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South Asia

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North America

First quarter ended March 31, 2014



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Company Information

Directors

Mr. Khalid H Wain

Director/Chairman

Mr. Bakhtiar H Wain

Director/Chief Executive Officer

Mr. Tanveer Karamat

Director/Chief Operating Officer

Mr. Amir W Wain

Director

Mr. Naveed A Baig

Director

Mr. Tajammal Hussain

Director

Mr. Umar Ahsan Khan

Director

Mr. Saeed Ullah Khan Niazi

Chief Financial Officer

Mr. Ahsan Khalil

Company Secretary

Bankers

Faysal Bank Limited

Habib Bank Limited

MCB Bank Limited

United Bank Limited

National Bank of Pakistan Limited

Standard Chartered Bank Limited

Deutsche Bank Limited

JS Bank Limited

KASB Bank Limited

NIB Bank Limited

Auditors

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants.

Legal Advisor

Chima & Ibrahim Advocates and Corporate Council

Share Registrar

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Trade Mark

AVANCEON

Tomorrow's solutions, today.

Web Presence: www.avanceon.com

Interim Director's Report

The directors of the company take pleasure in presenting their report together with the Company's unaudited condensed financial statements for the first quarter ended March 31, 2014. The interim Director's report, prepared under section 236 of the Companies Ordinance, 1984.

(Rupees)	For the first quarter ended March 31	
	2014	2013
Operating results (standalone)		
Profit before tax	16,168*	18,858
Provision for taxation	(1,380)	(350)
Profit after taxation	14,963	18,508

*Rs. 39m exchange loss on translation of foreign currency receivable is included due to decrease in USD value

(Rupees)	For the first quarter ended March 31	
	2014	2013
Operating results (consolidated)		
Profit before tax	34,399*	69,525
Provision for taxation	(1,380)	(1,709)
Profit after taxation	33,019	67,816

*Rs. 39m exchange loss on translation of foreign currency receivable is included due to decrease in USD value

Earnings per share (standalone) for the first quarter ended March 31, 2014

The basic earnings per share after tax is Rs. 0.15 (2013: Rs.0.25)

Earnings per share (consolidated) for the first quarter ended March 31, 2014

The basic earnings per share after tax is Rs. 0.33 (2013: Rs. 0.90)

The results of the company for the first quarter ended on March 31, 2014 were as per expectation, except, one time Rs. 39m decrease in net profits because of exchange loss due to devaluation of US Dollar value as compare to previous first quarter of 2013. Historically, our revenues and profits remain lower in first quarter, get momentum in 2nd quarter and revenue recognition in 3rd and 4th quarter of each financial year base on project cycle, we have already very strong order in hand pipeline in Pakistan, UAE, Qatar, Saudi Arabia (KSA), we are very much confident to achieve corporate plan as approved by BOD for FY 2014 in remaining period of FY 2014.

Statutory Auditor of the Company

The present Auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants, retire and being eligible and re-appointed for audit of FY 2014.

Communication

Communication with the shareholders is given a high priority. Financial reports are distributed to them within the time specified in the Companies Ordinance, 1984. The Company also has a website, www.avanceon.com, which contains up to date information on Company's activities and financial reports.

For and on behalf of the



BOARD OF DIRECTORS

Condensed Balance Sheet

as at March 31, 2014

(Rupees)	Note	Un-audited March 31, 2014	Audited December 31, 2013
Equity And Liabilities			
Share Capital And Reserves			
Authorised capital			
110,000,000 (2013: 110,000,000)			
ordinary shares of Rs 10 each		1,100,000,000	1,100,000,000
Issued, subscribed and paid up capital			
100,666,000 (2013: 75,500,000)			
ordinary shares of Rs 10 each		1,006,660,000	755,000,000
Employees' share compensation reserve		45,000,000	45,000,000
Un-appropriated profit		569,873,730	453,974,085
		1,621,533,730	1,253,974,085
Surplus on revaluation of property, plant and equipment		83,847,896	84,265,939
Non current liabilities			
Long term finances	5	-	7,083,331
Deferred taxation		15,663,941	15,517,626
Liabilities against assets subject to finance lease		22,567,180	26,730,405
		38,231,121	49,331,362
Current liabilities			
Current portion of long-term liabilities		15,349,159	15,403,703
Finances under mark up arrangements and other credit facilities - secured		11,613,697	49,613,346
Short term loan from directors - unsecured		8,100,000	24,107,908
Cash received against IPO		-	264,243,000
Creditors, accrued and other liabilities	6	518,153,002	499,821,844
		553,215,859	853,189,801
Contingencies and commitments	7		
		2,296,828,605	2,240,761,187

