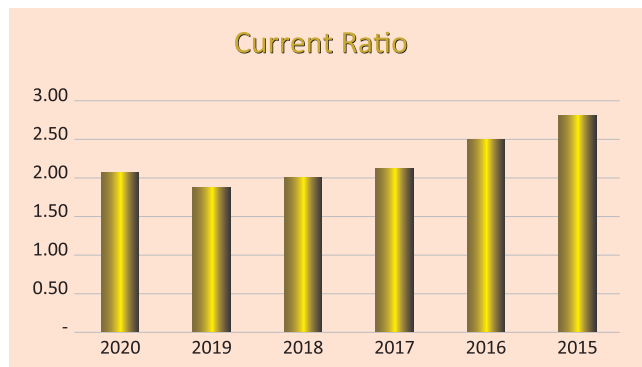
Break up value per share without surplus on revaluation



Inventory Turnover



Graphic Representation 2015-2020 (Contd...)



PATTERN OF SHAREHOLDING

PATTERN

No. of Shareholders	Having Shares		Shares Held
	From	To	
859	1	100	37,143
1,144	101	500	486,349
1,251	501	1,000	1,186,982
1,817	1,001	5,000	4,653,982
380	5,001	10,000	2,967,632
124	10,001	15,000	1,558,661
87	15,001	20,000	1,547,726
43	20,001	25,000	990,484
30	25,001	30,000	850,580
20	30,001	35,000	661,532
21	35,001	40,000	797,879
12	40,001	45,000	523,000
18	45,001	50,000	874,900
9	50,001	55,000	483,912
7	55,001	60,000	408,270
7	60,001	65,000	439,915
2	65,001	70,000	135,450
9	70,001	75,000	659,935
3	75,001	80,000	235,487
5	80,001	85,000	413,257
4	85,001	90,000	353,812
3	90,001	95,000	279,812
5	95,001	100,000	493,037
2	100,001	105,000	202,000
2	110,001	115,000	222,016
2	115,001	120,000	240,000
4	120,001	125,000	491,700
3	125,001	130,000	388,234
4	130,001	135,000	531,760
2	145,001	150,000	300,000
4	150,001	155,000	611,400
4	155,001	160,000	634,694
1	160,001	165,000	164,000
5	165,001	170,000	840,382
2	170,001	175,000	350,000
1	175,001	180,000	176,000
2	180,001	185,000	368,500
3	190,001	195,000	581,340
4	195,001	200,000	800,000
2	200,001	205,000	405,500
1	210,001	215,000	211,000
2	215,001	220,000	434,559
2	235,001	240,000	477,700
1	240,001	245,000	241,781
1	245,001	250,000	247,000
1	260,001	265,000	262,500
1	265,001	270,000	268,171
1	275,001	280,000	277,000
1	285,001	290,000	287,980
2	295,001	300,000	600,000
1	305,001	310,000	306,000
2	310,001	315,000	625,400
1	320,001	325,000	321,000
1	325,001	330,000	329,521
1	330,001	335,000	331,480
2	370,001	375,000	748,300
1	385,001	390,000	387,500
1	395,001	400,000	395,616
2	465,001	470,000	936,990
1	495,001	500,000	500,000
1	520,001	525,000	520,500
1	610,001	615,000	612,000
1	675,001	680,000	676,632
1	695,001	700,000	700,000
1	945,001	950,000	950,000
1	1,295,001	1,300,000	1,297,450
1	1,430,001	1,435,000	1,433,000

PATTERN

No. of Shareholders	Having Shares		Shares Held
	From	To	
1	2,765,001	2,770,000	2,769,000
1	3,270,001	3,275,000	3,274,630
1	10,415,001	10,420,000	10,415,700
1	22,890,001	22,895,000	22,890,837
1	129,710,001	129,715,000	129,713,497
5,945			211,790,007

CATEGORY WISE SHAREHOLDING

Sr. No.	Particulars	No. of Folio	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	9	153,735,745	72.59
2	Associated Companies, Undertakings and related Parties	1	200,000	0.09
3	NIT and ICP			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	4	445,150	0.21
5	Insurance Companies	4	10,592,700	5.00
6	Modarabas and Mutual Funds	40	8,874,050	4.19
7	Share holders holding 10%	2	152,604,334	72.05
8	General Public :			
	a. local	5,803	31,022,931	14.65
	b .Foreign			
9	Others	84	6,919,431	3.27
	Total (excluding : share holders holding 10%)	5,945	211,790,007	100.00

INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE

	Number of Shareholders	Number of Shares Held
Associated Companies, Undertaking and Related Parties (name wise details)		
TRUSTEE AVANCEON LTD. Employees Provident Fund	1	200,000
TOTAL	1	200,000
Mutual Funds (name wise details)		
CDC - TRUSTEE ABL STOCK FUND	1	500
CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	1	133,500
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	468,440
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	36,000
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	170,000
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	520,500
CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	57,000
CDC - TRUSTEE FAYSAL MTS FUND - MT	1	176,000
CDC - TRUSTEE FAYSAL STOCK FUND	1	60,000
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	30,000
CDC - TRUSTEE HBL - STOCK FUND	1	239,000
CDC - TRUSTEE HBL EQUITY FUND	1	170,000
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	23,000
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	24,000
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	80,500
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	30,000
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	28,500
CDC - TRUSTEE LAKSON INCOME FUND	1	20,500
CDC - TRUSTEE MCB DCF INCOME FUND	1	154,000
CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT	1	33,000
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	374,500
CDC - TRUSTEE MEEZAN BALANCED FUND	1	331,480
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	3,274,630
CDC - TRUSTEE MEEZAN TAHAFUZZ PENSION FUND - EQUITY SUB FUND	1	468,550
CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT	1	133,500
CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT	1	9,000
CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	1	71,500
CDC - TRUSTEE NBP SAVINGS FUND - MT	1	3,000
CDC - TRUSTEE NIT INCOME FUND - MT	1	612,000
CDC - TRUSTEE PAKISTAN INCOME ENHANCEMENT FUND	1	387,500
CDC - TRUSTEE PAKISTAN INCOME FUND	1	500
CDC - TRUSTEE PICIC GROWTH FUND	1	194,500
CDC - TRUSTEE PICIC INVESTMENT FUND	1	151,000
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	152,400
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	165,500
MC FSL TRUSTEE JS - INCOME FUND	1	28,000
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	550
MCBFSL - TRUSTEE HBL ISLAMIC DEDICATED EQUITY FUND	1	6,500
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	5,000
TOTAL	39	8,824,050

**INFORMATION AS REQUIRED UNDER
CODE OF CORPORATE GOVERNANCE**

	Number of Shareholders	Number of Shares Held
Directors and their spouse		
BAKHTIAR HAMEED WAIN	2	130,001,477
KHALID HAMEED WAIN	1	2
AMIR WAIN	1	22,890,837
OMER IQBAL KHAN	1	4
HANAN DARWISH	1	4
MOHAMMAD SHAHID MIR	1	166,787
TANVEER KARAMAT	2	676,634
TOTAL	9	153,735,745
Executives		
AHSAN KHALIL	1	50,617
SAEED ULLAH KHAN NIAZI	1	15,538
TOTAL	2	66,155
Public Sector Companies and Corporations		
TOTAL	1	241,781
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
TOTAL	11	11,232,850
Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)		
AMIR WAIN	1	22,890,837
BAKHTIAR HAMEED WAIN	1	129,713,497
TOTAL	2	152,604,334

CATEGORY DETAILS OF SHAREHOLDING AS AT 31 DECEMBER 2020

S.No.	Folio	Name	Holding
Directors, Chief Executive Officer, and their spouse and minor children			
1	1	BAKHTIAR HAMEED WAIN	129,713,497
2	2	KHALID WAIN	2
3	3	AMIR WAIN	22,890,837
4	4	TANVEER KARAMAT	2
5	3107	OMER IQBAL KHAN	4
6	3108	HANAN DARWISH	4
7	03228-44355	MOHAMMAD SHAHID MIR	166,787
8	05264-48871	TANVEER KARAMAT	676,632
9	10629-159304	BAKHTIAR HAMEED WAIN	287,980
TOTAL			153,735,745
Associated Companies, Undertakings and related Parties			
1	12732-3143	TRUSTEE AVANCEON LTD. Employees Provident Fund	200,000
TOTAL			200,000
Banks, Development Financial Institutions, Non Banking Financial Institutions			
1	02832-32	MEEZAN BANK LIMITED	373,800
2	04127-28	MCB BANK LIMITED - TREASURY	350
3	11304-27	PAIR INVESTMENT COMPANY LIMITED	61,000
4	15313-2200	SECURITY INVESTMENT BANK LIMITED	10,000
TOTAL			445,150
Insurance Companies			
1	03277-57588	ATLAS INSURANCE LIMITED	175,000
2	13748-501	ADAMJEE LIFE ASSURANCE COMPANY LTD-IMF	1,500
3	18044-22	ADAMJEE LIFE ASSURANCE COMPANY LIMITED	500
4	18085-28	EFU LIFE ASSURANCE LIMITED	10,415,700
TOTAL			10,592,700

MODARABAS AND MUTUAL FUNDS

S.No.	Folio	Name	Holding
1	02113-21	FIRST EQUITY MODARABA	50,000
2	05389-27	CDC - TRUSTEE PAKISTAN INCOME FUND	500
3	05645-24	CDC - TRUSTEE PICIC INVESTMENT FUND	151,000
4	05777-29	CDC - TRUSTEE PICIC GROWTH FUND	194,500
5	05959-27	CDC - TRUSTEE ATLAS STOCK MARKET FUND	520,500
6	05991-23	CDC - TRUSTEE MEEZAN BALANCED FUND	331,480
7	06171-21	CDC - TRUSTEE FAYSAL STOCK FUND	60,000
8	07062-23	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	468,440

S.No.	Folio	Name	Holding
9	07070-22	CDC - TRUSTEE MEEZAN ISLAMIC FUND	3,274,630
10	07252-20	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	57,000
11	09449-25	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	170,000
12	09746-28	CDC - TRUSTEE MCB DCF INCOME FUND	154,000
13	10397-29	CDC - TRUSTEE MEEZAN TAHAFUZZ PENSION FUND - EQUITY SUB FUND	468,550
14	10728-27	CDC - TRUSTEE HBL - STOCK FUND	239,000
15	10900-25	CDC - TRUSTEE APIF - EQUITY SUB FUND	36,000
16	10918-24	MC FSL TRUSTEE JS - INCOME FUND	28,000
17	11056-28	CDC - TRUSTEE HBL MULTI - ASSET FUND	30,000
18	11882-28	CDC - TRUSTEE PAKISTAN INCOME ENHANCEMENT FUND	387,500
19	12195-21	CDC - TRUSTEE ABL STOCK FUND	500
20	12344-22	CDC - TRUSTEE LAKSON INCOME FUND	20,500
21	12880-27	CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT	71,500
22	13052-26	CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND - MT	133,500
23	13136-26	CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT	33,000
24	13391-26	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	165,500
25	13607-28	CDC - TRUSTEE HBL EQUITY FUND	170,000
26	13698-29	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	23,000
27	13714-25	CDC - TRUSTEE HBL PF EQUITY SUB FUND	28,500
28	14373-27	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	550
29	14514-28	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	30,000
30	14688-29	CDC - TRUSTEE NIT INCOME FUND - MT	612,000
31	14969-25	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	80,500
32	16022-26	CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT	9,000
33	16246-20	CDC - TRUSTEE NBP SAVINGS FUND - MT	3,000
34	16436-27	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	24,000
35	16485-22	CDC - TRUSTEE FAYSAL MTS FUND - MT	176,000
36	16501-27	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	374,500
37	16733-20	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	5,000
38	17210-22	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	152,400
39	17616-23	MCBFSL - TRUSTEE HBL ISLAMIC DEDICATED EQUITY FUND	6,500
40	18291-23	CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT	133,500
TOTAL			8,874,050

OTHERS

S.No.	Folio	Name	Holding
1	2308	K.F. CORPORATION PRIVATE LIMITED	82
2	2614	M/S. UK CORPORATION	1,999
3	3063	BONUS WITHHELD 5% B-2	158,294
4	3088	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	47
5	3090	MANAGEMENT AND EDUCATIONAL SERVICES (PVT) LIMITED	31
6	3101	TRUSTEE TO COMPANY SECRETARY	830
7	3109	TRUSTEE TO COMPANY SECRETARY	927
8	01669-26	SHAFFI SECURITIES (PVT) LIMITED	1,000
9	01826-109215	TPS PAKISTAN (PRIVATE) LIMITED	577
10	01826-125864	J. K. EXPORTS (PVT.) LIMITED	40,000
11	01826-132282	ZAFA PHARMACEUTICAL LABORATORIES PVT LTD STAF PROVIDENT FUND	125,000
12	02113-3850	CAPITAL FINANCIAL SERVICES (PVT.) LIMITED	1,500
13	03228-46418	UNIGO HAR HOMES (PRIVATE) LIMITED	1,922
14	03244-90174	PITCO (PVT.) LIMITED	120,000
15	03277-1339	PREMIER FASHIONS (PVT) LTD	40,000
16	03277-1340	SIZA (PRIVATE) LIMITED	10,000
17	03277-4841	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	90,625
18	03277-78974	CS CAPITAL (PVT) LTD	158,400
19	03277-82969	TRUSTEE MOMIN ADAMJEE WELFARE TRUST	185,000
20	03277-94363	K. F. CORPORATION (PRIVATE) LIMITED	72,130
21	03525-67537	SHAMALIK BROTHERS (PVT) LTD	2,950
22	03525-87235	MAPLE LEAF CAPITAL LIMITED	1
23	03525-94230	PROSPERITY SECURITIES (SMC-PVT.) LIMITED	108
24	04085-24	MRA SECURITIES LIMITED	262,500
25	04234-25	RAFI SECURITIES (PRIVATE) LIMITED	121,500

S.No.	Folio	Name	Holding
26	04317-9927	DHORAJI YOUTH SERVICES FOUNDATION	10,000
27	04366-26736	TRUSTEE MOMIN ADAMJEE WELFARE TRUST	20,000
28	04366-35711	LUTINO (PRIVATE) LIMITED	50
29	04432-21	ADAM SECURITIES LIMITED	195,000
30	04432-21357	VENUS ENTERTAINMENT COMPANY (PVT.) LIMITED	3,500
31	04705-87224	FEDERAL BOARD OF REVENUE	241,781
32	04879-28	AKHAI SECURITIES (PRIVATE) LIMITED	287
33	04903-23	AMPLE SECURITIES (PRIVATE) LIMITED	50,000
34	05264-21	JS GLOBAL CAPITAL LIMITED	277,000
35	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	2,769,000
36	05884-12310	MIAN NAZIR SONS INDUSTRIES (PVT) LIMITED	15,000
37	06445-28	DARSON SECURITIES LIMITED	1,500
38	06445-74023	AL-QURAISH PAPER INDUSTRIES (PVT.) LIMITED	1,500
39	06452-27749	SAYA WEAVING MILLS (PVT) LTD	2,500
40	06452-44140	TRUSTEE CITY SCHOOLS PROVIDENT FUND TRUST	95,287
41	06452-51103	BPS GROUP COMPANIES EMPLOYEES PROVIDENT FUND	52,800
42	07054-24	BHAYANI SECURITIES (PVT) LTD.	43,500
43	07229-23	ALTAF ADAM SECURITIES (PVT) LTD.	47,000
44	07286-27	DR. ARSLAN RAZAQUE SECURITIES (PVT.) LIMITED	2,160
45	07443-27	Y.H. SECURITIES (PVT.) LTD.	4,000
46	10462-20	SAYA SECURITIES (PRIVATE) LIMITED.	8,500
47	10629-235765	AL-AMEEN TRADING CORPORATION (PRIVATE) LIMITED	2,000
48	11072-26	SEVEN STAR SECURITIES (PVT.) LTD.	40,500
49	11072-34	SEVEN STAR SECURITIES (PVT.) LTD.	1,922
50	11387-29150	B. K. SAADAAN (PVT) LIMITED	26,500
51	11692-17066	CRESCENT STEEL AND ALLIED PRODUCTS LTD	5,000
52	11692-21	ABA ALI HABIB SECURITIES (PVT) LIMITED	154,000
53	12153-25	RAH SECURITIES (PVT) LIMITED	30,500
54	12484-7807	BRAVISTO (PVT) LIMITED	1
55	12666-1708	TRUSTEE OF HOMMIE AND JAMSHED NUSSERWANJEE CHARITABLE TRUST	5,000
56	12716-2246	CEDAR CAPITAL PRIVATE LIMITED STAFF PROVIDENT FUND	5,000
57	12997-24	TOPLINE SECURITIES LIMITED - MF	5,000
58	13300-25	BMA CAPITAL MANAGEMENT LTD. - MF	12,000
59	13649-24	JS GLOBAL CAPITAL LIMITED - MF	134,500
60	14118-27	ASDA SECURITIES (PVT.) LTD.	2,500
61	14563-23	NEXT CAPITAL LIMITED - MF	30,000
62	14589-21	STANDARD CAPITAL SECURITIES (PVT) LIMITED - MF	10,000
63	14670-20	MULTILINE SECURITIES (PVT) LIMITED - MF	87,500
64	14720-23	SHAJARPAK SECURITIES (PVT) LIMITED	5,000
65	14753-20	ARIF HABIB LIMITED - MF	21,000
66	14886-25	VENUS SECURITIES (PVT.) LIMITED	7,000
67	14944-27	ADAM SECURITIES LTD. - MF	2,000
68	15024-27	INTERACTIVE SECURITIES (PVT) LIMITED	7,000
69	15057-24	NINI SECURITIES (PRIVATE) LIMITED	9,500
70	15198-549	INDUS BASIN CAPITAL (PRIVATE) LIMITED	2,200
71	15719-23	CDC-TRUSTEE ALHAMRA ISLAMIC PENSION FUND - EQUITY SUB FUND	65,000
72	15727-22	CDC - TRUSTEE PAKISTAN PENSION FUND - EQUITY SUB FUND	80,000
73	16212-23	BIPL SECURITIES LIMITED - MF	247,000
74	16261-28	AXIS GLOBAL LIMITED - MF	12,500
75	16576-20	INTERMARKET SECURITIES LIMITED - MF	62,500
76	16642-21	BACKERS & PARTNERS (PRIVATE) LIMITED - MF	7,520
77	16659-20	LSE FINANCIAL SERVICES LIMITED - MT	203,000
78	16857-26	MRA SECURITIES LIMITED - MF	312,000
79	16899-22	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF	36,000
80	16923-27	N. U. A. SECURITIES (PRIVATE) LIMITED - MF	17,500
81	17004-27	FAWAD YUSUF SECURITIES (PRIVATE) LIMITED - MF	22,000
82	17053-22	ORIENTAL SECURITIES (PRIVATE) LIMITED - MF	10,000
83	17103-25	DARSON SECURITIES LIMITED - MF	1,500
84	17509-26	TRUST SECURITIES & BROKERAGE LIMITED - MF	1,500
TOTAL			6,919,431

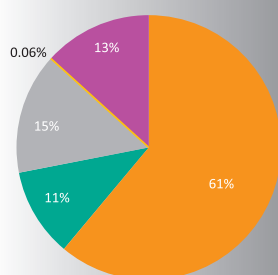
STATEMENT OF VALUE ADDITION



	FOR THE YEAR ENDED			
	31 December, 2020		31 December, 2019	
	(Rs. in '000)	%age	(Rs. in '000)	%age
Wealth Generated				
Sales included sales tax	7,421,052	98%	5,512,330	95%
Other operating income	162,990	2%	313,051	5%
	7,584,042		5,825,381	
Wealth Distributed				
Cost of material and services	4,605,361	61%	3,539,787	61%
To Employees				
Salaries and related cost	814,647	11%	702,019	12%
To Government				
Taxes	1,114,755	15%	666,936	11%
To Society				
Charity & Donation	4,300	0.06%	4,463	0.08%
Retain in the business				
To provide for growth: retained profit	1,004,979	13%	912,176	16%
	7,544,042		5,825,381	

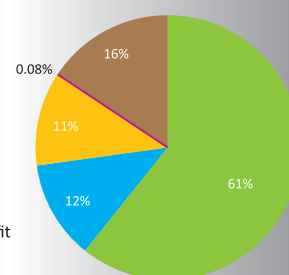
FY - 2020 (Percentage)

- Cost of material and services
- Salaries and related cost
- Taxes
- Charity & Donation
- To provide for growth: retained profit



FY - 2019 (Percentage)

- Cost of material and services
- Salaries and related cost
- Taxes
- Charity & Donation
- To provide for growth: retained profit





FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

INDEPENDENT AUDITORS' REPORT

To the members of Avanceon Limited

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the annexed separate financial statements of Avanceon Limited (the Company), which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'separate financial statements') 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 statement of financial position, statement of profit or loss, statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform 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 31 December 2020 and of the profit, 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 Auditors' Responsibilities for the Audit of the 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 separate financial statements of the current period. These matters were addressed in the context of our audit of the separate 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:

Key audit matters	How our audit addressed the key audit matter
1. Revenue Recognition	
<p>The Company's revenue is derived from 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>As referred in Note 5.16 to the accompanying separate financial statements, project revenue is recognized using the cost to complete method under which the entity's progress towards satisfaction of performance obligations is based on cost incurred to date as a proportion of total cost of the contract. As disclosed in Note 28, project revenue amounts to Rs. 699.516 million.</p> <p>Application of the aforementioned method requires significant management estimates in relation to budgeting</p>	<p>Our audit procedures included, amongst others, understanding and evaluating 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.</p> <p>We tested operating effectiveness of internal controls relating to the Company's revenue recognition process including budgetary control, appropriate review and approval practices and recognition in the books of accounts.</p> <p>We performed substantive analytical procedures including, amongst others, developing an expectation of project revenue for the year based on contracts entered to date</p>

the total cost to complete and assessing stage of work performed to date. These estimates take into account, amongst others, the prices of materials and services as applicable, forecast escalations, time spent and expected completion date at the time of such estimation.

Due to an inherent risk associated with the recognition of revenue based on estimates for end-to-end projects, we consider this as a key audit matter.

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.

We performed other substantive procedures including examination of a sample of underlying contracts, review of the contractual terms and conditions and evaluating appropriate accounting thereof.

We also reviewed sales transactions and events taking place after year-end to ensure revenue was recognized in the appropriate period and assessed, if any adjustments were required.

We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements.

2. Related party transactions

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 Innovative Automation Inc. (100% shareholding). 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 a Pakistan based subsidiary, Octopus Digital (Private) Limited.

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 37 to the accompanying separate financial statements) leading to a significant amount of investments trade debts and receivable balances of Rs. 4,214.82 million, Rs. 666.561 million and Rs. 611.994 million as disclosed in Notes 21, 23 and 25 respectively which in aggregate contribute to 78% of total assets.

The inter-company transactions and balances require significant auditor attention as the amounts are material to the separate financial statements as a whole and are hence considered as Key Audit Matter.

We obtained a list of related parties and transactions entered into with them during the year from management.

We 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.

We reviewed the approval process for related party transactions including approval by those charged with governance.

We 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.

We assessed whether appropriate disclosures have been made in separate 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 Financial Statements and Auditors' 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 separate financial statements and our auditors' report thereon.

Our opinion on the separate 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 separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate 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 Financial Statements

Management is responsible for the preparation and fair presentation of the separate 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 separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 separate 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 separate 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 auditors' report to the related disclosures in the separate 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 auditors' 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 separate financial statements, including the disclosures, and whether the separate 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 separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 changes in equity and the statement of cash flows 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) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

The engagement partner on the audit resulting in this independent auditors' report is Farooq Hameed.



EY Ford Rhodes
Chartered Accountants
Lahore: 17 May 2021

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

(Rupees in '000)	Note	2020	2019
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
250,000,000 (2019: 250,000,000) ordinary shares of Rs.10 each		2,500,000	2,500,000
Issued, subscribed and paid up capital			
211,790,007 (2019: 192,536,370) ordinary shares of Rs 10. each	6	2,117,900	1,925,364
CAPITAL RESERVES			
Share premium	7	138,384	138,384
Employees' share compensation reserve	8	74,270	53,862
Surplus on revaluation of property and equipment	9	241,827	209,721
		454,481	401,967
REVENUE RESERVE			
Unappropriated profit		2,786,411	1,220,393
		5,358,792	3,547,724
NON CURRENT LIABILITIES			
Lease liabilities	10	17,460	28,726
Long term loan	11	23,551	-
Deferred grant	12	518	-
		41,529	28,726
CURRENT LIABILITIES			
Current portion of lease liabilities	10	20,983	23,364
Current portion of long term loan	11	25,911	1,515
Current portion of deferred grant	12	1,218	-
Finances under mark up arrangements and other credit facilities - secured	14	419,006	383,294
Creditors, accrued and other liabilities	15	714,119	421,531
Contract liabilities	16	82,176	73,858
Unclaimed dividend	17	1,665	253,669
		1,265,078	1,157,231
CONTINGENCIES AND COMMITMENTS			
	18		
		6,665,399	4,733,681

The annexed notes from 1 to 45 form an integral part of these separate financial statements.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

(Rupees in '000)	Note	2020	2019
ASSETS			
NON CURRENT ASSETS			
Property and equipment	19	379,281	364,620
Intangible assets	20	-	-
Long term investments	21	4,218,820	2,673,870
Deferred taxation	13	57,450	72,582
Long term loans, deposits and other receivables	22	2,072	203,817
		4,657,623	3,314,889
CURRENT ASSETS			
Stock in trade		39,984	52,733
Trade debts	23	967,810	300,205
Contract assets	24	187,931	148,183
Advances, deposits, prepayments and other receivables	25	742,658	898,552
Short term investments	26	2,955	1,444
Cash and bank balances	27	66,438	17,675
		2,007,776	1,418,792
		6,665,399	4,733,681



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, 2020

(Rupees in '000)	Note	2020	2019
Continuing operations			
Revenue from contracts with customers	28	1,547,153	1,340,450
Cost of revenue	29	(982,823)	(800,983)
Gross profit		564,330	539,467
Administrative and selling expenses	30	(158,018)	(275,881)
Other operating expenses	31	(3,857)	(4,463)
Other operating income	32	430,713	471,377
		268,838	191,033
Profit from operations		833,168	730,500
Finance costs	33	(69,088)	(61,874)
Profit before tax from continuing operations		764,080	668,626
Taxation	34	(90,241)	(31,158)
Profit for the year from continuing operations		673,839	637,468
Discontinued operations			
Profit after tax for the year from discontinued operations		-	16,402
Profit for the year		673,839	653,870
			Restated
Earnings per share from continuing operations - Basic	35.1	3.18	3.01
Earnings per share from continuing operations - Diluted	35.2	3.11	2.95

The annexed notes from 1 to 45 form an integral part of these separate 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, 2020

(Rupees in '000)	Note	2020	2019
Profit for the year		673,839	653,870
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	9	32,821	42,419
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>		-	-
Total comprehensive income for the year		706,660	696,289

The annexed notes from 1 to 45 form an integral part of these separate 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, 2020

(Rupees in '000)	Capital Reserves		Employee's share compensation reserve	Surplus on revaluation of property and equipment	Revenue Reserve	
	Share capital	Share premium			Un-appropriated profit / (loss)	TOTAL
Balance as on 01 January 2019	1,363,238	61,906	115,051	167,915	1,111,205	2,819,315
Profit for the year ended	-	-	-	-	653,870	653,870
Other comprehensive income	-	-	-	42,419	-	42,419
	-	-	-	42,419	653,870	696,289
Transfer from revaluation surplus on account of incremental depreciation	-	-	-	(613)	613	-
Bonus shares for the year ended 31 December 2018 @ 40%	545,295	-	-	-	(545,295)	-
ESOS-I issued, 200,000 shares @ Rs. 10	2,000	6,237	(7,997)	-	-	240
ESOS-III issued, 1,483,115 shares @ Rs. 10	14,831	70,241	(70,241)	-	-	14,831
Employee share option reserve	-	-	17,049	-	-	17,049
	562,126	76,478	(61,189)	-	(545,295)	32,120
Balance as on 31 December 2019	1,925,364	138,384	53,862	209,721	1,220,393	3,547,724
Profit for the period	-	-	-	-	673,839	673,839
Other comprehensive income	-	-	-	32,821	-	32,821
	-	-	-	32,821	673,839	706,660
Transfer from revaluation surplus on account of incremental depreciation	-	-	-	(715)	715	-
Gain on transfer of business to Octopus Digital Limited	-	-	-	-	1,084,000	1,084,000
Bonus share for the year ended 31 December 2019 @ 10%	192,536	-	-	-	(192,536)	-
Employee share option reserve	-	-	20,408	-	-	20,408
	192,536	-	20,408	-	(192,536)	20,408
Balance as on 31 December 2020	2,117,900	138,384	74,270	241,827	2,786,411	5,358,792

The annexed notes from 1 to 45 form an integral part of these separate 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, 2020

(Rupees in '000)	Note	2020	2019
Cash flows from operating activities			
Cash generated from operations	36	313,904	344,560
Finance cost paid		(61,101)	(43,087)
Taxes paid		(7,794)	(133,503)
Long term loans and deposits received		-	(196,017)
Net cash generated / (used in) from operating activities	A	245,009	(28,047)
Cash flows from investing activities			
Purchase of property and equipment	19	(7,031)	(17,198)
Proceeds from sale of property and equipment	19	4,077	7,093
Profit on bank deposits	32	651	385
Decrease in long term loans, deposits and other receivables - net		2,124	-
Acquisition of subsidiary		-	(10,000)
Net cash used in investing activities	B	(179)	(19,720)
Cash flows from financing activities			
Dividend paid	17	(252,004)	(29,405)
Issuance of shares		-	15,071
Finances under mark up arrangements and other credit facilities obtained		35,712	134,429
Long term loan obtained		50,307	(18,182)
Repayment of lease liabilities		(30,082)	(53,862)
Net cash (used in) / generated from financing activities	C	(196,067)	48,051
Net increase in cash and cash equivalents	A + B + C	48,763	284
Cash and cash equivalents at the beginning of the year		17,675	17,391
Cash and cash equivalents at the end of the year	27	66,438	17,675

The annexed notes from 1 to 45 form an integral part of these separate financial statements.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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:

- 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		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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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 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
IFRS 17	Insurance Contracts

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.

