



Your Partner in **Digital Transformation**

Quarterly Report March 31, 2022

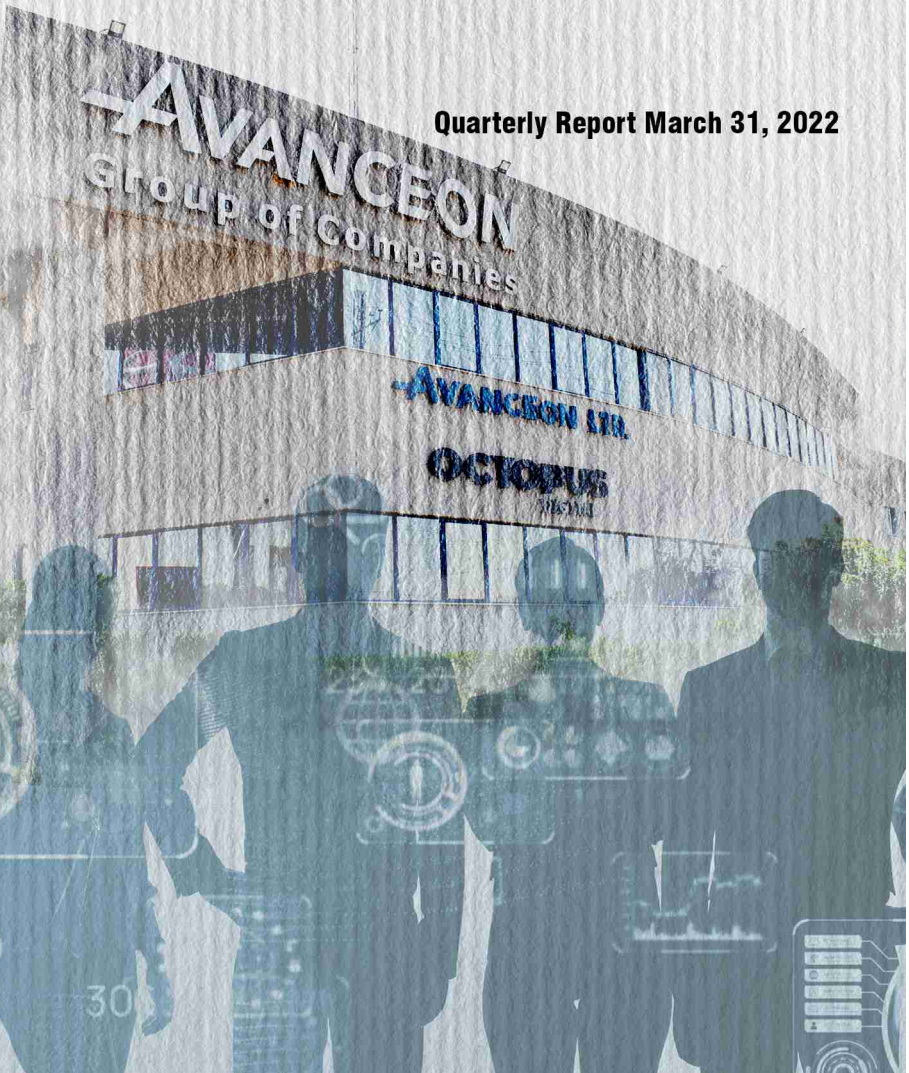


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Company Information

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
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

Web Presence

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

Bankers

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

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

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

Phone: +92 51 573 3031

Trade Mark

AVANCEON
Tomorrow's solutions, today.

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 1298Jeddah, KSA.

Phone: +966-12-6912204 x 127

Email: support.mea@avanceon.ae

Dammam, Saudia Arabia

In Partnership with ATCO LLC

ATCO Building King Khalid Street

P.O. Box 718 Dammam, KSA.