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief Executive Officer

(Rupees)	Note	Un-audited March 31, 2014	Audited December 31, 2013
Assets			
Non current assets			
Property, plant and equipment	8	183,267,604	185,473,715
Intangible assets		12,237	12,237
Long term investments		473,670,870	473,670,870
Capital Work in Progress		627,000	-
Long term deposits		9,404,325	9,154,904
		666,982,036	668,311,726
Current assets			
Stock in trade		56,076,072	49,331,509
Trade debts	9	463,532,253	484,405,136
Advances, deposits, prepayments and other receivables		712,119,822	674,910,469
Short term investments		296,660,000	33,740,996
Cash and bank balances		101,458,422	330,061,351
		1,629,846,569	1,572,449,461
		2,296,828,605	2,240,761,187



Chief Financial Officer

Condensed Interim Profit and Loss Account

for the first quarter ended March 31, 2014

(Rupees)	Note	Un-audited March 31, 2014	Un-audited March 31, 2013
Sales		194,123,757	156,443,820
Cost of sales		(109,272,235)	(106,314,024)
Gross profit		84,851,523	50,129,796
Administrative and selling expenses		(32,812,200)	(32,825,297)
Exchange gain / (loss)		(38,766,886)	(10,000)
Other operating income		6,895,584	7,404,662
		(64,683,502)	(25,430,635)
Profit from operations		20,168,021	24,699,161
Finance costs		(3,824,025)	(5,841,701)
Profit / (loss) before tax		16,343,996	18,857,460
Taxation		(1,380,079)	(350,000)
Profit /(loss) for the quarter		14,963,917	18,507,460
Combined Earnings per share			
Basic		0.15	0.25
Diluted		0.14	0.23

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer

Statement of Condensed Interim Comprehensive Income

for the first quarter ended March 31, 2014

(Rupees)	Note	Un-audited March 31, 2014	Un-audited March 31, 2013
Profit /(loss) for the quarter		14,963,917	18,507,460
Other comprehensive income			
- Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets for the quarter - net of tax		271,728	116,997
Total comprehensive income / (loss) for the quarter		15,235,645	18,624,457

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer

Condensed Interim Cash Flow Statement

for the first quarter ended March 31, 2014

(Rupees)	Note	Un-audited March 31, 2014	Un-audited March 31, 2013
Cash flows from operating activities			
Cash generated from operations	10	22,647,314	(62,904,867)
Financial cost paid		(5,086,143)	(6,703,106)
Taxes paid		(7,832,233)	8,973,426
Net cash from operating activities		9,728,938	(60,634,547)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,538,833)	(408,903)
Proceeds from sale of property, plant and equipment		433,686	1,679,362
Short term investment		(262,919,004)	1,847,000
Income on bank deposits received		4,469,772	-
Net increase in long term advances and deposits		(249,421)	(245,300)
Net cash generated from / (used in) investing activities		(259,803,800)	2,872,159
Cash flows from financing activities			
Repayment from long term finances		(10,000,000)	(13,494,812)
Loan from directors		(16,007,908)	8,000,000
Cash received against Initial Public Offering		88,081,000	-
Repayment of finance lease liabilities		(2,601,510)	(7,540,679)
Net cash / (used in) financing activities		59,471,582	(13,035,491)
Net increase in cash and cash equivalents:		(190,603,281)	(70,797,879)
Cash and cash equivalents at the beginning of quarter		280,448,005	189,485,082
Cash and cash equivalents at the end of quarter	11	89,844,724	118,687,203

