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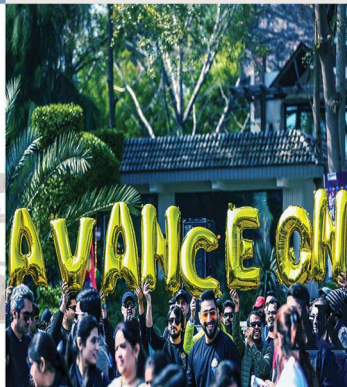
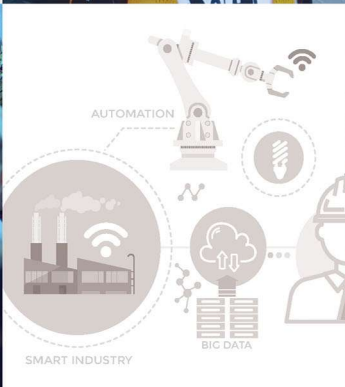
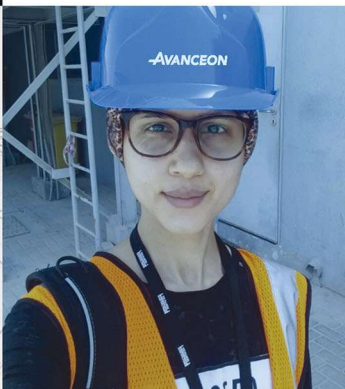
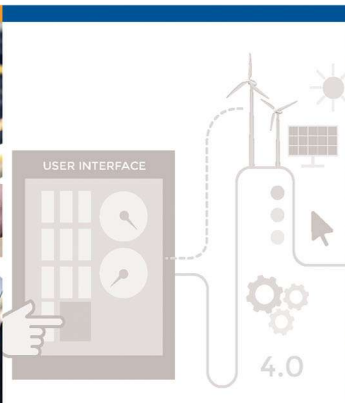


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Company Information

Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Auditors

EY Ford Rhodes
Chartered Accountants

Legal Advisor

Chima & Ibrahim

Web Presence

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

Bankers

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

Share Registrar

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Nursery, Block-6, P.E.C.H.S,
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Trade Mark

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[Avanceon Saudi Energy Company](#)

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Kingdom of Saudi Arabia

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Email: support.mea@avanceon.ae

Interim Director's Report

Directors of Avanceon Limited (the "Company") are pleased to present the interim Directors' Report for the nine months ended September 30, 2021.

(Rupees in '000)	For the nine months ended	
	September 30, 2021	September 30, 2020
Operating results (consolidated)		
Revenues	3,597,813	3,622,572
Profit before tax	751,276	752,751
Provision for taxation	(109,066)	(7,209)
Profit after taxation	642,210	745,542
Operating results (standalone)		
Revenues	1,209,205	767,837
Profit before tax	960,763	424,607
Provision for taxation	(82,622)	(7,209)
Profit after taxation	878,141	417,398

Earnings Per Share (Consolidated) For The Nine Months Ended September 30, 2021

The basic earnings per share after tax is Rs. 2.51 (2020: Rs. 2.92 - restated)

Earnings Per Share (Standalone) For The Nine Months Ended September 30, 2021

The basic earnings per share after tax is Rs. 3.44 (2020: Rs. 1.63 - restated)

The interim financial results for the nine months period ended September 30, 2021 remained on positive side and on the way to achieve the annual revenues and net profits targets but still short of revenues targets as of September 30, 2021 as per targeted corporate Q3 plan for consolidated and standalone revenues respectively mainly due to shortage/delay of material supplies at vendors end and unavailability of vessel for material supplies which impacted the on time delivery of material at sites and as required to meet customer targets dates which resulted impacted recognition of revenues for 2nd and 3rd quarters revenues targets but now all issues has been resolved.

All engineering teams in Pakistan, UAE, Qatar and KSA are working with full capacities to meet customers targets dates.

The management is too much confident to achieve the corporate plan for FY 2021 in terms of revenues recognitions, gross margins, and net profits in remaining last quarter of financial year 2021.

Communication

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

October 29, 2021
Lahore, Pakistan.