3 BASIS OF MEASUREMENT

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

3.2 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 thousand of Pak Rupee.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The Company'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 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) Provision for taxation

Provision for taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income and the decisions taken by appellate authorities. The charge for tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted.

Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

b) Provisions and contingencies

The Company reviews the status of all pending litigations and claims against the Company. 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 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. 5.9.1 (d).

d) 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.

e) Recoverable amount of property and equipment

The Company bases its valuation of operating assets suspect to impairment upon valuation performed by an independent valuation expert. The valuation is based on fair market value as mentioned in Note 19.

f) 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.

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 Company having regard to the budgeted cost of completion, estimated selling price and knowledge of recent

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

comparable transactions.

5 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.

5.1 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% (2019:10%) of the basic salary.

5.2 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.

5.3 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 19.1 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, 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.

5.4 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. Amortization is being charged as specified in Note 20.

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.

5.5 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 separate financial statements. Cost in relation to investments made in foreign currency is determined by translating the consideration 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 separate financial statements, in accordance with the requirements of IFRS 10 "Consolidated Financial Statements" and Companies Act, 2017.

5.6 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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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.

5.7 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.

5.8 Financial instruments

5.8.1 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.

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

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

Financial assets at fair value through OCI (debt instruments)

The Company 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 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.

5.8.2 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 Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.8.3 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 39.2.

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

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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.

5.8.4 Dividend income

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

5.8.5 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.

5.9 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoice amount less expected credit losses (ECL) as explained in Note 5.9.1 (d).

5.10 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.

5.11 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.

5.12 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.

5.13 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.

5.14 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.

5.15 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.

5.16 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.

5.17 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.

5.18 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 fulfillment 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.

5.19 Operating segments disclosure

Disclosure of operating segments has been made in consolidated financial statements of the Company.

5.20 Related party transactions

All transaction with related parties and associated undertakings are entered into at normal commercial terms as mutually agreed between the parties.

5.21 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.

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6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020 (Number of Shares)	2019 (Number of Shares)		2020 (Rupees in '000)	2019 (Rupees in '000)
57,166,850	57,166,850	Ordinary shares of Rs. 10 each fully paid in cash	571,669	571,669
148,740,413	129,486,776	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	1,487,404	1,294,868
4,399,629	4,399,629	Ordinary shares of Rs. 10 each issued against Employees' Shares Options Scheme - I	43,996	43,996
1,483,115	1,483,115	Ordinary shares of Rs. 10 each issued against Employees' Shares Options Scheme - III	14,831	14,831
211,790,007	192,536,370		2,117,900	1,925,364

	2020 (Number of Shares)	2019 (Number of Shares)
6.1 Movement during the year is as follows:		
Balance as at 01 January	192,536,370	136,323,754
Shares issued under Employees' Share Options Schemes during the year	-	1,683,115
Bonus shares issued during the year	19,253,637	54,529,501
Balance as at 31 December	211,790,007	192,536,370

6.2 Chief Executive Officer holds 61% (2019: 61%) share capital of the Company.

7 SHARE PREMIUM

(Rupees in '000)	2020	2019
Opening balance	177,145	100,667
Employees Share Option Scheme I	-	6,237
Employees Share Option Scheme III	-	70,241
	177,145	177,145
Less: Costs incurred on Initial Public Offering	(38,761)	(38,761)
	138,384	138,384

8 EMPLOYEES' SHARE COMPENSATION RESERVE

(Rupees in '000)	Note	2020	2019
Share options scheme I	8.1	8,054	6,457
Share options scheme II	8.2	29,645	43,205
Share options scheme III	8.3	2,155	1,775
Share options scheme IV	8.4	34,416	2,425
		74,270	53,862

8.1 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 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.

8.1.1 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

	2020		2019	
	Number	WAEP	Number	WAEP
Outstanding at 01 January	326,000	1.95	541,000	1.66
Granted during the year	-	-	-	-
Forfeited during the year	(20,000)	1.99	(15,000)	2.07
Exercised during the year *	-	-	(200,000)	1.20
Outstanding at 31 December	306,000	1.95	326,000	1.95
Exercisable at 31 December	136,000	-	-	-

*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 31 December 2020 was 2.56 years (2019: 3.58 years).

The range of exercise price for options outstanding at the end of the year was Rs. 1.2 to Rs. 1.73 (2019: Rs. 1.2 to Rs. 1.73).

- 8.2** 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 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%.

8.2.1 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

	2020		2019	
	Number	WAEP	Number	WAEP
Outstanding at 01 January	2,702,687	20.48	2,789,219	20.36
Granted during the year	-	-	-	-
Forfeited during the year	(54,048)	21.02	(86,532)	20.46
Exercised during the year *	-	-	-	-0
Outstanding at 31 December	2,648,640	20.52	2,702,687	20.48
Exercisable at 31 December	974,141	-	-	-

The weighted average remaining contractual life for the share options outstanding as at 31 December 2020 was 3.03 years (2019: 4.02 years).

The range of exercise price for options outstanding at the end of the year was Rs. 16.80 to Rs. 24.20 (2019: Rs. 16.80 to Rs. 24.20).

- 8.3** 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 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.

8.3.1 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

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	2020		2019	
	Number	WAEP	Number	WAEP
Outstanding at 01 January	62,501	10.50	1,483,115	10.00
Granted during the year	-	-	62,501	10.50
Forfeited during the year	-	-	-	-
Exercised during the year *	-	-	(1,483,115)	10.00
Outstanding at 31 December	62,501	10.50	62,501	10.50
Exercisable at 31 December	62,501	-	-	-

The fair value of options granted during the year was Rs. Nil (2019: Rs. 34.48).

*The weighted average share price at the date of exercise of these options was Rs. 48.78.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2020 was 1 years (2019: 2 years).

The exercise price for options outstanding at the end of the year was Rs. 10.5 (2019: Rs. 10.5).

- 8.4** 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 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.

8.4.1 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

	2020		2019	
	Number	WAEP	Number	WAEP
Outstanding at 01 January	1,145,328	10.00	-	-
Granted during the year	736,644	10.50	1,145,328	10.00
Forfeited during the year	(36,984)	10.24	-	10.00
Exercised during the year *	-	-	-	-
Outstanding at 31 December	1,844,988	10.19	1,145,328	10.00
Exercisable at 31 December	1,145,328	10.00	-	-

The fair value of options granted during the year was Rs. 56.62 (2019: Rs. 26.35).

The weighted average remaining contractual life for the share options outstanding as at 31 December 2020 was 1.39 years (2019: 2 years).

The range of exercise price for options outstanding at the end of the year was Rs. 10 to Rs. 10.5 (2019: Rs. 10).

- 8.5** The following tables list the inputs to the models used for the three plans for the years ended 31 December 2020 and 2019, respectively:

	2020	2019
Expected volatility (%)	31	46
Risk-free interest rate (%)	7	9
Expected life of share options (years)	1	1
Weighted average share price (Rupees)	67	36
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.

9 SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT

(Rupees in '000)	2020	2019
Opening balance of surplus on revaluation of property and equipment	209,721	167,915
Revaluation surplus arising during the year - net of tax	32,821	42,419
Surplus transferred to unappropriated profit on account of incremental depreciation	(715)	(613)
Closing balance of surplus on revaluation of property and equipment - net of tax	241,827	209,721

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.

10 LEASE LIABILITIES

The interest rates used as the discounting factor (i.e. implicit in the lease) ranges from 9.1% to 15.24% (2019: 9.09% to 16.12%) per annum and lease period 3 to 4 years (2019: 3 to 4 years). The amount of future payments and the period during which they will become due are:

(Rupees in '000)	Note	2020	2019
Year ended 31 December			
Due not later than 1 year		23,943	29,805
Due later than 1 year but not later than 5 years		18,914	34,166
Lease payments	10.1	42,857	63,971
Less: Future finance charges		(4,414)	(11,881)
		38,443	52,090
Current portion		(20,983)	(23,364)
		17,460	28,726

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

(Rupees in '000)	2020		2019	
	LP	PV of LP	LP	PV of LP
Due not later than 1 year	23,943	20,983	29,805	23,364
Due later than 1 year but not later than 5 years	18,914	17,460	34,166	28,726
	42,857	38,443	63,971	52,090

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

(Rupees in '000)	2020	2019
As at 01 January	52,090	83,821
Additions	10,029	24,019
Accretion of interest	6,406	9,415
Payments	(30,082)	(53,862)
Security deposit adjusted against lease liability	-	(11,303)
As at 31 December	38,443	52,090

11 LONG TERM LOAN

Long term loan	49,462	1,515
Less: current portion of long term loan	(25,911)	(1,515)
	23,551	-

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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 14.1.

12 DEFERRED GRANT

(Rupees in '000)	2020	2019
Deferred Grant	1,736	-
Less: current portion of deferred grant	(1,218)	-
	518	-

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

(Rupees in '000)	Note	2020	2019
Opening balance		-	-
Recognized during the year	12.2	2,360	-
Amortization	32.2	(624)	-
Recognized during the year		1,736	-

12.2 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.

13 DEFERRED TAXATION

The net (asset) / liability for deferred taxation comprises temporary differences relating to:

(Rupees in '000)	2020	2019
Accelerated tax depreciation / amortization	8,460	20,425
Provision for doubtful debts / earnings	(16,872)	(20,308)
Tax credit under Second Schedule	(133,598)	(107,905)
Surplus on revaluation of Property and equipment	4,277	2,111
Deferred tax on incremental depreciation	3,360	3,071
Income taxable on receipt basis	76,923	30,024
	(57,450)	(72,582)
13.1 Reconciliation of deferred tax (asset) / liability net		
As of 01 January	(72,582)	24,427
Tax expense / (income) recognized in profit and loss	10,854	(99,120)
Tax expense recognized in other comprehensive income	4,278	2,111
As at 31 December	(57,450)	(72,582)

14 FINANCES UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES-SECURED

(Rupees in '000)	Note	2020	2019
Running finance	14.1	158,634	158,444
Inland bills purchased	14.2	260,372	224,850
		419,006	383,294

- 14.1** The Company has obtained running finance facility from a commercial bank with a sanctioned limit of Rs. 170 million (31 December 2019: Rs. 170 million) bearing mark-up at the rate of 1 month KIBOR plus 2.25% (31 December 2019: 1 month KIBOR plus 2.25%). The facility is secured against first mortgage charge of Rs. 265.160 million (31 December 2019: Rs.165 million) created through equitable mortgage with legal mortgage of notional value of Rs. 0.1 million over fixed assets (land & building) of the Company, ranking hypothecation charge of Rs. 655 million (31 December 2019: Rs. 300 million) 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.

14.2 Inland bills purchased

(Rupees in '000)	Note	2020	2019
Habib Bank Limited	14.2.1	120,000	124,900
JS Bank Limited	14.2.2	100,000	99,950
Faysal Bank Limited	14.2.3	40,372	-
		260,372	224,850

- 14.2.1** This facility has a sanctioned limit of Rs.125 million (31 December 2019: Rs. 125 million) and carries mark-up at Matching Tenor KIBOR plus 2% (31 December 2019: Matching Tenor KIBOR plus 2%) per annum. The facility is secured against invoices / bills receivable from customers (31 December 2019: invoices / bills receivable from customers), charge on present and future current assets of the Company with 25% margin, assignment of project specific receivables in favor of the bank and personal guarantees of sponsor directors of the Company.

- 14.2.2** This facility has a sanctioned limit of Rs.100 million (31 December 2019: Rs.100 million) bearing mark-up at the rate of 1 month KIBOR plus 2% (31 December 2019: Nil). The facility is secured against invoices / bills receivable from customers, charge on present and future current assets of the Company with 15% margin, assignment of project specific receivables in favor of the bank and personal guarantees of sponsor directors of the Company.

- 14.2.3** This facility has a sanctioned limit of Rs.200 million (31 December 2019: Rs. Nil) bearing mark-up at the rate of 3 month KIBOR plus 2% (31 December 2019: Nil). The facility is secured against invoices / bills receivable from customers, charge on present and future current assets of the Company with 5% margin, assignment of project specific receivables in favor of the bank and personal guarantees of sponsor directors of the Company.

15 CREDITORS, ACCRUED AND OTHER LIABILITIES

(Rupees in '000)	Note	2020	2019
Trade creditors	15.1	180,058	209,594
Accrued expenses		52,773	58,237
Payable to related parties	15.2	236,493	-
Payable to provident fund		28,600	23,696
Employee Share Portion - Vehicle		17,767	19,364
Tax payable:			
- Withholding tax		64,016	20,305
- Income tax			
		105,512	61,356
Mark up accrued on:			
- Long term finances		1,277	304
- Finances under mark up arrangements and other credit facilities - secured		12,403	11,795
Other liabilities		15,220	16,880
		714,119	421,531
15.1 This includes amount due to following related parties which are non-interest bearing.			
Octopus Digital Limited		-	17,561

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- 15.2** This represents amount payable to Octopus Digital Limited in respect of subcontracting charges and share of profits transferred to it by the Company. It is unsecured and does not bear interest.

16 CONTRACT LIABILITIES

(Rupees in '000)	Note	2020	2019
Advances from customers		58,760	46,117
Billings in excess of earnings		23,416	27,741
		82,176	73,858
16.1 Movement of contract liabilities is as follows:			
As at 01 January		73,858	34,761
Addition during the year		185,743	73,804
Recognized as revenue during the year		(177,425)	(34,707)
As at 31 December		82,176	73,858
17 UNCLAIMED DIVIDEND			
As at 01 January		253,669	283,074
Paid during the year		(252,004)	(29,405)
As at 31 December	17.1	1,665	253,669

- 17.1** This includes dividend payable to the Chief Executive Officer, Mr. Bakhtiyar H Wain and Director, Mr. Aamir Wain amounting to Rs. Nil (2019: Rs. 235.683 million) and Rs. Nil (2019: Rs. 15.751 million) respectively.

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

There are no contingencies to report as at year end (2019: Nil)

18.2 Commitments

- (i) Bank guarantees have been issued amounting to Rs. 23.168 million (2019: Rs. 36.06 million) against the performance of various contracts.
- (ii) Letters of credit outstanding at year end amount to Rs. 47.76 million (2019: 53.34 million) which relates to import acceptance bills.

19 PROPERTY AND EQUIPMENT

19.1 Operating fixed assets

	2020									
	Cost / Revalued Amount as at 01 January 2020	Additions/ Transfers*	Deletions	Effect of revaluation during the year	Cost/revalued amount as at 31 December 2020	Accumulated depreciation as at 01 January 2020	Depreciation charge for the year / (Deletions)	Effect of revaluation / transfers	Accumulated depreciation as at 31 December 2020	Net book value as at 31 December 2020
(Rupees in '000)										Rate %
Owned Assets										
Freehold land	186,250	-	-	22,350	208,600	-	-	-	-	-
Buildings on freehold land	78,911	308	-	12,545	91,764	-	2,204	[2,204]	-	5
Tools and equipment	3,719	787	-	-	4,506	436	887	-	1,323	20
Furniture and fixture	14,245	38	-	-	14,283	12,310	770	-	13,080	20
Office equipment and appliances	32,582	1,012	[100]	-	33,494	28,252	1,658 [100]	-	29,810	20
Computers	27,368	4,887	[2,198]	-	30,056	15,626	7,024 [2,174]	-	20,476	33.33
Vehicles	9,959	- 41,174*	[4,757]	-	46,376	9,159	582 [4,504]	- 38,290*	43,527	20
	353,034	7,032 41,174*	[7,055]	34,895	429,079	65,783	13,124 [6,778]	[2,204] 38,290*	108,216	320,863
Right of use assets										
Leased vehicles	141,281	10,029 [41,174]	[2,083]	-	108,053	63,912	25,506 [1,493]	- [38,290]*	49,635	58,418
	141,281	10,029 [41,174]*	[2,083]	-	108,053	63,912	25,506 [1,493]	- [38,290]*	49,635	58,418
	494,315	17,061	[9,138]	34,895	537,132	129,695	38,630 [8,271]	[2,204]	157,851	379,281

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2019

(Rupees in '000)	Cost / Revalued Amount as at 01 January 2019	Additions/ Transfers	Deletions	Effect of revaluation as at 31 December 2019	Cost/revalued amount as at 31 December 2019	Accumulated depreciation as at 01 January 2019	Depreciation charge for the year / (Deletions)	Effect of revaluation / transfers	Accumulated depreciation as at 31 December 2019	Net book value as at 31 December 2019	Rate %
Owned assets											
Freehold land	149,000	-	-	37,250	186,250	-	-	-	-	186,250	-
Buildings on freehold land	72,579	1,275	-	5,057	78,911	-	2,223	(2,223)	-	78,911	5
Tools and equipment	-	3,719	-	-	3,719	-	436	-	436	3,283	20
Furniture and fixture	14,413	143	(311)	-	14,245	11,813	802 (304)	-	12,310	1,935	20
Office equipment and appliances	35,327	1,098	(3,843)	-	32,582	29,723	2,251 (3,722)	-	28,252	4,330	20
Computers	27,387	8,852	(8,871)	-	27,368	17,719	6,778 (8,871)	-	15,626	11,742	33.33
Vehicles	10,015	-	(15,289)	-	9,959	8,976	364 (11,011)	-	9,159	800	20
	308,721	15,087	(28,314)	42,307	353,034	68,231	12,854 (23,908)	(2,223) 10,829	65,783	287,251	
Right of Use Assets											
Leased Vehicles	132,495	24,019 (15,233)	-	-	141,281	47,081	27,660 -	- (10,829)	63,912	77,369	20
	132,495	24,019 (15,233)	-	-	141,281	47,081	27,660	(10,829)	63,912	77,369	
	441,216	39,106	(28,314)	42,307	494,315	115,312	40,514 (23,908)	(2,223)	129,695	364,620	

*This represents transfer of vehicles from lease to owned vehicle after the completion of lease term.

19.1.1 The depreciation charge has been allocated as follows:

(Rupees in '000)	Note	2020	2019
Cost of revenue	29.1	19,315	20,257
Administrative and selling expenses	30	19,315	20,257
		38,630	40,514

19.1.2 Fair value of the land and building was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for assets of similar nature, location and condition. As at the date of revaluation on 31 December 2020, the fair values of land and building are based on valuations performed by 'Harvester Services (Private) Limited', an independent valuer who has valuation experience for similar assets. This revaluation resulted in Rs. 22.35 million surplus (2019: Rs. 37.25 million) on land and Rs. 14.749 million surplus (2019: Rs. 7.28 million) in respect of building. Detailed particulars are as follows:

(Rupees in '000)	Cost / Depreciated	Revalued amount
Freehold land	186,250	208,600
Buildings on freehold land	77,015	91,764
	263,265	300,364

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

(Rupees in '000)	Note	2020	2019
Freehold land		8,647	8,647
Buildings on freehold land		33,309	34,490
		41,956	43,137

19.1.3 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.

19.1.4 Disposal of Property and equipment

Detail of Property and equipment disposed off during the respective years is as follows:

(Rupees in '000)		2020					
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale Proceeds	Gain/ (Loss)	Mode of Disposal
Owned Vehicles							
Toyota Corolla XLI AT 1299CC-LEH-15-8204	Employee (Muhammad Ishaq)	1,683	1,430	253	732	479	As per policy
Suzuki Cultus - Pool Car LED-10-5875	Employee (Saeed Ullah Khan Niazi)	903	903	-	539	539	Bidding
Toyota Altis Cruisronic LEC-7592	Rasheed Ahmad	2,171	2,171	-	1,834	1,834	Negotiation
		4,757	4,504	253	3,105	2,852	
Leased Asset							
Toyota Corolla Altis 1.6 AT LEF-17-1286	Employee (Salah ud din)	2,083	1,493	590	898	308	As per policy
Other assets with book value less than Rs. 500,000							
		2,298	2,274	24	74	50	Negotiation
		9,138	8,271	867	4,077	3,210	
(Rupees in '000)		2019					
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale Proceeds	Gain/ (Loss)	Mode of Disposal
		28,314	23,908	4,406	7,093	2,687	

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20 INTANGIBLE ASSETS

(Rupees in '000)	Note	2020	2019
Cost	20.1	17,677	17,677
Less: Accumulated amortization	20.2	(17,677)	(17,677)
Net book value as at 31 December		-	-
Amortization rate		33.33%	33.33%
20.1 Cost			
As at 01 January		17,677	17,677
Additions during the year		-	-
As at 31 December		17,677	17,677
20.2 Amortization			
As at 01 January		17,677	17,645
For the year	20.2.1	-	32
As at 31 December		17,677	17,677
20.2.1 The amortization charge has been allocated as follows:			
Cost of revenue	29.1	-	16
Administrative and selling expenses	30	-	16
	-		32

21 LONG TERM INVESTMENTS

(Rupees in '000)	Note	2020		2019	
		Equity % held	Investment at cost	Equity % held	Investment at cost
Investment in subsidiaries - at cost					
Avanceon FZE Dubai					
- 26 (2019 : 26) fully paid ordinary shares of AED 1 million each	21.1	100	473,671	100	473,671
- Long term interest free receivables	21.1.1		1,785,679		1,722,936
			2,259,350		2,196,607
Avanceon Automation and Control W.L.L., Qatar					
- 98 (2019 : 98) fully paid ordinary shares of QAR 1,000 each	21.2	49	8,446	49	8,446
- Long term interest free receivables	21.2.1		475,526		458,817
			483,972		467,263
Octopus Digital Limited					
- 109,400,000 (2019 : 1,000,000) fully paid ordinary shares of Rs. 10 each	21.3	100	1,094,000	100	10,000
Innovative Automation and Engineering Inc					
- Long term interest free receivable	21.4	100	381,498	100	-
			4,218,820		2,673,870

21.1 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.

21.1.1 Under the agreement between the Company and Avanceon FZE, following amounts due from the subsidiary have been classified as interest free long term receivables, payable at discretion of the subsidiary. The Company intends to make further equity investment in the subsidiary after obtaining the applicable regulatory approvals which would then enable the subsidiary to repatriate these amounts.

(Rupees in '000)	2020	2019
Trade debts	1,450,797	
Dividend receivable	272,139	
	1,722,936	

21.2 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.

21.2.1 Under the agreement between the Company and Avanceon Automation and Control WLL, amount due from the subsidiary in respect of trade debts has been classified as interest free long term receivable, payable at discretion of the subsidiary. The Company intends to make further equity investment in the subsidiary after obtaining the applicable regulatory approvals which would then enable the subsidiary to repatriate this amount.

21.3 Octopus Digital Limited (the Company), was incorporated in Pakistan on 29 December 2017 as a private limited company which was converted to public Company on 11 November 2020 under the Companies Act, 2017. Its registered office is situated at 19 KM Main Multan Road, Lahore. The prime business of the Company is to carry out Information Technology enabled services which includes but are not limited to online data/information storage, online monitoring and review of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related software and equipment etc. During the year, as explained in Note 1 to these financial statements, the Company acquired 108,400,000 ordinary shares of Rs. 10/- each against sale of AMS segment to Octopus Digital Limited.

21.4 Innovative Automation & Engineering Inc.(IAEI) was incorporated in the state of Pennsylvania on 26 October 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% (2019: 26.11%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, The General Partner and has no operations. Under the agreement between the Company and IAEI, amount due from the subsidiary in respect of other receivables has been classified as interest free long term receivable, payable at discretion of the sub-subsidiary.

Investment in associated companies have been made in accordance with the requirements under the Companies Act, 2017.

22 LONG TERM LOANS, DEPOSITS AND RECEIVABLES

(Rupees in '000)	Note	2020	2019
Security deposits	22.1	1,654	3,329
Loan to employees	22.2	618	1,861
Avanceon FZE		-	228,546
Less: Provision for expected credit loss	22.3	-	(28,925)
		2,272	204,811
Less: Current portion of loan to employees		(200)	(994)
		2,072	203,817

22.1 These are interest free deposits against utilities and lease facilities, in the normal course of business.

(Rupees in '000)	2020	2019
22.2 Reconciliation of carrying amount of loans to employees:		
Opening balance	1,861	4,044
Add: Disbursements during the year	-	1,000
Less: Repayments during the year	(1,243)	(3,183)
Closing balance	618	1,861

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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.

