



Quarterly Report March 31, 2023



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Company Information

Directors

Khalid Hameed Wain	Director / Chairman
Bakhtiar Hameed Wain	Director / Chief Executive Officer
Tanveer Karamat	Director
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
Advocates & council

Web Presence

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

Bankers

Faysal Bank Limited, Pakistan
Habib Bank Limited, Pakistan & United Arab Emirates
National Bank of Fujairah, United Arab Emirates
Habib Bank 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,
Qatar Islamic Bank QIB, Qatar

Share Registrar

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Trade Mark

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Interim Director's Report

On behalf of the Board of Directors of Avanceon Limited (the Company), we are pleased to present the unaudited financial statements for the quarter ended March 31, 2023.

(Rupees in '000)	For the first quarter ended March 31,	
	2023	2022
Operating results (consolidated)		
Revenues	1,198,290	1,329,637
Profit before tax	798,528	375,808
Provision for taxation	(47,529)	(15,345)
Profit after taxation	750,999	360,463
Operating results (standalone)		
Revenues	323,791	401,983
Profit before tax	851,372	335,082
Provision for taxation	(28,316)	(8,213)
Profit after taxation	823,057	326,869

Earnings Per Share (Consolidated) For The Three Months Ended March 31, 2023

The basic earnings per share after tax is Rs. 2.11 (2022: Rs. 1.04 - restated)

Earnings Per Share (Standalone) For The Three Months Ended March 31, 2023

The basic earnings per share after tax is Rs. 2.52 (2022: Rs. 1.00 - restated)

The revenue streams of local projects and products remained on a lower node comparatively due to the legacy of continued dangling economic conditions of which the major portion is restriction on imports and non-opening of import L/Cs. On the Other hand, fixed costs got a hit on a higher side due to the rapid devaluation of PKR against USD, all foreign currency related costs impacted badly. However, this devaluation adds up to our foreign exchange gain in other income.

On the Foreign front our subsidiaries in Middle east specially in Qatar & KSA regions compensated a lot to cover this gap. Our Growth trajectory for the current year in terms of PO generation is exceptionally good and we are confident that it will be reflected in the conversion of revenue in the 3rd and 4th quarter down the road.

Moreover, it is reported that State bank of Pakistan has now initiated for imports via CADs and L/Cs quotas assignment based on foreign reserves / Dollars holding in foreign subsidiaries.

The management is fully confident that our road to \$100 plan is intact because of the backlog of orders we carry and the exceptionally good rate of current PO generation in the first quarter of 2023. We are confident to achieve the PAT targets for the current financial year 2023.

Communication

Communication with the shareholders is given a high priority. Financial reports are available at the Company's website, www.avanceon.ae, which also contains up to date information on Company's activities and financial information. On behalf of the Board, the Company would like to take this opportunity to thank all stakeholders for their continued trust and belief in the Company.

May 30, 2023
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 first quarter ended March 31, 2023

Unconsolidated Condensed Interim Statement of Financial Position

as at March 31, 2023

(Rupees in '000)	Note	Un-audited March 31, 2023	Audited December 31, 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
500,000,000 (2022: 500,000,000)			
ordinary shares of Rs. 10 each		5,000,000	5,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
327,215,522 (2022: 324,700,631)			
ordinary shares of Rs. 10 each		3,272,155	3,247,006
CAPITAL RESERVES			
Share premium		327,348	314,512
Employees' share compensation reserve		155,662	155,662
Surplus on revaluation of property & equipment		331,815	332,208
		814,825	802,382
REVENUE RESERVES			
Un-appropriated profit		3,734,965	2,911,516
		7,821,946	6,960,904
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		131,048	112,706
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		40,764	40,764
Finances under mark up arrangements and other credit facilities - secured		569,365	609,997
Contract Liabilities		278,252	217,397
Unclaimed / Unpaid Dividend		176,208	176,283
Creditors, accrued and other liabilities		1,490,849	1,433,659
		2,555,438	2,478,100
CONTINGENCIES AND COMMITMENTS			
	7		
		10,508,432	9,551,710

