

AVANCEON

Tomorrow's solutions, today.

Half Year Ended June 30, 2024



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Company Information

Directors

Khalid Hamid Wain	Director / Chairman
Bakhtiar Hameed Wain	Director / Chief Executive Officer
Tanveer Karamat	Director
Amir Wain	Director
Hanan Darwish	Director
Omer Iqbal Khan	Director
M. Shahid Mir	Director

Ahsan Khalil (ACA-FPFA) Chief Financial Officer /
Company Secretary

Audit Committee

M. Shahid Mir	Chairman
Amir Wain	Member
Khalid Hamid Wain	Member

Human Resource & Remuneration Committee

M. Shahid Mir	Chairman
Hanan Darwish	Member
Khalid Hamid 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
Flagstar 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

FAMCO Share Registration Services (Pvt) Limited
8-F, Next to Hotel Faran,
Nursery, Block-6, P.E.C.H.S,
Shahra-e-Faisal, Karachi.
Phone: +92 (21) 3438 0101-5
Fax No: +92 (21) 3438 0106
www.famco.com.pk

Registered Office

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

Regional Headquarters – South Asia

Lahore, Punjab, Pakistan

The Avanceon Building

19-KM , Main Multan Road, Lahore,

54660 Punjab, Pakistan

Phone: +92 (42) 111 940 940

Email: support.sea@avanceon.ae

Karachi, Sindh, Pakistan

MA Tabba Foundation Building,

First Floor, Gizri Road Block 9,

Clifton Karachi, Sindh 75600

Phone: +92 (21) 111 940 940

Email: support.sea@avanceon.ae

Islamabad, Pakistan

Manzoor Plaza (The Hive Building),

First Floor, Plot 14-E Fazal-e-Haq Road,

G-6/2, Blue Area, Islamabad 44000

Phone: +92 51 573 3031

Email: support.sea@avanceon.ae

Phone: +92 51 573 3031

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

Jeddah, Saudia Arabia

Kuwait St. Faisaliyah District

P.O. Box 1298

Jeddah, KSA.

Phone: +966-12-6912204 x 127

Email: support.mea@avanceon.ae

Riyadh, Saudia Arabia

Avanceon Saudi for Energy Company

3141 Anas Ibn Malik-Al Malqa Dist.

Unit no. 718, Riyadh 13521 – 8292

Kingdom of Saudi Arabia

Phone: +966-5674 16724

Email: support.mea@avanceon.ae

Interim Director's Report

Directors of Avanceon Limited (the "Company") are pleased to present the Directors' Report for the half year ended June 30, 2024.

For the half year ended
June 30, 2024 June 30, 2023
 ----- (Rupees in '000) -----

OPERATING RESULTS (CONSOLIDATED)			<u>Restated</u>
	Revenues	5,255,724	5,904,371
	Profit before tax	60,860	829,088
	Provision for taxation	(32,979)	(40,699)
	Profit after taxation	27,881	788,389
OPERATING RESULTS (STANDALONE)			
	Revenues	1,355,416	670,305
	Profit before tax	80,686	1,049,586
	Provision for taxation	(30,407)	(17,041)
	Profit after taxation	50,280	1,032,545

EARNINGS PER SHARE (CONSOLIDATED) FOR THE HALF YEAR ENDED June 30, 2024

The basic earnings per share after tax is Rs. -0.01 (2023: Rs. 1.85 - restated)

EARNINGS PER SHARE (STANDALONE) FOR THE HALF YEAR ENDED June 30, 2024

The basic earnings per share after tax is Rs. 0.13 (2023: Rs. 2.67 - restated)

Avanceon Limited:

We are pleased to report that the company's revenues and gross margins have shown substantial improvement, nearly doubling compared to the previous year. This positive trend is attributed to our rigorous target achievement monitoring practices.

However, it is important to note that our fixed costs have also increased during this period. This rise, excluding the impact of Expected Credit Losses (ECL) as per IFRS-9 (PKR 57 million in HY-2024 compared to PKR 862 million in HY-2023), is primarily due to increased salary expenses.

Additionally, the company experienced an exchange loss of PKR 74 million in HY-2024, in contrast to an exchange gain of PKR 2.04 billion in HY-2023. This shift is a result of PKR stability against USD during the reported period.

A comparative view can be seen in below table if we exclude impact of non-cash exchange gain or loss for both HY-2024 & HY-2023.

Description	HY-2024	HY-2023
Profit after tax as reported	50	1033
Add back:		
Exchange Gain/(Loss)	(94)	2039
Profit/(loss) after tax without impact of Exchange Gain/Loss	145	(1007)
EPS without impact of Exchange Gain/Loss	0.37	(2.60)

The company's order generation stand at USD 31M, with a healthy pipeline to meet our year end target and revenues for the upcoming period are intact as per road to 100 plan and the company expecting growth in the coming periods.

Avanceon Group:

For financial performance for group in HY-2024, overall revenues at the group level remain slightly below expectations, primarily due to the revenue timing of few projects in our Middle Eastern entities, we are confident in our ability to bring these projects on track in the upcoming reporting periods. On a positive note the gross margin of the group has shown an increase compared to HY-2023. Fixed costs have seen a modest rise. This increase in fixed costs is mainly attributable to the annual appraisal adjustments and inflationary pressures. Additionally, we have recorded an exchange loss of PKR 74 million in HY-2024, compared to an exchange gain of PKR 737 million in HY-2023. This change is due to the relative stability of the PKR against the USD during the reported period.

For a detailed comparative analysis, including the exclusion of non-cash exchange gains or losses for both HY-2024 and HY-2023, please refer to the table provided below.

Description	HY-2024	HY-2023
Profit after tax	28	788
Add back:		
Exchange Gain/(Loss)	(74)	737
Profit after tax without impact of Exchange Gain/Loss	102	51
EPS without Exchange Gain/Loss	0.26	0.13

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.

August 29, 2024
Lahore, Pakistan



for and on behalf of the BOARD OF DIRECTORS
BAKHTIAR HAMEED WAIN
Chief Executive Officer



TANVEER KARAMAT
Director

Avanceon Limited
**Condensed Standalone
Interim Financial Statements**
for the half year ended JUNE 30, 2024



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Pakistan.

INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF AVANCEON LIMITED

Report on review of unconsolidated condensed interim financial statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **AVANCEON LIMITED** (the "Company") as at June 30, 2024 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flow, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended June 30, 2024 and June 30, 2023 in the unconsolidated condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Sajjad Hussain Gill.

