



Your Partner in **Digital Transformation**

Nine Months Ended September 30, 2022

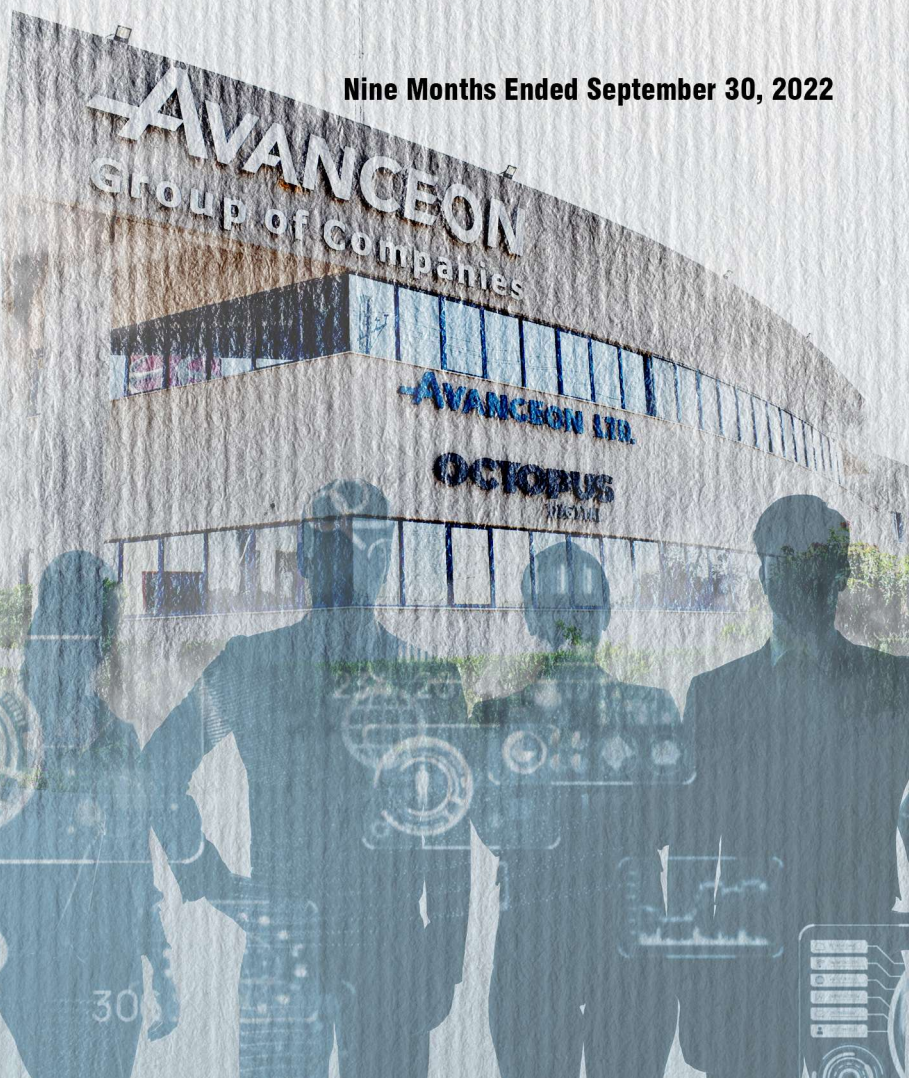


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Company Information

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
Khalid Hameed Wain	Member

Human Resource & Remuneration Committee

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

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Legal Advisor

Chima & Ibrahim

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
Dubai Islamic Bank Pakistan
Qatar International Islamic Bank QIIB,
Qatar Islamic Bank QIB, Qatar

Share Registrar

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Trade Mark

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Interim Director's Report

Directors of Avanceon Limited (the "Company") are pleased to present the Directors' Report for the nine months ended September 30, 2022.