The annexed notes from 1 to 10 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, 2023	Audited December 31, 2022
ASSETS		
NON CURRENT ASSETS		
Property and equipment	646,450	633,475
Long term investments	4,971,959	4,971,959
Long term loans and deposits	6,905	8,697
	5,625,314	5,614,131
CURRENT ASSETS		
Stock in trade	63,177	37,577
Trade debts	2,167,834	1,738,253
Advances, deposits, prepayments and other receivables	2,345,113	1,850,690
Contract Assets	262,680	228,416
Short term Investments	324	174
Cash and bank balances	43,990	82,469
	4,883,118	3,937,579
	10,508,432	9,551,710


Director
Taveer Karamat

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

for the first quarter ended March 31, 2023

(Rupees in '000)	Note	for the first quarter ended	
		March 31, 2023	March 31, 2022
Revenues		323,791	401,983
Cost of revenue		(204,426)	(262,475)
Gross profit / (Loss)		119,365	139,507
Administrative and selling expenses		(68,472)	(45,007)
Other charges	5	(1,655)	(1,101)
Other income	6	837,086	261,749
Profit / (Loss) from operations		886,324	355,148
Finance costs		(34,952)	(20,066)
Profit / (Loss) before tax		851,372	335,082
Taxation		(28,316)	(8,213)
Profit / (Loss) for the period		823,057	326,869
Earnings/(Loss) per share - basic		2.52	1.00
Earnings/(Loss) per share - diluted		2.48	0.98

The annexed notes from 1 to 10 form an integral part of these condensed financial statements.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the first quarter ended March 31, 2023

(Rupees in '000)	for the first quarter ended	
	March 31, 2023	March 31, 2022
Profit /(loss) for the period	823,057	326,869
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	(393)	(314)
Deferred tax on revaluation surplus due to reduction in tax rate		
Total comprehensive income / (loss) for the period	822,664	326,555

The annexed notes from 1 to 10 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 first quarter ended March 31, 2023

(Rupees in '000)	for the first quarter ended	
	March 31, 2023	March 31, 2022
Cash flows from operating activities		
Profit/(loss) before tax	851,372	335,082
Adjustments for:		
Depreciation on property and equipment	19,575	12,759
Finance cost	34,952	20,066
Profit on bank deposits	(355)	(1,022)
Exchange gain	(834,870)	(159,359)
	(780,698)	(127,556)
Profit before working capital changes	70,674	207,526
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	(25,601)	(3,472)
- Trade debts	405,288	196,401
- Contract assets	(34,263)	(16,145)
- Advances, deposits, prepayments and other receivables	(494,423)	(427,006)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	48,192	42,320
- Contract liabilities	60,855	52,300
	(39,952)	(155,602)
Cash generated from operations	30,722	51,924



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, 2023

(Rupees in '000)	for the first quarter ended	
	March 31, 2023	March 31, 2022
Cash generated from operations	30,722	51,924
Finance cost paid	(28,286)	(8,329)
Taxes paid	(25,983)	(17,632)
Net cash from operating activities	(23,547)	25,963
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,550)	(2,785)
Profit on bank deposit	355	1,022
Net change in long term advances and deposits	1,793	200
Net cash generated from / (used in) investing activities	(30,402)	(1,563)
Cash flows from financing activities		
Dividend	(75)	(67,854)
Share issuance	25,149	31,671
Premium on issuance of shares	12,836	8,947
Investment in stocks	(150)	-
Finances under markup arrangements and other credit facilities	(40,632)	(20,704)
Long term loan	-	(6,478)
Finance lease liabilities	18,342	(39,597)
Net cash used in financing activities	15,470	(94,014)
Net increase/(decrease) in cash and cash equivalents	(38,479)	(69,613)
Cash and cash equivalents at the beginning of period	82,469	111,387
Cash and cash equivalents at the end of period	43,990	41,774

The annexed notes from 1 to 10 form an integral part of these condensed financial statements.