Phone: +966-12-6912204 x 127

Email: support.mea@avanceon.ae

Interim Director's Report

Directors of Avanceon Limited (the "Company") are pleased to present the Directors' Report for the first quarter ended March 31, 2022 (Un-audited).

	for the first quarter ended	
	March 31, 2022	March 31, 2021
(Rupees in '000)		
Operating results (Consolidated)		
Revenues	1,329,637	1,279,082
Profit before tax	375,808	259,782
Provision for taxation	(15,345)	(14,951)
Profit after taxation	360,463	244,831
Operating results (Unconsolidated)		
Revenues	401,983	385,104
Profit before tax	335,082	288,338
Provision for taxation	(8,213)	(8,816)
Profit after taxation	326,869	279,522

Earnings Per Share (Consolidated) For The First Quarter Ended March 31, 2022

The basic earnings per share after tax is Rs. 1.32 (2021: Rs. 0.95 - restated)

Earnings Per Share (Unconsolidated) For The First Quarter Ended March 31, 2022

The basic earnings per share after tax is Rs. 1.27 (2021: Rs. 1.09 - restated)

As per above operating financial results of the company for the first quarter ended March 31, 2022, revenues remained on positive side as per corporate plan and expectations with reasonable increase in revenues at group level and standalone level, which shows the results are in right direction to achieve corporate plan for FY 2022 & Road to 100 business plans, The management is confident to achieve the targeted corporate plan for revenues and net profit after tax for the financial year 2022. We are expecting more recovery of earnings in remaining quarters of financial year 2022, historically, our revenues and profits remain on lower side in first quarter, get start momentum in 2nd quarter and major portion of revenue of orders start getting recognized in 3rd and 4th quarter of each financial year due to business cycle which is being observed from many financials years, currently, we have strong portfolio of orders in hand and in the pipeline for Pakistan, UAE, Qatar, Saudi Arabia (KSA) and also the newly incorporated subsidiary M/S Octopus Digital Limited shall also contribute in revenues and profits with positive numbers in upcoming quarters.

Communication

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

April 29, 2022
Lahore, Pakistan,

For and on behalf of the
BOARD OF DIRECTORS



Bakhtiar Hameed Wain
Chief Executive Officer



Tanveer Karamat
Director

Avanceon

**Condensed Unconsolidated
Interim Financial Statements**
for the first quarter ended March 31, 2022

Unconsolidated Condensed Interim Statement of Financial Position

as at March 31, 2022

(Rupees in '000)	Note	Un-audited March 31, 2022	Audited December 31, 2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
500,000,000 (2021: 500,000,000)			
ordinary shares of Rs. 10 each		5,000,000	5,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
259,760,505 (2021: 256,593,358)			
ordinary shares of Rs. 10 each		2,597,605	2,565,934
CAPITAL RESERVES			
Share premium		153,135	144,188
Employees' share compensation reserve		172,657	172,657
Surplus on revaluation of property, plant & equipment		256,297	256,297
		582,089	573,142
REVENUE RESERVES			
Un-appropriated profit		2,409,905	2,083,036
		5,589,600	5,222,112
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		66,806	57,949
Deferred Tax		8,100	8,100
		74,905	66,049
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		28,566	28,566
Current portion of long term loan		17,074	23,551
Current portion of Deferred Grant		94	269
Finances under mark up arrangements and other credit facilities - secured		522,649	543,353
Contract Liabilities		210,287	157,987
Unclaimed / Unpaid Dividend		65,114	132,968
Creditors, accrued and other liabilities		956,341	747,478
		1,800,124	1,634,172
CONTINGENCIES AND COMMITMENTS			
	5		
		7,464,629	6,922,333

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 March 31, 2022	Audited December 31, 2021
ASSETS		
NON CURRENT ASSETS		
Property and equipment	461,843	423,363
Long term investments	492,117	492,117
Deposit for Long term investments	3,523,801	3,421,473
Long term loans and deposits	4,084	4,284
	4,481,846	4,341,236
CURRENT ASSETS		
Stock in trade	58,134	54,663
Trade debts	1,091,469	1,076,211
Advances, deposits, prepayments and other receivables	1,592,879	1,156,454
Contract Assets	198,342	182,197
Short term Investments	185	185
Cash and bank balances	41,774	111,387
	2,982,783	2,581,097
	7,464,629	6,922,333