(Rupees in '000)	Note	2020	2019
22.3 Provision for expected credit loss - Others			
Balance as at 01 January - Reported		28,925	-
Impact of restatement - IFRS 9		-	28,925
Balance as at 01 January - Restated		28,925	28,925
Add: Allowance for the year		-	-
Less: Reversal during the year	32.2	(28,925)	-
Balance as at 31 December		-	28,925
23 TRADE DEBTS			
Due from related parties	23.1	699,075	-
Less: Provision for expected credit loss	23.4	(32,514)	-
		666,561	-
Due from others	23.2	302,898	308,124
Less: Provision for expected credit loss	23.3	(1,649)	(7,919)
		301,249	300,205
		967,810	300,205
These are in the normal course of business and are interest free.			
23.1 Due from related parties			
Avanceon Free Zone Establishment, UAE	23.1.1	254,161	1,450,797
Less: Amount converted to long term interest free receivable	21.1.1	-	(1,450,797)
		254,161	-
Avanceon Automation & Control WLL, Qatar	23.1.2	444,914	458,817
Less: Amount converted to long term interest free receivable	21.2.1	-	(458,817)
		444,914	-
		699,075	-

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

(Rupees in '000)	2020	2019
23.1.1 Ageing of Avanceon Free Zone Establishment		
30 days	122,355	-
30 - 90 days	36,216	-
90 - 180 days	27,257	-
180 - 360 days	68,333	-
	254,161	-
23.1.2 Ageing of Avanceon Automation and Control WLL		
30 days	192,588	-
30 - 90 days	58,835	-
90 - 180 days	58,255	-
180 - 360 days	135,236	-
	444,914	-
23.2 Ageing of due from others		
Less than one year	275,587	302,731
One to two years	11,697	3,755
Two to three years	15,614	1,638
	302,898	308,124

(Rupees in '000)	Note	2020	2019
23.3 Provision for expected credit loss - Others			
Balance as at 01 January - Reported		7,919	1,188
Impact of restatement - IFRS 9		-	4,824
Balance as at 01 January - Restated		7,919	6,012
Add: Allowance for the year		1,649	3,095
Less: Reversal during the year	32.2	(7,919)	-
Less: Write off during the year		-	(1,188)
Balance as at 31 December		1,649	7,919
23.4 Provision for expected credit loss - Related parties			
Balance as at 01 January - Restated		-	-
Add: Allowance for the year	32.2	32,514	-
Less: Write off during the year		-	-
Balance as at 31 December		32,514	-
23.5 Outstanding debt in respect of export sales			
Avanceon Free Zone Establishment			
Agency commission		11,663	-
Project revenue - export		68,972	-
Other engineering / support services		19,296	-
Back office support		154,230	-
		254,161	-
Avanceon Automation & Control WLL, Qatar			
Project revenue - export		92,218	-
Other engineering / support services		236,376	-
Back office support		116,320	-
		444,914	-

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

(Rupees in '000)	Note	2020	2019
Avanceon Free Zone Establishment		254,161	1,450,798
Avanceon Automation & Control WLL		444,914	458,817
24 CONTRACT ASSETS			
Earnings in excess of billings	24.1	135,894	97,531
Project deferred revenue		49,251	54,027
Project Revenue - Unbilled		3,403	-
Less: Provision for expected credit loss	24.2	(617)	(3,375)
		187,931	148,183
24.1 Ageing of Earnings In Excess of Billings			
Less than one year		117,225	90,032
One to two years		17,929	7,185
Two to three years		740	314
		135,894	97,531

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(Rupees in '000)	Note	2020	2019
24.2 Provision for expected credit loss			
Balance as at 01 January - Reported		3,375	36,306
Impact of restatement - IFRS 9		-	1,565
Balance as at 01 January - Restated		3,375	37,871
Add: Allowance for the year		617	1,810
Less: Reversal during the year	32.2	(3,375)	-
Less: Write off during the year		-	(36,306)
Balance as at 31 December		617	3,375
25 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
- To employees		9,673	7,585
- To suppliers		40,961	25,981
		50,634	33,566
Prepayments		3,394	3,114
Margin paid against bank guarantees / letters of credit		23,396	26,900
Tax refunds due from government - considered good - Sales tax		50,285	34,010
Retention money - considered good		1,277	1,277
Earnest money - considered good		408	408
Due from subsidiaries - unsecured			
- Dividend receivable	25.1	487,016	187,050
- Others	25.2	98,173	610,841
		585,189	797,891
Due from subsidiary- Octopus Digital Limited		26,805	-
Other receivables - considered good		1,270	1,386
		742,658	898,552

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

(Rupees in '000)	Note	2020	2019
Avanceon FZE		205,020	372,211
Less: Amount converted to long term interest free receivable	21.1.1	-	(272,139)
		205,020	100,072
Avanceon Automation and Control WLL		303,912	100,072
Total dividend receivable		508,932	200,144
Less: Provision for expected credit loss	25.1.1	(21,916)	(13,094)
		487,016	187,050
25.1.1 Provision for expected credit loss			
Balance as at 01 January - Reported		13,094	-
Impact of restatement - IFRS 9		-	13,151
Balance as at 01 January - Restated		13,094	13,151
Add: Allowance for the year	32.2	8,822	13,094
Less: Reversal during the year		-	(13,151)
Balance as at 31 December		21,916	13,094

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

(Rupees in '000)	Note	2020	2019
Avanceon FZE		67,956	228,546
Innovative Automation Inc., USA		-	368,093
Avanceon Automation and Control W.L.L		32,147	31,341
Less: Provision for expected credit loss	25.2.1	(1,930)	(17,139)
		98,173	610,841
25.2.1 Provision for expected credit loss			
Balance as at 01 January - Reported		17,139	-
Impact of restatement - IFRS 9		-	37,153
Balance as at 01 January - Restated		17,139	37,153
Add: Allowance for the year		1,930	17,139
Less: Reversals during the year	32.2	(17,139)	(37,153)
Balance as at 31 December		1,930	17,139

26 SHORT TERM INVESTMENTS

2020 (Number of Shares)	2019	Name of investee companies	2020 (Rupees in '000)	2019
11,424	11,424	The General Tyre & Rubber Company of Pakistan Ltd.	947	637
-	2,100	Honda Atlas Cars (Pakistan) Limited	-	460
-	4,000	Pak Electron Limited	-	108
9,000	-	Gul Ahmed Textile Mills	331	-
15,025	-	Maple Leaf Cement Factory	676	-
30,000	-	Hascol Petroleum Limited	441	-
15,000	-	Ghani Global Holdings Limited	245	-
1,265	1,265	The Searle Company Limited	315	259
			2,955	1,444

(Rupees in '000)	Note	2020	2019
27 CASH AND BANK BALANCES			
Cash in hand		144	31
Cash with banks:			
Current accounts			
Local currency		54,220	5,138
Foreign currency		101	98
Savings accounts			
Local currency	27.1	11,973	12,408
		66,294	17,644
		66,438	17,675

27.1 Profit on balances in saving accounts ranges from 6.58% to 7.48% (2019: 8% to 11.3%) per annum.

28 REVENUE FROM CONTRACTS WITH CUSTOMERS OF CONTINUING OPERATIONS

(Rupees in '000)	Note	2020	2019
28.1 Disaggregation of revenue			
Local sales and services	28.1.1	840,950	779,367
Export sales and services	28.2	706,203	561,083
		1,547,153	1,340,450
Timing of revenue recognition			
At a point in time		741,786	743,461
Over the time		805,367	596,989
		1,547,153	1,340,450

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(Rupees in '000)	Note	2020	2019
28.1.1 Local sales and services			
Sale of goods		727,738	775,526
Less: Sales tax		(105,088)	(92,441)
		622,650	683,085
Services rendered		240,697	107,899
Less: Sales tax		(22,397)	(11,617)
		218,300	96,282
Net sales	28.1.2	840,950	779,367
28.1.2 Local sales and services			
Project revenue		412,551	323,541
Product sales		334,314	429,346
Service income		94,085	26,480
		840,950	779,367
28.2 Export sales and services			
Agency commission		11,767	8,340
Project revenue - export		286,964	238,628
IT enabled back office support		150,412	117,119
IT enabled engineering / support services		257,060	196,996
		706,203	561,083
28.3 Contract balances			
Trade receivables		967,810	300,205
Contract assets		187,931	148,183
Contract liabilities		82,176	73,858

In 2020, Rs. 16.65 million (2019: Rs. 3.95 million) was recognised as provision for expected credit losses on trade debts whereas Rs. Nil (2019: Rs. 1.19 million) of trade debts were written off. The Company's trade debts increased due to related parties balances as disclosed in Note 23.

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 2020, 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 2020 which is mainly due to projects undertaken for which the Company has reached billing milestones as per terms agreed in the contracts.

28.4 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.

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.1,262.5 million (2019: Rs. 653.88 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.

29 COST OF REVENUE

(Rupees in '000)	Note	2020	2019
Opening stock		52,733	48,871
Purchases and direct expenses		970,074	804,845
Closing stock		(39,984)	(52,733)
	29.1	982,823	800,983
29.1 Cost of revenue			
Materials consumed		473,611	485,818
Salaries, wages, allowances and other benefits	29.2	165,848	160,277
Employees' share option expense		9,154	10,473
Telephone, postage and telex		6,010	5,717
Utilities		2,138	2,573
Travelling and conveyance relating to engineering services	29.3	28,824	34,884
Installation charges and transfer of business to Octopus Digital Limited		263,241	38,275
Agency commission		-	20,391
Entertainment relating to engineering services	29.3	1,640	6,825
Repairs and maintenance		1,529	1,041
Printing and stationery		625	765
Insurance		2,153	5,717
Office rent		2,678	3,530
Training		1,209	726
Fee and subscription		975	1,018
Depreciation on property and equipment	19.1.1	19,315	20,257
Amortization on intangible assets	20.2.1	-	16
Other expenses		3,873	2,680
		982,823	800,983

29.2 Salaries, wages and benefits include Rs. 9.9 million (2019: Rs. 8.167 million) and Rs. 0.432 million (2019: Rs. 0.57 million) representing provident fund contribution by the Company and accumulating compensated absences respectively. Amount of Rs. 117.49 million (2019: Rs. 123.4 million) relates to project services revenue.

29.3 Expenses of travelling and conveyance and entertainment have been incurred against project services revenue.

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30 ADMINISTRATIVE AND SELLING EXPENSES

(Rupees in '000)	Note	2020	2019
Salaries, wages, allowances and other benefits	30.1	77,026	84,762
Employees' share option expense		13,731	15,710
Telephone, postage and telex		5,133	4,839
Utilities		2,135	2,573
Entertainment		826	6,319
Repairs and maintenance		4,496	3,117
Sales promotion expenses		1,737	187
Printing, stationery and periodicals		622	722
Vehicle running and maintenance		1,919	2,014
Travelling and conveyance		7,653	15,772
Office rent		2,678	3,530
Training		796	423
Insurance		2,153	4,509
Legal and professional charges		2,748	4,691
Auditors' remuneration	30.2	2,914	2,780
Fee and subscription		6,506	5,977
Corporate expenses		374	5,593
Late delivery charges		30	258
Depreciation on property and equipment	19.1.1	19,315	20,257
Amortization of intangible assets	20.2.1	-	16
Bad debts write-off (specific)		-	14
Provision for bad earnings		1,179	-
Contract assets written off - specific		-	23,779
Provision for expected credit losses - trade debts		-	3,095
Provision for expected credit losses - contract assets		-	1,810
Provision for expected credit losses - related parties		-	59,158
Other expenses		4,047	3,976
		158,018	275,881

30.1 Salaries, wages and benefits include Rs. 2.2 million (2019: Rs. 3.927 million) and Rs. 0.288 million (2019: Rs. 0.383 million) representing provident fund contribution by the Company and accumulating compensated absences respectively.

(Rupees in '000)	Note	2020	2019
30.2 Auditors' remuneration			
Statutory audit		1,890	1,890
Half yearly review		640	640
Code of corporate governance		100	100
Other charges and out of pocket expenses		284	150
		2,914	2,780

31 OTHER OPERATING EXPENSES

Donations	31.1	3,857	4,463
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31.1 Directors and their spouses have no interest in the donees each of whom have been given donations below Rs. 500,000 individually.

32 OTHER OPERATING INCOME

(Rupees in '000)	Note	2020	2019
Income from financial assets	32.1	102,009	267,805
Income from non-financial assets	32.2	328,704	203,572
		430,713	471,377
32.1 Income from financial assets			
Profit on bank deposits		651	385
Capital gain on short term investment		994	78
Exchange gain		99,847	267,233
Fair value gain on short term investments		517	109
		102,009	267,805
32.2 Income from non-financial assets			
Gain on disposal of property and equipment	19.1.4	3,210	2,687
Dividend income on short term investment		5	-
Reversal of provision for expected credit loss-trade debts	23.3	6,270	-
Reversal of provision for expected credit loss-contract asset	24.2	2,758	-
Reversal of provision for expected credit loss-related parties		2,798	-
Dividend income from subsidiaries		301,500	200,144
Insurance claim received		-	400
Amortization of deferred grant	12	624	-
Others		11,539	341
		328,704	203,572
33 FINANCE COSTS			
Mark-up and interest on:			
- Long term loan		1,277	1,404
- Finances under mark up arrangements and other credit facilities - secured		57,163	47,261
- Finance lease		6,406	9,415
- Provident fund		2,177	1,687
Bank charges		1,166	984
Guarantee commission		899	1,123
		69,088	61,874
34 TAXATION			
Current			
- for the year		79,387	128,424
- for prior years		-	8,553
Deferred			
- for the year		10,854	(99,120)
Taxation of discontinued operations		-	(6,699)
		90,241	31,158

Numerical reconciliation between the accounting profit and tax expense for the year is as follows:

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(Rupees in '000)	2020	2019
Accounting profit before tax from continuing operations	764,080	668,626
Accounting profit before tax from discontinued operations	-	23,101
	764,080	691,727
Tax at the applicable rate (29%)	221,583	200,601
Add: Effect of inadmissible / admissible expenses - net	(31,752)	(118,306)
Less: Effect of income chargeable to tax at Final Tax Regime	(2,427)	52,285
Less: Tax credits	(20,909)	(1,424)
Less: Income chargeable to tax on receipt basis	(87,435)	(7,043)
Others	326	2,312
Tax expense	79,387	128,424

35 EARNINGS PER SHARE

		2020	2019
35.1 Basic earnings per share from continuing operations			
Net profit for the year	Rupees in thousand	673,839	637,468
Weighted average number of ordinary shares	Numbers in thousand	211,790	211,790
Earnings per share	Rupees	3.18	3.01

35.2 Diluted earnings per share from continuing operations

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 8.

		2020	2019
Net profit for the year	Rupees in thousand	673,839	637,468
Weighted average number of ordinary shares	Numbers in thousand	211,790	211,790
Adjustment for share options	Numbers in thousand	4,862	4,237
Weighted average number of ordinary shares for diluted earnings per share	Numbers in thousand	216,652	216,027
Diluted earnings per share	Rupees	3.11	2.95

35.2.1 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.

35.3 The weighted average number of ordinary shares of 2019 has been restated in accordance with the requirements of IAS 33 due to issuance of 19,253,637 bonus shares in 2020.

36 CASH FLOWS FROM OPERATING ACTIVITIES

(Rupees in '000)

		2020	2019
Profit before tax			
Continuing operations		764,080	668,626
Discontinued operations		-	23,101
		764,080	691,727
Adjustments for:			
Depreciation on property and equipment	19	13,124	12,854
Depreciation on right of use of assets	19	25,506	27,660
Provision for doubtful debts and earnings	30	1,179	-
Employees' share option expense	30 & 31	20,408	17,049
Trade debts written off - specific		-	14
Contract assets written off - specific		-	23,779
Provision for expected credit losses - trade debts	32	(6,270)	3,095
Provision for expected credit losses - contract assets	32	(2,758)	1,810
Provision for expected credit losses - related parties	32	(2,798)	59,158
Capital gain on short term investment	32	(994)	(78)
Fair value gain on short term investments	32	(517)	(109)
Amortization of intangible assets		-	32
Exchange gain	32	(79,452)	(267,233)
Gain on disposal of property and equipment	32	(3,210)	(2,687)
Finance cost	33	69,088	59,767
Profit on bank deposits	32	(651)	(385)
Dividend income	32	(301,500)	(200,144)
Amortization of deferred grant	32	(624)	-
		(269,469)	(265,418)
Profit before working capital changes		494,611	426,309
Effect on cash flow due to working capital changes:			
(Increase) / decrease in current assets			
- Stock in trade		12,749	(3,862)
- Trade debts		(661,335)	(10,560)
- Contract assets		(36,990)	(151,558)
- Advances, deposits, prepayments and other receivables		293,411	(194,761)
Increase / (decrease) in current liabilities			
- Creditors, accrued and other liabilities		203,140	205,134
- Contract liabilities		8,318	73,858
		(180,707)	(81,749)
Cash generated from operations		313,904	344,560

37 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 in the normal course of business. Significant related party transactions, other than remuneration of directors which is disclosed in Note 41, are as follows:

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(Rupees in '000)				2020	2019
Name of related party	Relationship with the Company	Basis of Relationship	Nature of transactions		
Avanceon FZE- UAE (AFZE) - Trade debts	Subsidiary	100% shareholding	Agency commission charged	11,767	8,340
			Income against engineering / support services	19,470	67,964
			Back office support income	75,206	75,063
			Revenue recognized on the projects based on the stage of completion	69,340	139,082
			Share of profit received	79,458	-
			Dividend income	101,304	100,072
			Collection /adjustment from AVFZE	348,248	-
			Net payment to suppliers by AFZE	113,878	7,707
			Net payment to employees by AVL	42,205	20,129
			Net payment to suppliers by AVL	25,263	71,455
			Interest free financing converted into equity	-	1,722,936
Avanceon Automation and Control- AVAC	Subsidiary	49% shareholding and control over financial and operating decision making.	Income against engineering / support services	237,591	129,032
			Back office support income	75,206	39,556
			Revenue recognized on the projects	96,599	99,546
			Dividend income	200,196	100,072
			Share of profit received	41,548	-
			Net payment to suppliers by AVAC	1,539	28,280
			Net payment to employees by AVL	22,938	15,269
			Net payment to suppliers by AVL	13,009	387
			Cash received from AVAC	28,132	-
			Interest free financing converted into equity	-	458,817
Innovative Travels (Private) Limited	Associated Company	Common directorship	Services rendered during the year	703	-
			Payment during the year	703	138
Octopus Digital Limited	Subsidiary	100% Shareholding	Reimbursement of expenses	1,820	2,077
			Salaries payment to ODL employees	27,540	7,049
			Investment in shares	-	10,000
			Share of profit transferred to ODL	186,582	-
			Subcontracting charges incurred	17,151	-
			Fee for technical services charged	24,000	-
			Payments to suppliers by AVL	7,885	-
			Payments to ODL	1,130	-
			Back office support income	-	2,500
			Agency commission expense	-	18,456
			Payment received	6,000	10,000
Contribution to staff provident fund	Employees Provident fund	Provident fund	Expense charged in respect of retirements benefit plans	12,071	12,094

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

37.1 PARTICULARS OF RELATED PARTIES INCORPORATED OUTSIDE PAKISTAN

	Name of Entity		
	Avanceon FZE (UAE)	Avanceon Automation and Control (Qatar)	Innovative Automation Inc. USA
Registered address	Jebel Ali Free Zone, Dubai, United Arab Emirates	Al Jaber Engg. HO Building, Fox Hills, Lusail, Doha - Qatar	1800 John F. Kennedy Boulevard Suite 1601 Philadelphia, PA
Country of incorporation	UAE	Qatar	USA
Basis of association	Subsidiary	Subsidiary	Subsidiary
Aggregate Percentage of shareholding	100%	49% shareholding and control over financial and operating decision making.	100%
Shareholding through other entities	N/A	Remaining 51% shareholding by Arkan Integrated Development LLC	N/A
Chief Executive	Bakhtiar Hameed Wain	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.	"The Company holds 26.11% (2019: 26.11%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, The General Partner."
Auditor's opinion on latest available financial statements	Unmodified opinion	Unmodified opinion	Unmodified opinion

38 PROVIDENT FUND

(Rupees in '000)

	2020	2019
Size of fund	134,885	102,156
Fair value of investments made	97,207	88,622
Cost of investment made	95,091	85,723
Percentage of investments made	72%	87%

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

	2020 (Un-audited)		2019 (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	53,319	40%	35,000	34%
Scheduled Banks	5,635	4%	3,128	3%
Other Mutual Funds	18,676	14%	30,003	29%
Listed Securities	19,577	15%	20,491	20%
	97,207		88,622	

38.2 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 30 June.

39 FINANCIAL RISK MANAGEMENT

39.1 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.

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

(ii) 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 Center. 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:

		2020				
(Amounts in '000)		Rupees	EUR	USD	AED	QAR
Due from related parties						
- Avanceon FZE Dubai		527,137	-	-	12,188.14	-
- Avanceon Automation & Control W.L.L, Qatar		780,973	-	-	-	18,255.56
- Innovative Automation Inc., USA		-	-	-	-	-
Bank balances		101	-	.63	-	-
		1,308,211	-	.63	12,188.14	18,255.56
Trade Payables						
- Avanceon FZE Dubai		-	-	-	-	-
- Others						
AED		(12)	-	-	(.28)	-
EUR		(24,182)	(123.06)	-	-	-
USD		(55,366)	-	(345.54)	-	-
Net Exposures		1,228,651	(123.06)	(344.91)	12,187.86	18,255.56

		2019				
(Amounts in '000)		Rupees	EUR	USD	AED	QAR
Trade debts						
- Avanceon FZE Dubai		2,196,607	-	-	52,015	-
- Avanceon Automation and Control W.L.L, Qatar		467,263	-	-	-	10,971
Bank balances		98	-	1	-	-
		2,663,968	-	1	52,015	10,971
Trade Payables						
- Avanceon FZE Dubai		(664)	-	-	(15,723)	-
- Others						
AED		(924)	-	-	(22)	-
EUR		(11,834)	(68)	-	-	-
USD		(44,255)	-	(285)	-	-
Net Exposures		2,606,291	(68)	(284)	51,977	10,971

The following significant exchange rates were applied during the year:

	2020	2019
Rupees per USD		
Average rate	157.67	146.98
Reporting date rate	160.23	155.10
Rupees per Euro		
Average rate	185.12	166.19
Reporting date rate	196.50	173.74
Rupees per AED		
Average rate	42.74	40.02
Reporting date rate	43.25	42.23
Rupees per QAR		
Average rate	42.69	40.36
Reporting date rate	42.78	42.59

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	EUR Effect on Profit/(loss) before tax	Effect on equity
2020	5%	(1,209)	(858)
	-5%	1,209	858
2019	5%	(591)	(420)
	-5%	591	420
(Rupees in '000)		USD	
2020	5%	(2,763)	(1,962)
	-5%	2,763	1,962
2019	5%	(2,202)	(1,563)
	-5%	2,202	1,563
(Rupees in '000)		QAR	
2020	5%	39,049	27,725
	-5%	(39,049)	(27,725)
2019	5%	23,363	16,588
	-5%	(23,363)	(16,588)
(Rupees in '000)		AED	
2020	5%	26,356	18,713
	-5%	(26,356)	(18,713)
2019	5%	109,749	77,922
	-5%	(109,749)	(77,922)

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(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)	2020	2019
Floating rate instruments		
Financial assets		
Bank balances	11,973	12,408
Financial liabilities		
Long term loan	49,462	1,515
Lease liabilities	42,857	63,971
Finances under markup arrangements and other credit facilities - secured	419,006	383,294
Total exposure	499,352	436,372

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:

(Rupees in '000)	Increase/ Decrease in basis points	Effect on Profit/(loss) before tax	Effect on equity
2020	+100%	(4,994)	(3,546)
	-100%	4,994	3,546
2019	+100%	(4,364)	(3,098)
	-100%	4,364	3,098

(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. 2.95 million (2019: Rs. 1.44 million).

(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.

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.

Credit risk also arises from balances with banks, long term deposits, trade debts, due from related parties advances, deposits and other receivables. The Company 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)	2020	2019
Long term loans, deposits and other receivables	2,072	203,817
Contract asset	187,931	148,183
Trade debts	967,810	300,205
Deposits and other receivables	611,540	827,862
Bank balances	66,294	17,644
	1,835,647	1,497,711

The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows:

(Rupees in '000)	2020	2019
Domestic	301,249	300,205
Export	666,561	-

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:

(Rupees in '000)	2020									
	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
Expected credit loss rate (%)	2%	2%	9%	19%	30%	48%	66%	100%	100%	
Estimated total gross carrying amount at default	100,843	-	-	-	-	-	-	-	-	100,843
Estimated total gross carrying amount - secured	153,412	8,161	5,797	7,300	4,937	3,330	1,247	2,183	15,688	202,055
Expected credit loss	1,649	-	-	-	-	-	-	-	-	1,649

(Rupees in '000)	2019									
	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
Expected credit loss rate (%)	1%	1%	4%	12%	21%	40%	55%	100%	100%	
Estimated total gross carrying amount at default (PKR)	264,064	22,428	9,227	7,013	1,733	834	1,070	117	1,638	308,124
Expected credit loss	3,366	286	384	842	366	330	590	117	1,638	7,919

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.

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As at 31 December 2020, the Company has 36 (2019: 28) customers owing more than Rs. 1 million (2019: Rs. 1 million) each which account for 93.6% (2019: 94.7%) 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 Short Term	Rating Long Term	Rating Agency	Balances at banks	
				2020 (Rupees in '000)	2019
Faysal Bank limited	A1+	AA	PACRA	1,326	662
Habib Bank limited	A-1+	AAA	JCR-VIS	40,512	2,042
National Bank of Pakistan	A1+	AAA	PACRA	344	760
MCB Bank Limited	A1+	AAA	PACRA	93	93
United Bank Limited	A-1+	AAA	JCR-VIS	684	684
JS Bank Limited	A1+	AA-	PACRA	4,730	573
Standard Chartered	A1+	AAA	PACRA	18,606	12,830
				66,294	17,644

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 31 December 2020, 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)	Carrying amount	Contractual cashflow	Less than one year	Between one to five years	More than five years
2020					
Long term loan	49,462	51,822	25,911	25,911	-
Finances under mark up arrangements	419,006	419,006	419,006	-	-
Lease liabilities	38,443	42,857	23,943	18,914	-
Creditors, accrued and other liabilities	515,991	515,991	515,991	-	-
Unclaimed dividend	1,665	1,665	1,665	-	-
	1,024,567	1,031,341	986,516	44,825	-
2019					
Long term loan	1,515	1,515	1,515	-	-
Finances under mark up arrangements	383,294	383,294	383,294	-	-
Lease liabilities	63,971	63,971	29,805	34,166	-
Creditors, accrued and other liabilities	402,167	402,167	402,167	-	-
Unclaimed dividend	253,669	253,669	253,669	-	-
	1,104,616	1,104,616	1,070,450	34,166	-

(Rupees in '000)	2020			Total
	At fair value through OCI	At fair value through profit or loss	At amortized cost	
39.2 Financial instruments by categories				
Financial assets				
Debt instruments amortized cost				
Long term loans, deposits and other receivables	-	-	2,072	2,072
Trade debts	-	-	967,810	967,810
Deposits and other receivables				
- Bank guarantee margin	-	-	23,396	23,396
- Earnest money	-	-	408	408
- Retention money	-	-	1,277	1,277
- Due from associated companies	-	-	585,189	585,189
- Others	-	-	1,270	1,270
Cash and bank balances	-	-	66,438	66,438
Equity instruments				
Short term investment	-	2,955	-	2,955
	-	2,955	1,647,860	1,650,815

(Rupees in '000)	2020	
	Financial liabilities at amortized cost	
Financial liabilities		
Long term loan		49,462
Lease liabilities		38,443
Finances under mark up arrangements and other credit facilities - secured		419,006
Creditors, accrued and other liabilities		515,991
Unclaimed dividend		1,665
		1,024,567

(Rupees in '000)	2019			Total
	At fair value through OCI	At fair value through profit or loss	At amortized cost	
Financial instruments by categories				
Financial assets				
Debt instruments				
Long term loans deposits and other receivables	-	-	203,817	203,817
Trade debts	-	-	300,205	300,205
Deposits and other receivables				
- Bank guarantee margin	-	-	26,900	26,900
- Earnest money	-	-	408	408
- Retention money	-	-	1,277	1,277
- Due from associated companies	-	-	797,891	797,891
- Others	-	-	1,386	1,386
Cash and bank balances	-	-	17,675	17,675
Equity instruments				
Short term investment	-	1,444	-	1,444
	-	1,444	1,349,559	1,351,003

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

(Rupees in '000)	2019 Financial liabilities at amortized cos
Financial liabilities	
Long term loan	1,515
Lease liabilities	52,090
Finances under mark up arrangements and other credit facilities - secured	383,294
Creditors, accrued and other liabilities	402,167
Unclaimed dividend	253,669
	1,092,735

39.3 Fair values of financial assets and liabilities

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. Fair value is determined on the basis of objective evidence at each reporting date.