Director
Taveer Karamat

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

for the first quarter ended March 31, 2023

	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, 2022	2,565,934	144,188	172,657	256,297	2,083,036	5,222,111
Profit for the period	-	-	-	-	1,736,812	1,736,812
Other comprehensive income	-	-	-	76,741	-	76,741
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	-	-	-
	-	-	-	76,741	1,736,812	1,813,553
Issuance of shares against ESOS	31,671	170,324	(161,377)	-	-	40,619
Transfer from revaluation surplus on account of incremental depreciation	-	-	-	(830)	830	-
25% bonus share issue for the period ended December 31, 2021	649,401	-	-	-	(649,401)	-
10% final dividend for the period ended December 31, 2021 @ Re. 1 per share	-	-	-	-	(259,761)	(259,761)
Employee share option reserve	-	-	144,382	-	-	144,382
	681,073	170,324	(16,995)	(830)	(908,332)	(74,760)
Balance as on December 31, 2022	3,247,006	314,512	155,662	332,208	2,911,516	6,960,904
Profit for the period	-	-	-	-	823,057	823,057
Other comprehensive income	-	-	-	(393)	393	-
	-	-	-	(393)	823,450	823,057
Issuance of shares against ESOS	25,149	12,836	-	-	-	37,985
Balance as on March 31, 2023	3,272,155	327,348	155,662	331,815	3,734,965	7,821,946

The annexed notes from 1 to 10 form an integral part of these condensed financial statements.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

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

for the first quarter ended March 31, 2023

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 March 31, 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 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.

2. GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 19 km, Multan Road, Lahore 54500. Following are the business units of the Company along with their respective locations:

Business Units	Location
Head Office	The Avanceon Building, 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

3. BASIS OF PREPARATION

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

These are the unconsolidated financial statements of the Company in which investments in subsidiaries have been carried at cost, consolidated financial statements have been presented separately.

3.2 Basis of measurement

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

3.3 Functional and presentation currency

These financial statements have been prepared in Pak Rupee, which is the functional currency of the Company. Figures have been rounded off to the nearest rupees in thousand unless stated otherwise.

4. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the period ended March 31, 2023

The following standards, amendments and interpretations are effective for the period ended March 31, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

Standard		Effective date (annual periods Beginning on or after)
Amendments to IFRS 3	'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16	'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS	16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37	'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1	'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
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Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

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

for the first quarter ended March 31, 2023

(Rupees in '000)	for the first quarter ended	
	March 31, 2023	March 31, 2022
5. OTHER CHARGES		
Donations	1,655	1,101
	1,655	1,101
6. OTHER INCOME		
Income on bank deposits	355	1,022
Exchange gain	834,870	159,359
Amortization of deferred grant	-	175
Dividend Income	-	100,403
Others	1,861	790
	837,086	261,749

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

- (i) There are no contingencies to report as at March 31, 2023 (2022: Nil)

7.2 Commitments

- (i) Bank guarantees issued amounting to Rs. 16.59 million (2022: Rs. 14.34 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.22.08 million (2022: 18.59) which relates to import acceptance bills.

8. 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	
	2023	2022	2023	2022
Managerial remuneration	150	1,404	22,876	21,650
House rent	-	562	9,151	8,660
Utilities	-	140	2,547	2,648
Provident Fund / Gratuity	-	140	2,237	2,115
Others	-	152	1,221	977
	150	2,398	38,032	36,050
Number of persons	1	2	46	43

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

9. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on May 30, 2023 by the Board of Directors of the Holding Company.