(Rupees in '000)	for the nine months ended	
	September 30, 2022	September 30, 2021
Operating results (consolidated)		
Revenues	4,613,635	3,597,813
Profit before tax	1,917,027	751,276
Provision for taxation	(84,956)	(109,066)
Profit after taxation	1,832,071	642,210
Operating results (standalone)		
Revenues	1,300,756	1,209,205
Profit before tax	1,717,329	960,763
Provision for taxation	(55,693)	(82,622)
Profit after taxation	1,661,636	878,141

Earnings per share (consolidated) for the nine months ended september 30, 2022

The basic earnings per share after tax is Rs. 5.90 (2021: Rs. 1.95 - restated)

Earnings per share (standalone) for the nine months ended september 30, 2022

The basic earnings per share after tax is Rs. 5.66 (2021: Rs. 2.99 - restated)

As per above operating financial results of the company for the nine months ended September 30, 2022, revenues remained on lower and upper side in terms of USD and PKR respectively due to rapid devaluation of PKR against USD. Definitely, PKR devaluation contributed a lot in other income head, but revenue side remained on lower side because SBP had not granted LC approvals in last two quarters on our foreign vendors which impacted our Pakistan business badly during the reported period but our foreign subsidiaries specifically Qatar business segment performed exceptionally good which compensated our revenue targets at group level very well. Now SBP starts granting approval of LC establishment which can help us to achieve our corporate target in remaining period of current financial year, as we had presented in our last analyst briefing. We are on the way to achieve our "Road to 100" business plan. As for as this financial year revenues and PAT performance/target are concerned, we may short of USD 6M in revenue recognition, but PAT target will be achieved very easily with the help of Other Income (Exchange Gain as major contributor). We may enter FY 2023 with USD 71M backlog (ever highest in Avanceon history) which is providing enough comfort to management for next year financial plan achievement. Your company is confident to achieve the PAT target of FY 2022.

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 28, 2022
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, 2022

Unconsolidated Condensed Interim Statement of Financial Position

as at September 30, 2022

(Rupees in '000)	Note	Un-audited September 30, 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			
324,700,631 (2021: 256,593,358)			
ordinary shares of Rs. 10 each		3,247,006	2,565,934
CAPITAL RESERVES			
Share premium		314,006	144,188
Employees' share compensation reserve		21,531	172,657
Surplus on revaluation of property, plant & equipment		255,467	256,297
		591,004	573,142
REVENUE RESERVES			
Un-appropriated profits		2,836,341	2,083,036
		6,674,351	5,222,112
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		114,557	57,949
Deferred Tax		55,522	8,100
		170,079	66,049
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		30,275	28,566
Current portion of long term loan		6,385	23,551
Current portion of Deferred Grant		-	269
Finances under mark up arrangements and other credit facilities - secured		724,997	543,353
Contract Liabilities		207,395	157,987
Unclaimed / Unpaid Dividend		222,047	132,968
Creditors, accrued and other liabilities		1,081,277	747,478
		2,272,376	1,634,172
CONTINGENCIES AND COMMITMENTS			
	5		
		9,116,805	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 September 30, 2022	Audited December 31, 2021
ASSETS		
NON CURRENT ASSETS		
Property and equipment	516,873	423,363
Intangible Assets	-	-
Long term investments	492,117	492,117
Deposit for Long term investments	4,283,924	3,421,473
Long term loans and deposits	10,765	4,284
	5,303,680	4,341,236
CURRENT ASSETS		
Stock-in-trade	107,931	54,663
Trade debts	1,834,799	1,076,211
Advances, deposits, prepayments and other receivables	1,641,972	1,156,454
Contract Assets	164,799	182,197
Short term Investments	177	185
Cash and bank balances	63,447	111,387
	3,813,125	2,581,097
	9,116,805	6,922,333