LAHORE

DATED: August 29, 2024

UDIN: RR202410087j25vyNbhi

BDO Ebrahim & Co

**BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS**

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

AVANCEON LIMITED UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

		June 30, 2024 (Un-audited) (Rupees in thousand)	December 31, 2023 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	688,914	668,857
Long-term investments	7	5,529,101	5,653,595
Long-term loans, deposits and other receivables		6,653	5,652
		<u>6,224,668</u>	<u>6,328,104</u>
CURRENT ASSETS			
Stock-in-trade		123,040	85,282
Trade debts	8	2,313,868	2,605,931
Advances, deposits, prepayments and other receivables	9	812,874	772,474
Contract assets		552,424	674,306
Cash and bank balances	10	60,677	84,586
		<u>3,862,883</u>	<u>4,222,579</u>
TOTAL ASSETS		<u>10,087,551</u>	<u>10,550,683</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital (500 million ordinary shares of Rs. 10 each)		5,000,000	5,000,000
Issued, subscribed and paid up capital	11	4,150,228	3,762,978
Capital Reserves			
Share premium		508,910	451,420
Employees' share compensation reserve	12	165,920	168,683
Surplus on revaluation of property and equipment		329,850	330,636
		<u>5,154,908</u>	<u>4,713,717</u>
Revenue reserves - accumulated profits		2,032,831	3,113,645
		<u>7,187,739</u>	<u>7,827,362</u>
NON CURRENT LIABILITIES			
Long term diminishing musharaka		115,064	123,841
Deferred taxation	13	-	-
		<u>115,064</u>	<u>123,841</u>
CURRENT LIABILITIES			
Current portion of long term diminishing musharaka		68,102	60,997
Finances under mark-up arrangements and other credit related facilities	14	254,829	294,466
Creditors, accrued and other liabilities	15	2,040,556	1,841,748
Contract liabilities		259,864	249,434
Unclaimed dividend		161,397	152,835
		<u>2,784,748</u>	<u>2,599,480</u>
TOTAL EQUITY AND LIABILITIES		<u>10,087,551</u>	<u>10,550,683</u>
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The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

AVANCEON LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
(UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

	Note	Six months period ended		Three months period ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
----- (Rupees in thousand) -----					
Revenue from contracts with customers - net	17	1,355,416	670,305	822,900	346,514
Cost of revenue		(827,983)	(546,100)	(537,676)	(341,674)
Gross profit		527,433	124,205	285,224	4,840
Administrative and selling expenses		(282,747)	(1,039,146)	(192,720)	(970,674)
Other operating expenses		(97,508)	(3,319)	(67,368)	(1,664)
Other operating income	18	14,426	2,043,705	13,695	1,206,619
		(365,829)	1,001,240	(246,393)	234,281
Operating profit		161,604	1,125,445	38,831	239,121
Finance cost		(80,917)	(75,859)	(46,451)	(40,907)
Profit before income tax, minimum tax and final taxes		80,687	1,049,586	(7,620)	198,214
Final tax	19	(1,178)	(955)	1,386	625
Minimum tax	19	(29,229)	(16,086)	(13,885)	10,650
Profit before income tax		50,280	1,032,545	(20,119)	209,489
Taxation	19	-	-	-	-
Profit for the period		50,280	1,032,545	(20,119)	209,489
			Restated		Restated
Earnings per share - basic (Rupees)		0.13	2.67	(0.05)	0.54
Earnings per share - diluted (Rupees)		0.13	2.62	(0.05)	0.53

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

**AVANCEON LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

	Six months period ended		Three months period ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	----- (Rupees in thousand) -----			
Profit for the period	50,280	1,032,545	(20,119)	209,489
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>50,280</u>	<u>1,032,545</u>	<u>(20,119)</u>	<u>209,489</u>

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

AVANCEON LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

	Six month period ended	
	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
Note		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	80,687	1,049,586
Adjustments for		
Depreciation on property and equipment	52,026	20,471
Depreciation on right-of-use assets	-	23,297
Revaluation loss on short-term investment	-	3
Employees' share option expense	30,509	18,745
Unrealised exchange gain	94,261	(2,039,497)
Gain on disposal of property and equipment	(8,425)	(1,323)
Finance cost	80,917	75,859
Provision for expected credit losses on		
- long term interest free receivables	61,565	445,588
- contract assets	(11,192)	15,051
- trade debts	59,339	318,661
- advances	(51,983)	86,182
Profit on bank deposits	(2,500)	(931)
	304,517	(1,037,894)
Profit before working capital changes	385,204	11,692
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
Stock-in-trade	(37,758)	(36,924)
Trade debts	207,791	205,004
Contract assets	133,074	(10,701)
Advances, deposits, prepayments and other receivables	29,289	(390,939)
	332,396	(233,560)
Increase in current liabilities		
Creditors, accrued and other liabilities	298,453	193,435
Contract liabilities	10,430	110,685
	308,883	304,120
Cash generated from operations	1,026,483	82,252
Finance costs paid	(89,846)	(55,290)
Levy and minimum tax paid	(121,123)	(3,833)
Net cash generated from operating activities	815,514	23,129
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(74,067)	(12,781)
Proceeds from sale of property and equipment	10,408	1,850
Short-term investment	-	(150)
Profit on bank deposits received	2,500	931
Long-term loans, advances, deposits and other receivables - net	(1,001)	1,707
Net cash used in investing activities	(62,160)	(8,443)

**AVANCEON LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

Note	Six month period ended	
	June 30, 2024	June 30, 2023
	(Rupees in thousand)	
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term loan	-	-
Finances under mark-up arrangements and other credit facility - net	(39,637)	(60,924)
Issuance of shares against ESOS	9,956	37,985
Premium on issuance of shares	114	-
Dividend paid	(746,025)	(23,426)
Diminishing musharka - net	(1,671)	(34,852)
Net cash used in financing activities	(777,263)	(81,217)
Net decrease in cash and cash equivalents	(23,909)	(66,531)
Cash and cash equivalents at the beginning of the period	84,586	82,469
Cash and cash equivalents at the end of the period	60,677	15,938

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

AVANCEON LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

	Capital reserve			Revenue Reserve	Total	
	Share Premium	Employees' Share Compensation Reserve	Surplus on Revaluation of Property and Equipment	Accumulated Profits		
----- (Rupees in thousand) -----						
Balance as at January 01, 2023 (audited)	3,247,006	314,512	155,662	332,208	2,911,516	6,960,904
Profit for the period	-	-	-	-	1,032,545	1,032,545
Other comprehensive income	-	-	-	-	-	-
Transfer from revaluation surplus on account of incremental depreciation - net of tax	-	-	-	(786)	786	-
Issuance of shares against ESOS	25,149	12,836	-	-	-	37,985
25% bonus shares issued for the year ended December 31, 2022	490,823	-	-	-	(490,823)	-
10% final dividend for the year ended December 31, 2022 @ Re 1 per share	-	-	-	-	-	-
Employee share option reserve	-	-	31,420	-	-	31,420
	515,972	12,836	31,420	(786)	542,508	1,101,950
Balance as at June 30, 2023 (un-audited)	3,762,978	327,348	187,082	331,422	3,454,024	8,062,854
Balance as at January 01, 2024 (audited)	3,762,978	451,420	168,683	330,636	3,113,645	7,827,362
Profit for the period	-	-	-	-	50,280	50,280
Other comprehensive income	-	-	-	-	-	-
Transfer from revaluation surplus on account of incremental depreciation - net of tax	-	-	-	(786)	786	-
Issuance of shares against ESOS	9,956	57,490	(57,375)	-	-	10,071
20% final dividend for the year ended December 31, 2023	-	-	-	-	(754,587)	(754,587)
10% bonus shares issued for the year ended December 31, 2023	377,293	-	-	-	(377,293)	-
Employee share option reserve	-	-	54,612	-	-	54,612
	387,249	57,490	(2,763)	(786)	(1,080,814)	(639,624)
Balance as at June 30, 2024 (un-audited)	4,150,227	508,910	165,920	329,850	2,032,831	7,187,738