10. 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 first quarter ended March 31, 2023

Consolidated Condensed Interim Statement of Financial Position

as at March 31, 2023

(Rupees in '000)	Note	Un-audited March 31, 2023	Audited December 31, 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
500,000,000 (2022: 500,000,000)			
ordinary shares of Rs. 10 each		5,000,000	5,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
327,215,522 (2022: 324,700,631)			
ordinary shares of Rs. 10 each		3,272,155	3,247,006
CAPITAL RESERVES			
Share premium		326,843	314,007
Employees' share compensation reserve		155,663	155,663
Statutory reserve		3,002	3,002
Exchange revaluation reserve		3,214,932	1,495,460
Gain on dilution of interest		631,367	631,367
Surplus on revaluation of property & equipment		331,815	332,208
		4,663,622	2,931,707
REVENUE RESERVES			
Un-appropriated Profit		5,558,659	4,869,725
		13,494,436	11,048,438
NON-CONTROLLING INTEREST			
		587,717	525,260
		14,082,153	11,573,698
NON CURRENT LIABILITIES			
Long Term Loans		112,825	93,537
Liabilities against assets subject to finance lease		250,463	214,082
Provision for gratuity		240,416	187,203
		603,705	494,822
CURRENT LIABILITIES			
Current portion of lease liabilities		67,428	62,061
Finances under mark up arrangements			
and other credit facilities - secured		955,667	616,408
Unclaimed Dividend		217,678	215,624
Creditors, accrued and other liabilities		5,227,245	6,067,180
Contract Liabilities		3,843,630	1,739,191
Taxation-Net		95,718	76,200
		10,407,367	8,776,667
CONTINGENCIES AND COMMITMENTS			
	5		
		25,093,225	20,845,187

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, 2023	Audited December 31, 2022
ASSETS		
NON CURRENT ASSETS		
Property and equipment	1,043,510	953,433
Indangible assets	700,199	685,800
Deferred Tax Assets	16,637	15,401
Long term deposits	69,772	57,476
	1,830,118	1,712,109
CURRENT ASSETS		
Stock in trade	280,269	67,109
Trade debts	8,978,585	8,615,117
Contract Assets	7,570,266	6,638,723
Advances, deposits, prepayments and other receivables	1,867,374	956,959
Short term investments	93,804	74,838
Cash and bank balances	2,817,424	1,347,281
	21,607,721	17,700,027
Non current assets held for sale	1,655,386	1,433,051
	25,093,225	20,845,187


 Director
 Taveer Karamat

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

for the first quarter ended March 31, 2023

(Rupees in '000)	Note	for the first quarter ended	
		March 31, 2023	March 31, 2022
Revenues		1,198,290	1,329,637
Cost of revenue		(951,710)	(865,899)
Gross Profit / (Loss)		246,581	463,737
Administrative and selling expenses		(454,044)	(221,052)
Other operating expenses	3	(1,655)	(1,101)
Other operating income	4	1,065,247	180,472
		609,548	(41,681)
Profit / (Loss) from operations		856,129	422,056
Finance costs		(57,601)	(46,249)
Profit / (Loss) before tax		798,528	375,808
Taxation		(47,529)	(15,345)
Income for the period from operations		750,999	360,463
Attributable to:			
Equity holders to the Holding Company		688,542	339,498
Non-Controlling Interest		62,458	20,965
		750,999	360,463
Combined earnings per share			Restated
Basic		2.11	1.04
Diluted		2.07	1.02

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 first quarter ended March 31, 2023

(Rupees in '000)	for the first quarter ended	
	March 31, 2023	March 31, 2022
Profit / (Loss) for the period	750,999	360,463
Other comprehensive income		
- <i>Exchange difference on translating foreign operations</i>	1,719,471	222,305
- Surplus on revaluation of property and equipment realised through incremental depreciation charged on related assets for the period-net of tax	(393)	(314)\
- Items to be re-classified to profit and loss in subsequent period		
Total comprehensive income for the period	2,470,077	582,454
Attributable to:		
Equity holders of the Holding Company	2,407,619	561,489
Non-Controlling Interest	62,458	20,965
	2,470,077	582,454

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 first quarter ended March 31, 2023