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer

Statement of Condensed Changes in Equity

for the first quarter ended March 31, 2014

(Rupees)	Share capital	Share Premium	Employees' share compensation reserve	Un-appropriated profit / (loss)	Total
Balance as on December 31, 2012	400,000,000	-	-	414,645,753	814,645,753
Profit for the first quarter	-	-	-	18,507,460	18,507,460
Other comprehensive income	-	-	-	116,997	116,997
Employee Share Option Offord	-	-	45,000,000	(45,000,000)	-
Bonus share issued	355,000,000	-	-	(355,000,000)	-
Total comprehensive income	355,000,000	-	45,000,000	(381,375,543)	18,624,457
Balance as on March 31, 2013	755,000,000	-	45,000,000	33,270,210	833,270,210
Profit for the nine months	-	-	-	420,010,527	420,010,527
Other comprehensive income	-	-	-	693,348	693,348
Total comprehensive income	-	-	-	420,703,875	420,703,875
Balance as on December 31, 2013	755,000,000	-	45,000,000	453,974,085	1,253,974,085
Profit for the quarter	-	-	-	14,963,917	14,963,917
Other comprehensive income	-	-	-	271,728	271,728
New capital issued	251,660,000	-	-	-	251,660,000
Premium On Shares Issue	-	100,664,000	-	-	100,664,000
Total comprehensive income	251,660,000	100,664,000	-	15,235,645	367,559,645
Balance as on March 31, 2014	1,006,660,000	100,664,000	45,000,000	469,209,730	1,621,533,730

The annexed notes from I to I5 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer

Notes to the Condensed Interim Financial Information

for the first quarter ended March 31, 2014

1. Legal status and nature of business

The Company was incorporated in Pakistan on March 26, 2003 as a private limited company which was changed to a public company on March 31, 2008 under the Companies Ordinance, 1984 and on 11th of February 2014 has been formally listed on Karachi Stock Exchange and Lahore Stock Exchange. The principal activity of the Company is to trade in products of automation and control equipments and to provide related technical services. The registered office of the Company is situated at 19 km, Main Multan Road, Lahore, Pakistan.

2. Basis of preparation

- 2.1 This condensed interim financial information has been prepared in accordance with International Accounting Standards - 34 "Interim Financial Reporting" as applicable in Pakistan.
- 2.2 This condensed interim financial information does 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 31 December 2013.
- 2.3 Standards, Interpretations and amendments to published approved accounting standards effective in 2013:

New and amended standards and interpretations

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those of the previous financial year except as describe below:

The Company has adopted the following amendments to IFRSs which became effective for the current period:

IAS 32	-	Offsetting Financial Assets and Financial Liabilities - (Amendment)
IAS 36	-	Recoverable Amount of Non-Financial Assets - (Amendment)
IFRIC 21	-	Leases
IAS 39	-	Novation of Derivatives and Continuation of Hedge Accounting

The adoption of the above amendments did not have any significant effect on this condensed interim financial information.

3. Significant accounting policies

The significant accounting policies adopted in the preparation of this financial information are the same as those applied in the preparation of preceding annual financial statements of the company for the year ended 31 December 2013.

4. This represents option to purchase 5 million shares offered to employees at an exercise price of Rs. 1 per share which has been recorded as receivable from employees. The remaining amount of Rs. 45 million out of the total par value of these shares of Rs. 50 million has been set aside from unappropriated profit of the Company.

(Rupees)	Note	Un-audited March 31, 2014	Audited December 31, 2013
5. Long Term Finances			
Long term finances - secured		-	10,000,000
		-	10,000,000
Less: Current portion shown under current liabilities		-	(2,916,669)
		-	7,083,331

(Rupees)	Note	Un-audited March 31, 2014	Audited December 31, 2013
6. Creditors, accrued and other liabilities			
Trade creditors		87,058,075	113,343,406
Accrued expenses		39,131,988	41,308,068
Advances from customers		96,765,024	75,327,421
Payable to related parties	6.1	271,838,078	229,741,925
Sales tax payable		-	9,550,765
Workers welfare fund		-	12,140
Mark up accrued on:			
- Long term finances		-	561,908
- Finances under mark up arrangements and other credit facilities - secured		1,230,988	644,035
- Finances under mark up arrangement from director - unsecured		282,286	1,569,448
Other liabilities		21,846,566	27,762,728
		518,153,003	499,821,844