Director
Tanveer Karamat

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

for the first quarter ended March 31, 2022

(Rupees in '000)	Note	for the first quarter ended	
		March 31, 2022	March 31, 2021
Revenues		401,983	385,104
Cost of revenue		(262,475)	(234,891)
Gross profit / (Loss)		139,508	150,213
Administrative and selling expenses		(45,007)	(41,589)
Other expenses	3	(1,101)	(79,277)
Other income	4	261,749	266,479
		215,641	145,614
Profit / (Loss) from operations		355,149	295,827
Finance costs		(20,066)	(7,489)
Profit / (Loss) before tax		335,082	288,338
Taxation		(8,213)	(8,816)
Profit / (Loss) for the period		326,869	279,522
			Restated
Earnings / (Loss) per share - basic		1.27	1.09
Earnings / (Loss) per share - diluted		1.25	1.07

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
Tanveer Karamat

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

for the first quarter ended March 31, 2022

(Rupees in '000)	for the first quarter ended	
	March 31, 2022	March 31, 2021
Profit / (loss) for the period	326,869	279,522
Other comprehensive income		
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets for the period- net of tax	-	(306)
Total comprehensive income / (loss) for the period	326,869	279,216

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
Tanveer Karamat

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

for the first quarter ended March 31, 2022

(Rupees in '000)	for the first quarter ended	
	March 31, 2022	March 31, 2021
Cash flows from operating activities		
Profit / (loss) before tax	335,082	288,338
Adjustments for:		
Depreciation on property and equipment	12,759	9,492
Gain on disposal of property and equipment	-	-
Finance cost	20,066	7,489
Profit on bank deposits	(1,022)	(199)
Exchange (gain) / loss	(159,359)	78,113
	(127,556)	94,894
Profit before working capital changes	207,526	383,232
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	(3,472)	(2,739)
- Trade debts	180,255	(174,133)
- Advances, deposits, prepayments and other receivables	(427,006)	(292,633)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	82,863	60,856
	(167,359)	(408,650)
Cash generated from operations	40,167	(25,417)



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

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

for the first quarter ended March 31, 2022

(Rupees in '000)	for the first quarter ended	
	March 31, 2022	March 31, 2021
Cash generated from operations	40,167	(25,417)
Finance cost paid	(8,329)	(6,799)
Taxes paid	(17,632)	(12,804)
Net cash from operating activities	14,206	(45,020)
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,785)	-
Cash proceeds on disposal of properties	-	1,857
Profit on bank deposit	1,022	199
Net change in long term advances and deposits	200	50
Net cash generated from / (used in) investing activities	(1,563)	2,106
Cash flows from financing activities		
Long term loan	(6,478)	(488)
Share issuance	31,671	20,378
Dividend	(67,854)	(40)
Lease	(39,597)	(6,286)
Net cash used in financing activities	(82,257)	13,564
Net increase / (decrease) in cash and cash equivalents	(69,613)	(29,351)
Cash and cash equivalents at the beginning of period	111,387	66,438
Cash and cash equivalents at the end of period	41,774	37,087

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


Director
Tanveer Karamat

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

for the first quarter ended March 31, 2022

	CAPITAL RESERVES				REVENUE RESERVES	Total
	Share Capital	Share Premium	Employees' share compensation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)	
(Rupees in '000)						
Balance as on January 01, 2021	2,117,900	138,384	74,270	241,827	1,702,411	4,274,792
Profit for the period	-	-	-	-	1,021,110	1,021,110
Other comprehensive income	-	-	-	15,469	-	15,469
	-	-	-	15,469	1,021,110	1,036,579
Issuance of shares against ESOS	20,378	5,804	-	-	-	26,182
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	(999)	999	-
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	-	-	98,387	-	-	98,387
	448,034	5,804	98,387	(999)	(640,484)	(89,259)
Balance as on December 31, 2021	2,565,934	144,188	172,657	256,297	2,083,036	5,222,112
Profit for the period	-	-	-	-	326,869	326,869
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	326,869	326,869
Issuance of shares against ESOS	31,671	8,947	-	-	-	40,618
Balance as on March 31, 2022	2,597,605	153,135	172,657	256,297	2,409,905	5,589,600

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
Tanveer Karamat

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

for the first quarter ended March 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

Avanceon Limited (the Company) was incorporated in Pakistan on March 26, 2003 as a private limited Company which was converted to a public Company on 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

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, amendments and interpretations and forth coming requirements

2.2.1 Standards, amendments or interpretations 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	Effective date (annual periods Beginning on or after)
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to 01 January 2023

IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	01 January 2023
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IAS 1 and IFRS Practice	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by:	01 January 2023
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Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and

Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

IAS 8	Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.	01 January 2023
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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)	01 January 2023
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The Company expects that the adoption of the 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 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.
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IFRS 1	As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. 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.
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Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited)

for the first quarter ended March 31, 2022

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 and Interpretation		Effective date (annual periods Beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2009
IFRS 17	Insurance Contracts	01 January 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.