(Rupees in '000)	Note	for the first quarter ended	
		March 31, 2023	March 31, 2022
Cash flows from operating activities			
Profit / (loss) before tax		798,528	375,808
Adjustments for:			
Depreciation on property and equipment		31,979	19,422
Exchange gain		(1,063,003)	(178,484)
Exchange revaluation reserve		1,497,135	33,012
Finance cost		57,601	46,249
Profit on bank deposits		(355)	(1,022)
		523,357	(80,824)
		1,321,885	294,984
Profit before working capital changes			
(Increase) / decrease in current assets			
- Stock in trade		(213,161)	(71,148)
- Trade debts		635,877	469,952
- Contract asset		(679,216)	(723,791)
- Advances, deposits, prepayments and other receivables		(910,413)	(65,842)
(decrease) / Increase in current liabilities			
- Creditors, accrued and other liabilities		(813,642)	(969,923)
- Contract liabilities		1,913,533	880,509
		(67,021)	(480,242)
Cash (used in) / generated from operations		1,254,864	(185,258)



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, 2023

(Rupees in '000)	for the first quarter ended	
	March 31, 2023	March 31, 2022
Cash generated from continuing operations	1,254,864	(185,258)
Finance costs paid	(64,375)	(34,512)
Deferred liabilities paid	(6,037)	-
Taxes paid	(32,108)	(68,117)
Net cash (used in) / generated from operating activities	1,152,343	(287,887)
Cash flows from investing activities		
Purchase of property and equipment	(45,062)	(3,898)
Intangible Assets	(14,399)	(10,392)
Profit on bank deposit	355	1,022
Term deposits	(18,966)	(380)
Net cash (used in) / generated from investing activities	(78,073)	(13,648)
Cash flows from financing activities		
Share issuance	25,149	31,671
Premium on issuance of shares	12,836	8,947
Decrease in long term loans and deposits - net	(12,295)	(1,026)
Long term loan received / (repaid)	-	(6,478)
Finances under mark up arrangements and other credit facilities	339,258	-
Dividends	-	(61,305)
Repayment of lease liabilities	30,924	(46,241)
Net cash (used in) / generated from financing activities	395,873	(74,432)
Net (decrease) / increase in cash and cash equivalents	1,470,143	(375,967)
Cash and cash equivalents at the beginning of year	1,347,281	1,312,336
Cash and cash equivalents at the end of period	2,817,424	936,370

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 first quarter ended March 31, 2023

	CAPITAL RESERVES							REVENUE RESERVES	Non-Controlling Interest	TOTAL
	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)		
(Rupees in '000)										
Balance as on January 01, 2022	2,565,934	144,189	631,367	172,658	3,002	754,971	256,297	3,476,887	328,068	8,333,373
Profit for the period	-	-	-	-	-	-	-	1,977,325	81,013	2,058,337
Other comprehensive income	-	-	-	-	-	740,490	76,741	-	-	817,231
	-	-	-	-	-	740,490	76,741	1,977,325	81,013	2,875,568
Issuance of shares against employee share option scheme	31,671	169,818	-	(161,377)	-	-	-	-	-	40,113
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	-	-	-	(829,954)	829,954.00	-	-
20% bonus share issue for the period ended December 31, 2022	649,401	-	-	-	-	-	-	(649,401)	-	-
Acquisition of EPL	-	-	-	-	-	-	-	323,844	116,179	440,023
10% final dividend for the period ended December 31, 2022 @ Re. 1 per share	-	-	-	-	-	-	-	(259,761)	-	(259,761)
Employee share option reserve	-	-	144,382	-	-	-	-	-	-	144,382
	681,073	169,818	-	(16,995)	-	-	(830)	(584,488)	116,179	364,757
Balance as on December 31, 2022	3,247,006	314,007	631,367	155,663	3,002	1,495,460	332,208	4,869,725	525,260	11,573,698
Profit for the period	-	-	-	-	-	-	-	688,542	62,458	750,999
Other comprehensive income	-	-	-	-	-	1,719,471	(393)	393	-	1,719,471
	-	-	-	-	-	1,719,471	(393)	688,935	62,458	2,470,470
Issuance of shares against employee share option scheme	25,149	12,836	-	-	-	-	-	-	-	37,985
Balance as on March 31, 2023	3,272,155	326,843	631,367	155,663	3,002	3,214,932	331,815	5,558,659	587,717	14,082,153