6.1 This represents amount due to Avanceon FZE (a wholly owned subsidiary) which is non-interest bearing.

7. Contingencies and commitments

Contingencies

- (i) Bank guarantees issued amounting to Rs 4 million (2013: Rs 4 million) against the performance of various contracts.
- (ii) The Honorable Lahore High Court, Lahore in its Order dated 03 June 2011 declared the amendments made in Workers' Welfare Fund Ordinance, 1971 brought through Finance Acts, 2006 and 2008 as unconstitutional. Therefore, the Company has not made any provision for Workers Welfare Fund (WWF) in the financial statements in the light of this Order of the Honorable Lahore High Court. The said order has been challenged in the Honorable Supreme Court. The Company may be liable to pay WWF amounting to Rs. 11,608,833 if the Supreme Court's decision is unfavourable.
- (iii) The Honorable Sindh High Court, Karachi in its Order dated 11 March 2011 declared the amendments made in Companies Profits Workers' Participation Act, 1968 brought through Finance Act, 2007 are ultra vires of the provisions of the Constitution. Therefore, the Company has not made any provision of Workers Profit Participation Fund (WPPF) in the financial statements in the light of this Order of the Honorable Sindh High Court. The said order has been challenged in the Honorable Supreme Court. The Company may be liable to pay WPPF amounting to Rs. 47,171,456 if the Supreme Court's decision is unfavourable."

(Rupees)	Note	March 31, 2014	December 31, 2013
8. Property, plant and equipment			
Operating property, plant and equipment	8.1	183,267,604	185,473,715

8.1

31 MARCH 2014								
(Rupees)	Cost/ revalued amount as at January 01, 2014	Additions/ transfers/ (deletions)	Cost/ revalued amount as at March 31, 2014	Accumulated depreciation as at January 01, 2014	Depreciation charge/ (adjustment) for the year	Accumulated depreciation as at March 31, 2014	Net book value as at March 31, 2014	Rate %
Owned assets								
Freehold land	70,775,000	-	70,775,000	-	-	-	70,775,000	-
Buildings on freehold land	66,530,986	-	66,530,986	-	688,423	688,423	65,842,563	5
Furniture and fixture	10,584,464	-	10,584,464	10,584,464	96,352	10,680,816	(96,352)	20
Vehicles	8,404,820	1,764,944 (929,328)	9,240,435	8,254,954	1,634,047 (919,002)	8,969,998	270,437	20
Office equipment and appliances	26,554,099	383,000	26,937,100	19,353,981	389,028	19,743,009	7,194,091	20
Computers	11,714,105	528,833	12,242,938	9,179,224	452,395	9,631,620	2,611,318	33.33
	194,563,474	2,676,777 (929,328)	196,310,923	47,372,623	3,260,245 (919,002)	49,713,866	146,597,057	
Assets subject to finance lease								
Vehicles	51,071,000	1,300,410 (1,764,944)	50,606,466	12,788,136	2,559,735 (1,411,966)	13,935,919	36,670,547	20
	51,071,000	1,300,410 (1,764,944)	50,606,466	12,788,136	2,559,735 (1,411,966)	13,935,919	36,670,547	
	245,634,474	3,977,187 (2,694,272)	246,917,388	60,160,759	5,819,980 (2,330,968)	63,649,785	183,267,604	

31 DECEMBER 2013									
	Cost / revalued amount as at January 01, 2013	Additions / transfers / (deletions)	Effect of revaluation as at December 31, 2013	Cost / revalued amount as at December 31, 2013	Accumulated depreciation as at January 01, 2013	Depreciation charge / transfers / (adjustment) for the year	Effect of revaluation depreciation as at December 31, 2013	Accumulated value as at December 31, 2013	Net book Rate December 31, 2013
									%
Owned assets									
Freehold land	59,600,000	-	11,175,000	70,775,000	-	-	-	-	-
Buildings on freehold land	61,638,515	145,925	4,746,546	66,530,986	-	2,751,258	(2,751,258)	-	5
Furniture and fixture	10,524,464	60,000	-	10,584,464	10,178,078	406,386	-	10,584,464	20
Vehicles	8,233,525	10,210,800	-	8,404,820	7,805,787	1,415,594	-	8,254,954	20
		(10,039,505)				(8,746,247)	7,779,820		
Office equipment and appliances	21,311,301	5,242,798	-	26,554,099	18,561,062	792,919	-	19,353,981	20
Computers	11,093,547	1,520,658	-	11,714,105	8,229,498	1,783,673	-	9,179,224	33.33
		(900,100)				(833,947)			
	172,401,352	17,180,181	15,921,546	194,563,474	44,774,425	7,149,830	(2,751,258)	47,372,623	147,190,851
		(10,939,605)				(9,580,194)	7,779,820		
Assets subject to finance lease									
Vehicles	41,041,946	20,239,854	-	51,071,000	11,268,689	9,299,267	-	12,788,136	38,282,864
		(10,210,800)				(7,779,820)			20
	41,041,946	20,239,854	-	51,071,000	11,268,689	9,299,267	-	12,788,136	38,282,864
	-	(10,210,800)				(7,779,820)			-
	213,443,298	37,420,035	15,921,546	245,634,474	56,043,114	16,449,097	(2,751,258)	60,160,759	185,473,715
	-	(21,150,405)				(9,580,194)			-