For and on behalf of the
BOARD OF DIRECTORS



Bakhtiar Hameed Wain
Chief Executive Officer



Tanveer Karamat
Director

Avanceon

**Condensed Standalone
Interim Financial Statements**
for the nine months ended September 30, 2021

Unconsolidated Condensed Interim Statement of Financial Position

as at September 30, 2021

(Rupees in '000)	Note	Un-audited September 30, 2021	Audited December 31, 2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
500,000,000 (2020: 250,000,000)			
ordinary shares of Rs. 10 each		5,000,000	2,500,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
256,593,358 (2020: 211,790,006)			
ordinary shares of Rs. 10 each		2,565,934	2,117,900
CAPITAL RESERVES			
Share premium		185,875	138,384
Employees' share compensation reserve		64,524	74,270
Surplus on revaluation of property, plant & equipment		240,999	241,827
		491,398	454,481
REVENUE RESERVES			
Un-appropriated profit		3,023,898	2,786,411
		6,081,229	5,358,793
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		11,393	17,460
Long Term Loan		4,118	23,551
Deferred Grant		1,244	518
		16,755	41,529
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		9,676	20,983
Current portion of long term loan		25,911	25,911
Current portion of Deferred Grant		4	1,218
Finances under mark up arrangements and other credit facilities - secured		391,396	419,006
Contract Liabilities		176,329	82,176
Unclaimed / Unpaid Dividend		164,843	1,665
Creditors, accrued and other liabilities		912,611	714,119
		1,680,770	1,265,077
CONTINGENCIES AND COMMITMENTS			
	5		
		7,778,755	6,665,399

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

(Rupees in '000)	Un-audited September 30, 2021	Audited December 31, 2020
ASSETS		
NON CURRENT ASSETS		
Property and equipment	364,096	379,281
Long term investments	1,576,117	1,576,117
Deposit for Long term investments	2,809,516	2,642,703
Deferred tax Asset	18,472	57,450
Long term loans and deposits	1,918	2,072
	4,770,118	4,657,624
CURRENT ASSETS		
Stock in trade	92,048	39,984
Trade debts	1,349,847	967,810
Advances, deposits, prepayments and other receivables	1,314,407	742,658
Contract Assets	223,460	187,931
Short term Investments	400	2,955
Cash and bank balances	28,476	66,438
	3,008,637	2,007,776
	7,778,755	6,665,399



Director
Taveer Karamat

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

for the nine months ended September 30, 2021

(Rupees in '000)	Note	Nine months ended		Three months ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenues		1,209,205	767,837	416,456	260,888
Cost of revenue		(799,479)	(490,428)	(287,852)	(175,601)
Gross Profit / (Loss)		409,726	277,409	128,604	85,287
Administrative and selling expenses		(176,072)	(139,242)	(39,427)	(33,021)
Other operating charges	3	(3,064)	(2,445)	53,086	(380)
Other operating income	4	769,081	337,828	298,391	53,034
		589,944	196,141	312,049	19,634
Profit / (Loss) from operations		999,670	473,549	440,653	104,921
Finance costs		(38,907)	(48,942)	(18,050)	(21,314)
Profit / (Loss) before tax		960,763	424,607	422,603	83,607
Taxation		(82,622)	(7,209)	(15,816)	(14,646)
Profit / (Loss) for the period		878,141	417,398	406,786	68,960
			Restated		Restated
Earnings/(Loss) per share - basic		3.44	1.63	1.59	0.27
Earnings/(Loss) per share - diluted		3.40	1.60	1.57	0.26

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

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

for the nine months ended September 30, 2021

(Rupees in '000)	Nine months ended		Three months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Profit /(loss) for the period	878,141	417,399	406,786	68,960
Other comprehensive income				
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets for the period- net of tax	(829)	-	(612)	-
Total comprehensive income / (loss) for the period	877,312	417,399	406,175	68,960

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

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

for the nine months ended September 30, 2021

(Rupees in '000)	Nine months ended	
	Un-audited September 30, 2021	Un-audited September 30, 2020
Cash flows from operating activities		
Profit/(loss) before tax	960,763	424,608
Adjustments for:		
Depreciation on property, plant and equipment	28,068	29,231
Exchange gain (gain)/loss	(297,265)	(322,071)
Exchange translation of long term deposits	(166,812)	(202,771)
Gain on disposal of property and equipment	(4,006)	(2,902)
Finance cost	38,907	48,942
Unrealised gain	-	(811)
Income on bank deposits	(506)	(514)
	(401,615)	(450,895)
Profit before working capital changes	559,148	(26,287)
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	(52,064)	310
- Trade debts	(26,146)	188,478
- Advances, deposits, prepayments and other receivables	(563,806)	(64,308)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	163,968	(10,899)
	(478,049)	113,581
Cash generated from operations	81,100	87,293