 Director
 Tanveer Karamat

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

for the nine months ended September 30, 2022

(Rupees in '000)	Note	Nine months ended		Three months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues		1,300,756	1,209,205	414,709	416,456
Cost of revenue		(869,454)	(799,479)	(277,135)	(287,852)
Gross Profit / (Loss)		431,302	409,726	137,574	128,604
Administrative and selling expenses		(399,689)	(176,072)	(53,154)	(39,427)
Other charges	3	6,192)	(3,064)	(3,220)	53,086
Other income	4	1,785,189	769,081	892,082	298,391
		1,379,308	589,944	835,708	312,050
Profit / (Loss) from operations		1,810,610	999,670	973,281	440,653
Finance costs		(93,280)	(38,907)	(39,314)	(18,050)
Profit / (Loss) before tax		1,717,329	960,763	933,968	422,603
Taxation		(55,693)	(82,622)	14,362	(15,816)
Profit / (Loss) for the period		1,661,636	878,141	948,330	406,786
			Restated		Restated
Earnings / (Loss) per share - basic		5.66	2.99	3.23	1.39
Earnings / (Loss) per share - diluted		5.59	2.96	3.19	1.37

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 nine months ended September 30, 2022

(Rupees in '000)	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Profit /(loss) for the period	1,661,636	878,141	948,330	406,786
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	(830)	(829)	(830)	(612)
Deferred tax on revaluation surplus due to reduction in tax rate				
Total comprehensive income / (loss) for the period	1,660,806	877,312	947,499	406,174

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 Changes in Equity (Un-audited)

for the nine months ended September 30, 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 depreciation	-	-	-	(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	-	-	-	-	1,661,636	1,661,636
Other comprehensive income	-	-	-	(830)	830	-
	-	-	-	(830)	1,662,466	1,661,636
Issuance of shares against ESOS	31,671	169,818	(160,871)	-	-	40,619
10% final dividend for the period ended December 31, 2021 @ Re. 1 per share	-	-	-	-	(259,761)	(259,761)
25% bonus share issue for the period ended December 31, 2021	649,401	-	-	-	(649,401)	-
Employee share option reserve	-	-	9,744	-	-	9,744
	681,073	169,818	(151,126)	-	(909,162)	(209,398)
Balance as on September 30, 2022	3,247,006	314,006	21,531	255,467	2,836,341	6,674,351

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 nine months ended September 30, 2022

(Rupees in '000)	Nine months ended	
	September 30, 2022	September 30, 2021
Cash flows from operating activities		
Profit/(loss) before tax	1,717,329	960,763
Adjustments for:		
Depreciation on property and equipment	42,445	28,068
Exchange gain	(779,415)	(297,265)
Exchange gain on translation of long term deposits	(862,452)	(166,812)
Gain on disposal of property and equipment	(9,144)	(4,006)
Provision for expected credit loss and writeoff	241,782	22,202
Employee share option expense	9,744	31,941
Amortization of deferred grant	(269)	(487)
Capital loss on short-term investment	8	-
Finance cost	93,280	38,907
Profit on bank deposits	(1,429)	(506)
	(1,265,447)	(347,960)
Profit before working capital changes	451,882	612,803
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	(53,269)	(52,064)
- Trade debts	(154,150)	(26,146)
- Advances, deposits, prepayments and other receivables	(490,569)	(563,806)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	299,761	137,923
	(398,227)	(504,094)
Cash generated from operations	53,656	108,710



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, 2022

(Rupees in '000)	Nine months ended	
	September 30, 2022	September 30, 2021
Cash generated from operations	53,656	108,710
Finance cost paid	(59,243)	(41,739)
Income tax paid	(20,514)	(51,586)
Net cash from operating activities	(26,102)	15,385
Cash flows from investing activities		
Purchase of property and equipment	(29,821)	(15,827)
Short term investments	-	2,555
Proceeds from disposal of property and equipment	13,752	6,950
Profit on bank deposit	1,429	506
Net change in long term advances and deposits	(6,481)	154
Net cash generated from / (used in) investing activities	(21,122)	(5,661)
Cash flows from financing activities		
Long term loan paid	(17,167)	(19,921)
Issuance of Shares	31,671	20,378
Premium on issuance of shares	8,947	47,491
Finance under markup arrangements and other credit facilities	181,644	(27,610)
Dividend paid	(170,681)	(50,649)
Repayment of lease liabilities	(35,132)	(17,375)
Net cash used in financing activities	(716)	(47,686)
Net increase/(decrease) in cash and cash equivalents	(47,940)	(37,962)
Cash and cash equivalents at the beginning of period	111,387	66,438
Cash and cash equivalents at the end of period	63,447	28,476