39.4 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 of operating fixed assets:

(Rupees in '000)	Level 1	Level 2	Level 3	Total
31 December 2020				
Freehold land	-	208,600	-	208,600
Buildings on freehold land	-	-	91,764	91,764
Short term investment	2,955	-	-	2,955
	2,955	208,600	91,764	303,319
31 December 2019				
Freehold land	-	186,250	-	186,250
Buildings on freehold land	-	-	78,911	78,911
Short term investment	1,444	-	-	1,444
	1,444	186,250	78,911	266,605

39.5 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 31 December 2020 and 2019 are as follows:

(Rupees in '000)	2020	2019
Borrowings	506,911	436,899
Less: Cash and bank balances	(66,438)	(17,675)
Net debt	440,473	419,224
Total equity - excluding surplus on revaluation	5,116,965	3,338,003
Total capital	5,557,438	3,757,227
Gearing ratio	7.93%	11.16%

40 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

(Rupees in '000)	31 December 2020						
	Issuance of shares	Lease liabilities	Long term loans	Short term borrowings	Accrued interest / mark-up	Unclaimed dividend	Total
Balance as at 01 January 2020	1,925,364	52,090	1,515	383,294	12,099	253,669	2,628,031
Cash flows							
Repayment of loans	-	-	-	-	-	-	-
Lease payments	-	(30,082)	-	-	-	-	(30,082)
Issuance of shares	-	-	-	-	-	-	-
Proceeds from loans	-	-	50,307	35,712	-	-	86,019
Finance cost paid	-	-	-	-	(61,101)	-	(61,101)
Dividends paid	-	-	-	-	-	(252,004)	(252,004)
Total changes from financing cash flows	-	(30,082)	50,307	35,712	(61,101)	(252,004)	(257,168)
Other changes including non-cash							
Changes in running finances	-	-	-	-	-	-	-
Bonus shares issuance	192,536	-	-	-	-	-	192,536
Recognition of deferred grant	-	-	(2,360)	-	-	-	(2,360)
Addition in lease	-	10,029	-	-	-	-	10,029
Finance cost	-	6,406	-	-	62,682	-	69,088
Total liability related other changes	192,536	16,435	(2,360)	-	62,682	-	269,293
Closing as at 31 December 2020	2,117,900	38,443	49,462	419,006	13,680	1,665	2,640,156

(Rupees in '000)	31 December 2019						
	Issuance of shares	Lease liabilities	Long term loans	Short term borrowings	Accrued interest / mark-up	Unclaimed dividend	Total
Balance as at 01 January 2019	1,363,238	83,821	19,697	248,865	4,834	283,074	2,003,529
Cash flows							
Repayment of loans	-	-	(18,182)	-	-	-	(18,182)
Lease payments	-	(53,862)	-	-	-	-	(53,862)
Issuance of shares	15,071	-	-	-	-	-	15,071
Proceeds from loans	-	-	-	134,429	-	-	134,429
Finance cost paid	-	-	-	-	(43,087)	-	(43,087)
Dividends paid	-	-	-	-	-	(29,405)	(29,405)
Total changes from financing cash flows	15,071	(53,862)	(18,182)	134,429	(43,087)	(29,405)	4,964

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

	31 December 2019						
(Rupees in '000)	Issuance of shares	Lease liabilities	Long term loans	Short term borrowings	Accrued interest / mark-up	Unclaimed dividend	Total
Other changes including non-cash							
Changes in running finances	-	-	-	-	-	-	-
Bonus/ESOS shares issuance	547,055	-	-	-	-	-	547,055
Dividend declared	-	-	-	-	-	-	-
Recognition of deferred grant	-	-	-	-	-	-	-
Addition in lease	-	22,131	-	-	-	-	22,131
Finance cost	-	-	-	-	50,352	-	50,352
Total liability related other changes	547,055	22,131	-	-	50,352	-	619,538
Closing as at 31 December 2019	1,925,364	52,090	1,515	383,294	12,099	253,669	2,628,031

41 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	
	2020	2019	2020	2019
Managerial remuneration	4,493	4,493	65,184	58,832
House rent	1,797	1,797	26,073	23,533
Utilities	449	449	6,518	5,883
Contribution to provident fund	449	449	6,518	5,883
Others	34	34	2,619	2,705
	7,222	7,222	106,912	96,836
Number of persons	1	1	31	28

41.1 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.

42 NUMBER OF EMPLOYEES

	2020	2019
Average number of employees	206	191
Closing number of employees	216	196

43 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

44 EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in its meeting held on 20 April 2021 has proposed bonus shares issue at the rate of 20% and cash dividend at rate of 10% (2019: bonus shares issue at rate of 10% and cash dividend NIL). The appropriation will be approved 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.

45 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Company on 20 April 2021.



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat



CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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 31 December 2020 and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and 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 31 December 2020 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 the 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:

Key audit matters	How our audit addressed the key audit matter
1. Revenue Recognition	
<p>The Group's revenue is derived from 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 leads to revenue being recognized over multiple accounting periods.</p> <p>As referred in Note 5.18 to the accompanying consolidated financial statements, project revenue is recognized using the cost to complete method based on cost incurred to date as a proportion of total cost of the contract. As disclosed in Note 31, project revenue amounts to Rs. 5,686 million.</p> <p>Application of the percentage completion method requires significant management estimates in relation to budgeting the cost to complete and assessing stage of</p>	<p>Our audit procedures included amongst others understanding and evaluating the appropriateness of the Group's revenue recognition policies, in accordance with IFRS 15, including those relating to the percentage of completion method and related management assessments based on the Group's operating model and its system of recording revenue related transactions.</p> <p>We tested operating effectiveness of internal controls relating to the Group's revenue recognition process including budgetary control, appropriate review and approval practices and recognition in the books of accounts.</p> <p>We performed substantive analytical procedures including, amongst others, developing an expectation of project</p>

Key audit matters	How our audit addressed the key audit matter
<p>work performed to date. These estimates take into account, amongst others, the prices of materials and services as applicable, forecast escalations, time spent and expected completion date at the time of such estimation.</p> <p>Due to an inherent risk associated with the recognition of revenue based on estimates for end-to-end projects and the adoption of new accounting standard for revenue recognition, we consider this as a key audit matter.</p>	<p>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.</p> <p>We performed other substantive procedures including examination of a sample of underlying contracts, review of the contractual terms and conditions and evaluating appropriate accounting thereof.</p> <p>We compared the actual cost of projects completed during the year with their forecast cost.</p> <p>We also reviewed sales transactions and events taking place after year-end to ensure revenue was recognized in the appropriate period and assessed, if any adjustments were required.</p>

Information Other than the Financial Statements and Auditors' 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 financial statements and our auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 the 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 accounting and reporting standards as applicable in Pakistan and Companies Act, 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 is responsible for overseeing the Group's financial reporting process.

Auditors' 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.

The engagement partner on the audit resulting in this independent auditors' report is Farooq Hameed.



EY Ford Rhodes
Chartered Accountants
Lahore: 17 May 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

(Rupees in '000)	Note	2020	2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
250,000,000 (2019: 250,000,000) ordinary shares of Rs 10 each		2,500,000	2,500,000
Issued, subscribed and paid up capital			
211,790,006 (2019: 192,536,370) ordinary shares of Rs 10 each	6	2,117,900	1,925,364
CAPITAL RESERVES			
Share premium	7	138,384	138,384
Statutory reserve	8	3,002	3,002
Employees' share compensation reserve	9	74,270	53,862
Surplus on revaluation of property and equipment	10	241,827	209,721
Exchange revaluation reserve		632,410	610,100
		1,089,893	1,015,069
REVENUE RESERVES			
Un-appropriated Profit		2,409,500	1,562,534
		5,617,293	4,502,967
Non-controlling Interest		4,506	4,346
		5,621,799	4,507,313
NON CURRENT LIABILITIES			
Lease liabilities	11	42,300	67,637
Long term loans	12	23,551	-
Employees' end of service benefits	13	100,787	80,901
Deferred grant	14	517	-
		167,155	148,538
CURRENT LIABILITIES			
Current portion of lease liabilities	11	38,159	45,554
Current portion of long term loans	12	25,911	1,515
Current portion of deferred grant	14	1,218	-
Finances under markup arrangements and other credit facilities - secured	15	487,386	599,339
Creditors, accrued and other liabilities	16	2,739,492	1,670,783
Contract liabilities	17	902,093	1,127,342
Unclaimed dividend	18	10,951	256,763
		4,205,210	3,701,296
CONTINGENCIES AND COMMITMENTS			
	19		
		9,994,164	8,357,147

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.


Chief Executive
Bakhtiar Hameed Wain

Chief Financial Officer
Saeed Ullah Khan Niazi

Director
Tanveer Karamat

(Rupees in '000)	Note	2020	2019
ASSETS			
NON CURRENT ASSETS			
Property and equipment	20	431,326	433,829
Intangible assets	21	20,029	-
Long term investment	22	874,023	843,129
Deferred tax asset	23	58,853	73,815
Long term loans and deposits	24	32,849	27,480
		1,417,080	1,378,253
CURRENT ASSETS			
Stock in trade		123,783	160,929
Trade debts	25	3,586,027	2,431,404
Contract assets	26	3,760,963	3,602,180
Advances, deposits, prepayments and other receivables	27	502,239	480,427
Short term investments	28	2,955	1,444
Term deposits with banks	29	73,788	197,284
Cash and bank balances	30	527,329	105,226
		8,577,084	6,978,894
		9,994,164	8,357,147



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, 2020

(Rupees in '000)	Note	2020	2019
Revenue from contracts with customers	31	6,444,692	4,896,158
Cost of revenue	32	(4,603,147)	(3,412,208)
Gross profit		1,841,545	1,483,950
Administrative and selling expenses	33	(684,524)	(705,256)
Other operating expenses	34	(4,300)	(4,463)
Other operating income	35	162,990	313,051
		(525,834)	(396,668)
Profit from operations		1,315,711	1,087,282
Finance costs	36	(132,337)	(124,342)
Profit before tax		1,183,374	962,940
Taxation	37	(138,395)	(50,764)
Profit for the year		1,044,979	912,176
			Restated
Earnings per share - basic (Rupees)	38	4.93	4.31
Earnings per share - diluted (Rupees)	38	4.82	4.22

The annexed notes 1 to 50 form an integral part of these consolidated 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, 2020

(Rupees in '000)	Note	2020	2019
Profit for the year		1,044,979	912,176
Other comprehensive income			
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>			
- Exchange difference on translating foreign operations		22,310	170,395
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>			
- Revaluation surplus arising during the year - net of tax	10	32,821	42,419
Total comprehensive income for the year		1,100,110	1,124,990

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



Chief Executive
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Tanveer Karamat

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED DECEMBER 31, 2020

(Rupees in '000)	Note	2020	2019
Cashflows from operating activities			
Cash generated from operations	39	838,585	13,971
Finance costs paid		(126,919)	(45,527)
Retirement benefits paid		(3,522)	(4,195)
Taxes paid		(16,810)	(62,043)
Net cash (used in) / generated from operating activities		691,334	(97,794)
Cashflows from investing activities			
Purchase of property and equipment		(13,934)	(21,582)
Proceeds from sale of property and equipment		4,077	7,092
Additions in intangible assets - capital work in progress		(20,029)	-
Profit on bank deposit		7,306	13,043
Term deposits		123,496	(8,427)
Decrease in long term loans and deposits - net		(911)	(12,178)
Net cash (used in) / generated from investing activities		100,005	(22,052)
Cashflows from financing activities			
Dividend paid		(252,004)	(29,405)
Long term loan received / (repaid)		50,307	(18,182)
Finances under mark up arrangements and other credit facilities		(111,953)	284,009
Issuance of shares		-	15,071
Repayment of finance lease liabilities		(55,586)	(79,185)
Net cash generated from / (used in) financing activities		(369,236)	172,308
Net increase / (decrease) in cash and cash equivalents		422,103	52,462
Cash and cash equivalents at the beginning of the year		105,226	52,763
Cash and cash equivalents at the end of the year	30	527,329	105,225

The annexed notes 1 to 50 form an integral part of these consolidated 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, 2020

(Rupees in '000)	Capital Reserves					Revenue Reserve				Total
	Issued, Subscribed and Paid up capital	Share Premium	Statutory Reserve	Employees' Share compensation Reserve	Surplus on Revaluation of Property and equipment	Exchange revaluation reserve	Un- appropriated Profit	Sub- Total	Non- Controlling Interest	
Balance as on 01 January 2019										
- As restated	1,363,238	61,906	3,002	115,051	167,915	439,705	1,198,134	3,348,951	3,062	3,352,013
Net profit for the year ended 31 December 2019	-	-	-	-	-	-	912,176	912,176	-	912,176
Other comprehensive income- net of tax	-	-	-	-	42,419	170,395	-	212,814	1,284	214,098
Transfer from revaluation surplus on account of incremental depreciation	-	-	-	-	(613)	-	613	-	-	-
Total comprehensive income for the year	-	-	-	-	41,806	170,395	912,789	1,124,991	1,284	1,126,275
Bonus shares for the year ended 31 December 2018 at the rate of 40%	545,295	-	-	-	-	-	(545,295)	-	-	-
Dividend payable	-	-	-	-	-	-	(3,094)	(3,094)	-	(3,094)
ESOS-I issue - 200,000 shares @ Rs. 10	2,000	6,237	-	(7,997)	-	-	-	240	-	240
ESOS-III issue - 1,483,115 shares @ Rs. 10	14,831	70,241	-	(70,241)	-	-	-	14,830	-	14,830
Employee share option	-	-	-	17,049	-	-	-	17,049	-	17,049
	562,126	76,478	-	(61,189)	-	-	(548,389)	29,025	-	29,025
Balance as on 31 December 2019	1,925,364	138,384	3,002	53,862	209,721	610,100	1,562,534	4,502,967	4,346	4,507,313
Net profit for the year ended 31 December 2020	-	-	-	-	-	-	1,044,979	1,044,979	-	1,044,979
Other comprehensive income	-	-	-	-	32,821	22,310	-	55,131	160	55,291
Transfer from revaluation surplus on account of incremental depreciation	-	-	-	-	(715)	-	715	-	-	-
	-	-	-	-	32,106	22,310	1,045,694	1,100,110	160	1,100,270
Bonus shares for the year ended 31 December 2019 at the rate of 10%	192,536	-	-	-	-	-	(192,536)	-	-	-
Dividend payable	-	-	-	-	-	-	(6,192)	(6,192)	-	(6,192)
Employee share option	-	-	-	20,408	-	-	-	20,408	-	20,408
	192,536	-	-	20,408	-	-	(198,728)	14,216	-	14,216

The annexed notes 1 to 50 form an integral part of these consolidated 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, 2020

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 & Engineering Inc. USA (IA)	100%
- Avanceon Automation and Control W.L.L (AVAC)	49%
- Octopus Digital Limited (ODL)	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.

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 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:

Standard AND IFRIC		Effective date (annual periods beginning on or after)
IFRS 7 & IFRS 9	Interest Rate Benchmark Reform – Phase 2 – Amendments to	January 01, 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	
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.

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) Provision for taxation

Provision for taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income and the decisions taken by appellate authorities. The charge for tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted.

Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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 losses

For trade and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.

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 Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Holding Company and entities controlled by the Holding Company (its subsidiaries).

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identified assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any non-controlling interest.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interest consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

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% (2019:10%) 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 20.1 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.

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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 21.

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.

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 or incremental borrowing 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.

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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.

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 equity 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 (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 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.

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 Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs 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 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.

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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.

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 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoice amount less expected credit losses (ECL) as explained in Note 5.9.1 (d).

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 fulfillment 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 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.

5.21 Related party transactions

All transaction with related parties and associated undertakings are entered into at normal commercial terms as mutually agreed between the parties.

5.22 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.

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6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020 (Number of Shares)	2019 (Number of Shares)		2020 (Rupees in '000)	2019 (Rupees in '000)
57,166,850	57,166,850	Ordinary shares of Rs 10 each fully paid in cash	571,669	571,669
148,740,413	129,486,776	Ordinary shares of Rs. 10 each issued as fully paid bonus share	1,487,404	1,294,868
4,399,629	4,399,629	Ordinary shares of Rs. 10 each issued against Employees' Shares Options Scheme - I	43,996	43,996
1,483,115	1,483,115	Ordinary shares of Rs. 10 each issued against Employees' Shares Options Scheme - III	14,831	14,831
211,790,007	192,536,370		2,117,900	1,925,364

	2020 (Number of Shares)	2019 (Number of Shares)
6.1 Movement during the year is as follows:		
Balance as at 01 January	192,536,370	136,323,754
Shares issued under Employees' Share Options Schemes during the year	-	1,683,115
Bonus shares issued during the year	19,253,637	54,529,501
Balance as at 31 December	211,790,007	192,536,370

6.2 Chief Executive Officer holds 61% (2019: 61%) share capital of the Holding Company.

7 SHARE PREMIUM

Rupees in '000]	2020	2019
Initial Public Offering of 25,166,850 shares at the rate of Rs. 4 per share	100,667	100,667
Employees Share Option Scheme I	6,237	6,237
Employees Share Option Scheme III	70,241	70,241
Less: Costs incurred on Initial Public Offering	(38,761)	(38,761)
	138,384	138,384

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

8 STATUTORY RESERVE

	4,417	3,002
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.		

9 EMPLOYEES' SHARE COMPENSATION RESERVE

(Rupees in '000)	Note	2020	2019
Share options scheme I	9.1	8,054	6,457
Share options scheme II	9.2	29,645	43,205
Share options scheme III	9.3	2,155	1,775
Share options scheme IV	9.4	34,416	2,425
		74,270	53,862

9.1 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.

9.1.1 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:

	2020		2019	
	Number	WAEP	Number	WAEP
Outstanding at 01 January	326,000	1.92	541,000	1.66
Granted during the year	-	-	-	-
Forfeited during the year	(20,000)	-	(15,000)	-
Exercised during the year	-	-	(200,000)	1.20
Outstanding at 31 December	306,000	1.92	326,000	1.93
Exercisable at 31 December	-	-	-	-

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 31 December 2020 was 2.56 years (2019: 3.58 years).

The range of exercise price for options outstanding at the end of the year was Rs. 1.2 to Rs. 1.73 (2019: Rs. 1.2 to Rs. 1.73).

- 9.2** 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%.

9.2.1 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

	2020		2019	
	Number	WAEP	Number	WAEP
Outstanding at 01 January	2,702,687	20.48	2,789,219	20.36
Granted during the year	-	-	-	-
Forfeited during the year	(54,048)	21.02	(86,532)	20.46
Exercised during the year	-	-	-	-
Outstanding at 31 December	2,648,640	20.52	2,702,687	20.48
Exercisable at 31 December	-	-	-	-

The weighted average remaining contractual life for the share options outstanding as at 31 December 2020 was 3.03 years (2019: 4.02 years).

The range of exercise price for options outstanding at the end of the year was Rs. 16.80 to Rs. 24.20 (2019: Rs. 16.80 to Rs. 24.20).

- 9.3** 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.

9.3.1 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

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	2020		2019	
	Number	WAEP	Number	WAEP
Outstanding at 01 January	62,501	10.50	1,483,115	10.00
Granted during the year	-	-	62,501	10.50
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	(1,483,115)	10.00
Outstanding at 31 December	62,501	10.50	62,501	10.50
Exercisable at 31 December	62,501	-	-	-

The fair value of options granted during the year was Rs. Nil (2019: Rs. 34.48).

The weighted average share price at the date of exercise of these options was Rs. 48.78.

The weighted average remaining contractual life for the share options outstanding as at 31 December 2020 was 1 years (2019: 2 years).

The exercise price for options outstanding at the end of the year was Rs. 10.5 (2019: Rs. 10.5).

- 9.4** 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 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.

9.4.1 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

	2020		2019	
	Number	WAEP	Number	WAEP
Outstanding at 01 January	1,145,328	10.00	-	-
Granted during the year	736,644	10.50	1,145,328	10.00
Forfeited during the year	(36,984)	10.24	-	10.00
Exercised during the year	-	-	-	-
Outstanding at 31 December	1,844,988	10.19	1,145,328	10.00
Exercisable at 31 December	1,145,328	10.00	-	-

The fair value of options granted during the year was Rs. 56.62 (2019: Rs. 26.35).

The weighted average remaining contractual life for the share options outstanding as at 31 December 2020 was 1.39 years (2019: 2 years).

The range of exercise price for options outstanding at the end of the year was Rs. 10 to Rs. 10.5 (2019: Rs. 10).

- 9.5** The following tables list the inputs to the models used for the three plans for the years ended 31 December 2020 and 2019, respectively:

	2020	2019
Expected volatility (%)	31	46
Risk-free interest rate (%)	7	9
Expected life of share options (years)	1	1
Weighted average share price (Rupees)	67	36
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)	Note	2020	2019
Opening balance of surplus on revaluation of property and equipment		209,721	167,915
Revaluation surplus arising during the year - net of tax		32,821	42,419
Surplus transferred to unappropriated profit on account of incremental depreciation		(715)	(613)
Closing balance of surplus on revaluation of property and equipment - net of tax		241,827	209,721

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 LEASE LIABILITIES

The interest rates used as the discounting factor (i.e. implicit in the lease) ranges from 9.1% to 15.24% (2019: 9.09% to 16.12%) per annum and lease period 3 to 4 years (2019: 3 to 4 years) for the Holding Company. The interest rates for subsidiaries (Avanceon Automation & Control W.L.L. and Avanceon FZE) 10% and 7% respectively. The amount of future payments and the period during which they will become due are:

(Rupees in '000)	Note	2020	2019
Year end 31 December			
Due not later than 1 year		42,535	55,748
Due later than 1 year but not later than 5 years		46,298	77,174
Lease payments	11.1	88,833	132,922
Less: Future finance charges		(8,374)	(19,731)
		80,459	113,191
Current portion		(38,159)	(45,554)
		42,300	67,637

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

(Rupees in '000)	2020		2019	
	LP	PV of LP	LP	PV of LP
Due not later than 1 year	42,535	38,159	55,748	45,554
Due later than 1 year but not later than 5 years	46,298	42,300	77,174	67,637
	88,833	80,459	132,922	113,191

Set out below is the movements during the year:

(Rupees in '000)	2020	2019
As at 1 January	113,191	165,093
Additions during the year	10,029	24,019
Security deposits adjusted during the year	-	(11,303)
Accretion of interest	10,616	13,661
Payments during the year	(55,586)	(79,185)
Foreign exchange movement	2,209	906
As at 31 December	80,459	113,191

12 LONG TERM LOAN

(Rupees in '000)	2020	2019
Long term loan	49,462	1,515
Less: current portion of long term loan	(25,911)	(1,515)
	23,551	-

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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 Holding Company is same as disclosed in note 15.1.

13 EMPLOYEES' END OF SERVICE BENEFITS

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)	2020	2019
Opening balance	80,901	63,749
Charge for the year	20,603	13,560
Payments during the year	(3,522)	(4,195)
Foreign exchange movement	2,804	7,787
Closing balance	100,786	80,901

14 DEFERRED GRANT

(Rupees in '000)	2020	2019
Deferred Grant	1,735	-
Less: current portion of deferred grant	(1,218)	-
	517	-

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

(Rupees in '000)	Note	2020	2019
Opening balance		-	-
Recognized during the year		2,360	-
Amortization	35.2	(624)	-
Recognized during the year		1,735	-

14.2 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.

15 FINANCES UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES - SECURED

(Rupees in '000)	Note	2020	2019
JS Bank Limited	15.1	258,633	258,394
Habib Bank Limited	15.2	120,000	124,901
United Bank Limited	15.3	52,299	74,845
Bank of Singapore	15.4	16,082	15,513
National Bank of Fujairah	15.5	-	125,686
Faysal Bank Limited	15.6	40,372	-
		487,386	599,339

Rupees in '000)	Note	Maturity Days	Limit	2020	2019
15.1 JS Bank Limited					
Running finance	15.1.1	365	170,000	158,633	158,444
Inland bill purchase	15.1.2	180	100,000	100,000	99,950
				258,633	258,394

15.1.1 The Holding Company has obtained running finance facility from a commercial bank with a sanctioned limit of Rs. 170 million (31 December 2019: Rs. 170 million) bearing mark-up at the rate of 1 month KIBOR plus 2.25% (31 December 2019: 3 months KIBOR plus 2.25%). The facility is secured against first mortgage charge of Rs. 265.160 million (31 December 2019: Rs.165 million) created through equitable mortgage with legal mortgage of notional value of Rs. 0.1 million over fixed assets (land & building) of the Holding Company, ranking hypothecation charge of Rs. 655 million (31 December 2019: Rs. 300 million) 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 Company, covering total security package.

15.1.2 This facility has a sanctioned limit of Rs.100 million (31 December 2019: Rs. Nil) bearing mark-up at the rate of 1 month KIBOR plus 2% (31 December 2019: Nil). The facility is secured against invoices / bills receivable from customers, charge on present and future current assets of the Holding Company with 15% 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 Days	Limit	2020	2019
15.2 Habib Bank Limited				
Inland bill purchase	180	125,000	120,000	124,900

This facility has a sanctioned limit of Rs.125 million (31 December 2019: Rs. 125 million) and carries mark-up at Matching Tenor KIBOR plus 2% (31 December 2019: Matching Tenor KIBOR plus 2%) per annum. The facility is secured against invoices / bills receivable from customers (31 December 2019: 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 Days	Limit	2020	2019
15.3 United Bank Limited				
Short term loan	90	42,240	-	-
Trust receipt loans	180	122,496	52,299	29,649
Project financing	180	42,240	-	45,196
			52,299	74,845

These finance facilities have been obtained by Avanceon FZE and 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. Overdue outstanding and/ or excess utilization over the limit will be charged interest rate @ 2.5% per annum over the normal rate for the period from the due date or date of excess utilization to the date of actual settlement of overdue outstanding or excess utilization.

Rupees in '000]	Maturity Days	Limit	2020	2019
15.4 Bank of Singapore				
Short term loan	180	28,385	16,082	15,513

This loan has been obtained by Avanceon FZE and bears mark-up at the rate of 3.6% per annum. It is secured against the investments made by the Establishment in the Bank of Singapore.

Rupees in '000]	Maturity Days	Limit	2020	2019
15.5 National Bank of Fujairah				
Short term loan	120	126,720	-	125,686

These finance facilities have been obtained by Avanceon FZE and bear mark-up at NBF prime rate less 0.5% 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,

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personal guarantee of a Director of Parent Company and pledge over fixed deposit of AED 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.

Rupees in '000]	Maturity Days	Limit	2020	2019
15.6 Faysal Bank Limited				
Inland bill purchase	180	125,000	40,372	-

This facility has a sanctioned limit of Rs.200 million (31 December 2019: Rs. Nil) bearing mark-up at the rate of 3 month KIBOR plus 2% (31 December 2019: Nil). The facility is secured against invoices / bills receivable from customers, charge on present and future current assets of the Holding Company with 5% margin, assignment of project specific receivables in favor of the bank and personal guarantees of sponsor directors of the Holding Company.

16 CREDITORS, ACCRUED AND OTHER LIABILITIES

(Rupees in '000]	Note	2020	2019
Trade creditors		2,202,123	1,322,305
Accrued expenses		168,022	149,401
Payable to related parties	16.1	34,662	2,586
Payable to provident fund		-	23,696
Employee share portion - vehicle		17,767	19,364
Balance due to statutory authorities			
- Withholding tax		-	20,245
- Income tax		231,164	74,960
Mark up accrued on:			
- Long term finances		1,277	304
- Finances under mark up arrangements and other credit facilities - secured		12,402	11,795
Other liabilities		72,075	46,127
		2,739,492	1,670,783

16.1 Payable to related parties

Arkan Integrated Development L.L.C - Commission payable	16.1	33,342	1,266
Innovative Travels (Private) Limited		1,320	1,320
		34,662	2,586

17 CONTRACT LIABILITIES

Advances from customers		-	68,695
Billings in excess of earnings		902,093	1,058,647
	17.1	902,093	1,127,342

17.1 Movement of contract liability:

As at 01 January		1,127,342	732,688
Recognized as revenue during the year		(2,764,461)	(201,704)
Addition during the year		2,480,123	519,694
Foreign exchange movement		59,089	76,663
As at 31 December		902,093	1,127,342

18 UNCLAIMED DIVIDEND

As at 01 January		256,763	283,074
Declared during the year		6,192	3,094
Paid during the year		(252,004)	(29,405)
As at 31 December	18.1	10,951	256,763

- 18.1** This includes dividend payable to the Chief Executive Officer, Mr. Bakhtiyar H Wain and Director, Mr. Aamir Wain amounting to Rs. Nil (2019: Rs. 235,683 million) and Rs. Nil (2019: Rs. 15,751 million) respectively. This also includes dividend payable to Arkan Integrated Development L.L.C., minority shareholder of Avanceon Automation and Control WLL of Rs. 9.40 million (2019: 3.09 million).

19 CONTINGENCIES AND COMMITMENTS

19.1 Holding Company

19.1.1 Contingencies

There are no contingencies to report as at year end (2019: Rs. Nil)

19.1.2 Commitments

- (i) Bank guarantees have been issued amounting to Rs. 23.168 million (2019: Rs. 36.06 million) against the performance of various contracts.
- (ii) Letters of credit outstanding at year end amount to Rs. 47.76 million (2019: 53.34 million) which relates to import acceptance bills.

19.2 Subsidiaries

Contingencies

There is no contingency related to subsidiaries to report at year end (2019: Nil)

19.2.2 Commitments

Subsidiaries' commitments as at year end are as follows:

(Rupees in '000)	Note	2020	2019
AVAC			
Bank guarantees		19,877	42,126
Post dated cheques issued against payment of rent		6,221	5,002
		26,098	47,128
FZE			
Bank guarantees	19.2.2.1	262,802	241,702
Letters of credit		155,071	197,385
Post dated cheques issued against payment of rent		15,994	8,223
		433,867	447,310

- 19.2.2.1** Guarantees are given by the bank on behalf of the Establishment in favor of Emirates Central Cooling Systems and Corporations (Empower), Roots Energy and Engineering Services, Arabtech, Pak Arab Pipeline Company and other companies against the performance guarantee and bid bond guarantee.