The annexed notes from 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

AVANCEON LIMITED

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

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 was listed on Pakistan Stock Exchange Limited on February 11, 2014. 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 UNIT

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 unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan or interim financial reporting comprise

International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have

These are the (unconsolidated) condensed interim financial statements of the Company; consolidated interim financial statements have been presented separately.

- 3.2 These unconsolidated condensed interim financial statements do not include all the information and the disclosures required in the annual financial statements and should be read in conjunction with annual audited financial statements of the Company for the year ended December 31, 2023.

Comparative unconsolidated condensed interim statement of financial position is stated from annual audited financial statements as of December 31, 2023, whereas comparatives for unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows are extracted from unconsolidated condensed interim financial statements of the Company for the six months ended June 30, 2023.

- 3.3 These unconsolidated condensed interim financial statements are unaudited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.
- 3.4 Disclosure of operating segments has been made in consolidated condensed interim financial statements of the Company.

4 CHANGE IN ACCOUNTING POLICY

During the year, the Company changed its accounting policy of recognizing the portion of income tax paid or payable for the year under the Ordinance, not based on the taxable profits of the Company, as a Levy under IFRIC-21/IAS-37 instead of the current income tax for the year under IAS-12.

The management believes that the new policy provides reliable and more relevant information to the users of the financial statements.

The change in accounting policy has been implemented, and last year's figures have been reclassified. However, the change has not been applied retrospectively because its impact on the prior year financial statements is immaterial.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the unconsolidated condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited financial statements for the year ended December 31, 2023.

Provision in respect of taxation in these unconsolidated condensed interim financial statements is estimated and this is subject to final adjustment in the annual financial statements.

MATERIAL ACCOUNTING POLICIES

- 5 The accounting policies and methods of computation adopted in the presentation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2023.

All the Accounting policies are consistent with those as were on December 31, 2023 except mentioned below:

a) Taxation-current

Current tax is the expected tax payable on the taxable income for the period based on taxable profits, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

b) Levy

Minimum tax, final tax and super tax not based on taxable profits are recognized as a levy in the Profit and loss account. Any excess of expected income tax paid or payable for the year under the ordinance over the amount designated as a levy is then recognized as current income tax expenses in profit and loss account.

5.1 New standards, interpretations, amendments and improvements effective during current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2024, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

5.2 Standards, interpretation and amendments to approved accounting standards that are not yet effective

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2024. The Company expects that such improvements to the standards will not have any material impact on the Company's condensed interim financial statements in the period of initial application.

		June 30, 2024 (Unaudited) (Rupees in thousand)	December 31, 2023 (Audited)
6	PROPERTY AND EQUIPMENT		
	Property and Equipment	6.1	688,914 668,857
6.1	Opening book value		668,857 633,475
	Additions (at cost) during the period / year	6.1.1	74,101 138,708
	Add: Additions during the period / year-cost		742,958 772,183
	Less: Deletions during the period / year - net book value	6.1.2	(10,029) (10,892)
			732,929 761,291
	Less: Depreciation during the period / year		(44,015) (92,434)
	Closing net book value (NBV)		688,914 668,857

		June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
	Note	(Rupees in thousand)	
6.1.1 Additions during the period / year - cost			
Building on free hold land		15,373	6,060
Computers		20,349	25,082
Furniture and fixtures		413	2,958
Office equipment and appliances		1,961	1,260
Vehicles		36,005	103,348
		<u>74,101</u>	<u>138,708</u>
6.1.2 Deletions during the period / year - net book value			
Vehicles		<u>10,029</u>	<u>10,892</u>
7 LONG TERM INVESTMENTS			
Investment in subsidiaries - at cost			
Avanceon FZE, Dubai			
37 (December 31, 2023 : 37) fully paid ordinary shares of AED 1 million each	7.1	1,331,043	1,331,043
Long term interest free receivables	7.6	3,268,494	3,310,698
Less: Allowance for Expected credit losses "ECL"		(466,980)	(429,372)
		<u>2,801,514</u>	<u>2,881,326</u>
		4,132,557	4,212,369
Avanceon Automation and Control W.L.L, Qatar			
98 (December 31, 2023 : 98) fully paid ordinary shares of QAR 1,000 each	7.2	8,446	8,446
Long term interest free receivables	7.6	1,605,121	1,625,847
Less: Allowance for ECL		(229,329)	(205,373)
		<u>1,375,792</u>	<u>1,420,474</u>
		1,384,238	1,428,920
Octopus Digital Limited (ODL)			
101,632,595 (December 31, 2023: 101,632,595) fully paid ordinary shares	7.3	10,000	10,000
Avanceon Saudi For Energy Company, KSA (AVSEC)			
10 (December 31, 2023 : 10) fully paid ordinary shares of SAR 10,000 each 1,000	7.4	754	754

	Note	June 30, 2024 (Unaudited) (Rupees in thousand)	December 31, 2023 (Audited)
Avanceon QFZ LLC Qatar			
- 20 (2023 : 20) fully paid ordinary shares of QAR 20,000 each 1,000	7.5	1,552	1,552
		5,529,101	5,653,595