2.2.2 Changes in accounting policies and disclosures resulting from amendments in standards during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, however there are not considered to have any significant effect on the financial statements:

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 –Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
IFRS 16	Covid- 19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)

	for the first quarter ended	
	March 31, 2022	March 31, 2021
(Rupees in '000)		
3. OTHER EXPENSES		
Donations	1,101	1,164
Exchange Loss	-	78,113
	1,101	79,277
4. OTHER INCOME		
Income on bank deposits	1,022	199
Exchange gain	159,359	-
Amortization of deferred grant	175	487
Dividend Income	100,403	261,120
Others	790	4,673
	261,749	266,479

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

- (i) There are no contingencies to report as at March 31, 2022 (2021: Nil)

5.2 Commitments

- (i) Bank guarantees issued amounting to Rs. 14.34 million (2021: Rs. 52.173 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.18.59 million (2021: 43.70) 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 certain executives of the company is as follows:

(Rupees in '000)	Director		Others Executives	
	2022	2021	2022	2021
Managerial remuneration	1,404	1,145	21,650	19,060
House rent	562	458	8,660	7,624
Utilities	140	114	2,648	1,906
Provident Fund / Gratuity	140	114	2,115	1,906
Others	152	3	977	587
	2,398	1,834	36,050	31,083
Number of persons	2	1	43	26

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 29 April 2022 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
Tanveer Karamat

Avanceon

**Consolidated Condensed
Interim Financial Statements**
for the first quarter ended March 31, 2022

Consolidated Condensed Interim Statement of Financial Position

as at March 31, 2022

(Rupees in '000)	Note	Un-audited March 31, 2022	Audited December 31, 2021
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
500,000,000 (2021: 500,000,000)			
ordinary shares of Rs. 10 each		5,000,000	5,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
259,706,501 (2021: 256,593,358)			
ordinary shares of Rs. 10 each		2,597,605	2,565,934
CAPITAL RESERVES			
Share premium		153,136	144,189
Employees' share compensation reserve		172,658	172,658
Statutory reserve		3,002	3,002
Exchange revaluation reserve		977,276	754,971
Gain on dilution of interest		631,367	631,367
Surplus on revaluation of property & equipment		256,297	256,297
		2,193,736	1,962,484
REVENUE RESERVES			
Un-appropriated Profit		3,685,543	3,346,044
		8,476,884	7,874,463
NON-CONTROLLING INTEREST			
		479,876	458,911
		8,956,760	8,333,374
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		73,049	69,627
Deferred Grant		128,534	119,342
Deferred liabilities		3,619	3,673
		205,202	192,642
CURRENT LIABILITIES			
Current portion of Long Term Loans		17,074	23,551
Current portion of lease liabilities		47,418	46,757
Current portion of deferred grant		94	269
Finances under mark up arrangements and other credit facilities - secured		722,005	713,748
Unclaimed Dividend		91,790	153,095
Creditors, accrued and other liabilities		2,321,084	3,296,491
Contract Liabilities		1,763,583	883,074
Taxation-Net		44,045	36,343
		5,007,092	5,153,328
CONTINGENCIES AND COMMITMENTS			
	5		
		14,169,054	13,679,344

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

(Rupees in '000)	Un-audited March 31, 2022	Audited December 31, 2020
ASSETS		
NON CURRENT ASSETS		
Property and equipment	502,562	467,762
Intangible assets	62,114	51,722
Long term investment	1,156,955	967,659
Long term deposits	39,419	38,393
	1,761,050	1,525,536
CURRENT ASSETS		
Stock in trade	143,961	72,813
Trade debts	5,259,971	5,551,439
Contract Assets	4,844,146	4,120,355
Advances, deposits, prepayments and other receivables	912,520	786,209
Short term investments	311,036	310,656
Cash and bank balances	936,369	1,312,336
	12,408,003	12,153,808
	14,169,054	13,679,344