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


Director
Tanveer Karamat

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

for the nine months ended September 30, 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 or interpretation		Effective date (annual periods Beginning on or after)
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.	01 January 2023
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	01 January 2023
IAS 1 and IFRS Practice Statement 2	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: <ul style="list-style-type: none"> - 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. 	01 January 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.	01 January 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)	01 January 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:

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

for the nine months ended September 30, 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 or 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.

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)

(Rupees in '000)	Nine months ended	
	September 30, 2022	September 30, 2021
3. OTHER CHARGES		
Donations	6,184	3,064
Capital Loss	8	-
	6,192	3,064
4. OTHER INCOME		
Income on bank deposits	1,429	506
Gain on disposal of property, plant and equipment	9,144	4,006
Exchange gain	1,641,866	297,265
Capital Gain	-	315
Amortization of deferred grant	269	487
Dividend Income	126,024	461,370
Others	6,457	5,132
	1,785,189	769,081

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

- (i) There are no contingencies to report as at September 30, 2022 (2021: Nil)

5.2 Commitments

- (i) Bank guarantees issued amounting to Rs. 22.67 million (2021: Rs. 52.173 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.27.80 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 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	
	2022	2021	2022	2021
Managerial remuneration	4,056	4,032	77,651	50,672
House rent	1,623	1,613	31,061	20,269
Utilities	406	403	7,710	5,067
Provident Fund / Gratuity	406	403	7,618	5,067
Others	688	778	2,793	2,101
	7,178	7,229	126,833	83,176
Number of persons	2	1	52	31

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

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

for the nine months ended September 30, 2022

7. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on October 28, 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 nine months ended September 30, 2022

Consolidated Condensed Interim Statement of Financial Position

as at September 30, 2022

(Rupees in '000)	Note	Un-audited September 30, 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			
324,700,631 (2021: 256,593,358)			
ordinary shares of Rs. 10 each		3,247,006	2,565,934
CAPITAL RESERVES			
Share premium		314,007	144,189
Employees' share compensation reserve		21,531	172,658
Statutory reserve		3,002	3,002
Exchange revaluation reserve		1,427,479	754,971
Gain on dilution of interest		631,367	631,367
Surplus on revaluation of property & equipment		255,466	256,297
		2,652,853	1,962,484
REVENUE RESERVES			
Un-appropriated Profit		4,169,465	3,346,044
		10,069,324	7,874,463
NON-CONTROLLING INTEREST			
		559,230	458,911
		10,628,554	8,333,374
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		114,557	69,627
Deferred Liabilities		186,627	119,342
Deferred Tax		56,403	3,673
		357,587	192,642
CURRENT LIABILITIES			
Current portion of Long Term Loans		6,385	23,551
Current portion of lease liabilities		48,289	46,757
Current portion of deferred grant		-	269
Finances under mark up arrangements and other credit facilities - secured		483,413	713,748
Unclaimed Dividend		222,047	153,095
Creditors, accrued and other liabilities		3,019,146	3,296,491
Contract Liabilities		2,641,077	883,074
Taxation-Net		19,428	36,343
		6,439,785	5,153,328
CONTINGENCIES AND COMMITMENTS			
	5	17,425,925	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 September 30, 2022	Audited December 31, 2021
ASSETS		
NON CURRENT ASSETS		
Property and equipment	559,144	467,762
Capital Work in Progress	99,208	51,722
Long term investment	1,452,222	967,659
Long term deposits	55,471	38,393
	2,166,046	1,525,536
CURRENT ASSETS		
Stock in trade	211,323	72,813
Trade debts	5,996,442	5,551,439
Contract Assets	6,380,665	4,120,355
Advances, deposits, prepayments and other receivables	1,638,949	786,209
Short term investment	13,797	310,656
Cash and bank balances	1,018,702	1,312,336
	15,259,879	12,153,808
	17,425,925	13,679,344