- 7.1 Avanceon FZE is a Free Zone Establishment with limited liability formed pursuant to Law No. 9 of 1992 of H.H. Sheikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai and Implementing Regulations issued thereunder by the Jebel Ali Free Zone Authority and was registered with the Jebel Ali Free Zone Authority under Registration No. 816 on February 28, 2004, and its registered office is situated in the Jebel Ali Free Zone, Dubai, United Arab Emirates. The principal activities of the Establishment are to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. The Establishment is wholly owned subsidiary of the Company.
- 7.2 Avanceon Automation and Control W.L.L (AVAC) is an Establishment with limited liability registered under the Ministry of Economy and Commerce, state of Qatar on May 22, 2017 with Registration No. is 99027. Its registered office is situated in Al Jaber Engg. HO Building, PO Box: 15976, Fox Hills, Lusail, Doha - Qatar. The principal activities of the Company are to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services.
- 7.3 This represents Company's investment in 74% shares in Octopus Digital Limited amounting Rs 10 million. registered under the Companies Act, 2017 and having registered office and business unit at 19 km, Multan Road, Lahore.
- 7.4 This represents the Company's investment in 100 percent shares in AVSEC amounting to Rs. 0.754 million. The registered office of the AVSEC is Riyadh, Saudi Arabia
- 7.5 Avanceon QFZ LLC is a wholly owned subsidiary in which the Company holds 100% shareholding (20) of each QAR 1,000 registered with the Qatar Free Zone Authority under FZA License No. FZA 194 obtained on November 05, 2020. The registered office of AVQFZ is at Zone No. PA-WH-04, Area-Ras Bufontas Free Zone, Street No. PO Box: 45976, Doha-Qatar.
- 7.6 Under the agreement between the Company and subsidiary Companies , amounts due from these subsidiary Companies have been classified as interest free long-term receivables, payable at discretion of these subsidiaries. The Company intends to make further equity investment in these subsidiaries after obtaining the applicable regulatory approvals which would then enable the subsidiaries to convert these amounts into equity. ECL on account of time value of money has been recognized on these receivables based upon the duly approved management plan to convert these balances into equity within twelve months from the reporting date.

	Note	June 30, 2024 (Unaudited) (Rupees in thousand)	December 31, 2023 (Audited)
8 TRADE DEBTS			
Due from related parties	8.1	1,906,333	2,226,010
Due from others		786,769	715,392
		<u>2,693,102</u>	<u>2,941,402</u>
Less: Allowance for ECL	8.2	(379,234)	(335,471)
		<u>2,313,868</u>	<u>2,605,931</u>
8.1 Due from related parties			
Avanceon Free Zone Establishment, UAE		584,555	649,796
Avanceon Automation and Control WLL, Qatar		460,592	1,131,999
Octopus Digital Limited		-	8,524
Empiric AI (Private) Limited		63,679	63,679
Avanceon Saudi Energy Company		571,229	372,012
Avanceon QFZ		226,278	-
		<u>1,906,333</u>	<u>2,226,010</u>
8.2 Allowance for ECL			
Due from related parties	8.2.1	368,011	315,206
Due from others	8.2.2	11,223	20,265
		<u>379,234</u>	<u>335,471</u>
8.2.1 Allowance for ECL - Related parties			
Opening balance		315,206	146,508
Provision made during the period / year		52,805	168,698
Closing balance		<u>368,011</u>	<u>315,206</u>
8.2.2 Allowance for ECL - Others			
Opening balance		20,265	1,063
Provision made during the period / year		6,090	19,202
Bad debts written off against provision		(15,132)	-
Closing balance		<u>11,223</u>	<u>20,265</u>

		June 30, 2024 (Unaudited) (Rupees in thousand)	December 31, 2023 (Audited)
9	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECIEVABLES		
	Advances - considered good		
	To employees	45,793	36,292
	To suppliers	79,148	119,803
		124,941	156,095
	Prepayments	17,124	10,081
	Margin paid against bank guarantees / letters of credit	18,188	25,777
	Tax refunds due from government - considered good -		
	Sales tax	116,626	47,042
	Earnest money - considered good	300	300
	Retention money	2,486	1,257
	Due from subsidiaries - unsecured	486,083	487,117
	Markup receivable on intercompany current account	36,800	36,670
	Other receivables - considered good	10,326	8,135
		<u>812,874</u>	<u>772,474</u>
9.1	This represents receivable from Avanceon FZE and Avanceon Automation and Control WLL, wholly owned subsidiaries.		
	Dividend receivable		
	Avanceon FZE	9,424	9,546
	Avanceon Automation and Control WLL	485,962	492,237
		495,386	501,783
	Other receivables		
	Octopus Digital Limited	7,081	-
	Avanceon FZE	-	41,866
	Avanceon Saudi Energy Company	10,190	19,624
	Avanceon Arabia For Infotech (AAIT)	1,011	760
	Avanceon Automation and Control W.L.L.	8,639	11,301
		26,931	73,551
	Less: Allowance for ECL	(36,234)	(88,217)
		<u>486,083</u>	<u>487,117</u>
9.1.1	This represents amount due from related parties in respect of expenses incurred by the Company on their behalf.		
9.1.2	Allowance for ECL		
	Opening balance	88,217	136,659
	Reversal during the period / year	(51,983)	(48,442)
	Closing balance	<u>36,234</u>	<u>88,217</u>

			June 30, 2024 (Unaudited) (Rupees in thousand)	December 31, 2023 (Audited)
		Note		
10 CASH AND BANK BALANCES				
Cash in hand			57	71
Cash at banks				
Current accounts			16,863	75,915
Saving accounts			43,757	8,600
		10.1	60,677	84,586
10.1	Profit on balances in saving accounts ranges from 15.5% to 20.5% (December 31, 2023: 13.9% to 20.5%) per annum.			
10.2 Cash and cash equivalents				
Cash and bank balances			60,677	84,586
11 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL				
	Un-audited			
	June 30,			
	2024			
		Audited		
		December 31,		
		2023		
	Number of ordinary shares of Rs. 10/- each			
	57,166,850	57,166,850	Fully paid in cash	
				571,669
	343,257,775	305,528,427	Fully paid bonus shares	
				3,432,578
	4,675,629	4,675,629	Issued against Employees' Shares Options Scheme - I	
				46,756
	1,750,820	1,750,820	Issued against Employees' Shares Options Scheme - II	
				17,508
	5,755,096	5,755,096	Issued against Employees' Shares Options Scheme - III	
				57,551
	2,416,661	1,421,028	Issued against Employees' Shares Options Scheme - III & V	
				24,166
	415,022,831	376,297,850		4,150,228
				3,762,978
11.1 Movement during the period is as follows:				
Opening balance			3,762,978	3,247,006
Shares issued under Employees' Share Options Schemes during the period			9,956	25,149
Bonus shares issued during the period			377,294	490,823
Closing balance			4,150,228	3,762,978