 Director
 Tanveer Karamat

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

for the first quarter ended March 31, 2022

(Rupees in '000)	Note	for the first quarter ended	
		March 31, 2022	March 31, 2021
Revenues		1,329,637	1,279,082
Cost of revenue		(865,899)	(816,188)
Gross Profit / (Loss)		463,737	462,894
Administrative and selling expenses		(221,052)	(153,844)
Other expenses	3	(1,101)	(79,496)
Other income	4	180,472	51,267
		(41,681)	(182,072)
Profit / (Loss) from operations		422,056	280,822
Finance costs		(46,249)	(21,040)
Profit / (Loss) before tax		375,808	259,782
Taxation		(15,345)	(14,951)
Income for the period from operations		360,463	244,831
Attributable to:			
Equity holders to the Holding Company		339,498	244,831
Non-Controlling Interest		20,965	-
		360,463	244,831
Combined earnings per share			Restated
Basic		1.32	0.95
Diluted		1.30	0.94

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
Tanveer Karamat

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

for the first quarter ended March 31, 2022

(Rupees in '000)	for the first quarter ended	
	March 31, 2022	March 31, 2021
Profit / (Loss) for the period	360,463	244,831
Other comprehensive income		
- Exchange difference on translating foreign operations	222,305	(60,999)
- Surplus on revaluation of property and equipment realised through incremental depreciation charged on related assets for the period-net of tax		
Total comprehensive income for the period	582,768	183,832

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
Tanveer Karamat

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

for the first quarter ended March 31, 2022

(Rupees in '000)	for the first quarter ended	
	March 31, 2022	March 31, 2021
Cash flows from operating activities		
Profit / (loss) before tax	375,808	259,782
Adjustments for:		
Depreciation on property and equipment	19,422	11,697
Exchange (gain) / loss	(178,484)	78,332
Exchange revaluation reserve	33,012	(26,483)
Finance cost	46,249	21,040
Profit on bank deposits	(1,022)	(200)
	(80,824)	84,384
Profit before working capital changes	294,983	344,167
Effect of cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	(71,148)	(14,689)
- Trade debts	626,670	948,552
- Advances, deposits, prepayments and other receivables	(65,842)	(195,006)
(decrease) / Increase in current liabilities		
- Creditors, accrued and other liabilities	(960,976)	(1,084,302)
	(471,295)	(345,445)
Cash (used in) / generated from operations	(176,311)	(1,278)



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

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

for the first quarter ended March 31, 2022

(Rupees in '000)	for the first quarter ended	
	March 31, 2022	March 31, 2021
Cash generated from continuing operations	(176,311)	(1,278)
Finance costs paid	(34,512)	(20,349)
Taxes paid	(68,117)	(20,934)
Net cash (used in) / generated from operating activities	(278,940)	(42,561)
Cash flows from investing activities		
Purchase of property and equipment	(3,898)	(4,257)
Intangible assets	(10,392)	-
Profit on bank deposit	1,022	200
Term deposits	(380)	64,663
Decrease in long term loans and deposits - net	(1,026)	(1,804)
Net cash (used in) / generated from investing activities	(14,674)	58,803
Cash flows from financing activities		
Share issuance	31,671	20,378
Long term loan received / (repaid)	(6,478)	(487)
Dividends	(61,305)	-
Repayment of finance lease liabilities	(46,241)	(13,079)
Net cash (used in) / generated from financing activities	(82,352)	6,812
Net (decrease) / increase in cash and cash equivalents	(375,967)	23,055
Cash and cash equivalents at the beginning of year	1,312,336	527,329
Cash and cash equivalents at the end of period	936,369	550,384

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


Director
Tanveer Karamat

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

for the first quarter ended March 31, 2022

(Rupees in '000)