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

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

for the nine months ended September 30, 2021

(Rupees in '000)	Nine months ended	
	Un-audited September 30, 2021	Un-audited September 30, 2020
Cash generated from operations	81,100	87,293
Finance costs paid	(41,739)	(52,588)
Taxes paid	(51,586)	(50,760)
Net cash from operating activities	(12,225)	(16,055)
Cash flows from investing activities		
Purchase of property, plant and equipment	(15,827)	(3,161)
Cash proceeds on disposal of properties	6,950	-
Short term investments	2,555	2,902
Profit on bank deposit	506	514
Net change in long term advances and deposits	154	991
Net cash generated from / (used in) investing activities	(5,661)	1,246
Cash flows from financing activities		
Long term loan	(19,921)	49,713
Share issuance	20,378	-
Share Premium	47,491	-
Dividend	(50,649)	(11,056)
Repayment of finance lease liabilities	(17,375)	(18,622)
Net cash used in financing activities	(20,076)	20,035
Net increase/(decrease) in cash and cash equivalents	(37,962)	5,226
Cash and cash equivalents at the beginning of period	66,438	17,675
Cash and cash equivalents at the end of period	28,476	22,901

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


 Director
 Taveer Karamat

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

for the nine months ended September 30, 2021

	CAPITAL RESERVES				REVENUE RESERVES	
	Share Capital	Share Premium	Employees' share compensation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)	Total
(Rupees in '000)						
Balance as on January 01, 2020	1,925,364	138,384	53,862	209,721	1,220,393	3,547,725
Profit for the period	-	-	-	-	417,399	417,399
Other comprehensive income	-	-	-	(259)	184	(75)
	-	-	-	(259)	417,583	417,324
Bonus Share Issue @ 10%	192,536	-	-	-	(192,536)	-
Employee Share Option Reserve	-	-	12,964	-	-	12,964
	192,536	-	12,964	-	(192,536)	12,964
Balance as on September 30, 2020	2,117,900	138,384	66,826	209,462	1,445,440	3,978,012
Profit for the period	-	-	-	-	256,441	256,441
Other comprehensive income	-	-	-	32,821	-	32,821
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	(456)	531	75
	-	-	-	32,366	256,971	289,337
Gain on transfer of business to Octopus Digital Limited	-	-	-	-	1,084,000	1,084,000
Employee Share Option Reserve	-	-	7,444	-	-	7,444
	-	-	7,444	-	-	7,444
Balance as on December 31, 2020	2,117,900	138,384	74,270	241,828	2,786,411	5,358,793
Profit for the period	-	-	-	-	878,141	878,141
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	878,141	878,141
Issuance of shares against ESOS	20,378	47,491	(41,686)	-	-	26,183
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	(829)	829	-
20% bonus share issue for the period ended December 31, 2020	427,656	-	-	-	(427,656)	-
10% final dividend for the period ended December 31, 2020 @ Rs. 1 per share	-	-	-	-	(213,828)	(213,828)
Employee share option reserve	-	-	31,940	-	-	31,940
	448,034	47,491	(9,746)	(829)	(640,654)	(155,705)
Balance as on September 30, 2021	2,565,934	185,875	64,524	240,999	3,023,898	6,081,229

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

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

for the nine months ended September 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

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.

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

for the nine months ended September 30, 2021

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 Amendments to approved accounting standards that are not yet effective

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

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

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

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

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

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

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

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

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

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

for the nine months ended September 30, 2021

(Rupees in '000)	Un-audited September 30, 2021	Un-audited September 30, 2020
3. OTHER OPERATING CHARGES		
Donations	3,064	2,445
Exchange Loss		
Impairment on investments	3,064	2,445
4. OTHER OPERATING INCOME		
Income on bank deposits	506	514
Gain on disposal of property, plant and equipment	4,006	2,902
Exchange gain	297,265	322,071
Capital Gain/Loss	315	813
Amortization of deferred grant	487	-
Dividend Income	461,370	-
Others	5,132	11,529
	769,081	337,828

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

- (i) There are no contingencies to report as at September 30, 2021 (2020: Nil)

5.2 Commitments

- (i) Bank guarantees issued amounting to Rs. 14.622 million (2020: Rs. 23.168 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.27.69 million (2020: 47.76) which relates to import acceptance bills.

6. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

(Rupees in '000)	Director		Others Executives	
	2021	2020	2021	2020
Managerial remuneration	4,032	3,368	50,672	50,667
House rent	1,613	1,347	20,269	19,216
Utilities	403	337	5,067	4,804
Provident Fund / Gratuity	403	337	5,067	4,804
	7,229	5,422	83,176	82,394
Number of persons	1	1	30	31

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

7. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on October 29, 2021 by the Board of Directors of the Holding Company.

8. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

Avanceon

**Consolidated Condensed
Interim Financial Statements**

for the nine months ended September 30, 2021

Consolidated Condensed Interim Statement of Financial Position

as at September 30, 2021

(Rupees in '000)	Note	Un-audited September 30, 2021	Audited December 31, 2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
500,000,000 (2020: 250,000,000)			
ordinary shares of Rs. 10 each		5,000,000	2,500,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
256,593,358 (2020: 211,790,006)			
ordinary shares of Rs. 10 each		2,565,934	2,117,900
CAPITAL RESERVES			
Share premium		185,875	138,384
Employees' share compensation reserve		64,524	74,270
Statutory reserve		3,002	3,002
Exchange revaluation reserve		645,109	632,410
Surplus on revaluation of property & equipment		240,998	241,827
		1,139,508	1,089,893
REVENUE RESERVES			
Un-appropriated Profit		2,411,055	2,409,499
		6,116,497	5,617,292
NON-CONTROLLING INTEREST			
		4,506	4,506
		6,121,003	5,621,798
NON CURRENT LIABILITIES			
Long Term Loans		4,118	23,551
Liabilities against assets subject to finance lease		23,879	42,300
Deferred Grant		1,244	517
Deferred liabilities		112,720	100,787
		141,962	167,155
CURRENT LIABILITIES			
Current portion of Long Term Loans		25,911	25,911
Current portion of lease liabilities		28,941	38,159
Current portion of deferred grant		4	1,218
Share deposit money against subsidiary IPO		1,110,410	-
Finances under mark up arrangements and other credit facilities - secured		456,992	487,386
Unclaimed Dividend		164,843	10,951
Creditors, accrued and other liabilities		1,726,365	2,739,492
Contract Liabilities		1,410,745	902,093
		4,921,211	4,205,210
CONTINGENCIES AND COMMITMENTS			
	5		
		11,187,175	9,994,164

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

(Rupees in '000)	Note	Un-audited September 30, 2021	Audited December 31, 2020
ASSETS			
NON CURRENT ASSETS			
Property and equipment		408,415	431,326
Capital Work in Progress		42,331	20,029
Long term investment		933,206	874,023
Deferred Tax		19,979	58,853
Long term deposits		38,135	32,849
		1,442,067	1,417,080
CURRENT ASSETS			
Stock in trade		276,262	123,783
Trade debts		2,934,181	3,586,027
Contract Assets		4,462,771	3,760,963
Advances, deposits, prepayments and other receivables		746,724	502,239
Term deposits with banks		10,125	73,788
Investments in Stocks		400	2,955
Cash and bank balances		1,314,645	527,329
		9,745,109	8,577,084
		11,187,175	9,994,164



Director
Taveer Karamat

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

for the nine months ended September 30, 2021

(Rupees in '000)	Note	Nine month ended		Three month ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Revenues		3,597,813	3,622,572	1,217,211	1,623,090
Cost of revenue		(2,549,222)	(2,615,957)	(900,396)	(1,174,925)
Gross profit / (Loss)		1,048,592	1,006,615	316,815	448,165
Administrative and selling expenses		(580,455)	(486,523)	(195,018)	(121,140)
Other operating expenses	3	(9,884)	(2,890)	(6,360)	(386)
Other operating income	4	378,729	332,183	98,483	48,238
		(211,610)	(157,230)	(102,895)	(73,289)
Profit / (Loss) from operations		836,981	849,385	213,920	374,877
Finance costs		(85,705)	(96,635)	(31,252)	(41,795)
Profit / (Loss) before tax		751,276	752,751	182,668	333,082
Taxation		(109,066)	(7,209)	(26,971)	(14,646)
Income for the period from operations		642,210	745,542	155,697	318,436
Combined earnings per share			Restated		Restated
Basic		2.51	2.92	0.61	1.25
Diluted		2.48	2.86	0.60	1.22