20 PROPERTY AND EQUIPMENT

(Rupees in '000)	Note	2020	2019
Operating fixed assets	20.1	431,326	433,829

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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20.1 Operating fixed assets

2020

(Rupees in '000)	Cost / Revalued Amount as at 01 January 2020	Exchange adjustment on cost	Additions/ Transfers*	(Deletions)	Effect of revaluation	Cost as at 31 December 2020	Accumulated Depreciation as at 01 January 2020	Exchange adjustment on accumulated depreciation	Depreciation charge for the year/ (Deletions)	Effect of revaluation /Transfer*	Accumulated depreciation as at 31 December 2020	Net Book value as at 31 December 2020	Rate %
Owned Assets													
Freehold land	186,250	-	-	-	22,350	208,600	-	-	-	-	-	208,600	-
Buildings on freehold land	78,910	-	308	-	12,545	91,763	-	-	2,204	(2,204)	-	91,763	3.13
Tools and equipment	9,801	223	4,547	-	-	14,571	6,318	215	1,269	-	7,802	6,769	20
Office equipment and appliances	42,519	319	3,019	(100)	-	45,757	35,160	206	3,067 (100)	-	38,333	7,424	20
Furniture and fixture	25,516	414	109	-	-	26,039	21,519	333	1,349	-	23,201	2,838	20
Computers	38,435	510	5,951	(2,198)	-	42,698	23,720	345	8,745 (2,174)	-	30,636	12,062	33.33
Vehicles	12,603	96	-	(4,757)	-	49,116	11,803	97	582 (4,504)	-	46,268	2,848	20
	394,034	1,562	13,934	(7,055)	34,895	478,544	98,520	1,196	17,216 (6,778)	(2,204)	146,240	332,304	
			41,174*							38,290*			
Right of use assets													
Building	74,715	2,740	-	-	-	77,455	19,971	567	20,860	-	41,398	36,057	20
Vehicles	150,356	333	10,029	(2,083)	-	117,461	66,785	92	27,402 (1,493)	-	54,496	62,965	20
	225,071	3,073	10,029	(2,083)	-	194,916	86,756	659	48,262 (1,493)	(38,290)*	95,894	99,022	
	619,105	4,635	23,963	(9,138)	34,895	673,460	185,276	1,855	65,478 (8,271)	(2,204)	242,134	431,326	

2019

(Rupees in '000)	Cost / Revalued Amount as at 01 January 2019	Exchange adjustment on cost	Additions/ *Transfers/	(Deletions)	Effect of revaluation during the year 31 December 2019	Cost revalued as at 31 December 2019	Accumulated Depreciation as at 01 January 2019	Exchange adjustment on accumulated depreciation	Depreciation charge for the year/ (Deletions)	*Effect of revaluation/ *Transfer	Accumulated depreciation as at 31 December 2019	Net Book value as at 31 December 2019	Rate %
Owned Assets													
Freehold land	149,000	-	-	-	37,250	186,250	-	-	-	-	-	186,250	-
Buildings on freehold land	72,579	-	1,275	-	5,056	78,910	-	-	2,223	[2,223]	-	78,910	3.13
Tools and equipment	5,442	640	3,719	-	-	9,801	5,200	613	505	-	6,318	3,484	20
Office equipment and appliances	43,040	984	2,338	[3,843]	-	42,519	35,018	687	3,178 [3,723]	-	35,160	7,359	20
Furniture and fixture	22,308	1,001	2,518	[311]	-	25,516	19,543	924	1,356 [304]	-	21,519	3,997	20
Computers	34,631	943	11,732	[8,871]	-	38,435	23,725	712	8,154 [8,871]	-	23,720	14,715	33.33
Vehicles	12,381	278	-	[15,289]	-	12,603	11,344	277	364 [11,011]	-	11,803	801	20
	339,381	3,846	21,582	[28,314]	42,306	394,034	94,830	3,213	15,780 [23,909]	[2,223]	98,520	295,514	
			15,233*							10,829			
Right of use assets													
Building	-	-	74,715	-	-	74,715	-	616	19,355	-	19,971	54,744	20
Vehicles	140,616	954,000	24,019	-	-	150,356	48,028	167	29,419	-	66,785	83,571	20
			[15,233]*							[10,829]			
	140,616	954,000	98,734	-	-	225,071	48,028	783	48,774	-	86,756	138,315	
			[15,233]							[10,829]			
	479,997	4,800	120,316	[28,314]	42,306	619,104	142,858	3,996	64,554 [23,909]	[2,223]	185,276	433,829	

* This represents transfer of vehicles from lease to owned vehicle after the completion of lease term.

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20.1.1 The depreciation charge has been allocated as follows:

(Rupees in '000)	Note	2020	2019
Cost of revenue	32.1	32,739	32,277
Administrative and selling expenses	33	32,739	32,277
		65,478	64,554

Fair value of the land and building was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for assets of similar nature, location and condition. As at the date of revaluation on 31 December 2020, the fair values of land and building are based on valuations performed by 'Harvester Services (Private) Limited', an independent valuer who has valuation experience for similar assets. This revaluation resulted in Rs. 22.35 million surplus (2019: Rs. 37.25 million) on land and Rs. 14.749 million surplus (2019: Rs. 7.28 million) in respect of building. Detailed particulars are as follows:

(Rupees in '000)	Depreciated cost	Revalued amount
Freehold land	186,250	208,600
Buildings on freehold land	77,014	91,763
	263,264	300,363

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

(Rupees in '000)	2020	2019
Freehold land	8,647	8,647
Buildings on freehold land	32,302	33,194
	40,949	41,841

20.1.2 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.

20.1.3 Disposal of property and equipment

Detail of property and equipment disposed off during the year is as follows:

(Rupees in '000)		2020					
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale Proceeds	Gain/ (loss)	Mode of Disposal
Owned Vehicles							
Toyota Corolla XLI AT 1299CC-LEH-15-8204	Employee (Muhammad Ishaq)	1,683	1,430	253	732	479	As per policy
Suzuki Cultus - Pool Car LED-10-5875	Employee (Saeed Ullah Khan Niazi - CFO)*	903	903	-	539	539	Bidding
Toyota Altis Cruisronic LEC-7592	Rasheed Ahmad	2,171	2,171	-	1,834	1,834	Negotiation
		4,757	4,504	253	3,105	2,852	
Leased Asset							
Toyota Corolla Altis 1.6 AT LEF-17-1286	Employee (Salah ud din)	2,083	1,493	590	898	308	As per policy
Other assets with book value less than Rs. 500,000		2,298	2,274	24	74	50	Negotiation
		9,138	8,271	867	4,077	3,210	

(Rupees in '000)

2019

Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale Proceeds	Gain/ (loss)	Mode of Disposal
Owned Vehicles							
Suzuki Swift DLX 1.3 LEE-14-4936	Employee (Mian Ali Zafar)	1,309	1,266	43	323	280	As per policy
Suzuki Swift DLX 1.3 LEE-14-5308	Employee (Yasir Maqsood)	1,309	1,266	43	286	243	As per policy
Suzuki Swift DX 1.3 LEE-14-4932	Employee (Mehran Hassan)	1,248	1,207	41	305	264	As per policy
Honda City MT 1.3 BBX-874	Employee (Muhammad Saad)	1,560	1,455	105	471	366	As per policy
Honda Civic Oriel 1.8 CF-127	Employee (Tauqir Karamat)	2,577	2,405	172	1,236	1,064	As per policy
Suzuki Swift DLX 1.3 LE-16-6474	Employee (Mir Usman Amjad)	1,362	567	795	706	(89)	As per policy
Corolla GLI 1.6 Altis LEF-15-5788	Employee (Syed Adeel Haider)	2,020	1,414	606	859	253	As per policy
COROLLA GLI 1.3 MT LE-17-5890	Employee (Nasir Ali)	1,922	737	1,185	1,115	(70)	As per policy
COROLLA GLI 1.3 MT LE-17-4721	Employee (Imran Ashraf)	1,923	641	1,282	1,281	(1)	As per policy
		15,230	10,958	4,272	6,582	2,310	
Other assets with book value less than Rs. 500,000:		13,084	12,951	133	510	377	Negotiation
		28,314	23,909	4,405	7,092	2,687	

* These are considered Key Management Personnel and therefore a related party.

NOTES TO THE FINANCIAL STATEMENTS

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21 INTANGIBLE ASSETS

(Rupees in '000)	Note	2020	2019
Intangibles	21.1	-	-
Capital work in progress	21.2	20,029	-
		20,029	-
Cost	21.1.1	17,677	17,677
Less: Accumulated amortization	21.1.2	(17,677)	(17,677)
Net book value as at 31 December		-	-
Amortization rate		33.33%	33.33%
21.1.1 Cost			
As at 01 January		17,677	17,677
Additions during the year		-	-
As at 31 December		17,677	17,677
21.1.2 Amortization			
As at 01 January		17,677	17,645
For the year	21.1.2.1	-	32
As at 31 December		17,677	17,677
21.1.2.1 The amortization charge has been allocated as follows:			
Cost of revenue	32	-	16
Administrative and selling expenses	33	-	16
		-	32

21.2 This relates to the development of software to provide digital services.

22 LONG TERM INVESTMENTS

Unquoted - at fair value through other comprehensive income		
Avanceon LP	874,023	843,129

Innovative Automation and Engineering Inc., USA (formerly Engro Innovative Inc.) has a 26.11% (2019: 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 management of the Group has elected to classify this investment to be measured at fair value through other comprehensive income.

23 DEFERRED TAX ASSET

(Rupees in '000)	2020	2019
The net asset / (liability) for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation / amortization	(8,409)	(20,361)
Provision for expected credit losses	17,510	21,017
Employees end of service benefits	714	457
Tax credits under Second Schedule	133,598	107,905
Surplus on revaluation of property and equipment during the year	(4,277)	(2,111)
Deferred tax on incremental depreciation	(3,360)	(3,071)
Income taxable on receipt basis	(76,923)	(30,021)
Net deferred tax (asset) / liability	58,853	73,815

23.1 Reconciliation of deferred tax (asset) / liability net

(Rupees in '000)	Note	2020	2019
As of 01 January		73,815	(24,427)
Tax expense / (income) recognized in profit and loss		(10,727)	100,314
Tax expense recognized in other comprehensive income		(4,278)	(2,111)
Exchange difference during the year		44	39
As at 31 December		58,853	73,815

24 LONG TERM LOANS AND DEPOSITS

Security deposits	24.2	32,431	30,880
Loan to employees	24.3	618	1,861
		33,049	32,741
Current portion of loan to employees		(200)	(994)
Less: Provision for expected credit loss	24.1	-	(4,267)
		32,849	27,480

24.1 Provision for ECL

Balance as at 01 January - Reported		4,267	-
Impact of restatement - IFRS 9		-	3,818
Balance as at 01 January - Restated		4,267	3,818
Add: Provision for the year		-	-
Less: Reversal during the year	35.1	(4,458)	-
Exchange difference during the year		191	449
Balance as at 31 December		-	4,267

24.2 These are interest free deposits against utilities and lease facilities, in the normal course of business.

24.3 Reconciliation of carrying amount of loans to employees:

(Rupees in '000)	2020	2019
Opening balance	1,861	4,045
Add: Disbursements during the year	-	-
Less: Repayments during the year	(1,243)	(2,184)
Closing balance	618	1,861

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 installments. The present value adjustment in accordance with the requirements of IFRS 9: 'Recognition and Measurement' arising in respect of long term loans is not considered material and hence not recognized.

25 TRADE DEBTS

(Rupees in '000)	Note	2020	2019
Trade debts	25.1	3,625,819	2,464,313
Less: Provision for expected credit loss	25.2	(39,792)	(32,909)
		3,586,027	2,431,404
Billing in excess of earnings		-	-
		3,586,027	2,431,404

NOTES TO THE FINANCIAL STATEMENTS

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(Rupees in '000)	Note	2020	2019
25.1 Ageing of trade debts			
Less than one year		2,918,866	2,401,215
One to two years		624,676	26,898
Two to three years		82,277	36,200
		3,625,819	2,464,313
25.2 Provision for expected credit loss			
Balance as at 01 January - Reported		32,909	107,838
Impact of restatement - IFRS 9		-	14,416
Provision for ECL relating to contract assets	26.2	-	(36,306)
Balance as at 01 January - Restated		32,909	85,948
Add: Provision for the year	33	18,988	17,068
Less: Reversal of provision for ECL		(12,920)	-
Less: Write off during the year		-	(77,356)
Foreign exchange movement		814	7,249
Balance as at 31 December		39,792	32,909
26 CONTRACT ASSETS			
Earnings in excess of billings	26.1	3,681,180	3,591,060
Project deferred revenue		102,670	54,027
		3,783,850	3,645,087
Less: Provision for expected credit loss	26.2	(21,307)	(42,907)
		3,760,963	3,602,180
26.1 Ageing of earnings in excess of billings			
Less than one year		2,034,081	1,967,554
One to two years		1,278,531	1,466,321
Two to three years		368,568	157,185
		3,681,180	3,591,060
26.2 Provision for expected credit loss			
Balance as at 01 January - Reported	25.2	42,906	36,306
Impact of restatement - IFRS 9		-	32,972
Balance as at 01 January - Restated		42,906	69,278
Add: Provision for the year	35.1	617	8,443
Reversal of provision for ECL		(22,216)	(2,334)
Less: Write off during the year		-	(36,306)
Foreign exchange movement		1,597	3,826
Balance as at 31 December		21,307	42,907
27 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
- To employees	27.1	23,395	43,952
- To suppliers		145,932	122,743
		169,327	166,695
Prepayments		12,352	6,525
Bank guarantee / LC cash margin		236,192	257,661
Tax refunds due from government - considered good		71,143	46,042
Retention money - considered good		1,277	1,277
Earnest money - considered good		408	408
Receivable from related parties	27.2	7,618	-
Other receivables - considered good		3,922	1,819
		502,239	480,427

27.1 This includes an advance amounting to Rs. Nil (2019: Rs. 9,015,706) given to Chief Executive for business expenses.

27.2 This represents incorporation charges incurred by Group Companies for formation of new entities in Saudi Arabia and Qatar.

28 SHORT TERM INVESTMENTS

		Name of investee companies	Fair Value	
2020 (Number of Shares)	2019 (Number of Shares)		2020 (Rupees in '000)	2019 (Rupees in '000)
11,424	11,424	The General Tyre & Rubber Company of Pakistan Ltd.	947	6373
-	2,100	Honda Atlas Cars (Pakistan) Limited	-	460
-	4,000	Pak Electron Limited	-	108
9,000	-	Gul Ahmed Textile Mills	331	-
15,025	-	Maple Leaf Cement Factory	676	-
30,000	-	Hascol Petroleum Limited	441	-
15,000	-	Ghani Global Holdings Limited	245	-
1,265	1,265	The Searle Company Limited	315	239
			2,955	1,444

29 TERM DEPOSITS WITH BANKS

(Rupees in '000)	Note	2020	2019
Held to maturity			
Deposits under lien	29.1	9,460	9,038
Other deposits	29.2	64,328	188,246
		73,788	197,284

29.1 These represent term deposits receipts of National Bank of Fujairah having maturity of 12 months (2019: 12 months) carrying mark-up at the rate of 0.51% per annum (2019: 2.3%) per annum. This is pledged against the trust receipts obtained from National Bank of Fujairah to the extent of AED 200,000.

29.2 These represent term deposit receipts of Bank of Singapore having maturity of 6 months (2019: 1 to 6 months) carrying mark-up at the rate ranging from 6.75% (2019: 6% to 7.8% per annum) respectively.

30 CASH AND BANK BALANCES

(Rupees in '000)	Note	2020	2019
Cash in hand		18,230	1,200
Cash with banks:			
Current accounts			
Local currency		129,956	8,947
Foreign currency		328,626	82,671
Savings accounts			
Local currency	30.1	50,517	12,408
		509,099	104,026
		527,329	105,226

30.1 Profit on balances in saving accounts ranges from 6.58% to 7.48% (2019: 8% to 11.3%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

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31 REVENUE FROM CONTRACTS WITH CUSTOMERS - net

(Rupees in '000)	Note	2020	2019
31.1 Disaggregation of revenue			
Country wise breakup:			
Qatar		3,409,616	876,270
Nigeria		-	387,901
The Islamic Republic of Pakistan		1,912,213	1,269,090
Kingdom of Saudi Arabia		601,014	1,952,959
The United Arab Emirates		521,849	409,938
		6,444,692	4,896,158
Nature			
Sale of goods		576,349	982,477
Services		565,957	270,555
Project revenue		5,302,386	3,643,126
		6,444,692	4,896,158
Timing of revenue recognition			
At a point in time		576,349	982,477
Over the time		5,868,343	3,913,681
		6,444,692	4,896,158
31.2 Reconciliation with Segment Information			
Gross revenue	31.2.1	7,421,052	5,512,330
Intersegment elimination		(976,360)	(616,172)
		6,444,692	4,896,158

31.2.1 Break up of gross revenue

(Rupees in '000)	2020			
	sale of goods	Services	Project revenue	Total
Core Business	320,397	3,568	125,581	449,546
Manufacturing and Assembling	80,719	25,962	22,296	128,977
Specialized Business	189	2,420	788,607	791,216
Engineering and Back Office	-	602,513	-	602,513
"Middle East and USA"	1,831	1,164	4,534,460	4,537,455
After Market Support	173,213	522,695	215,436	911,344
	576,349	1,158,322	5,686,380	7,421,051

31.3 Contract balances

(Rupees in '000)	31 December 2020	01 January 2020
Trade receivables	3,586,027	2,431,404
Contract assets	3,760,963	3,602,180
Contract liabilities	902,093	1,127,342

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 2020, 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 decrease in 2020 which is mainly due to satisfaction of performance obligations of

majority of projects of Company due to which revenue relating to those projects has increased. However, billings of those projects have not increased with same effect due to the terms of contracts with customers where billings is deferred for future milestones.

31.4 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. 9,003.71 million which is to be satisfied within one to four years.

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

32 COST OF REVENUE

(Rupees in '000)	Note	2020	2019
Opening stock		160,929	85,333
Purchases and direct expenses		4,566,001	3,487,804
Closing stock		(123,783)	(160,929)
	32.1	4,603,147	3,412,208
32.1 Cost of revenue			
Materials consumed		3,283,615	2,411,097
Salaries, wages, allowances and other benefits	32.2	307,468	280,217
Employees' share option expense		9,154	10,473
Telephone, postage and telex		13,221	12,929
Utilities		2,138	2,573
Travelling and conveyance relating to engineering services		236,990	246,065
Installation charges relating to engineering services	32.4	671,106	369,044
Entertainment relating to engineering services		4,053	8,319
Repairs and maintenance		3,009	3,557
Printing and stationery		625	765
Insurance		12,480	7,400
Office rent		13,079	16,321
Training		1,209	726
Fee and subscription		975	1,018
Depreciation on property and equipment	20.1.1	32,739	32,277
Amortization on intangible assets	21.1.1	-	16
Miscellaneous expenses		11,286	9,411
		4,603,147	3,412,208

32.2 Salaries, wages and benefits include Rs. 9.9 million (2019: Rs. 8.167 million) and Rs. 0.432 million (2019: Rs. 0.57 million) representing provident fund contribution by the Holding Company and accumulating compensated absences respectively. It also includes employees end of service benefits of subsidiary companies amounting to Rs. 10.30 million. Amount of Rs. 117.49 million (2019: Rs. 123.4 million) relates to project services revenue.

32.3 Expenses of travelling and conveyance, installation charges and entertainment have been incurred against project services revenue.

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- 32.4** This includes commission expense of Rs.49.26 million (2019: 24.85 million) to Arkan Integrated Development L.L.C. as per the agreement between Holding Company and Arkan Integrated Development L.L.C.

33 ADMINISTRATIVE AND SELLING EXPENSES

(Rupees in '000)	Note	2020	2019
Salaries, wages, allowances and other benefits	33.1	484,294	395,619
Employees' share option expense		13,731	15,710
Telephone, postage and telex		12,345	12,121
Utilities		2,135	2,573
Entertainment		826	6,356
Repairs and maintenance		5,975	5,639
Sales promotion expenses		3,250	3,696
Printing, stationery and periodicals		622	733
Travelling, conveyance and vehicle maintenance		25,117	32,529
Office rent		7,844	9,831
Training		796	423
Insurance		5,599	5,072
Legal and professional charges		9,636	10,368
Auditors' remuneration	33.2	7,855	8,571
Fee and subscription		24,840	17,623
Corporate expenses		374	5,593
Late delivery charges		30	515
Depreciation on property and equipment	20.1.1	32,739	32,277
Amortization of intangible assets	21.1.2.1	-	16
Bad debts write-off - specific		17,049	9,226
Contract assets written off - specific		1,179	91,746
Provision for expected credit losses - contract assets	26.2	-	8,443
Provision for expected credit losses - trade debts	25.2	6,070	17,068
Other expenses		22,218	13,508
		684,524	705,256

- 33.1** Salaries, wages and benefits include Rs. 2.2 million (2019: Rs. 3.927 million) and Rs. 0.288 million (2019: Rs. 0.383 million) representing provident fund contribution by the Holding Company and accumulating compensated absences respectively. It also includes employees end of service benefits of subsidiary companies amounting to Rs. 10.30 million.

(Rupees in '000)	Note	2020	2019
33.2 Auditors' remuneration			
EY Ford Rhodes			
Avanceon Limited			
Statutory audit		1,890	1,890
Half yearly review		641	640
Code of corporate governance		100	100
Other charges and out of pocket expenses		284	150
		2,915	2,780
Audit of subsidiaries		4,673	3,002
		7,588	5,782
Other firms		267	2,789
		7,855	8,571

34 OTHER OPERATING EXPENSES

Donations	34.1	4,300	4,463
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- 34.1** Directors and their spouses have no interest in the donees each of whom have been given donations below Rs. 500,000 individually.

35 OTHER OPERATING INCOME

(Rupees in '000)	Note	2020	2019
Income from financial assets	35.1	141,051	309,295
Income from non-financial assets	35.2	21,939	3,756
		162,990	313,051
35.1 Income from financial assets			
Profit on bank deposits		7,306	13,043
Exchange gain		106,172	255,976
Reversal of provision for expected credit loss - contract assets	26.2	21,599	2,334
Reversal of provision for expected credit loss - long term deposit	24.1	4,458	-
Right backs of long outstanding balance		-	37,755
Dividend on short term investment		5	-
Capital gain on short term investment		994	78
Fair value gain on short term investments		517	109
		141,051	309,295
35.2 Income from non-financial assets			
Gain on disposal of property and equipment	20.1.3	3,210	2,687
Insurance claim received		-	400
Amortization of deferred grant	14.1	624	-
Creditors written back		17,359	-
Others		746	669
		21,939	3,755

36 FINANCE COSTS

Mark up and interest on:			
- Long term loan		1,277	1,404
- Finances under mark up arrangements and other credit facilities - secured		85,327	63,363
- Finance lease		10,617	13,660
- Provident fund		6,179	1,687
Bank charges		20,009	15,136
Guarantee commission		3,468	18,383
Project financial cost		5,461	10,709
		132,337	124,342

37 TAXATION

Current			
- for the year		127,857	142,525
- for prior years		(189)	8,553
Deferred			
- for the year		10,727	(100,314)
		138,395	50,763

37.1 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.

38 EARNINGS PER SHARE

		2020	2019
38.1 Basic earnings per share			
Net profit for the year	Rupees in thousand	1,044,979	912,176
Weighted average number of ordinary shares	Numbers in thousand	211,790	Restated 211,790
Earnings per share	Rupees	4.93	4.31

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38.2 Diluted earnings per share

		2020	2019
Net profit for the year	Rupees in thousand	1,044,979	912,176
Weighted average number of ordinary shares	Numbers in thousand	211,790	211,790
Adjustment for share options	Numbers in thousand	4,862	4,237
Weighted average number of ordinary shares for diluted earnings per share	Numbers in thousand	216,652	216,027
Diluted earnings per share	Rupees	4.82	4.22

38.2.1 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.

38.3 The weighted average number of ordinary shares of 2019 has been restated in accordance with the requirements of IAS 33 due to issuance of 19,253,637 bonus shares in 2020.

39 CASH FLOWS FROM OPERATING ACTIVITIES

(Rupees in '000)	2020	2019
Profit before tax	1,183,374	962,940
Adjustments for:		
Depreciation on property and equipment	65,478	64,554
(Reversal) / Provision for expected credit losses - contract assets	(21,599)	8,443
Provision for expected credit losses - trade debts	6,070	17,068
Reversal of provision - long term deposits	(4,458)	-
Amortization of deferred grant	(624)	-
Employees' end of service benefits	20,603	13,560
Employees' share option expense	20,408	17,049
Bad debts written-off - specific	17,049	9,226
Contract assets written off - specific	-	91,746
Capital gain on short term investment	(994)	(78)
Fair value gain on short term investments	(517)	(109)
Amortization of intangible assets	-	32
Exchange gain / (loss)	(6,235)	82,120
Gain on disposal of property and equipment	(3,210)	(2,687)
Finance cost	139,115	80,114
Profit on bank deposits	(7,306)	(13,043)
	223,780	367,994
Profit before working capital changes	1,407,154	1,330,934
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	37,146	(75,596)
- Trade debts	(1,177,742)	(578,568)
- Contract asset	(137,184)	(1,681,456)
- Advances, deposits, prepayments and other receivables	3,289	87,958
(decrease) / Increase in current liabilities		
- Creditors, accrued and other liabilities	931,171	(196,643)
- Contract liabilities	(225,249)	1,127,342
	(568,569)	(1,316,963)
Cash (used) in / generated from operations	838,585	13,971

40 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 46. Other significant transactions with related parties are as follows:

Name of related party	Relationship with the Group	Basis of Relationship	Nature of transactions	2020	2019
Innovative Travels (Private) Limited	Associated Company	Common directorship	Services rendered during the year Payment during the year	703 703	- 138
Arkan Integrated Development L.L.C.	Associated Company	Non controlling interest in AVAC	Commision expense Back office support Dividend	46,866 10,602 6,192	24,846 21,476 -
Contribution to staff provident fund	Provident fund	Provident fund	Expense charged in respect of retirements benefit plans	12,071	12,094

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

41 PROVIDENT FUND

(Rupees in '000)	2020	2019
Size of fund	134,885	102,156
Fair value of investments made	97,207	88,622
Cost of investment made	95,091	85,723
Percentage of investments made	72%	87%

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

	2020 (Un-audited)		2019 (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	53,319	40%	35,000	34%
Scheduled Banks	5,635	4%	3,128	3%
Other Mutual Funds	18,676	14%	30,003	29%
Listed Securities	19,577	15%	20,491	20%
	97,207		88,622	

41.2 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 30 June.

42 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.

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42.1 Consolidated operating segment results

2020						
Core Business	Specialized Business	Engineering back Office	Middle East and USA	Elimination	Total	
(Rupees in '000)	AMS	Core Business	Manufacturing and Assembling			
SEGMENT PROFIT OR LOSS ACCOUNT						
Revenue from external customers	911,344	449,546	128,977	791,215	602,513	4,537,457 (976,360) 6,444,692
Cost of revenue	(201,408)	(298,702)	(84,611)	(543,165)	(456,121)	(3,921,210) 902,070 (4,603,147)
Gross profit	709,936	150,844	44,366	248,050	146,392	616,247 (74,290) 1,841,545
SEGMENT ASSETS						
Stock in trade	13,751	17,635	4,050	13,197	-	75,150 - 123,783
Trade debts	421,646	154,131	63,145	364,515	199,215	3,049,936 (666,561) 3,586,027
Contract assets	42,316	85,461	19,241	86,413	13,255	3,514,277 - 3,760,963
Segment total assets	477,713	257,227	86,436	464,125	212,470	6,639,363 (666,561) 7,470,773

(Rupees in '000)	AMS	2019						Total
		Core Business		Specialized Business	Engineering back Office	Middle East and USA	Elimination	
		Core Business	Manufacturing and Assembling					
SEGMENT PROFIT OR LOSS ACCOUNT								
Revenue from external customers	303,619	440,322	147,131	409,109	561,202	3,650,947	(616,172)	4,896,158
Cost of revenue	(156,131)	(319,081)	(114,504)	(317,046)	(356,461)	(2,722,505)	573,520	(3,412,208)
Gross profit	147,488	121,241	32,627	92,063	204,741	928,442	(42,652)	1,483,950
SEGMENT ASSETS								
Stock in Trade	9,364	24,797	8,905	9,665	-	108,198	-	160,929
Trade debts	114,216	141,470	75,852	182,540	217,540	3,585,206	(1,885,420)	2,431,404
Contract assets	35,646	94,646	21,134	15,433	66,365	3,368,956	-	3,602,180
Segment total assets	159,226	260,913	105,891	207,638	283,905	7,062,360	(1,885,420)	6,194,513

42.2 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.