	CAPITAL RESERVES							REVENUE RESERVES		
	Share Capital	Share Premium reserve	Gain dilution of interest	Employees' share compensation reserve	Statutory Reserve	Exchange revaluation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)	Non-Controlling Interest	TOTAL
Balance as on January 01, 2021	2,117,900	138,384	-	74,270	3,002	632,410	241,827	2,409,500	4,506	5,621,799
Profit for the period	-	-	-	-	-	-	-	1,577,030	23,063	1,600,093
Other comprehensive income	-	-	-	-	-	122,562	15,469	-	-	138,031
	-	-	-	-	-	122,562	15,469	1,577,030	23,063	1,738,123
Issuance of bonus shares	20,378	5,805	-	-	-	-	-	-	431,342	457,525
Gain on dilution of interest	-	-	631,367	-	-	-	-	-	-	631,367
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	-	-	-	(999)	999	-	-
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	-	-	-	98,388	-	-	-	-	-	98,388
	448,034	5,805	631,367	98,388	-	-	(999)	(640,485)	431,342	973,452
Balance as on December 31, 2021	2,565,934	144,189	631,367	172,658	3,002	754,971	256,297	3,346,044	458,911	8,333,374
Profit for the period	-	-	-	-	-	-	-	339,498	20,965	360,463
Other comprehensive income	-	-	-	-	-	222,305	-	-	-	222,305
	-	-	-	-	-	222,305	-	339,498	20,965	582,768
Issuance of bonus shares	31,671	8,947	-	-	-	-	-	-	-	40,618
Balance as on March 31, 2022	2,597,605	153,136	631,367	172,658	3,002	977,276	256,297	3,685,543	479,876	8,956,760

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
Tanveer Karamat

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

for the first quarter ended March 31, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

Business Unit	Location
Head Office	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%
- Octopus Digital Inc. USA (ODI)	100%
- Avanceon Automation and Control W.L.L (AVAC)	49%
- Avanceon Saudi Energy Company (AVSEC)	100%
- Octopus Digital Limited	80%

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.

Octopus Digital Inc. registered office is 1800 John F. Kennedy Boulevard, Suite 1601, Philadelphia, PA. The Group holds 26.11% (2020: 26.11%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, The General Partner.

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.

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Standards, Interpretations and amendments to published approved accounting standards

2.2.1 Standards, amendments or interpretations to approved accounting standards that are not yet effective

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

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

for the first quarter ended March 31, 2022

Standard		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	January 01, 2023
IAS 1 and IFRS Practice Statement 2	<p>Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by:</p> <p>Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and</p> <p>Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.</p>	January 01, 2023
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.	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)	January 01, 2023

The Company expects that the adoption of the 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 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 1 As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. 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.

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 and IFRIC		Effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2009
IFRS 17	Insurance Contracts	01 January 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.

2.2.2 Changes in accounting policies and disclosures resulting from amendments in standards during the year

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:

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
IFRS 16	Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)

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

for the first quarter ended March 31, 2022

(Rupees in '000)	for the first quarter ended	
	March 31, 2022	March 31, 2021
3. OTHER EXPENSES		
Donations	1,101	1,164
Exchange loss	-	78,332
	1,101	79,496
4. OTHER INCOME		
Income on bank deposits	1,022	200
Amortization of deferred grant	175	624
Exchange gain	178,484	-
Reversal of provisions for ECL	-	23,845
Other Income	790	26,597
	180,472	51,267

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

- (i) There are no contingencies to report as at Mar. 31, 2022 (2020: Nil)

5.2 Commitments

- (i) Bank guarantees issued amounting to Rs.14.34 million (2021: Rs. 52.173 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs. 18.59 million (2021: 43.70) 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	
	2022	2021	2022	2021	2022	2021
Managerial remuneration	17,802	14,645	3,069	1,787	71,525	59,188
House rent	4,690	4,147	935	458	23,885	20,823
Utilities	2,638	2,333	234	114	6,418	5,745
Contribution to provident fund	1,380	1,257	295	168	6,121	3,132
Others	440	389	153	2	5,075	3,718
	26,949	22,771	4,686	2,529	113,024	92,606
Number of persons	1	1	4	1	62	42

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 29 April 2022 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
Tanveer Karamat



GET IN TOUCH

AVANCEON BUILDING

19 - KM, Main Multan Road,
Lahore 54660, Pakistan.
Phone: +92 42 111 940 940
Fax: +92 42 3545 6957