	June 30, 2024 (Unaudited) Note	December 31, 2023 (Audited) (Rupees in thousand)
12 EMPLOYEES' SHARE COMPENSATION RESERVE		
Reserve in respect of employees' share option schemes	<u>165,920</u>	<u>168,683</u>
12.1 Share options scheme III		
<p>Employee Stock Option Scheme, 2018 was approved by the Securities and Exchange Commission of Pakistan (SECP) on July 23, 2018 which comprises of an entitlement pool of 1.75 million shares. Under the scheme, share options of the Company are granted to employees of level MT-1 and 2 (with minimum seven years regular service) and MT-3 and above. The share options are exercised within one year after the one year vesting period and therefore, the contractual term of each option granted is two years. The exercise price of the share options is Rs. 10 for options issued in 2018, Rs. 10.5 in 2019, Rs. 11.03 in 2020, Rs. 11.58 in 2021 and Rs. 12.15 in 2022, 10.25 in 2023 and Rs 12.15 in 2024.</p>		
12.2 Share options scheme V		
<p>Employee Share Option Scheme, 2022 was approved by Securities and Exchange Commission of Pakistan (SECP) on January 05, 2022 which comprises of an entitlement pool of 10% of the paid-up capital of the Company as increased from time to time. As of December 31, 2021, the pool consisted of 25.659 million shares. Under the scheme, share options of the Company will be granted to permanent employees of all cadres based on the performance ranking process of the Company. The share options can be exercised within a period of maximum six months from the expiry of the minimum vesting period. The minimum vesting period is 12 months from the date of grant of options. Exercise Price of an option shall be determined from time to time by the Board of directors of the Company at the time of grant of option(s), which shall be calculated as the weighted average of the closing quoted market price of the share of the Company for last 90 consecutive calendar days immediately preceding the date of entitlement of option(s). Provided further that options can be issued at a maximum discount of 90% of the weighted average of the closing market price of the share of the Company for last 90 consecutive calendar days immediately preceding the date of entitlement of option(s) as determined by the Board. The exercise price shall not be in any case less than face value of Rs. 10/- per share.</p>		
13 DEFERRED TAXATION		
Deferred tax asset	<u>-</u>	<u>-</u>
13.1	<p>The Company has not recognized deferred tax asset on net deductible temporary differences amounting to Rs. 424.112 million (December 31, 2023: 664.13 million - restated in terms of requirements of IFRIC 21/IAS 37) as the management expects that the Company will remain subject to minimum tax under Section 153.</p>	

			June 30, 2024 (Unaudited) (Rupees in thousand)	December 31, 2023 (Audited)
		Note		
14	FINANCING UNDER MARK UP ARRANGEMENTS AND OTHER CREDIT			
	Running finance - secured			
	JS Bank limited	14.1	46,275	44,972
	Facility against Letter of credit			
	JS Bank limited	14.2	9,573	-
	Short term Financing (STF)			
	Standard Chartered Bank Limited	14.3	198,981	150,000
	MCB Bank Limited	14.4	-	99,494
			<u>254,829</u>	<u>294,466</u>

14.1 The Company has obtained running finance facility from JS Bank with a sanctioned limit of 300 million, bearing mark-up at the rates prescribed therein the facility offer letters that includes 3 month KIBOR plus Bank spread (2.25%). The facilities are secured against first mortgage charges created through equitable mortgage with legal mortgage of notional value over fixed assets (land and building) of the Company, ranking hypothecation charge over all present and future current assets of the Company registered with Securities and Exchange Commission of Pakistan and personal guarantees of sponsor directors of the Company, covering total security package.

14.2 The Company has obtained Letter of Credit facility form JS Bank with the sanctioned limit or Rs. 25 million bearing cash margin 20% or as per SBP, which ever is higher. The facilities are secured against all the Lieu over accepted Bills of Exchange, First PP over current assets and personal guarantee of sponsor directors.

14.3 The Company has obtained Export Invoice finance facility from Standard Chartered Bank with a sanctioned limit of Rs. 500 million (2023: Rs. 500 million) bearing mark-up at the rates prescribed therein the facility offer letters that includes 6 month KIBOR plus Bank spread (2.25%). The facilities are secured against all the moveable assets for a maximum amount of Rs. 500 million (the "aggregate sale price").

14.4 The Company has obtained Export Invoice finance facility from MCB Islamic Bank Ltd with a sanctioned limit of Rs. 100 million (2023: Rs. 99.49 million) bearing mark-up at the rates prescribed therein the facility offer letters that includes one month KIBOR plus Bank spread (2%). The facilities are secured against all the PP and JPP charge over present and future current assets of the Company with 25% margin.

		June 30, 2024 (Unaudited) (Rupees in thousand)	December 31, 2023 (Audited)
15 CREDITORS, ACCRUED AND OTHER LIABILITIES	Note		
Trade creditors		414,992	463,825
Accrued expenses		140,477	141,130
Payable to provident fund		78,526	57,066
Employee share portion - Vehicles		83,381	81,283
Workers welfare fund		44	44
Tax payable:			
- withholding tax		312,531	244,403
- Income tax		129,976	220,692
Mark up accrued on:			
- Short term borrowings		3,068	26,335
Markup payable on intercompany current account	15.2	61,568	47,230
Payable to related parties	15.1	709,254	535,661
Loan from director	15.3	75,000	-
Other liabilities		31,739	24,079
		2,040,556	1,841,748

15.1 This include amount of Rs. 344.95 million (2023: Nil) payable to related parties, Octopus Digital Limited, in respect of subcontracting charges, installation charges and shared expenses.

15.2 This amount is interest bearing and interest has been charged at one month KIBOR plus 2% prevailing on the start of each month.

15.3 This represents interest free loan received from Director of the Company to meet the working capital requirement of the Company and is repayable on demand.

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingent liabilities

There have been no significant changes in contingencies since as reported in the audited consolidated financial statements.

16.2 Commitments

Bank guarantees have been issued amounting to Rs. 263.830 million (2023: Rs. 197.145 million) against the performance of various contracts.

Letters of credit outstanding at period end amount to Rs. 55.830 million (2023: Rs. 125.870 million) which relates to import acceptance bills.

17 REVENUE FROM CONTRACTS WITH CUSTOMERS

	----- (Unaudited) -----			
	Six months period ended		Three months period ended	
	June 30,		June 30,	
	2024	2023	2024	2023
----- (Rupees in thousand) -----				
Local sales and services				
- Sale of goods	533,031	379,580	357,345	236,892
- Services rendered	309,818	40,586	209,355	17,482
Export sales and services				
- Agency commission	21,101	6,309	11,006	5,746
- Project revenue	303,362	133,493	151,092	86,394
- IT enabled back-office support	153,253	42,585	59,252	-
- IT enabled engineering	-	67,752	-	-
	<u>1,355,416</u>	<u>670,305</u>	<u>788,050</u>	<u>346,514</u>

17.1 Timing of revenue recognition

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
	(Rupees in thousand)	
At a point in time	707,385	385,889
Over the time	648,031	284,416
	<u>1,355,416</u>	<u>670,305</u>

18 OTHER INCOME

Income from financial assets

Exchange gain - net	-	2,039,497
Markup Income on Current Accounts	130	-
Profit on bank deposits	2,500	931
	<u>2,630</u>	<u>2,040,428</u>

Income from non-financial assets

Gain on disposal of property and equipment	8,425	1,323
Others	3,371	1,954
	<u>11,796</u>	<u>3,277</u>
	<u>14,426</u>	<u>2,043,705</u>

19 TAXATION

Final tax	19.1	1,178	955
Minimum tax		29,229	16,086
Current			
- for the year		-	-
- prior year		-	-
		<u>30,407</u>	<u>17,041</u>

19.1 This represents final taxes paid under Section 154A of Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21/IAS 37.