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

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

for the nine months ended September 30, 2021

(Rupees in '000)	Note	Nine month ended		Three month ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Profit / (Loss) for the period		642,210	745,542	155,697	318,436
Other comprehensive income					
- Exchange difference on translating foreign operations		12,699	12,500	76,290	(24,316)
- Surplus on revaluation of property and equipment realised through incremental depreciation charged on related assets for the period-net of tax		(829)	-	(612)	-
Total comprehensive income for the period		654,080	758,042	231,376	294,120

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

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

for the nine months ended September 30, 2021

(Rupees in '000)	Nine months ended	
	Un-audited September 30, 2021	Un-audited September 30, 2020
Cash flows from operating activities		
Profit / (loss) before tax	751,276	752,751
Adjustments for:		
Depreciation on property, plant and equipment	42,303	49,231
Exchange (gain) / loss	(301,974)	(308,225)
Exchange revaluation reserve	(46,484)	(48,851)
Unrealised gain/(loss) on short term investment	(4,006)	(811)
Finance cost	85,705	96,635
Gain on disposal of property and equipment	(4,006)	(2,902)
Income on bank deposits	(510)	(7,068)
	(228,971)	(221,991)
	522,305	530,759
Profit before working capital changes		
(Increase) / decrease in current assets		
- Stock in trade	(152,479)	(4,827)
- Trade debts	760,663	(523,525)
- Advances, deposits, prepayments and other receivables	(227,245)	(82,150)
(decrease) / Increase in current liabilities		
- Creditors, accrued and other liabilities	(1,014,095)	221,792
	(633,156)	(388,711)
Cash (used in) / generated from operations	(110,851)	142,048



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

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

for the nine months ended September 30, 2021

(Rupees in '000)	Nine months ended	
	Un-audited September 30, 2021	Un-audited September 30, 2020
Cash generated from continuing operations	(110,851)	142,048
Finance costs paid	(88,536)	(100,281)
Taxes paid	(87,431)	(50,849)
Net cash (used in) / generated from operating activities	(286,818)	(9,081)
Cash flows from investing activities		
Purchase of property, plant and equipment	(22,362)	(11,351)
Proceeds from disposal of property, equipment and intangible assets	6,950	2,902
Capital Work in Progress	(22,302)	-
Profit on bank deposit	510	7,068
Short term investment	2,555	-
Term deposits with banks	63,663	118,782
Net change in long term advances and deposits	(5,286)	(3,617)
Net cash (used in) / generated from investing activities	23,728	113,784
Cash flows from financing activities		
Dividend paid	(59,935)	(10,841)
Share premium	47,491	-
Share deposit money against subsidiary IPO	1,110,410	-
Salary loan grant from SBP	(19,920)	50,521
Repayment of finance lease liabilities	(27,639)	(30,061)
Net cash (used in) / generated from financing activities	1,050,406	9,618
Net (decrease) / increase in cash and cash equivalents	787,316	114,321
Cash and cash equivalents at the beginning of year	527,329	105,226
Cash and cash equivalents at the end of period	1,314,645	219,547

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


Director
Taveer Karamat

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

for the nine months ended September 30, 2021

	CAPITAL RESERVES						REVENUE RESERVES		
	Share Capital	Share Premium reserve	Employees' share compensation reserve	Statutory Reserve	Exchange revaluation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)	Non-Controlling Interest	TOTAL
(Rupees in '000)									
Balance as on January 01, 2020	1,925,364	138,384	53,862	3,002	610,100	209,721	1,562,534	4,346	4,507,313
Profit for the period	-	-	-	-	-	-	745,542	-	745,542
Other comprehensive income	-	-	-	-	12,500	(259)	184	-	12,424
	-	-	-	-	12,500	(259)	745,726	-	757,966
Bonus Share Issue @ 10%	192,536	-	-	-	-	-	(192,536)	-	-
Employee share option reserve	-	-	12,964	-	-	-	-	-	12,964
	192,536	-	12,964	-	-	-	(192,536)	-	12,964
Balance as on September 30, 2020	2,117,900	138,384	66,826	3,002	622,599	209,462	2,115,723	4,346	5,278,242
Profit for the period	-	-	-	-	-	-	299,437	-	299,437
Other comprehensive income	-	-	7,444	-	9,810	32,821	-	160	50,236
Dividend payable	-	-	-	-	-	-	(6,192)	-	(6,192)
Transfer from revaluation surplus on account of incremental depreciation	-	-	-	-	-	(456)	531	-	75
	-	-	7,444	-	9,810	32,365	293,776	160	343,556
Balance as on December 31, 2020	2,117,900	138,384	74,270	3,002	632,410	241,827	2,409,499	4,506	5,621,798
Profit for the period	-	-	-	-	-	-	642,210	-	642,210
Other comprehensive income	-	-	-	-	12,699	-	-	-	12,699
	-	-	-	-	12,699	-	642,210	-	654,910
Issuance of bonus shares	20,378	47,491	(41,686)	-	-	-	-	-	26,183
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	-	-	(829)	829	-	-
20% bonus share issue for the period ended December 31, 2020	427,656	-	-	-	-	-	(427,656)	-	-
10% final dividend for the period ended December 31, 2020 @ Re. 1 per share	-	-	-	-	-	-	(213,828)	-	(213,828)
Employee share option reserve	-	-	31,940	-	-	-	-	-	31,940
	448,034	47,491	(9,746)	-	-	(829)	(640,654)	-	(155,705)
Balance as on September 30, 2021	2,565,934	185,875	64,524	3,002	645,109	240,998	2,411,055	4,506	6,121,003