 Director
 Tanveer Karamat

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

for the nine months ended September 30, 2022

(Rupees in '000)	Note	Nine months ended		Three months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenues		4,613,635	3,597,813	2,304,425	1,217,211
Cost of revenue		(3,348,865)	(2,549,222)	(1,773,209)	(900,396)
Gross profit / (Loss)		1,264,770	1,048,592	531,216	316,815
Administrative and selling expenses		(1,024,652)	(580,455)	(402,677)	(195,018)
Other expenses	3	(7,670)	(9,884)	(4,698)	(6,360)
Other income	4	1,833,325	378,729	848,483	98,483
		801,003	(211,610)	441,109	(102,895)
Profit / (Loss) from operations		2,065,773	836,981	972,325	213,920
Finance costs		(148,746)	(85,705)	(65,770)	(31,252)
Profit / (Loss) before tax		1,917,027	751,276	906,554	182,668
Taxation		(84,956)	(109,066)	6,207	(26,971)
Income for the period from operations		1,832,071	642,210	912,761	155,697
Attributable to:					
Equity holders of the Holding Company		1,731,752	572,103	860,500	98,897
Non-Controlling Interest		100,319	70,107	52,260	56,800
		1,832,071	642,210	912,761	155,697
Combined earnings per share			Restated		Re-stated
Basic		5.90	1.95	2.93	0.34
Diluted		5.83	1.93	2.90	0.33

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



Chief Executive Officer



Chief Financial Officer



Director
Tanveer Karamat

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
for the nine months ended September 30, 2022

(Rupees in '000)	Note	Nine months ended		Three months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Profit / (Loss) for the period		1,832,071	642,210	912,761	155,697
Other comprehensive income					
Exchange difference on translating foreign operations		672,507	12,699	260,151	76,290
Surplus on revaluation of property and equipment realised through incremental depreciation charged on related assets for the period-net of tax		(830)	(829)	(830)	(612)
Total comprehensive income for the period		2,503,748	654,080	1,172,082	231,375

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 Statement of Changes in Equity (Un-audited)

for the nine months ended September 30, 2022

	CAPITAL RESERVES							REVENUE RESERVES	Non-Controlling Interest	TOTAL
	Share Capital	Share Premium reserve	Gain on dilution of interest	Employees' share compensation reserve	Statutory Reserve	Exchange revaluation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)		
(Rupees in '000)										
Balance as on January 01, 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	-	-	-	-	-	-	-	1,731,752	100,319	1,832,071
Other comprehensive income	-	-	-	-	-	672,507	(830)	830	-	672,507
	-	-	-	-	-	672,507	(830)	1,732,582	100,319	2,504,578
Issuance of bonus shares	31,671	169,818	-	(160,871)	-	-	-	-	-	40,619
10% final dividend for the period ended December 31, 2021 @ Re. 1 per share	-	-	-	-	-	-	-	(259,761)	-	(259,761)
25% bonus share issue for the period ended December 31, 2021	649,401	-	-	-	-	-	-	(649,401)	-	-
Employee share option reserve	-	-	-	9,744	-	-	-	-	-	9,744
	681,073	169,818	-	(151,126)	-	-	-	(909,162)	-	(209,398)
Balance as on September 30, 2022	3,247,006	314,007	631,367	21,531	3,002	1,427,479	255,466	4,169,465	559,230	10,628,554

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 nine months ended September 30, 2022