19.1.1 Reconciliation of tax charge

Reconciliation of current tax charge charged as per tax laws for the period, with current tax recognized in the unconsolidated condensed interim statement of profit and loss is as follows:

	June 30, 2024	June 30, 2023
Current tax liability for the year as per applicable tax laws	30,407	17,041
Portion of current tax liability as per tax laws, representing income tax under IAS 12	-	-
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	(30,407)	(17,041)
Difference	<u>-</u>	<u>-</u>

19.1.2 The aggregate of final tax and minimum tax amounting to Rs. 30.407 million (2023: Rs. 17.041 million) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

20 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise holding company, associated undertakings, subsidiaries, post employment benefit plans and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables. Other significant transactions with related parties are as follows:

Name of related parties and relationship	Nature of transactions	June 30, 2024 Un-audited (Rupees in thousand)	June 30, 2023 Un-audited
Subsidiaries			
Avanceon FZE	Agency commission charged	21,101	6,309
- UAE (AFZE)	Income against engineering / support services		8,133
	Fee for back office support	38,352	21,293
	Revenue recognized on the projects	61,189	44,441
	Payments to suppliers by AVFZE	156,929	97,331
	Payment made during the period to AFZE	19,455	35,000
	Collection / adjustment from AFZE	256,189	4,473
	Payments to suppliers by AVL	2,187	3,894
	Payments to employees by AVL	667	16,632
	Payments to employees by AVFZE	85	7,136
	ESOS	4,823	3,125
	Transfer of long-term interest free receivables from Octopus Digital Inc. to Avanceon, FZE, Dubai	-	538,320

Name of related parties and relationship	Nature of transactions	June 30, 2024 Un-audited (Rupees in thousand)	June 30, 2023 Un-audited
Avanceon	Income against engineering / support services	-	59,619
Automation and Control	Fee for technical services	-	21,293
W.L.L, Qatar (AVAC)	Revenue recognized on the project	129,852	43,527
	Payment to employees by AVAC	558	1,417
	Payments received during the period	-	54,536
	Payment to suppliers by AVL	562	13,258
	Collection / adjustment from AVAC	4,920	-
	Payments to suppliers by AVAC	6,426	19,115
	Back Office support	44,469	-
	Payment to employees by AVL	211	4,991
	ESOS	8,639	6,638
Octopus Digital Limited (ODL)	Salaries payment to employees by AVL	121,247	86,970
	Payment to employees by ODL	1,810	3,267
	Payment to employees by AVL	4,987	1,615
	Subcontracting charges incurred	37,787	13,010
	Payments to suppliers by AVL	3,625	10,035
	Cash received from AVL	32,595	-
	Payments to AVL	112,835	-
	Building rent charged to ODL	-	180
	Installation charges	-	6,486
	AMS business services rendered	53,064	-
	Markup on short-term loan	-	31,014
	Back office Support	25,831	12,600
	Payment to suppliers by ODL	4,571	3,549
	Fee for technical services	-	6,000
	Product sales	-	4
	Repayment of advances to ODL	-	34,658
	Advances received from ODL	-	67,920
	ESOS	7,081	-
Avanceon Saudi Energy Company - KSA (AVSEC)	Collection from AVSEC	11,480	9,623
	Payment to suppliers by AVL	320	144
	Payment to employees by AVL	1,582	4,288
	Revenue recognized on the projects	112,321	44,878
	ESOS	3,559	2,912
	Back office support	70,470	-
	Payment to employees by AVSEC	713	-
Empiric AI PVT Limited (EAI)	Payment to employees by AVL	12,625	-
	Funds transferred from EAI	15,000	-

Name of related parties and relationship	Nature of transactions	June 30, 2024 Un-audited (Rupees in thousand)	June 30, 2023 Un-audited
Joint venture			
Avanceon	Payment to suppliers by AVL	88	-
Arabia	Payment to employees by AVL	172	-
Infotech	Revenue recognized on the projects	-	647
Employees' Provident Fund			
	Expense charged in respect of retirement benefit plan	16,675	3,595
Key management personnel			
	Remuneration and other benefits	800	102,335
Chief executive			
	Loan received from CEO	75,000	-

21 FINANCIAL ASSETS AND LIABILITIES

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statement of the Company for the year ended December 31, 2023.

21.1 Financial instruments by categories

Set out below, is an overview of financial assets, held by the Company as at June 30, 2024 and December 31, 2023

	June 30, 2024 Un-audited (Rupees in thousand)	December 31, 2023 Audited
Financial assets at amortized cost		
Long-term loans and deposits	6,653	5,652
Trade debts	2,313,868	2,605,931
Contract asset	552,424	674,306
Deposits and other receivables	535,995	533,479
Cash and bank balances	60,677	84,586
Equity instruments at fair value through profit / (loss)		
Short term investments	-	-
Total	3,469,617	3,903,954

Set out below, is an overview of financial liabilities held by the Company as at June 30, 2024 and December 31, 2023:

	June 30, 2024	December 31, 2023
	Un-audited	Audited
	(Rupees in thousand)	
Financial liabilities at amortized cost		
Creditors, accrued and other liabilities	2,040,556	1,841,748
Unclaimed dividend	161,397	152,835
Interest bearing loans and borrowings		
Financing under mark-up arrangements	254,829	294,466
Long term diminishing Musharakah	183,166	184,838
Total	<u>2,639,948</u>	<u>2,473,887</u>

21.2 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value of short-term investments is derived from quoted market prices in active markets. The carrying values of other financial assets and financial liabilities reflected in financial statements approximate to their fair values.

21.3 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

Recurring fair value measurements of following items:

	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
June 30, 2024				
Freehold land	-	-	290,550	290,550
Buildings on freehold land	-	-	123,231	123,231
	-	-	413,781	413,781
December 31, 2023				
Freehold land	-	-	290,550	290,550
Buildings on freehold land	-	-	110,142	110,142
	-	-	400,692	400,692

22 CORRESPONDING FIGURES

Corresponding figures where necessary, have been rearranged for the purpose of comparison. However no significant rearrangement or reclassification has been made during the period ended December 31, 2023 except for the following:

Description	Note	From	To	Rupees
Reclassification of income tax expense to levy	19	Taxation	Final tax	955
Reclassification of income tax expense to levy	19	Taxation	Minimum Tax	16,086

For the quarter ended June 30, 2023

Description	Note	From	To	Rupees
Reclassification of income tax expense to levy	19	Taxation	Final tax	(625)
Reclassification of income tax expense to levy	19	Taxation	Minimum Tax	(10,650)

23 GENERAL

23.1 Figures have been rounded off to the nearest thousand rupee, unless otherwise stated.

24 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

There are no significant reportable event after the unconsolidated condensed interim statement of financial position.