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

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

for the nine months ended September 30, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

1.1 The "Group" consists of:

Holding Company

Avanceon Limited (AVL)

Subsidiary companies

% age of Holding

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

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

The Avanceon Automation and Control W.L.L (AVAC) is a limited liability formed pursuant to Commercial Companies Law No. (11) 2015 and was registered with the Ministry of Economy and Commerce under Registration No. 99027 on May 22, 2017, and its registered office and business unit is situated in the Office No. 12, M Floor, Al Jabber, Engg. HO Building, PO Box 15976, Fox Hills, Lusail, Doha, Qatar. The principal activity of the Company is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services.

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

for the nine months ended September 30, 2021

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

Octopus Digital Limited (ODL) is a public limited company registered under the Companies Act, 2017 and having registered office and business unit at 19 km, Multan Road, Lahore. The Company is engaged in providing after sale and related technical services. The Company is wholly owned subsidiary of the Holding Company. During the year, ODL entered into a Business Arrangement Contract dated 08 December 2020 with the 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.

Avanceon Saudi Energy Company (One person mixed limited liability company) is the 100% wholly owned subsidiary of Avanceon FZE registered in Riyadh, under the commercial registration No. 1010676690 dated 27th December, 2020 having registered office and business unit at 3141 Anas Ibn Malik-Al Malqa Dist. Unit no. 718, Riyadh 13521 – 8292 Kingdom of Saudi Arabia.

Avanceon QFZCO LLC is the 100% wholly owned subsidiary of Avanceon Limited registered in Doha, Qatar in Qatar Free Zone under registration No. FZA 194 dated 5th November 2020 having registered office and business unit at PA-WH-04, Unit 16 Ras Bufontas Free Zone Doha Qatar

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.

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

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

for the nine months ended September 30, 2021

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.

(Rupees in '000)	Un-audited September 30, 2021	Un-audited September 30, 2020
3. OTHER OPERATING EXPENSES		
Donations	3,064	2,890
Exchange loss	6,820	-
	9,884	2,890
4. OTHER OPERATING INCOME		
Income on bank deposits	510	7,068
Gain on disposal of property, plant and equipment	4,006	2,902
Amortization of deferred grant	487	-
Exchange gain	301,974	309,039
Capital Gain	315	-
Reversal of provisions for ECL	42,748	-
Other Income	28,688	13,174
	378,729	332,183

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

- (i) There are no contingencies to report as at Sep 30, 2021 (2020: Nil)

5.2 Commitments

- (i) Bank guarantees issued amounting to Rs.19.56 million (2020: Rs. 23.168 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs. 36.14 million (2020: 47.76) which relates to import acceptance bills.

6. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

(Rupees in '000)	Chief Executive Officer		Director		Others Executives	
	2021	2020	2021	2020	2021	2020
Managerial remuneration	45,903	45,023	5,997	5,360	177,907	159,654
House rent	12,580	12,750	1,613	1,347	61,172	54,307
Utilities	7,076	7,172	403	337	16,056	14,139
Provident Fund / Gratuity	6,577	3,756	512	503	14,468	10,879
Others	1,179	1,195	778	33	13,113	12,068
	73,315	69,896	9,303	7,580	282,716	251,046
Number of persons	1	1	1	1	47	43

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

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

for the nine months ended September 30, 2021

7. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on October 29, 2021 by the Board of Directors of the Holding Company.

8. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat



GET IN TOUCH

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