(iii) Core Business

(a) Application Based Solutions (ABS)

ABS sales include the supply of patented systems, power products, softwares, 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) equipments, 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 Messings.

(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.

42.3 Reconciliation of segment profit and loss

Reportable segments gross profit is reconciled to profit after tax as follows:

(Rupees in '000)	Note	2020	2019
Gross profit for reportable segments	42.1	1,841,545	1,483,950
Administrative and selling expenses		(684,524)	(705,256)
Other operating expenses		(4,300)	(4,463)
Other operating income		162,990	313,051
		(525,834)	(396,668)
Finance costs		(132,337)	(124,342)
Profit before tax		1,183,374	962,940
Taxation		(138,395)	(50,764)
Profit for the year		1,044,979	912,176

42.4 Reconciliation of segment assets

Reportable segments assets are reconciled to total assets as follows:

Assets

Segment assets for reportable segments	42.1	7,470,773	6,194,513
Corporate tangible and intangible assets		451,355	433,829
Other corporate assets		965,725	944,424
		8,887,853	7,572,766
Unallocated portion of current assets			
Advances, deposits, prepayments and other receivables		502,239	480,427
Term deposits with banks		73,788	197,284
Short term investments		2,955	1,444
Cash and bank balances		527,329	105,226
		1,106,311	784,381
Total assets as per statement of financial position		9,994,164	8,357,147

Segment assets include the operating assets used by each segment and consist of stocks, trade debts and contract assets. Liabilities are not allocated to operating segments as such information is not presented separately for each segment for the purposes of management decision making.

Finance costs are not allocated to segments, as this is driven by the central treasury function, which manages the cash position of the Group.

43 FINANCIAL RISK MANAGEMENT

43.1 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 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 Group's finance and planning department under guidelines approved by the Corporate Center 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.

(ii) 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 Center. 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:

2020							
(Amounts in '000)	Rupees	EUR	USD	AED	QAR	SGD	SAR
Investment in Avanceon LP	874,023	-	5,435	-	-	-	-
Trade debts	486,081	989	13,619	40	6,257	-	12,425
Short term investments	-	-	459	-	3,227	-	-
Bank balances	328,626	0.172	485	-	3	-	4
Trade Payables:							
AED	(1,051)	-	-	(24)	-	-	-
EUR	(4,879,685)	(24,833)	-	-	-	-	-
USD	(10,646,729)	-	(66,211)	-	-	-	-
QAR	(1,723)	-	-	-	(39)	-	-
SGD	(967)	-	-	-	-	(8)	-
SAR	(62,038)	-	-	-	-	-	(1,458)
Net Exposures	(13,903,463)	(23,844)	(46,213)	16	9,448	(8)	10,971

2019						
(Amounts in '000)	Rupees	EUR	USD	AED	QAR	
Investment in Avanceon LP	843,129	-	5,436	-	-	-
Bank balances	82,671	1	551	1,199	670	
Trade debts	437,991	-	2,296	-	1,920	
Trade payables						
AED	924	-	-	22	-	-
EUR	11,834	68	-	-	-	-
USD	162,285	-	1,046	-	-	-
QAR	-	-	-	-	-	-
Net Exposures	1,538,834	69	9,329	1,221	2,590	

The following significant exchange rates were applied during the year:

	2020	2019
Rupees per USD		
Average rate	162.14	146.98
Reporting date rate	160.80	155.10
Rupees per Euro		
Average rate	185.12	166.19
Reporting date rate	196.50	173.74
Rupees per AED		
Average rate	44.13	40.01
Reporting date rate	43.79	42.23
Rupees per QAR		
Average rate	44.53	40.36
Reporting date rate	44.17	42.59
Rupees per SGD		
Average rate	118.04	108.90
Reporting date rate	120.86	115.21
Rupees per SAR		
Average rate	41.89	39.07
Reporting date rate	42.55	41.22

At 31 December 2020, 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)	Change in Exchange rate	AED Effect on Profit/(loss) before tax	Effect on equity
2020	5% -5%	35 (35)	25 (25)
2019	5% -5%	75,117 (75,117)	53,333 (53,333)
(Rupees in '000)	Change in Exchange rate	USD Effect on Profit/(loss) before tax	Effect on equity
2020	5% -5%	(371,553) 371,553	(263,803) 263,803
2019	5% -5%	72,348 (72,348)	51,367 (51,367)

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(Rupees in '000)	EUR		
2020	5%	(234,267)	(166,330)
	-5%	234,267	166,330
2019	5%	600	426
	-5%	(600)	(426)

(Rupees in '000)	QAR		
2020	5%	20,866	14,815
	-5%	(20,866)	(14,815)
2019	5%	28,456	20,204
	-5%	(28,456)	(20,204)

(Rupees in '000)	SGD		
2020	5%	(967)	(687)
	-5%	967	687
2019	5%	-	-
	-5%	-	-

(Rupees in '000)	SAR		
2020	5%	466,816	331,439
	-5%	(466,816)	(331,439)
2019	5%	-	-
	-5%	-	-

(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)	2020	2019
Floating rate instruments		
Financial assets		
Bank balances	(50,517)	(12,408)
Financial liabilities		
Long term loan	49,462	1,515
Lease liabilities	80,459	132,922
Finances under markup arrangements and other credit facilities - secured	487,386	599,339
Total exposure	566,790	721,368

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	EUR Effect on Profit/(loss) before tax	Effect on equity
2020	+100	(5,668)	(4,024)
	-100	5,668	4,024
2019	+100	(7,214)	(5,122)
	-100	7,214	5,122

(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)	2020	2019
Long term loans and deposits	32,849	27,480
Trade debts	3,586,027	2,431,404
Contract assets	3,760,963	3,602,180
Deposits and other receivables	249,417	261,165
Bank balances	509,099	104,026
	8,138,355	6,426,255

- The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows:

(Rupees in '000)	2020	2019
Domestic	310,702	308,124
Export	3,275,325	2,123,280

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:

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	2020									
(Rupees in '000)	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	888,074	155	-	-	-	-	-	-	-	888,229
Estimated total gross carrying amount - secured	153,412	8,161	36,509	7,300	187,439	154,086	16,789	22,987	82,351	669,034
Expected credit loss rate	4%	5%	0%	0%	0%	0%	0%	0%	0%	-
Expected credit loss	39,784	7	-	-	-	-	-	-	-	39,792

	2019									
(Rupees in '000)	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
Receivable balance considered for Impairment	1,584,709	157,820	9,227	9,398	1,733	834	2,809	117	1,638	1,768,285
Expected credit loss rate	1.66%	0.81%	4.16%	9.58%	21.12%	39.57%	56.53%	100%	100%	
Expected credit Loss	26,281	1,286	384	900	366	330	1,588	117	1,638	32,890

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 2020, 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 Term	Rating Long Term	Rating Agency	Balances at banks	
				2020	2019
Faysal Bank limited	A1+	AA	PACRA	1,326	662
Habib Bank limited	A-1+	AAA	JCR-VIS	40,512	2,042
National Bank of Pakistan	A1+	AAA	PACRA	344	760
MCB Bank Limited	A1+	AAA	PACRA	93	93
United Bank Limited	A-1+	AAA	JCR-VIS	68,944	33,038
JS Bank Limited	A1+	AA-	PACRA	5,181	5,001
Standard Chartered	A1+	AAA	PACRA	18,606	12,830
Bank of Singapore Limited	P-1	Aa1	Moody's	10,373	127
Habib Bank AG Zurich	A-1+	AAA	JCR-VIS	3,139	12,674
National Bank of Fujairah	P-2	Baa1	Moody's	197	8,396
Qatar International Islamic Bank	A2	A	Capital Intelligence	39,954	5,616
Doha Bank	F1	A	Fitch	245	277
Mashreq Bank	F1	A	Fitch	318,810	8,952
Qatar Islamic Bank	F1	A	Fitch	1,375	13,558
				509,099	104,026

Due to the Groups'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. Accordingly, the credit risk faced by the Group is minimal.

The Group has not recognised an impairment allowance on financial assets held with banking companies during the year ended 31 December 2020, 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	Contractual cashflow	Less than one year	Between one to five years	More than five years
2020					
Long term loan	49,462	51,822	25,911	25,911	-
Finances under mark up arrangements	487,386	487,386	487,386	-	-
Lease liabilities	80,459	88,833	42,535	46,298	-
Creditors, accrued and other liabilities	2,490,561	2,490,561	2,490,561	-	-
Unclaimed dividend	10,951	10,951	10,951	-	-
	3,118,819	3,129,553	3,057,344	72,209	-
2019					
Long term loan	1,515	1,515	1,515	-	-
Finances under mark up arrangements	599,339	599,339	599,339	-	-
Lease liabilities	132,922	132,922	55,748	77,174	-
Creditors, accrued and other liabilities	1,651,419	1,651,419	1,651,419	-	-
Unclaimed dividend	256,763	256,763	256,763	-	-
	2,641,958	2,641,958	2,564,784	77,174	-

(Rupees in '000)	2020			
	At fair value through OCI	At fair value through profit or loss	At amortized cost	Total
43.2 Financial instruments by categories				
Financial assets				
Debt instruments				
Long term loans and deposits	-	-	32,849	32,849
Long term investments	874,023	-	-	874,023
Trade debts	-	-	3,586,027	3,586,027
Deposits and other receivables				
- Bank guarantee margin	-	-	236,192	236,192
- Earnest money	-	-	408	408
- Retention money	-	-	1,277	1,277
- Due from related parties	-	-	7,618	7,618
- Others	-	-	3,922	3,922
Cash and bank balances	-	-	527,329	527,329
Equity instruments				
Short term investment	-	2,955	-	2,955
	874,023	2,955	4,395,622	5,272,600
Total current				4,365,728
Total non current				906,872

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

(Rupees in '000)		2020
		Financial liabilities at amortized cos
Financial liabilities		
Long term loan		49,462
Lease liabilities		80,459
Finances under mark up arrangements and other credit facilities - secured		487,386
Creditors, accrued and other liabilities		2,490,561
Unclaimed dividend		10,951
		3,118,819
Total current		3,052,968
Total non current		65,851

(Rupees in '000)		2019			
		At fair value through OCI	At fair value through profit or loss	At amortized cost	Total
Financial instruments by categories					
Financial assets					
Debt instruments					
Long term loans and deposits	-	-	27,480	27,480	
Long term investments	843,129	-	-	843,129	
Trade debts	-	-	2,431,404	2,431,404	
Deposits and other receivables					
- Bank guarantee margin	-	-	257,661	257,661	
- Earnest money	-	-	408	408	
- Retention money	-	-	1,277	1,277	
- Others	-	-	1,819	1,819	
Cash and bank balances	-	-	105,226	105,226	
Equity instruments					
Short term investment	-	1,444	-	1,444	
	843,129	1,444	2,825,275	3,669,848	
Total current				870,609	
Total non current				2,799,239	

(Rupees in '000)		2019
		Financial liabilities at amortized cos
Financial liabilities		
Long term loan		1,515
Lease liabilities		113,191
Finances under mark up arrangements and other credit facilities - secured		599,339
Creditors, accrued and other liabilities		1,651,419
Unclaimed dividend		256,763
		2,622,227
Total current		67,637
Total non current		2,554,590

43.3 Fair values of assets and liabilities

Fair value of available-for-sale financial assets 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.

43.4 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 2020				
Freehold land	-	208,600	-	208,600
Buildings on freehold land	-	-	91,763	91,763
Long term investments	-	-	874,023	874,023
Short term investment	2,955	-	-	2,955
	2,955	208,600	965,786	1,177,341
31 December 2019				
Freehold land	-	186,250	-	186,250
Buildings on freehold land	-	-	78,911	78,911
Long term investments	-	-	843,129	843,129
Short term investment	1,444	-	-	1,444
	844,573	186,250	78,911	1,109,734

44 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 31 December 2020 and 2019 are as follows:

(Rupees in '000)	2020	2019
Borrowings	617,307	714,045
Less: Cash and bank balances	(527,329)	(105,226)
Net debt	89,978	608,819
Total equity - excluding surplus on revaluation and exchange revaluation reserve	4,749,248	3,683,146
Total capital	4,839,226	4,291,965
Gearing ratio	1.86%	14.19%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

45 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

(Rupees in '000)	31 December 2020					
	Lease liabilities	Long term loans	Short term borrowings	Accrued interest/mark-up	Unclaimed dividend	Total
Balance as at 01 January 2020	113,191	1,515	599,339	12,099	256,763	982,907
Cash flows						
Repayment of loans	-	-	(111,953)	-	-	(111,953)
Lease payments	(55,586)	-	-	-	-	(55,586)
Issuance of shares	-	-	-	-	-	-
Proceeds from loans	-	50,307	-	-	-	50,307
Finance cost paid	-	-	-	(126,919)	-	(126,919)
Dividends paid	-	-	-	-	(252,004)	(252,004)
Total changes from financing cash flows	(55,586)	50,307	(111,953)	(126,919)	(252,004)	(496,155)
Other changes including non-cash						
Changes in running finances	-	-	-	-	-	-
Recognition of deferred grant	-	(2,360)	-	-	-	(2,360)
Addition in lease	10,029	-	-	-	-	10,029
Finance cost	10,616	-	-	128,499	-	139,115
Foreign exchange movement	2,209	-	-	-	-	2,209
Total liability related other changes	22,854	(2,360)	-	128,499	-	148,993
Closing as at 31 December 2020	80,459	49,462	487,386	13,679	4,759	635,745

(Rupees in '000)	31 December 2019					
	Lease liabilities	Long term loans	Short term borrowings	Accrued interest/mark-up	Unclaimed dividend	Total
Balance as at 01 January 2019	165,093	19,697	312,079	4,834	283,074	784,777
Cash flows						
Repayment of loans	-	(18,182)	-	-	-	(18,182)
Lease payments	(79,185)	-	-	-	-	(79,185)
Issuance of shares	-	-	-	-	-	-
Proceeds from loans	-	-	284,009	-	-	284,009
Finance cost paid	-	-	-	(45,527)	-	(45,527)
Dividends paid	-	-	-	-	(29,405)	(29,405)
Total changes from financing cash flows	(79,185)	(18,182)	284,009	(45,527)	(29,405)	(111,710)
Other changes including non-cash						
Changes in running finances	-	-	-	-	-	-
Bonus shares issuance	-	-	-	-	3,094	3,094
Recognition of deferred grant	-	-	-	-	-	-
Addition in lease	12,716	-	-	-	-	12,716
Finance cost	13,661	-	3,251	52,792	-	69,704
Foreign exchange movement	906	-	-	-	-	906
Total liability related other changes	27,283	-	3,251	52,792	3,094	86,420
Closing as at 31 December 2019	113,191	1,515	599,339	12,099	256,763	982,907

46 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 full time working director and executives of the Group is as follows:

(Rupees in '000)	Chief Executives		Director		Other Executives	
	2020	2019	2020	2019	2020	2019
Managerial remuneration	59,840	55,501	7,167	6,949	211,613	181,118
House rent	16,946	15,717	1,808	1,797	72,981	63,776
Utilities	9,532	8,841	452	449	18,894	16,564
Contribution to provident fund	5,000	4,624	673	674	13,882	15,157
Others	1,589	1,473	3	34	16,177	13,454
	92,907	86,156	10,103	9,903	333,547	290,069
Number of persons	1	1	1	1	43	40

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.

47 NUMBER OF EMPLOYEES

	2020	2019
Average number of employees	242	226
Closing number of employees	258	235

48 CORRESPONDING FIGURES

Corresponding figures have been rearranged, reclassified and restated, wherever necessary. However, no significant rearrangement, reclassification and restatement have been made.

49 EVENTS AFTER THE REPORTING DATE

47.1 The Board of Directors of the Company in its meeting held on 20 April 2021 has proposed bonus shares at rate of 20% (2019: 10%) & cash dividend at the rate of 10% (2019: Nil). The appropriation will be approved 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 consolidated financial statements were authorized for issue by the Board of Directors of the Holding Company on 20 April 2021.



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, 2020 TO DECEMBER 31, 2020

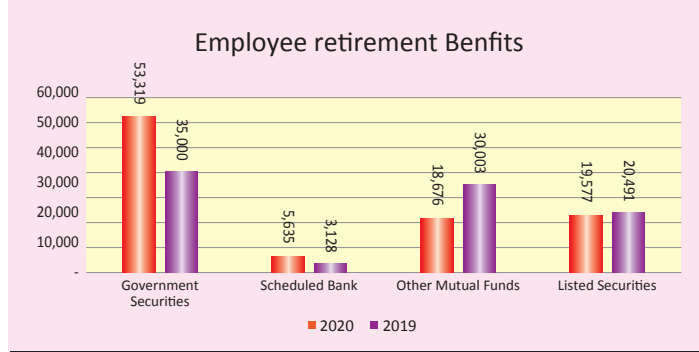
FINANCIALS:

Financial Results announced as per the following schedule:

Annual General Meeting	29th May 2020
Analyst Briefing	14th May 2020
1st Quarter ending 31 March 2020	28th May 2020
Half year ending 30 June 2020	15th September 2020
3rd Quarter ending 30 September 2020	27th October 2020
Financial year ending 31 December 2020	20th April 2020

ڈائریکٹرز رپورٹ

یہ تمام سرمایہ داری پروڈیٹ فنڈ سے ان اصول و ضوابط کے تحت کی گئی ہے جو کمپنیز آڈٹ اینڈ اینس 1984 کے سیکشن 227 میں دیے گئے ہیں۔ پروڈیٹ فنڈ ٹرسٹ کا مالی سال 30 جون ہے۔



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 2020 پر مشتمل ہے جو کہ پچھلے صفحات پر تفصیل سے بیان کی گئی ہے۔ کمپنی کے ڈائریکٹر حضرات، چیف ایگزیکٹو چیف فنانس آفیسر، کمپنی سیکریٹری اور ان کے بیوی، بچوں نے اس سال کے دوران کمپنی کے حصص میں کوئی بھی خریداری نہیں کی سوائے ان کے جو کہ اس بنیادی سرمایہ کے شیڈول میں دیے گئے ہیں۔

کمپنی کے بیرونی آڈیٹر (Statutory Auditors of Company):

کمپنی کے موجودہ آڈیٹر میسرز ایم ڈی فورڈ روڈز (M/s. EY Ford Rhodes) نے سبکدوش ہونے کیلئے اور دوبارہ منتخب کرنے کیلئے اپنے آپ کو پیش کیا۔ آڈٹ کمیٹی کی سفارش پر کمپنی نے انکو سبکدوش ہونے کے بعد دوبارہ مالی سال 2021ء کے آڈٹ کیلئے منتخب کرنے کا فیصلہ کیا ہے۔

مواصلات (Communication):

ہم اپنے بنیادی حصہ داروں کے ساتھ مواصلات کو بہت اہمیت دیتے ہیں، کمپنی نے تمام نتائج جو کہ سرمایہ شہائی، نوامی 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 تقسیم 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 کرنا (Acknowledgement):

بورڈ آف ڈائریکٹرز بڑے پرمسرت طریقے سے اپنے تمام ملازمین کی مسلسل لگن کے ساتھ خدمات کو سراہتا ہے۔

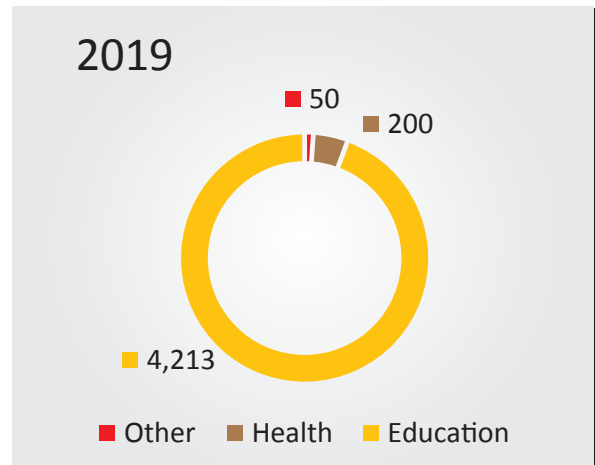
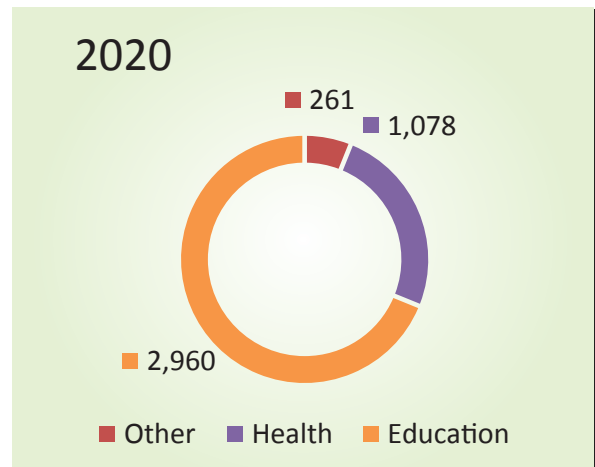
منجانب: بورڈ آف ڈائریکٹرز
جنیٹا رحیمہ وائس چیف ایگزیکٹو آفیسر
لاہور
20 اپریل 2021ء

امور برائے یقینی معیار (Proceedures 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 کو اعداد 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 ہی 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 فاعلی کام (Donation & Charity):

کمپنی اپنی ٹوٹل آمدنی کا زیادہ سے زیادہ 1% فیصد صدقات اور فاعلی کاموں کے اداروں کیلئے بخشش کرتی ہے۔ اس سال کے عرصے میں کمپنی نے مندرجہ ذیل صدقات اور خیرات کی ہیں: بجلی کیلئے نیچے دی گئی ہے۔



ملازمین کی رہنمائی اور سہولیات:

کمپنی نے اپنے مستقل ملازمین کیلئے ایک منظور شدہ پروڈیٹ فنڈ سسٹم کے ذریعے حصہ داری منصوبہ پیش کیا ہے۔ پروڈیٹ فنڈ کی سرمایہ کاری اور دیگر تفصیلات نیچے دی گئی ہیں۔

30 جون 2020ء		30 جون 2019ء	
سرمایہ داری (روپے ہزاروں میں)	سرمایہ داری (روپے ہزاروں میں)	سرمایہ داری (روپے ہزاروں میں)	سرمایہ داری (روپے ہزاروں میں)
40%	53,319	34%	15,239
4%	5,635	3%	18,836
14%	18,676	29%	33,596
15%	19,577	20%	11,042
	97,207		88,622

سکتی ہے۔ مزید یہ کہ ملازمین کو پاکستان شاہک آپکچنگ کی منظور شدہ پالیسی ایسپلائز شاہک آپکچنگ سکیم (ESOS) کے تحت بھی شیئرز الاٹ یا جاری کیے جاسکتے ہیں۔

ایجنڈا نمبر 7:- ممبران نے منظوری دی کہ بورڈ کی منظوری سے کوئی بھی کاروباری ٹرانزیکشن کی جاسکتی ہے۔

مندرجہ بالا ایجنڈے تفصیل کے ساتھ زیر بحث آئے ان کو منظور کیا گیا اور سوال و جواب کا تفصیلی مرحلہ منعقد کیا گیا جس میں چند ممبران نے کمپنی کے کاروباری معاملات مستقبل کی منصوبہ بندی اور انتظامی امور کے بارے میں سوالات کئے۔ کمپنی ڈائریکٹر اور صدر جناب تجویر کرامت نے سوالوں کے جوابات دیے اور کمپنی کے کاروباری معاملات آٹومیٹن کے کاروبار کے بارے میں آگاہی دی۔ کمپنی کے مستقبل کی مالیاتی منصوبہ بندی، کاروبار کی بڑھوتری اور نئے انڈسٹریل پلانٹس کے بارے میں بھی 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 ڈائریکٹر صاحبان نان ایگزیکٹو ڈائریکٹر ہیں۔ کمپنی چیف ایگزیکٹو آفیسر اور صدر کو کمپنی کی ہیومن ریسورس کے منظور شدہ قواعد و ضوابط کے مطابق تنخواہیں اور دیگر مراعات دیتی ہے۔ جو کہ سالانہ بنیادوں پر ہیومن ریسورس ریمونریشن کمیٹی کی سفارش پر بورڈ آف ڈائریکٹر منظور کرتے ہیں۔ اس کے علاوہ کسی اور ڈائریکٹر کو کوئی بھی رقم مینٹنگ میں حاضری کیلئے نہیں دی جاتی۔

اپنے مشترکہ کاروباری اداروں کے ساتھ لین دین (Transaction with Related Party):-

کمپنی مزید کاروباری قواعد و ضوابط کے مطابق اپنے مشترکہ کاروباری اداروں کے ساتھ کاروباری لین دین کرتی ہے جو کہ Arms Length Pricing اور Mechanism پر مشتمل ہے۔ کمپنی Transfer Pricing جو کہ پاکستان اسٹاک آپکچنگ کی لسٹنگ کے قواعد و ضوابط کے مطابق سرانجام دیتی ہے۔

بورڈ آف ڈائریکٹرز کی ٹریننگ (Board of Director's Training):-

اس سال کے دوران ڈائریکٹر کو ٹریننگ نہیں کروائی گئی۔

افران کی طرف سے حصص کی خرید و فروخت (Shares Traded by Executives):-

اس سال کے دوران جن افران نے کمپنی (اویسیو ان لمیٹڈ) کے حصص میں خرید و فروخت کی ہے ان کی تفصیل صفحہ نمبر 7 پر دی گئی ہے۔

بورڈ آڈٹ کمیٹی (Composition of Board Audit Committee)

- 1- جناب محمد شاہد میر چیئر مین
- 2- جناب مختیار رحیدو انیس ممبر
- 3- جناب عامر وحیدو انیس ممبر

بورڈ آف ڈائریکٹرز (Composition of Board of Director's)

بورڈ آف ڈائریکٹرز پر مشتمل ہے۔ جن میں چھ مرد اور ایک خاتون ڈائریکٹر شامل ہے جن کی تفصیل درج ذیل ہے

- 1- جناب خالد رحیدو انیس نان ایگزیکٹو ڈائریکٹر۔ ٹاٹ انڈسٹریٹ
- 2- جناب مختیار رحیدو انیس ایگزیکٹو ڈائریکٹر
- 3- جناب عامر وحیدو انیس نان ایگزیکٹو ڈائریکٹر۔ ٹاٹ انڈسٹریٹ
- 4- جناب تجویر کرامت ایگزیکٹو ڈائریکٹر
- 5- جناب محمد شاہد میر انڈسٹریٹ ڈائریکٹر
- 6- جناب عمر اقبال خان انڈسٹریٹ ڈائریکٹر
- 7- محترمہ حیات درویش انڈسٹریٹ ڈائریکٹر

مرد ڈائریکٹرز : چھ (6)

خاتون ڈائریکٹر : ایک (1)

بورڈ آف ڈائریکٹرز کا اجلاس (Board of Director's Meeting):-

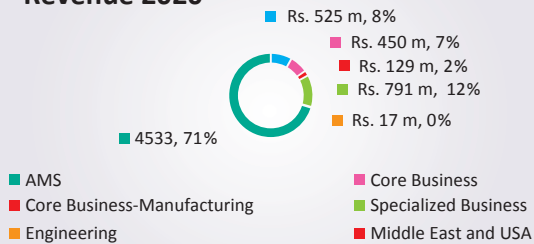
سال کے دوران بورڈ آف ڈائریکٹرز کی چار (4) بورڈ کی میٹنگز منعقد ہوئیں (تمام پاکستان میں منعقد کی گئیں) مندرجہ ذیل عزت مآب ممبران نے شمولیت اختیار کی:-