25 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized by the Board of Directors of the Company for issue on August 29, 2024.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

Avanceon Group
**Condensed Consolidated
Interim Financial Statements**
for the half year ended JUNE 30,2024

**AVANCEON GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024**

	Un-Audited June 30, 2024	Audited Dec 31, 2023		Un-Audited June 30, 2024	Audited Dec 31, 2023
	(Rupees in '000)			(Rupees in '000)	
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES					
Authorised capital 500,000,000 (2023: 500,000,000) ordinary shares of Rs 10 each	<u>5,000,000</u>	<u>5,000,000</u>	NON CURRENT ASSETS		
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			Property and equipment	<u>1,238,756</u>	1,199,042
415,022,801 (2023: 376,297,850) ordinary shares of Rs. 10 each	<u>4,150,228</u>	3,762,978	Capital Work in Progress	<u>254,775</u>	262,064
CAPITAL RESERVES			Intellectual Property	<u>4,877,404</u>	4,781,933
Share premium	<u>508,405</u>	450,915	Goodwill	<u>221,810</u>	221,810
Employees' share compensation reserve	<u>185,916</u>	177,949	Investment in JV	<u>200,609</u>	113,084
Statutory reserve	<u>3,227</u>	3,227	Deferred Tax Assets	<u>56,559</u>	33,929
Exchange revaluation reserve	<u>2,528,738</u>	2,671,849	Long term deposits	<u>89,849</u>	77,521
Gain on dilution of interest	<u>631,367</u>	631,367		<u>6,939,762</u>	6,689,383
Surplus on revaluation of property & equipment	<u>329,850</u>	330,636			
	<u>4,187,502</u>	4,265,943			
REVENUE RESERVES					
Un-appropriated Profit	<u>3,313,739</u>	4,440,188			
	<u>11,651,469</u>	12,469,109			
Non-controlling Interest	<u>643,843</u>	620,608			
	<u>12,295,313</u>	13,089,717			
NON CURRENT LIABILITIES			CURRENT ASSETS		
Long Term Loans	<u>108,908</u>	108,650	Stock in trade	<u>574,812</u>	130,269
Liabilities against assets subject to finance lease	<u>258,073</u>	283,545	Trade debts	<u>6,910,555</u>	9,236,787
Deferred Liabilities	<u>326,730</u>	294,906	Contract Assets	<u>5,834,822</u>	5,652,592
	<u>693,711</u>	687,101	Advances, deposits, prepayments and other receivables	<u>3,256,657</u>	3,013,657
CURRENT LIABILITIES			Term deposits with banks	<u>92,701</u>	93,987
Current portion of Long Term Loans	<u>25,133</u>	39,992	Investments in Stocks	<u>506</u>	10,121
Current portion of lease liabilities	<u>92,720</u>	85,604	Cash and bank balances	<u>317,144</u>	1,131,258
Finances under mark up arrangements and other credit facilities - secured	<u>988,557</u>	1,219,616		<u>16,987,197</u>	19,268,671
Unclaimed Dividend	<u>176,251</u>	167,918			
Creditors, accrued and other liabilities	<u>6,212,391</u>	7,359,944			
Contract Liabilities	<u>2,355,836</u>	2,256,775			
Taxation-Net	<u>1,087,046</u>	1,051,387			
	<u>10,937,934</u>	12,181,236			
CONTINGENCIES AND COMMITMENTS					
	<u>23,926,958</u>	<u>25,958,054</u>		<u>23,926,958</u>	<u>25,958,054</u>

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

Chief Executive Officer

Director

Chief Financial Officer

AVANCEON GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	for the half year ended		for the quarter ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		(Rupees in '000)		(Rupees in '000)	
			Restated		Restated
Revenues		5,255,724	5,904,371	3,282,179	4,706,080
Cost of revenue		(3,651,369)	(4,194,841)	(2,374,125)	(3,243,132)
Gross Profit / (Loss)		1,604,355	1,709,529	908,054	1,462,949
Administrative and selling expenses		(1,274,690)	(5,897,079)	(774,141)	(5,443,035)
Other expenses	3	(78,717)	(3,319)	(40,895)	(1,664)
Other income	4	22,587	5,137,700	20,336	4,454,438
		(1,330,820)	(762,697)	(794,700)	(990,261)
Profit / (Loss) from operations		273,535	946,832	113,353	472,688
Finance costs		(212,675)	(117,744)	(91,924)	(60,144)
Profit before income tax, minimum tax and final taxes		60,860	829,088	21,430	412,544
Final tax		(2,472)	(3,174)	475	(301)
Minimum tax		(33,909)	(18,150)	(15,576)	9,913
Profit / (Loss) before tax		24,479	807,763	6,329	422,156
Taxation		3,401	(19,375)	10,980	(2,782)
Profit / (Loss) for the period		27,880	788,389	17,309	419,374
Attributable to:					
Equity holders of the Holding Company		4,645	718,575	25,838	412,018
Non-Controlling Interest		23,235	69,814	(8,529)	7,356
		27,880	788,389	17,309	419,374
Combined earnings per share					
Basic		0.01	1.85	0.04	1.08
Diluted		0.01	1.82	0.04	1.06

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



Chief Executive Officer



Director



Chief Financial Officer

**AVANCEON GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2024**

	for the half year ended		for the quarter ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Rupees in '000)		(Rupees in '000)	
Profit / (Loss) for the period	27,880	788,389	17,309	419,374
Other comprehensive income				
- Exchange difference on translating foreign operations	(143,111)	2,606,667	(104,894)	505,212
Total comprehensive income for the period	(115,231)	3,395,056	(87,585)	924,586
Attributable to:				
Equity holders of the Holding Company	(138,467)	3,325,242	(79,056)	917,229
Non-Controlling Interest	23,235	69,814	(8,529)	7,356
	(115,231)	3,395,056	(87,585)	924,586