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 first quarter ended March 31, 2023

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

	Note	% age of Holding
- Avanceon Free Zone Establishment, UAE (AFZE)	1.1.1	100%
- Octopus Digital Inc. USA (ODI)	1.1.2	100%
- Avanceon Automation and Control W.L.L (AVAC)	1.1.3	49%
- Octopus Digital Limited	1.1.4	74.32%
- Avanceon Saudi Energy Company (AVSEC)	1.1.5	100%
- EmpiricAI (Private) Limited	1.1.6	100%
- Avanceon QFZ LLC	1.1.7	100%

1.1.1 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.

1.1.2 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.

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

for the first quarter ended March 31, 2023

1.1.3 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.

1.1.4 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. The Company is listed on Pakistan Stock Exchange Limited.

1.1.5 This represents the investment 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.

1.1.6 During the year, the company has acquired 100% shareholding in EmpiricAI (Private) Limited, which is a private limited company, incorporated in Pakistan on May 19, 2020 under the Companies Act, 2017. The Company was established with primary objective of analyzing potential opportunities and making available digital and technology services and products inside and outside Pakistan.

1.1.7 Avanceon QFZ LLC is incorporated as a limited liability Company under the Companies regulations of Qatar Free Zone Authority.

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 Application of new standards, amendments and interpretations to published approved accounting and reporting standards

2.2.1 New accounting standards, amendments and IFRS interpretations that are effective for the period ended March 31, 2023

The following standards, amendments and interpretations are effective for the period ended March 31, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

Standard	Effective date (annual periods beginning on or after)
Amendments to IFRS 3	'Business Combinations' - Reference to the conceptual framework
Amendments to IFRS 16	'Leases' - Extended practical relief regarding Covid - 19 related rent concessions
Amendments to IAS 16	'Property, Plant and Equipment' - Proceeds before intended use
Amendments to IAS 37	'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract

Certain annual improvements have also been made to a number of IFRSs.

2.2.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1	'Presentation of Financial Statements' - Non-current liabilities with covenants
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Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

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

for the first quarter ended March 31, 2023

(Rupees in '000)	for the first quarter ended	
	March 31, 2023	March 31, 2022
3. OTHER OPERATING EXPENSES		
Donations	1,655	1,101
	1,655	1,101
4. OTHER OPERATING INCOME		
Income on bank deposits	355	1,022
Gain on disposal of property, plant and equipment	-	-
Amortization of deferred grant	-	175
Exchange gain	1,063,003	178,484
Capital Gain	-	-
Reversal of provisions for ECL		
Other Income	1,889	790
	1,065,247	180,472

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

- (i) There are no contingencies to report as at March 31, 2023 (2022: Nil)

5.2 Commitments

- (i) Bank guarantees issued amounting to Rs. 16.59 million (2022: Rs. 14.34 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.22.08 million (2022: 18.59) which relates to import acceptance bills.

6. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

(Rupees in '000)	Chief Executive Officer		Director		Others Executives	
	2023	2022	2023	2022	2023	2022
Managerial remuneration	29,675	17,802	2,883	3,069	186,134	71,525
House rent	7,482	4,690	466	935	42,384	23,885
Utilities	4,051	2,638	117	234	11,079	6,418
Provident Fund / Gratuity	2,303	1,380	480	295	8,292	6,121
Others	3,439	440	163	153	7,258	5,075
	46,950	26,950	4,109	4,686	255,147	113,024
Number of persons	2	1	4	1	78	65

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 May 30, 2023 by the Board of Directors of the Holding Company.

8. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat



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