نمبر شمار	ڈائریکٹر کا نام	تعداد حاضری	تعداد ابھٹھی
1	جناب خالد رحیدو انیس	2	2
2	جناب مختیار رحیدو انیس	4	0
3	جناب عامر وحیدو انیس	4	0
4	جناب تجویر کرامت	4	0
5	جناب عمر احسن خان	2	0
6	جناب ثقل حسین	0	2
7	جناب یو یل بیگ	4	0
8	جناب عمر اقبال خان	0	2
9	محترمہ حیات درویش	0	2
10	جناب محمد شاہد میر	0	0

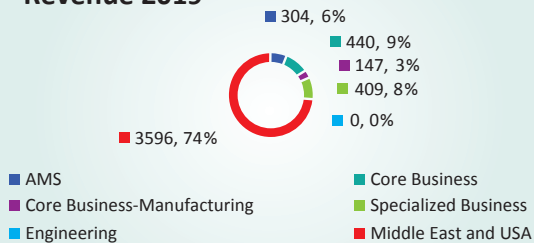
مارکیٹ شیئر کی معلومات اور کاروباری حصوں کی کارکردگی (Segmental Business Performance & Market Share Information)

کنٹرول انجینئرنگ جیٹس لسٹ 2014ء کے مطابق اویسیو ان مارکیٹ شیئر 2% کے نزدیک ہے جو کہ عالمی درجہ بندی میں 15 ویں نمبر پر بہترین سسٹمز انٹیگریٹرز (Systems Integrators) کے طور پر شامل کیا جاتا ہے۔ موجود مارکیٹ لیڈر 9% فیصد کے ساتھ سب سے آگے ہے۔ بنیادی وجوہات جو اویسیو ان کو پاکستان میں مارکیٹ کا لیڈر رکھتے ہیں کارگر عایت ہوئی ہیں یہ ہیں کہ کمپنی کی تعداد میں اضافے اور مواصلات اور ٹرانسپورٹ سے متعلقہ بہت سارے منصوبے مارکیٹ میں آ رہے ہیں جو کہ کمپنی کی مدلل ایسٹ کی کامیابی کا موجب بنے دوسرے الفاظ میں ہم یہ کہہ سکتے ہیں؛ کیونکہ ہم اس کاروباری فیلڈ میں پہل کرنے والوں میں شامل ہیں اور جسکو دوسروں پر سبقت حاصل ہے۔ اپنی بہترین کام کرنے کی خوبی اور آٹومیٹن اینڈ پرائس کنٹرول کرنے کی سوجھ بوجھ ہے، جو کہ اویسیو ان لمیٹڈ کو دوسری مارکیٹوں میں ممتاز کرتی ہے۔ اس وقت اویسیو ان لمیٹڈ جو کہ ٹوٹل مارکیٹ کا 63% فیصد حصہ رکھتی ہے۔ جو اپنے مقابلے کی کمپنیوں سے زیادہ آمدنی کماتی ہے۔

Revenue 2020



Revenue 2019

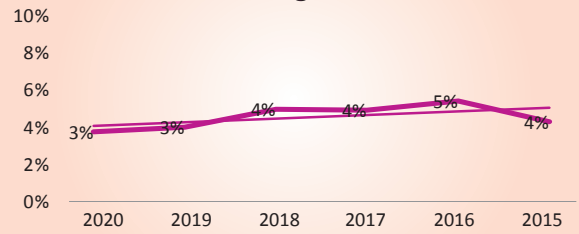


ڈائریکٹر رپورٹ

منصوبہ سرمایہ کاری (Capital Structure):

کمپنی قرضوں پر بہت کم یقین رکھتی ہے زیادہ تر کمپنی نے اپنے بنیادی سرمایہ پر انحصار کرتے ہوئے معاشی صورتحال کو بہت بہتر بنایا، پیسے کی روانی کو مستقل کیا اور اپنی روزمرہ کی منصوبہ بندی کو مضبوط سے مضبوط تر کیا۔ کمپنی عام طور پر عارضی قرضے لیتی ہے۔ تاکہ وہ روزمرہ کی کاروباری ضروریات کو پورا کر سکے کمپنی نے بڑی کامیابی کے ساتھ تمام قرضے اور اس سے متعلق سود اور گاڑیوں کے کرائے بغیر کسی دیر کے ادائیگے تاکہ سود کے خرچے سے بچا جاسکے۔ کمپنی نے پچھلے دو سال سے بڑی کامیابی کے ساتھ موجودہ دولت اور ادائیگیوں کے توازن کو برقرار رکھا اسکے ساتھ ساتھ کمپنی نے بینکوں سے عارضی اور لمبے عرصے کے سرمایہ کی یقینی بنایا تاکہ پاکستان اور متحدہ عرب امارات میں کاروباری ضروریات کو پورا کر سکیں۔

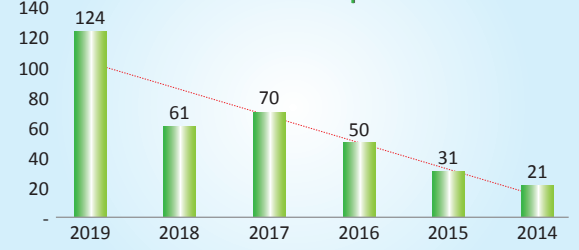
Gearing Ratio



عارضی سرمائے کے انتظامی امور (Working Capital Management):

پچھلے پانچ سالہ موجودہ اثاثہ جات اور بہت ہی کم عرصے میں پیسے میں منتقل ہونے والے اثاثہ جات کو بہتر کیا، جو کہ کمپنی کی بہتر ہوتی ہوئی سرمایہ کی صورت حال اور لمبے عرصے کیلئے سرمایہ کے حصول کے تعلقات جو کہ کمپنی کی روزمرہ کی کاروباری صورتحال کیلئے ضروری ہیں، کمپنی اپنے روزمرہ کی کاروباری ضروریات کیلئے عارضی سرمایہ کے حصول کو بہت ہی بہتر طریقے سے بحال رکھے ہوئے ہے۔ جو کہ ہمارے خریداروں کے آرڈرز کو مکمل کرنے کیلئے بہت ضروری ہے۔ ہم نے اپنے خریداروں سے ایک متعین عرصے کے اندر پیسے کی وصولی کو یقینی بنایا، کمپنی بہت بہتر طریقے سے عارضی سرمایہ کی ضروریات کو سامنے رکھتے ہوئے بہت ہی کھجھاری سے اور انتہائی نظم و ضبط کے ساتھ اپنے تمام چھوٹے عرصے کے قرضوں کو ایک خاص حد سے زیادہ بڑھنے نہیں دیا۔ اور اپنی ضروریات کیلئے سرمایہ کے حصول کو اپنے ذرائع سے اہتمام کیا تاکہ سود کے خرچے کو کم سے کم رکھا جاسکے سال 2018ء میں کمپنی نے درمیانے درجے کے دفتر سے لیے تاکہ کمپنی اپنے دو بڑے منصوبہ جو کہ متحدہ عرب امارات اور پاکستان میں ہیں کو مکمل کر سکے۔ کمپنی کو انتہائی امید ہے کہ وہ اپنے قرضوں کو 2016ء کی پوزیشن کے برابر لے کر آئے گی۔ پاکستان میں موجودہ شرح سود میں کمی کی وجہ سے انتظامیہ یہ ہدف آسانی سے حاصل کر سکتی گی

Financial Expense



سرمایہ کی صورتحال کو بہتر بنانے کی حکمت عملی (Strategy to Overcome Liquidity Issues):

بڑھتی ہوئی کاروباری مالی ضروریات اور کارپوریٹ ڈیوڈنڈ پالیسی کی کیش ضروریات کو پورا کرنے کے لیے کمپنی نے مالی سال 2020ء میں نئے سرمے سے ایک لکھو پچاس روپے کی مشین پالیسی کی منظوری دی ہے اس کے تناظر 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، پرائیویٹ فنانسنگ، بل ڈسکاؤنٹنگ اور بنگ گارنٹی جیسی سہولیات سے فائدہ حاصل کیا جاسکے۔ انتظامیہ پر امید ہے کہ مالی سال 2021ء میں اس پالیسی کے ہدف مکمل کئے جائیں گے۔

مستقبل کی کاروباری منصوبہ بندی (Future Prospects):

کاروباری معاملات کے مستقبل کی منصوبہ بندی جو کہ ہمارے بورڈ آف ڈائریکٹرز اور مینجمنٹ کی منصوبہ بندی اور پلان کا حصہ ہے۔

ہماری قیادتیں مستقل کاروباری موجودگی قطر جیسے تیل اور گیس کے وسیع ذخائر رکھنے والے ملک میں مزید کاروباری

اضافہ کر رہی ہے ہماری موجودہ پراجیکٹس میں اعلیٰ کاروباری خدمات اور گاڑیوں کا اطمینان اس بات کی دلیل ہے کہ ہم اس خطے میں مزید بڑے کاروباری منصوبے حاصل کرنے میں کامیاب ہوں گے۔ ہماری موجودہ کاروباری شرکت داری جو کہ مشرق وسطیٰ میں بڑھتے ہوئے کاروباری معاملات کو دیکھنے کیلئے چار مستقل کاروباری مراکز دی، دام، جدہ اور ابوظہبی میں کاروباری شرکت داری ایشیائی سٹریٹجی میں "علی القریٰ کمپنی (ATCO) کے ساتھ ہے کمپنی بہت ہی پُر امید ہے کہ متحدہ عرب امارات، سعودی عرب، قطر، اومان، مصر، ناہجیر یا اورامریکہ میں کاروباری سرگرمیاں بحال ہو جائیں گی۔ اور بالخصوص پاکستان میں بھی معاشی اور سیاسی سرگرمیوں میں بھی مستقل بنیادوں پر تھراؤ کاروبار ہو جائے گا۔

کورونا 2019 (COVID-19)

COVID-19 کی وجہ سے ملک بھر میں کاروباری سرگرمیاں معطل ہونے کی وجہ سے پہلی سہ ماہی کے آخری مہینے اور دوسری سہ ماہی کے پہلے دو مہینوں میں آمدنی میں تاخیر یا کمی کا سامنا ہو سکتا ہے۔ ہم نے 2020ء کی پہلی سہ ماہی کے آخری مہینے میں مکمل لاک ڈاؤن کا سامنا کیا جس نے ہمارے نئے آرڈرز اور آمدن کو 80 فیصد تک متاثر کیا مگر یقینی طور پر ایک ٹیکنالوجی کمپنی ہونے کی وجہ سے ہمارے انجینئرز اور دیگر ملازمین گھر میں رہ کر کام کرنے کی صلاحیت رکھتے ہیں جس کی وجہ سے ہم اپنے پروجیکٹس کو مکمل کرنے اور آمدنی کو جاری رکھے ہوئے ہیں۔ لیکن کچھ جگہوں پر پروجیکٹس عملدرامی کاموں میں رکاوٹ اور ان سے متعلق منظوری متاثر ہو سکتی ہے اور کیش آد میں تاخیر ہو سکتی ہے۔ کمپنی نے پاکستان اور متحدہ عرب امارات میں اپنے اخراجات میں 37 ملین روپے کی بچت کی ہے جو کہ گھر میں رہ کر کام کرنے کی وجہ سے ممکن ہوئی۔ کمپنی اپنے تمام مستقل اور کنٹریکٹ ملازمین کو بروقت تنخواہ دینے کے لیے عزم ہے اور اس COVID-19 مشکل گھڑی میں کسی بھی ملازم کو کوئی کمی سے فارغ نہیں کرے گی۔

معاشرے کی خدمت (Service to Society):

کاروباری معاشرے کی بہت ہی فعال اور مددگار کمپنی ہونے کے ناطے سے ہم وعدہ کرتے ہیں اور یقین رکھتے ہیں کہ ہم اس معاشرے کی بہتری کیلئے ضرور کچھ بہتر ادا کریں گے۔ جیسا کہ تعلیم، صحت، عامہ عوام کی حفاظت اور ماحولیاتی اچھائی میں اہم معاملات میں مالی معاونت اور مدد کر سکیں۔ ہمیں اس بات کو بخوبی سمجھتے ہیں کہ تمام کاروباری اکائیاں اگر مل کر کام کریں گی تو وہ بہتر طریقے سے معاملات کو سمجھتے ہوئے معاشرے کی بہتری میں اہم کردار ادا کر سکتے ہیں کیونکہ یہ تمام کاروباری ادارے اسی معاشرے کا حصہ ہیں۔

صحت، حفاظت اور ماحولیات (Health, Safety & Enviroment):

اوسیسون انہی انتہائی جدیدی کے ساتھ صحت کے معاملات کی دیکھ بھال اور حفاظتی معاملات 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 متعلق دیگر امور جو کہ کاروباری سرگرمیوں کے ساتھ منسلک ہیں ان میں بہتری لائیں گے اور آگ لگنے کے خدشات، حادثات یا اس سے ہونے والے نقصانات جو کہ ملازمین یا مہمانوں پر ہو سکتے ہیں اس کا سد باب 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 ISO 14001:2004 میں درج ہے۔ ہم یہ بھی یقین دلاتے ہیں کہ ہماری مصنوعات، حفاظتی اور قانونی ضروریات کے مطابق بھیجی جائیں گی۔

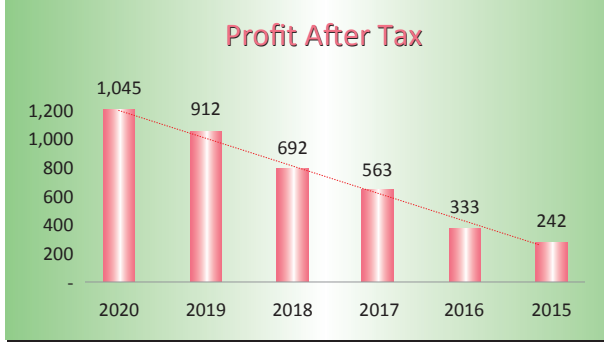
پچھلے سالانہ اجلاس عام میں اٹھائے گئے معاملات (Issues Ralsed In Last AGM):

مالی سال 2019ء کے سالانہ اجلاس عام میں کوئی بھی خاص معاملہ نہیں اٹھایا گیا تھا۔

ایجنڈا نمبر 1: بورڈ آف ڈائریکٹرز نے پندرہویں سالانہ اجلاس عام منعقدہ 8 اگست 2019ء کی تفصیلات کنفرم کرنا۔
ایجنڈا نمبر 2: ممبران نے اکاؤنٹس برائے مالی سال 31 دسمبر 2019ء بمعہ ڈیڑہ اور ڈائریکٹر رپورٹ کی تصدیق اور منظوری دی۔
ایجنڈا نمبر 3: سات ڈائریکٹر صاحبان کا انتخاب کیا گیا 25 اپریل 2020ء سے اگلے تین سالوں کے لیے منتخب ہوئے۔ یہ انتخاب کمپنیز ایکٹ 2017ء کے سیکشن 159، میمورنڈم اور آرٹیکلز آف ایسوسی ایشن کے تحت عمل میں لا گیا۔
ایجنڈا نمبر 4: ممبران نے موجودہ ڈیڑہ (EY Ford Rhodes, Chartered Accountants) کو اگلی مالی سال کیلئے منتخب کیا اور اس کے معاوضے کی منظوری دی۔
ایجنڈا نمبر 5: ممبران نے بورڈ کے منظور شدہ بزنس شیئر بحساب 10 فیصد کی منظوری دی۔
ایجنڈا نمبر 6: ممبران نے منظور کیا کہ آرٹیکلز آف ایسوسی ایشن کی شق نمبر 8 میں یہ تبدیلی کی جاتی ہے کہ "کمپنی اپنے کاروباری توسیع یا علیحدگی کے لیے کسی بھی کاروباری ادائیگی جو کسی پراپٹی، زمین، بلڈنگ، آلات، سامان کی خریداری یا خدمات کی مدد میں ادائیگی ہو (مکمل یا کچھ حصے کے طور پر) اپنے سرمایہ سے کمپنی کے شیئرز کو الا یا جاری کرے کہ ادائیگی کر

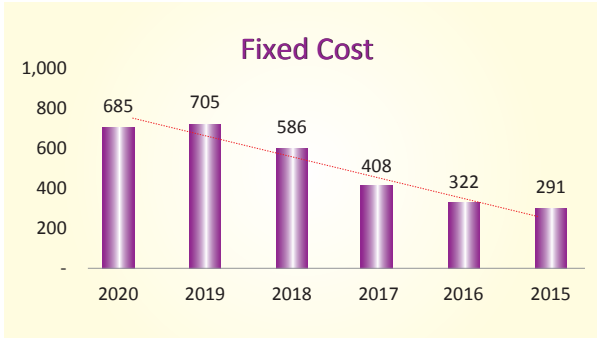
منافع بعد از ٹیکس (Profit after Taxation):

خالص منافع (بعد از ٹیکس کوٹ) میں 15% اضافہ ہوا ہے۔ اس خالص منافع میں 106 ملین روپے غیر ملکی کرنسی کی شرح تبادلہ (Unrealised Exchange Gain) کی وجہ سے جو کہ ہماری غیر ملکی کرنسی میں موصولیوں پر ہے۔ کمپنی انتظامیہ بہت پر امید ہے کہ مجموعی آمدنی اور خالص منافع کو مالیاتی سال 2021 اور 2022 میں بہتر بنائے گی۔ رجحان کو برقرار رکھے گی اور مزید اضافہ کرے گی۔ جو کہ مستقبل کے کاروباری معاہدوں اور موجودہ سرگرمیوں جنکی مالیت 31 مارچ 2021 کو 47 ملین امریکن ڈالر سے بھی زیادہ ہے۔ انتظامیہ مالی سال 2021 کے مقررہ اہداف کو حاصل کرنے میں پر امید ہے۔



مقررہ اخراجات (Fixed Cost):

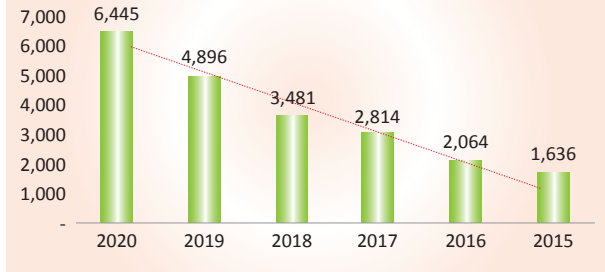
کمپنی کے مقررہ اخراجات میں 3 فیصد کمی ہوئی ہے (2019: 20 فیصد اضافہ تھا) جو کہ COVID-19 کی وجہ سے گھریا سائیس سے دور بیٹھ کر کام کرنے کی وجہ سے مقررہ اخراجات میں 37 ملین روپے بچت کی وجہ سے ہے۔ پچھلے سال میں IFRS-9 کی پہلی بار عمل درآمد کی وجہ سے مقررہ اخراجات میں غیر معمولی اضافہ دیکھا گیا جو کہ ناقابل وصول متوقع نقصان (Expected Credit Loss) یا پرانی وصولیوں کی مد میں ریکارڈ کیا گیا۔



تخص کار رجحان (Stock Liquidity):

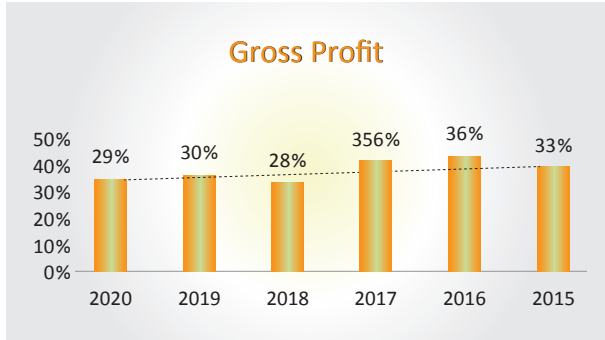
بلاخرہ اوپنیشن (AVN) شاک لیکویڈیٹی سال 2020 کے اہداف حاصل کرنے اور نئے چھوٹے اور بڑے سرمایہ داروں کی توجہ حاصل کرنے میں کامیاب رہی۔ اب ہمارے ملازمین (ESOS) سکیم کے مالکان بڑی آسانی سے شاک بیچ سکتے ہیں اور لیکویڈیٹی مواقع ضائع کئے بغیر مارکیٹ میں پوزیشن مزید مستحکم کر سکتے ہیں

Revenue

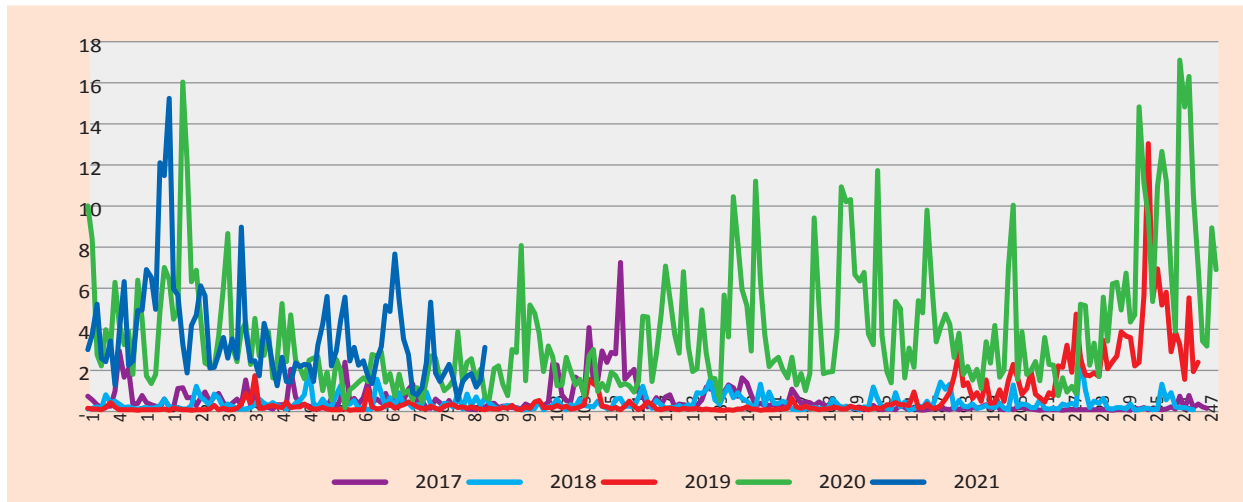
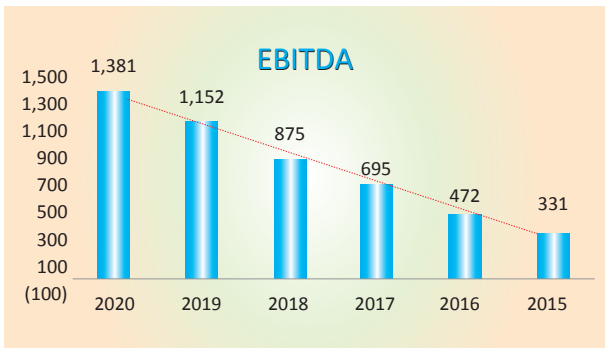


مجموعی منافع (Gross Profit):

ہم نے پچھلے سال کے مقابلے میں مجموعی آمدنی میں 1% کمی دیکھی جو کہ متحدہ عرب امارات کی مسابقی منڈی کی وجہ سے ہے۔ کمپنی کی انتظامیہ پر امید ہے کہ انتہائی کامیابی کے ساتھ رواں مالی سال 2021 میں مجموعی آمدنی کو 30% پر برقرار رکھے گی جیسا کہ پچھلے سالوں میں رجحان دیکھا جاسکتا ہے



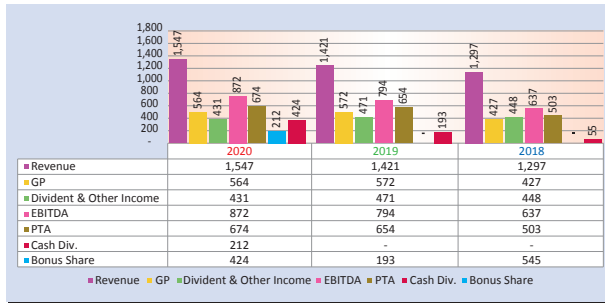
منافع جات، سود ٹیکس کوٹ، مفروضہ سود اور کساد بازاری سے پہلے (EBITDA):



ڈائریکٹرز رپورٹ

کاروباری نتائج (Operation Result Standalone):

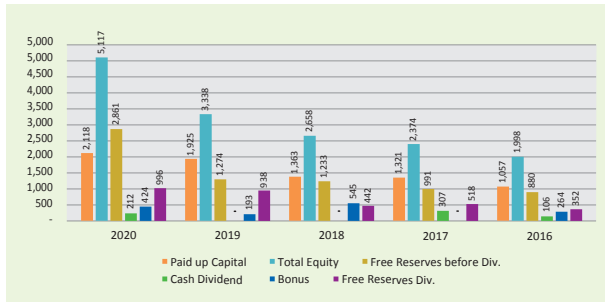
موازنہ	2020 (روپے ہزاروں میں)	2019 (روپے ہزاروں میں)	موازنہ
آمدن	1,547,153	1,420,979	126,174
منافع قبل دیکس	764,080	691,727	72,353
منافع بعد دیکس	673,839	653,870	19,969



بعد از نتائج نتائج کی تقسیم (Subsequent Appropriation):

ڈائریکٹرز نے کمیشن ڈیویڈنڈ 10 فیصد (2019) (مقرر) اور پلس شیئر 20 فیصد (2019) (تجویز کیا ہے)۔

2020 (روپے ہزاروں میں)	2019 (روپے ہزاروں میں)
1,631,483	1,070,907
211,780	-
423,580	192,536
878,371	996,113



فی حصص آمدنی (Earning Per Share):

آخری پانچ سال سے کمپنی کی فی حصص آمدنی کا رجحان اوپر کی طرف رہا سوائے سال 2017 کے اور اس سال کے اوپر کے رجحان کی وجوہات جو کہ اوپر دی گئی ہیں ثابت کرتی ہیں کہ کمپنی نے تسلسل کیساتھ اپنے تمام کاروباری علاقوں میں کارگردگی دکھائی اور کمپنی کے حصہ داران کی توقعات پر پورا اترتی۔

فی حصص آمدنی (Consolidated):

بنیادی کمائی فی کس شیئر بعد از دیکس 4.93 روپے (2019) 4.31 روپے ہے۔

فی حصص آمدنی (Standalone):

بنیادی کمائی فی کس شیئر بعد از دیکس 3.18 روپے (2019) 3.01 روپے ہے۔

مالیاتی کارگردگی (Consolidate):

آمدنی (Revenue):

کمپنی کی آمدنی 32 فیصد اضافے کیساتھ (6.445 ملین روپے ہے) جو کہ گزشتہ سال کے مقابلے میں بہتر رہی۔ مالی سال 2017، 2018 اور 2019 کی طرح اس سال بھی متوقع آمدن میں اضافے کا رجحان برقرار رہا کارگردگی مثبت رہی۔ جبکہ آرڈر رجسٹریشن میں سال 2020 کی تیسری اور چوتھی سہ ماہی اور سال 2021 کی پہلی سہ ماہی میں ہم نے اپنے مقررہ اہداف کے مطابق نتائج حاصل کیے۔ اس سال 2021 کی تیسری اور چوتھی سہ ماہی میں بھی متوقع اہداف کے مطابق عمدہ کارگردگی اور آمدن میں اضافہ ہوگا۔ جیسا کہ ہم 5 مئی 2021 کو ہونے والی تجزیہ کاروں کی میٹنگ میں واضح کر چکے ہیں۔ مالی سال 2020 کی سہ ماہیوں میں ہم مثبت رجحان دیکھ چکے ہیں (ماسوائے COVID-19 کی وجہ سے کچھ تاخیر آمدن کے) اس سال بھی کمپنی کی انتظامیہ آمدن کے اس اضافے کے رجحان کو برقرار رکھے گی۔ جیسا کہ 2017، 2018 اور 2019 میں مثبت رجحان برقرار رکھا۔