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



Chief Executive Officer



Director



Chief Financial Officer

AVANCEON GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2024

	for the half year ended	
	June 30, 2024	June 30, 2023
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax	60,860	829,088
Adjustments for:		
Depreciation on property and equipment	91,957	70,046
Exchange gain	74,191	(1,119,403)
Exchange revaluation reserve	(143,111)	(684,768)
Unrealised (gain)/loss on short term investment		3
Finance cost	212,675	117,744
Employee share option exp.	65,353	18,745
Provision for ECL - contract assets	13,839	2,950,275
Provision for ECL - trade debts	8,009	418,508
Gain on disposal of fixed Assets	(8,425)	(594)
Income on bank deposits	(2,935)	(2,357)
Loss on dispsal of Investment		330,953
Written off long term receivables		760,439
Income on recognition of TM		(4,397,331)
	3,313,739	(1,537,739)
Profit before working capital changes	3,374,599	(708,651)
(Increase) / decrease in current assets		
- Stock in trade	(444,543)	(144,157)
- Trade debts	2,216,536	(2,156,127)
- Contract Assets	(196,069)	1,999,506
- Advances, deposits, prepayments and other receivables	(244,717)	(384,429)
(decrease) / Increase in current liabilities		
- Creditors, accrued and other liabilities	(1,034,651)	(531,946)
- Contract Liabilities	99,061	2,064,294
	395,618	847,140
Cash (used in) / generated from operations	3,770,217	138,489

	for the half year ended	
	June 30, 2024	June 30, 2023
	(Rupees in '000)	
Cash generated from continuing operations	3,770,217	138,489
Finance costs	(235,942)	(128,491)
Deferred liabilities	31,824	10,102
Taxes	(109,585)	145,404
Net cash (used in) / generated from operating activities	3,456,514	165,504
Cash flows from investing activities		
Purchase of property and equipment	(133,654)	(48,383)
Proceeds from disposal of property and equipment	10,408	
Additions in intangible assets - capital work in progress	7,290	(38,701)
Additions in Intellectual property	(95,471)	
Increase / decrease in short term investments	10,901	(19,649)
Investment in JV	(87,525)	
Profit on bank deposit	2,935	2,357
Net change in long term advances and deposits	(12,328)	(13,191)
Net cash (used in) / generated from investing activities	(297,444)	(117,567)
Cash flows from financing activities		
Dividend paid	(746,255)	(26,011)
Issuance of shares	9,956	25,149
Premium on issuance of shares	114	12,836
Long term loan received / (repaid)	14,601	(36,144)
Finances under mark up arrangements and other credit facilities	(231,059)	153,048
Repayment of lease liabilities	(18,356)	(17,717)
Net cash (used in) / generated from financing activities	(970,997)	111,161
Net (decrease) / increase in cash and cash equivalents	2,188,072	159,098
Cash and cash equivalents at the beginning of year	1,131,258	1,347,281
Cash and cash equivalents at the end of period	3,319,330	1,506,379

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



Chief Executive Officer



Director



Chief Financial Officer

AVANCEON GROUP
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2024

	CAPITAL RESERVES						REVENUE RESERVES	Non-Controlling Interest	TOTAL	
	Share capital	Share premium reserve	Gain on dilution of interest	Employee share compensation reserve	Statutory Reserve	Exchange revaluation reserve	Surplus on Revaluation of Property, Plant and Equipment			Un-appropriated (loss) / profit
Balance as on January 01, 2023	3,247,006	314,007	631,367	155,663	3,002	1,465,144	332,208	2,414,048	525,260	(Rupees in '000) 9,087,705
Profit for the period								2,515,390	95,348	2,610,738
Other comprehensive income						1,206,705	(1,572)	1,572	95,348	1,206,705
						1,206,705	(1,572)	2,516,962	95,348	3,817,443
Issuance of shares against employee share option scheme	25,149	136,908		(124,072)						37,985
Statutory reserve adjustment AVSEC.					225					225
20% bonus share issue for the period ended December 31, 2021	490,823			146,358				(490,823)		146,358
Employee share option reserve	515,972	136,908		22,286	225			(490,823)		184,568
Balance as on December 31, 2023	3,762,978	450,915	631,367	177,949	3,227	2,671,849	330,636	4,440,188	620,608	13,089,717
Profit for the period								4,645	23,235	27,880
Other comprehensive income						(143,111)	(786)	786	23,235	(143,111)
						(143,111)	(786)	5,431	23,235	(115,231)
Issuance of shares against ESOS	9,956	57,490		(57,375)						10,071
Employee share option reserve				65,342						65,342
20% dividend for the period ended December 31, 2023	377,293							(754,587)		(754,587)
10% bonus share issue for the period ended December 31, 2023	387,250	57,490		7,967				(377,293)		(679,174)
								(1,131,880)		(679,174)
Balance as on June 30, 2024	4,150,228	508,405	631,367	185,916	3,227	2,528,738	329,850	3,313,738	643,843	12,295,312

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

Chief Executive Officer

Director

Chief Financial Officer

AVANCEON LIMITED

NOTES TO THE CONSOLIDATED CONDENCED INTERIM FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED JUNE 30, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

Avanceon Limited (the Holding 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 Holding 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

- Avanceon Free Zone Establishment, UAE (AFZE)
- Octopus Digital Inc. USA (ODI)
- Avanceon Automation and Control W.L.L (AVAC)
- Octopus Digital Limited
- Avanceon Saudi Energy Company (AVSEC)
- EmpiricAI (Private) Limited
- Avanceon QFZ LLC

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	74.32%
- 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. (ODI) registered office is 1800 John F. Kennedy Boulevard, Suite 1601, Philadelphia, PA. The ODI holds Nil (2023: Nil%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, The General Partner.

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 December 31, 2020, ODL entered into a Business Arrangement Contract dated December 08, 2020 with the Holding Company to transfer the entire business of AMS segment to ODL along-with the existing customer contracts. ODL acquired the rights to carry on AMS business with effect from January 01, 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 Group 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 previous year, the Group has acquired 100% shareholding in Empiric AI (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. Avanceon QFZ L.L.C. ('the Company'), is a Limited Liability Company registered with the Qatar Free Zone Authority under FZA License No. FZA 194 obtained on November 05, 2020. The registered office of the Company is at Zone No. PA-WH-04, Area-Ras Bufontas Free Zone, Street No. PO Box: 45976, Doha-Qatar. The primary objective is to manufacturing of measuring, testing, navigating and control equipment.

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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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 and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 OTHER EXPENSES	for the half year ended	
	June 30, 2024	June 30, 2023
	(Rupees in '000)	
Donations	4,447	3,316
Exchange Loss	74,191	3
Zakat	79	
	<u>78,717</u>	<u>3,319</u>
4 OTHER INCOME		
Income on bank deposits	2,935	2,357
Gain on disposal of property, plant and equipment	8,425	594
Exchange gain		1,119,403
Other Income	11,227	4,397,331
	<u>22,587</u>	<u>5,519,685</u>

5 CONTINGENCIES AND COMMITMENTS

5.1 Commitments

- (i) Bank guarantees issued amounting to Rs. 405.85 million (2023: Rs. 197.145 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.105.98 million (2023: 125.870) which relates to import acceptance bills.

7 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorized for issue on __August 29, 2024__ by the Board of Directors of the Holding Company.

8 GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer



Director



Chief Financial Officer



www.avanceon.ae

AVANCEON

Tomorrow's solutions, today.

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Avanceon Middle East & South Asia



Avanceon Limited