(Rupees in '000)	Nine months ended	
	September 30, 2022	September 30, 2021
Cash flows from operating activities		
Profit/ (loss) before tax	1,917,027	751,276
Adjustments for:		
Depreciation on property and equipment	63,513	42,303
Exchange gain	(1,808,684)	(301,974)
Exchange revaluation reserve	(187,944)	(46,484)
Unrealised (gain)/loss on short term investment	-	(4,006)
Finance cost	148,746	85,705
Gain on disposal of fixed Assets	(9,144)	(4,006)
Income on bank deposits	(6,179)	(510)
	(1,799,691)	(228,971)
Profit before working capital changes	117,335	522,305
(Increase) / decrease in current assets		
- Stock in trade	(138,510)	(152,479)
- Trade debts	861,373	760,663
- Advances, deposits, prepayments and other receivables	(454,133)	(227,245)
(Decrease) / Increase in current liabilities		
- Creditors, accrued and other liabilities	(257,844)	(983,701)
	10,886	(602,762)
Cash (used in) / generated from operations	128,222	(80,457)



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, 2022

(Rupees in '000)	Nine months ended	
	September 30, 2022	September 30, 2021
Cash generated from continuing operations	128,222	(80,457)
Finance costs paid	(140,226)	(88,536)
Taxes paid	(36,915)	(87,431)
Net cash (used in) / generated from operating activities	(48,918)	(256,424)
Cash flows from investing activities		
Purchase of property and equipment	(49,533)	(22,362)
Proceeds from disposal of property and equipment	13,093	6,950
Payment for Capital Work in Progress	(47,486)	(22,302)
Proceed from Profit on bank deposit	-	510
Proceed from Short term investment	-	2,555
Proceed from Term deposits with banks	303,029	63,663
Payment of long term advances and deposits	(17,078)	(5,286)
Net cash (used in) / generated from investing activities	202,025	23,728
Cash flows from financing activities		
Dividend paid	(190,808)	(59,935)
Share premium	8,947	47,491
Repayment of long term loans	(17,167)	(19,920)
Share Capital	31,671	-
Repayment of finances under markup arrangements	(230,335)	(30,394)
Share deposit money against subsidiary IPO	-	1,110,410
Repayment of finance lease liabilities	(49,050)	(27,639)
Net cash (used in) / generated from financing activities	(446,741)	1,020,012
Net (decrease) / increase in cash and cash equivalents	(293,634)	787,316
Cash and cash equivalents at the beginning of year	1,312,336	527,329
Cash and cash equivalents at the end of period	1,018,702	1,314,645

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


Director
Tanveer Karamat

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

for the nine months ended September 30, 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 nine months ended September 30, 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.
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> <ul style="list-style-type: none"> - 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.
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.
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)

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		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	Interest Rate Benchmark Reform – Phase 2 –
IFRS 7, IFRS 4 and IFRS 16	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)

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

for the nine months ended September 30, 2022

(Rupees in '000)	Nine months ended	
	September 30, 2022	September 30, 2021
3. OTHER EXPENSES		
Donations	7,661	3,064
Capital gain	8	-
Exchange loss	-	6,820
	7,670	9,884
4. OTHER INCOME		
Income on bank deposits	6,179	510
Gain on disposal of property, plant and equipment	9,144	4,006
Amortization of deferred grant	269	487
Exchange gain	1,808,684	301,974
Capital Gain	-	315
Reversal of provisions for ECL	-	42,748
Other Income	9,049	28,688
	1,833,325	378,729

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

- (i) There are no contingencies to report as at September 30, 2022 (2021: Nil)

5.2 Commitments

- (i) Bank guarantees issued amounting to Rs. 32.50 million (2021: Rs. 52.173 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs. 45.80 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	58,369	45,903	9,858	5,997	253,396	177,907
House rent	15,742	12,580	2,866	1,613	85,023	61,172
Utilities	8,855	7,076	717	403	20,972	16,056
Contribution to provident fund	7,156	6,577	990	512	21,076	14,468
Others	1,476	1,179	694	778	16,385	13,113
	91,597	73,315	15,124	9,303	396,852	282,716
Number of persons	1	1	4	1	75	47

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 28, 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