کمپنی کے ڈائریکٹرز انتہائی پرسرٹ طریقے سے کمپنی کے (Consolidated) اور (Standalone) آڈٹ کیے گئے اکاؤنٹس (آڈیٹر کی رپورٹ کے ساتھ) جو کہ مالی سال 31 دسمبر 2020 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 کمیشن کے معاملات اور بنیادی سرمائے کی تبدیلی کے تمام معاملات کو منصفانہ اور بلا تھجک بیان کیا ہے۔
- 2- اصول و ضوابط کے مطابق مکمل حساب کتاب کارکردگی کا محفوظ رکھا جا رہا ہے۔
- 3- مناسب حساب کی پالیسیاں اختیار کی گئی ہیں جو کہ ان مالیاتی گوشواروں کی تیاری میں لاگو کی گئی ہیں جو کہ حساب کتاب کے مناسب اصول و ضوابط اور دانشمندی پر مبنی ہیں۔
- 4- تمام مالیاتی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ کے اصول و ضوابط (جن کا اطلاق پاکستان میں بھی ہے) اور بیان کرنے کے ضابطوں کو مدنظر رکھا گیا اور تمام اعداد و شمار کو حسن طریقے سے مکمل کرتے ہوئے بلا تھجک بیان کیا گیا ہے۔
- 5- کمپنی میں اندرونی معاملات کو چلانے اور اس کی جانچ پڑتال کا اصولی، جامع اور مضبوط نظام موجود ہے جسے نہایت عمدہ اور موثر انداز میں لاگو کیا اور چلایا جا رہا ہے۔
- 6- کمپنی کو اپنی قابلیت اس طرح جاری رکھنے پر کوئی شک و شبہ نہیں ہے۔
- 7- کارپوریٹ گورننس کے بہترین اصولوں کے مطابق جو کہ پاکستان اسٹاک ایکسچینج کے لسٹنگ کے اصول و ضوابط میں دی گئی ہیں ان سے انحراف نہیں کیا گیا ہے۔
- 8- تمام سرکاری واجبات ڈیویڈنڈ، عسکسز اور ان قوانین میں تبدیلی کی وجہ سے جو بھی رقم بنی وہ اچھے طریقے سے کمپنی کی کاروباری معاملات میں بیان کی گئی ہے۔

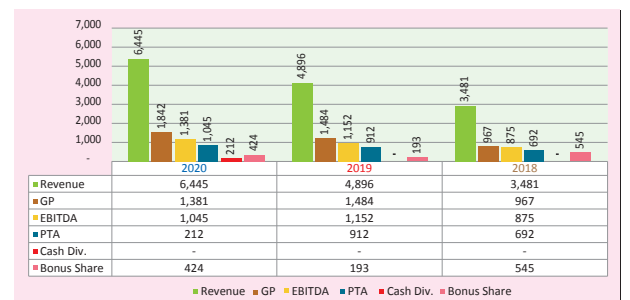
یہ ڈائریکٹرز کی رپورٹ کمپنی آڈٹرنس کے تحت تیار کی گئی ہے جو کہ ٹھانویں سالانہ اجلاس عام پر ممبران کو سمجھوائی جائے گی جو کہ بروز بدھ 26 مئی 2021 کو آن لائن پلیٹ فارم کے ذریعہ کمپنی کے رجسٹرڈ آپریشن سنٹر 19 کلومیٹر ملتان روڈ لاہور پنجاب پاکستان میں منعقد ہوگی۔

رپورٹ:-

کمپنی کی کارگردگی انتہائی اطمینان بخش اور رجحان ترقی کی طرف رہا ہے آرڈر رجسٹریشن، آمدن، منافع بعد از دیکس، منافع مع ٹیکس، دیگر آمدن، مقررہ اخراجات پر کنٹرول، بہترین انتظامی امور، رقم کی ترسیل کا بہتر انتظام، کم اخراجات پر مشتمل مناسب بینکنگ سہولیات اور تمام قرضوں اور واجبات کی بروقت ادائیگی جو کہ کمپنی کی بہت بڑی کامیابی ہے۔ کمپنی کے تمام ڈیپارٹمنٹس نے بہت اچھا کردار ادا کیا اسکے ساتھ کمپنی نے آرڈر رجسٹریشن کا اب تک کا سب سے بڑا ہدف عبور کیا۔ آمدن اور خالص منافع میں اضافہ کے اہداف مکمل کرنے میں کامیاب رہے۔ جیسا کہ ہم نے پچھلے سال تخمینہ لگایا تھا اور تجزیہ نگاروں کی گذشتہ بینکنگ کے دوران واضح کیا تھا کہ ہماری آمدنی اور خالص منافع میں اضافہ ہوگا جو کہ ہم نے کر دکھایا۔ مالی سال 2020 کے اختتام پر اب تک کا دوسرا بڑا Backlog بنایا جو کہ 53 ملین ڈالر ہے جس کی وجہ سے رواں مالی سال میں مثبت رجحان دیکھنے کو ملا۔ ہم نے اس سال COVID-19 کی وجہ سے آن لائن کارکردگی کے اپنے مقررہ اخراجات میں 37 ملین روپے کی نمایاں کمی کرتے ہوئے یہ ثابت کیا کہ ہمارے انجینئر اپنی قابلیت سے گھر یا سائٹ سے دور بیٹھ کر بھی بہت اچھے طریقے سے کام کر سکتے ہیں۔ ایک ٹیکنالوجی کمپنی ہونے کی وجہ سے ہم نے بہت سارے پراجیکٹس کے FAT حد درجہ تسلی بخش ریٹنگ کے ساتھ مکمل کئے۔

کاروباری نتائج (مجموعی) (Operation Result Consolidated):

موازنہ	2020 (روپے ہزاروں میں)	2019 (روپے ہزاروں میں)	موازنہ
آمدن	6,444,692	4,896,158	1,548,534
منافع قبل دیکس	1,183,374	962,940	220,434
منافع بعد دیکس	1,044,979	912,176	132,803



درست ٹیکس اسٹینڈیٹ سٹریٹجکٹ کی ایک کاپی دستیاب کر دی جائے۔

ایف بی آر نے واضح کیا ہے کہ مشترکہ اکاؤنٹ کی صورت میں، میں ہر ہولڈر کو انفرادی طور پر برتاؤ کیا جائے گا، کیونکہ فائلر یا نان فائلر پرنٹس ہر مشترکہ ہولڈر کی شیئر ہولڈنگ کی بنیاد پر وصول کیا جائے گا، جو کہ حصص یافتگان نے کمپنی کے شیئر رجسٹرار کو مندرجہ ذیل تحریری طور پر مطلع کیا ہو۔ بصورت دیگر یہ سمجھا جائے گا کہ مشترکہ حصص یافتگان کے حصص برابر ہیں۔

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholdre	Joint Shareholdre (s)
			Name & CNIC No. Shareholding proportion (No. of Shares)	Name & CNIC No. Shareholding proportion (No. of Shares)

بیانات زیر دفعہ (3) 134 کمپنیز ایکٹ 2017ء:-

یہ بیانات ان حقائق کی نشاندہی کرتے ہیں جو کہ اٹھارہواں سالانہ اجلاس عام 26 مئی 2021ء میں ”ا، ہم کاروباری امور“ کی منظوری کیلئے پیش کیا جائے گا۔

کاروائی کی پانچویں شق:-

بورڈ آف ڈائریکٹران کی اجلاس جو کہ 20 اپریل 2021ء کو منعقد ہوا تھا جس میں یہ قرار پایا کہ کمپنی کا موجودہ آتھورائزڈ کیپٹل -/2,500,000,000 روپے (جو کہ 250,000,000 بحساب -/10 روپے فی حص) سے بڑھا کر -/5,000,000,000 روپے (جو کہ 500,000,000 بحساب -/10 روپے فی حص) کر دیا جائے۔ آتھورائزڈ کیپٹل میں یہ اضافہ حالیہ 20% بونس حصص کی منظوری کو پورا کرنے کے لئے نہ گزیرے، جیسا کہ عمومی کاروباری امور کی شق نمبر 4 میں دیا گیا ہے۔ مزید یہ کہ یہ منظوری کسی بھی متوقع اضافے کو پورا کرنے کے لئے مناسب ہے، کیونکہ کمپنی کا موجودہ آتھورائزڈ کیپٹل 85% جاری، ادہ شدہ اور سبسکرائب ہے۔ کمپنی کے ڈائریکٹران کا اس آتھورائزڈ کیپٹل کے اضافے میں کوئی ذاتی مفاد (براہ راست یا بلا واسطہ) سوائے ان کے اپنے حصص کی حد تک نہیں ہے۔

حاشیات:-

(1) کمپنی کے حصص کی منتقلی کی کتب مورخہ 19 مئی 2021 سے 26 مئی 2021ء (بشمول دونوں دن) بند رہیں گی جس دوران تدوین کیلئے کسی بھی حصص کی منتقلی کی وہ درخواستیں جو درست حالت میں کمپنی کے شیئر رجسٹرار کے دفتر فیکو ایسوسی ایٹس، 8- ایف، نزد ہوٹل فاران نرسری بلاک نمبر 6، PECHS، شاہراہ فیصل، کراچی، مورخہ 18 مئی 2021ء کو دفتری اوقات ختم ہونے سے قبل موصول ہوگی۔ ان کو ڈیوڈنڈ اور بونس حصص کے استحقاق، سالانہ اجلاس عام میں شرکت اور حق رائے دہی استعمال کرنے کے استحقاق کے تعین کیلئے بروقت شمار کیا جائے گا۔

(2) سالانہ اجلاس عام میں شمولیت، بولنے اور حق رائے دہی استعمال کرنے کے مستحق ہر حصص یافتگان کو یہ حق حاصل ہے کہ وہ شرکت بولنے اور حق رائے دہی استعمال کرنے کیلئے اپنی جگہ کسی پر کسی (نمائندہ) کو مقرر کرے اور ایسے پر کسی کو اجلاس میں شرکت، بولنے اور حق رائے دہی استعمال کرنے کی نسبت سے وہی اختیارات حاصل ہونگے جو کہ بذات خود کمپنی کے حصص یافتگان کو حاصل ہوتے ہیں۔ پر کسی مقرر کرنے کیلئے ہر لحاظ سے درست اور باقاعدہ مہر شدہ اور دستخط شدہ پر کسی فارم اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرار آفس میں موصول ہونا ضروری ہے۔ پر کسی کا بذات خود کمپنی کے حصص یافتگان میں سے ہونا ضروری نہیں۔

(3) حصص یافتگان کیلئے ضروری ہے کہ وہ بروقت اپنے پتہ میں تبدیلی فیکو ایسوسی ایٹس، 8- ایف، نزد ہوٹل فاران نرسری بلاک نمبر 6، PECHS، شاہراہ فیصل، کراچی، کمپنی کے شیئر رجسٹرار کو مطلع کر دیں۔

دیگر نوٹس:- CDC اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) سرکلر نمبر 1 مورخہ 26 جنوری 2000ء میں موجود ہدایات پر عمل پیرا ہونا ہوگا۔

حصص یافتگان کے اجلاس میں شرکت کیلئے۔

۱۔ انفرادی فرد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ جسکی سیکورٹی گروپ اکاؤنٹ میں جمع ہے انکی رجسٹریشن کی تفصیل قوانین کے مطابق لف ہوں، اجلاس میں شرکت کیلئے شناخت کی تصدیق اپنا شناختی کارڈ یا پاسپورٹ سے کروائیں۔

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 یا مختار نامہ بمعہ نامزد کیے گئے شخص کے دستخط نمونہ پیش کریں۔

پر کسی کی تقرری کیلئے:-

۱۔ انفرادی فرد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور یا وہ افراد جسکی سیکورٹی گروپ اکاؤنٹ میں ہوں اور انکی رجسٹریشن کی تفصیلات قوانین کے مطابق جمع کروائی گئی ہوں، پر کسی فارم مکمل اور صحیح طور پر تصدیق شدہ ہو جمع کروانا ہونگے۔

۲۔ پر کسی فارم پر دو اشخاص گواہ ہونے چاہئیں جنکے نام، پتہ جات، شناختی کارڈ نمبر پر کسی فارم پر لکھے ہوں۔

۳۔ حصص یافتگان اور پر کسی کے درست شناختی کارڈ یا فائدہ مند مالکان کے پاسپورٹ کی تصدیق شدہ کاپیاں پر کسی فارم کے ساتھ مہیا کریں۔

۴۔ پر کسی 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 کارپوریشن نامزد کیے گئے شخص کے دستخط نمونہ جات کے ساتھ اجلاس کے وقت یا آن لائن رجسٹریشن کے وقت پیش کرے۔

قومی ٹیکس نمبر / کمپیوٹرائزڈ قومی شناختی کارڈ نمبر کی کاپی جمع کروانا۔ الیکٹرونک ڈیوڈنڈ کے لیے:-

(۱) سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی ہدایت کے مطابق، حصص یافتگان جنکے کمپیوٹرائزڈ قومی شناختی کارڈ کمپنی کو موصول نہیں ہوئے ہیں، ان کی موصولی تک ڈیوڈنڈ الیکٹرونک اعتبار سے جمع نہیں ہوں گے۔

(ب) اسی مناسبت سے، وہ حصص یافتگان جنہوں نے ابھی تک اپنے درست کمپیوٹرائزڈ قومی شناختی کارڈ یا قومی ٹیکس نمبر سرٹیفکیٹ کی کاپی جمع نہیں کی ہے، ایک بار پھر درخواست کی جاتی ہے کہ وہ اسے فوری طور پر کمپنی کے سی ڈی سی شیئر رجسٹرار کے دفتر فیکو ایسوسی ایٹس، 8- ایف، نزد ہوٹل فاران نرسری بلاک نمبر 6، PECHS، شاہراہ فیصل، کراچی، کو فراہم کریں۔ کارپوریٹ اداروں سے گزارش ہے کہ وہ اپنے مجاز نمائندے کی قومی ٹیکس نمبر اور فوئیو نمبر کی کاپی فراہم کریں۔

الیکٹرونک طریقے کے ذریعے سے ڈیوڈنڈ کی ادائیگی:-

(۱) کمپنیز ایکٹ 2017ء کی دفعہ 242 کے تحت ایک لسٹڈ کمپنی کو حصص یافتگان کے مستحق بینک اکاؤنٹ میں صرف الیکٹرونک طریقے کے ذریعے ڈیوڈنڈ ادا کرنا ہوگا۔ حصص یافتگان کی سہولت کے لیے کمپنی کا ای ڈیوڈنڈ لازمی فارم کمپنی کی ویب سائٹ یعنی www.avanceon.ae پر دستیاب ہے۔ سی ڈی سی اکاؤنٹ ہولڈرز کو اپنی معلومات براہ راست اپنے بروکر (شریک) / سنٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ کو ارسال کر دیں۔

(ب) براہ کرم نوٹ کریں کمپنیز ایکٹ کی دفعہ (3) 243 کے تحت، اگر کمپنی حصص یافتگان کے ذریعے مطلوب معلومات فراہم نہیں کرتے تو کمپنی ڈیوڈنڈ کی ادائیگی روکنے کا حق رکھتی ہے۔ انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کی تعمیل میں دیے گئے پہلے شیڈول کے حصہ 3 کے ڈویژن 1 کے ساتھ پڑھے گئے ڈیوڈنڈ انکم پر وہ ہولڈنگ ٹیکس بالترتیب % 15 فائلر اور % 30 نان فائلر کے حساب سے حصص یافتگان کے لئے کاٹا جائے گا۔ فائلر ایک ایسا ٹیکس دہندہ ہوتا ہے جس کا نام ایف بی آر کے ذریعے وقفہ وقفہ جاری کردہ ایکٹو ٹیکس دہندگان کی فہرست (ATL) میں ظاہر ہوتا ہے اور نان فائلر، فائلر کے علاوہ کوئی دوسرا فرد ہے۔ کمپنی کو فائلر کے لئے % 15 ٹیکس روکنے کے قابل بنانے کے لئے، تمام حصص یافتگان کو مشورہ دیا جاتا ہے کہ وہ ایف بی آر کی ویب سائٹ پر تازہ ترین دستیاب (ATL) میں اپنے نام ظاہر کروائیں، بصورت دیگر ان کے کیش ڈیوڈنڈ پر ٹیکس نان فائلرز کے لئے % 30 کاٹ لیا جائے گا۔ ڈیوڈنڈ انکم سے وہ ہولڈنگ ٹیکس میں چھوٹ صرف اس صورت میں ہوگی جب شیئر رجسٹر کے بند ہونے کے ایک دن پہلے تک کمپنی کے شیئر رجسٹرار کو

نوٹس برائے سالانہ اٹھارواں اجلاس عام

Avanceon Limited

اطلاع دی جاتی ہے کہ ایونسیون لمیٹڈ "کمپنی" کا سالانہ اٹھارواں اجلاس عام 26 مئی 2021ء بروز بدھ سہ پہر 3:00 بجے بذریعہ ویڈیولنک ایونسیون لمیٹڈ کے ریجنل آپریشنز سینٹر، 19-کلو میٹر، مین ملتان روڈ، لاہور سے مندرجہ ذیل کاروباری امور کو انجام دینے کیلئے منعقد کی ہوگا۔

تمام حصص یافتگان کو اطلاع دی جاتی ہے کہ COVID-19 کی تیسری لہر کی وجہ سے، گورنمنٹ نے COVID-19 کے پھیلاؤ کو روکنے کیلئے تمام اندرونی اور بیرونی محفلوں اور تفریحی سرگرمیوں پر پابندی لگا دی ہے، لہذا سالانہ اجلاس عام صرف بذریعہ ویڈیولنک منعقد کیا جائے گا۔

A-عمومی کاروباری امور:-

1- 31 دسمبر 2020ء کو ختم ہونے والے کمپنی کے مالی سال کے آڈٹ شدہ مالیاتی گوشوارے، چیئرمین کا جائزہ، ڈائریکٹران اور آڈیٹرز کی رپورٹس وصول کرنا اور انہیں اختیار کرنا۔

2- کمپنی کے آڈیٹر 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 آڈیٹر EY Ford Rhodes چارٹرڈ اکاؤنٹنٹ کا نام آئندہ مالی سال 31 دسمبر 2021ء کیلئے کمپنی کے آڈیٹر کی تقرری کیلئے تجویز کیا ہے۔

3- مالیاتی سال 31 دسمبر 2020ء کیلئے نقد ڈیویڈنڈ بحساب -1/ روپے (یعنی 10%) فی حص کی ادائیگی پر غور و خوض اور منظوری جیسا کہ کمپنی کے بورڈ آف ڈائریکٹران نے کمپنی کے حصص یافتگان کیلئے سفارش کی ہے۔

4- بونس حصص بحساب 20% پر غور و خوض اور منظوری جیسا کہ کمپنی کے بورڈ آف ڈائریکٹران نے کمپنی کے حصص یافتگان کیلئے سفارش کی ہے اور مندرجہ ذیل قرارداد منظور کرنا:-
قرارداد پایا جاتا ہے کہ عام حصص جنکی 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 18 مئی 2021ء کو ظاہر ہوگا۔ ان بونس حصص کا تناسب ہر 100 حصص پر 20 حصص کے حساب سے ہو گا یعنی 20%۔ ایسے بونس حصص ڈیویڈنڈ کی ترسیل اور تمام امور میں عام حصص کے قانونی مساوی ہونگے۔

مزید قرارداد 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 فلاح ادارے کو عطیہ کی جائے گی۔

B-خصوصی کاروباری امور:-

5- قرار پایا جاتا ہے کہ کمپنی کا موجودہ آتھورائزڈ کیپٹل -2,500,000,000/ روپے سے بڑھا کر -5,000,000,000/ روپے کر دیا جائے اور کمپنی کے میمورنڈم آف ایسوسی ایشن کی شق نمبر 5 کو مندرجہ ذیل طریقے سے پڑھنے کی ترمیم کی جاتی ہے۔

(V) کمپنی کا آتھورائزڈ کیپٹل -5,000,000,000/ روپے ہے جو کہ 500,000,000 حصص بحساب -10/ روپے فی حص ہے اس اختیار کیساتھ (بمطابق متعلقہ شرائط کمپنیز ایکٹ 2017ء) اس کیپٹل کو بڑھایا جاسکتا ہے کم کیا جاسکتا ہے اور مختلف کلاسوں میں تقسیم کیا جاسکتا ہے۔

ب) کمپنی کے آڈیٹڈ آف ایسوسی ایشن کی شق نمبر 5 کو مندرجہ ذیل طریقے سے پڑھنے کی ترمیم کی جاتی ہے۔
(5) کمپنی کا آتھورائزڈ کیپٹل -5,000,000,000/ روپے ہے جو کہ 500,000,000 حصص بحساب -10/ روپے فی حص ہے۔ اس اختیار کے ساتھ (بمطابق شق نمبر 85 اور 89 کمپنیز ایکٹ 2017ء) اس کیپٹل کو بڑھایا جاسکتا ہے۔ کم کیا جاسکتا ہے۔ تقسیم کیا جاسکتا ہے۔ منسوخ کیا جاسکتا ہے بصورت دیگر دوبارہ منقسم کیا جاسکتا ہے۔

س) کوئی بھی اضافی امور جو کہ چیئرمین کی اجازت سے ہونگے۔

لاہور مورخہ 04 مئی 2021ء

احسن خلیل (کمپنی سیکرٹری)

بجگم پورڈ:-

ویب لنک برائے آن لائن میٹنگ بذریعہ "ZOOM"

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے سرکلر نمبر 4 بتاریخ 15 فروری 2021 کے تحت سالانہ اجلاس کی کارروائی صرف بذریعہ "ZOOM" آن لائن ہوگی۔

میٹنگ کی براہ راست کارروائی میں شرکت کیلئے حصص یافتگان سے گزارش ہے کہ وہ نیچے دیئے گئے لنک کو کلک کریں:

<https://us02web.zoom.us/join/84451234567>

میٹنگ میں شرکت کیلئے درج ذیل لنک سے مکمل راہنمائی حاصل کر سکتے ہیں

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

"ZOOM" کے ذریعے میٹنگ میں شرکت کرنے والے حصص یافتگان کو یہ سہولت دی جاتی ہے کہ وہ درج ذیل لنک، ای میل یا پوسٹل ایڈریس پر اپنے متعلقہ سوالات تبصرے | تجاویز اپنے نام اور فونو نمبر کیساتھ بھیجیں۔

Email: investors@avanceon.ae

پوسٹل ایڈریس: کارپوریٹ آفیسر ایونسیون لمیٹڈ، 19-کلو میٹر، مین ملتان روڈ، لاہور

کمپنیز ایکٹ 2017ء کے سیکشن 223(6) کے تحت، آڈٹ شدہ مالیاتی گوشوارے اور سالانہ جنرل میٹنگ کے نوٹس کو ای میل کے ذریعے بھیجنے کی اجازت دی گئی ہے کمپنی کی سالانہ رپورٹ ان حصص یافتگان کو ای میل کے ذریعے بھیجی جائے گی جن کے ای میل CDC اور شیئر رجسٹر کے ریکارڈز میں موجود ہیں۔ حصص یافتگان کی حوصلہ افزائی کی جاتی ہے کہ وہ اپنے ای میل کو مذکورہ بالا لنک یا ای میل یا پوسٹل ایڈریس پر بھیجیں۔ سالانہ رپورٹ کمپنی کی ویب سائٹ www.avanceon.ae پر بھی لوڈ کی گئی ہے اور حصص یافتگان تک آسانی سے قابل رسائی ہے۔

DIVIDEND MANDATE FORM

To: _____

Date: _____

The Registrar
FAMCO Associates (Pvt) Ltd.
8-F, Next to Hotel Faran, Nursery
Block-6, P.E.C.H.S, Shahra-e-Faisal
Karachi

Broker's Name
OR
Central Depository Company
(where shares are held in the
Investor Account Services)

1. I hereby authorize Avanceon Limited to directly credit cash dividend declared by it, if any, into bank account.

(i) Shareholder's Detail

Name of the shareholder

Folio No. /CDC Participants ID A/c. No.

CNIC No.*

Passport No, (in case of foreign shareholder)**

Land Line Phone Number

Cell Number

(ii) Shareholder's Bank Detail

Title of the Bank Account

Bank Account Number

Bank's Name

Branch Name and Address

2. It is stated that the above-mentioned information will be updated in the above mentioned information to the above addresses as soon as these occur.

Signature of Shareholder

Note: The shareholder who hold shares in physical form are requested to submit the above-mentioned Dividend Mandate Form after duly filled in to Share Registrar concerned.

The Shareholders who hold shares in Central Depository Company are requested to submit the above mentioned Dividend Mandate Form after duly filled in to their Participants/Investor Account Services of the Central Depository Company Limited.

*Please attach attested photocopy of CNIC

**Please attach attested photocopy of the Passport

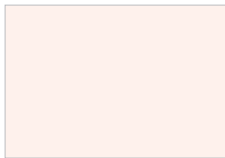
پراکسی فارم

نوٹس برائے سالانہ اٹھارواں اجلاس عام

میں / ہم _____
 ساکن _____ بطور اوپنیشن لمیٹڈ
 رکن و حامل _____ عام حصص بمطابق شیئر رجسٹرڈ
 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
 2021 منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط بتاریخ _____ 2021ء

گواہان :-

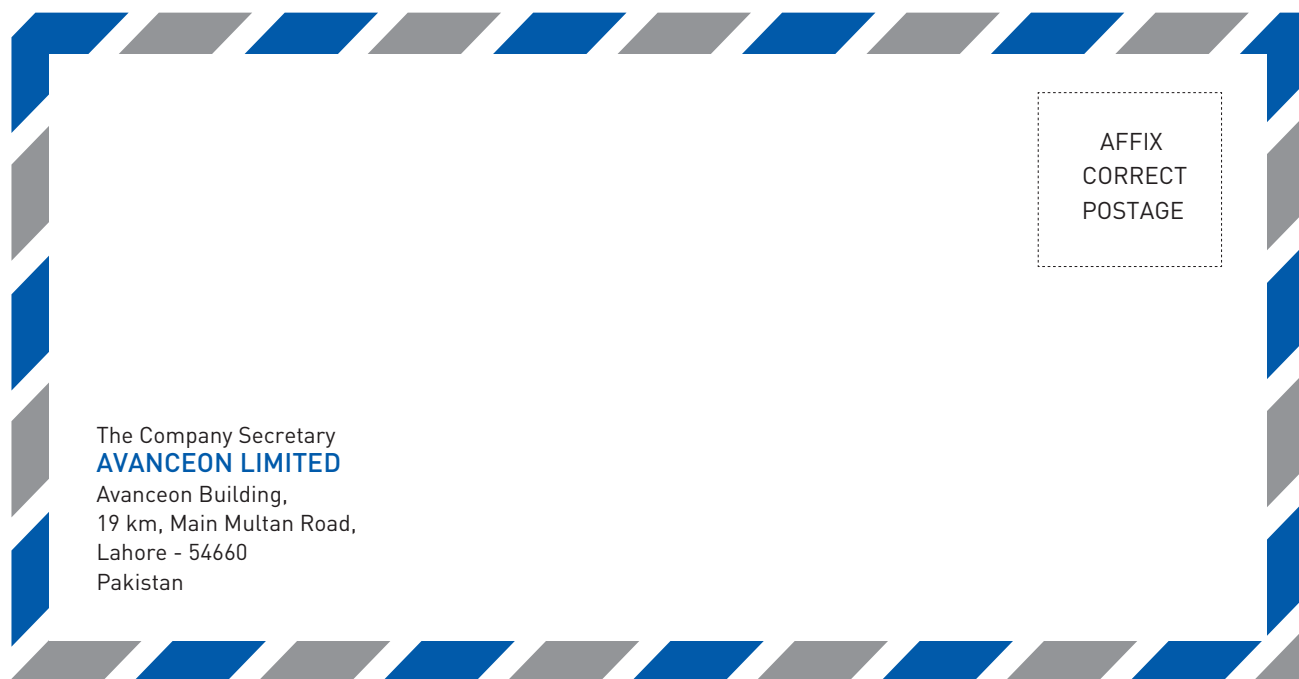


دستخط

دستخط کمپنی 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: پراکسیز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کمپنی کا رکن ہونا ضروری نہیں ہے۔ سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹر انزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کروائیں۔



FORM OF PROXY

18th 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 I.D. 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 18th Annual General Meeting of the Company to be held on
Wednesday May 26, 2021 and at any adjournment thereof.

Signed this _____ day of _____ 2021.

Witnesses:

1. Signature _____
Name _____
Address _____
NIC or _____
Passport No. _____

Signature on
Rs. 5/-
Revenue stamp

2. Signature _____
Name _____
Address _____
NIC or _____
Passport No. _____

(Signature should agree with the
specimen
signature registered with the
Company)

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.