(Rupees)	Note	Un-audited March 31, 2014	Audited December 31, 2013
9. Trade debts			
Considered good - due from related parties	9.1	195,141,001	200,520,833
Considered good - due from others		198,467,926	230,590,936
		393,608,927	431,111,769
Due against construction work in progress and accrued revenue		69,923,326	53,293,367
Considered doubtful			
- due against construction work in progress and accrued revenue		1,923,412	1,923,412
- due from others		1,686,654	1,686,654
		3,610,066	3,610,066
		467,142,319	488,015,202
Less: Provision for doubtful debts - specific		(3,610,066)	(3,610,066)
		463,532,253	484,405,136

These are in the normal course of business and are interest free.

9.1 This represents amount due from wholly owned subsidiary Avanceon FZE.

(Rupees)	Note	Un-audited March 31, 2014	Audited December 31, 2013
10. Cash flows from operating activities			
Profit before tax		16,343,996	18,857,460
Adjustments for:			
Depreciation on property, plant and equipment		4,408,028	3,890,041
Amortization on intangible asset		-	2,083
Exchange gain		38,731,392	3,646,965
Gain on disposal of property, plant and equipment		(423,360)	(1,116,610)
Finance cost		3,824,025	5,841,701
Income on bank deposits		(4,469,772)	-
		42,070,313	12,264,180
Profit before working capital changes		58,414,309	31,121,641
Effect on cash flow due to working capital changes: (Increase) / decrease in current assets			
- Stock in trade		(6,744,563)	(8,716,376)
- Trade debts		(17,858,509)	(95,561,004)
- Advances, deposits, prepayments and other receivables		(30,757,199)	(45,365,380)
- Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities		19,593,276	55,616,251
		(35,766,995)	(94,026,507)
Cash generated from operations		22,647,314	(62,904,867)
11. Cash and cash equivalents			
Cash and bank balances		101,458,422	330,061,351
Finances under mark up arrangements and other credit facilities - secured		(11,613,697)	(49,613,346)
		89,844,725	280,448,005

12. Transactions with related parties

The related parties comprise holding company, associated undertakings, subsidiaries, post employment benefit plans, other related companies, 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 and remuneration of the key management personnel is disclosed in note 12. Other significant transactions with related parties are as follows:

(Rupees)		Un-audited March 31, 2014	Audited December 31, 2013
i. Subsidiaries	Agency commission	966,589	175,520
	Export sales	8,676,988	7,016,085
	Outsourcing income	4,903,034	6,099,377
	Business process outsourcing	589,583	1,986,474
	Management fee charged	9,790,000	-
	Fee for technical services	751,544	9,424,559
	Revenue recognised on the project based on the stage of completion	3,521,402	4,325,200

All transactions with related parties are carried out on commercial terms and conditions.

13. Remuneration of chief operating officer / 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 director and executives of the Company is as follows:

(Rupees)	Chief Operating Officer / Director		Other Executives	
	2014	2013	2014	2013
Managerial remuneration	642,600	644,349	1,826,751	1,750,685
House rent	257,040	418,000	730,700	700,274
Utilities	64,260	104,500	182,675	175,069
Contribution to provident fund	64,260	104,500	182,675	175,069
Others	18,000	18,000	18,000	18,000
	1,046,160	1,289,348	2,940,802	2,819,096
Number of persons	1	1	13	13

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

14. Date of authorization for issue

These financial statements were authorized for issue on 30 April 2014 by the Board of Directors of the Company.

15. General

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Chief Financial Officer

Avanceon

**Consolidated Condensed
Interim Financial Statements**
for the quarter ended March 31, 2014

Consolidated Condensed Balance Sheet

as at March 31, 2014

(Rupees)	Note	Un-audited March 31, 2014	Audited December 31, 2013
Equity and liabilities			
Share capital and reserves			
Authorised capital 110,000,000 (2013: 110,000,000)			
ordinary shares of Rs 10 each		1,100,000,000	1,100,000,000
Issued, subscribed and paid up capital			
100,666,000 (2013: 75,500,000)			
ordinary shares of Rs 10 each		1,006,660,000	755,000,000
Employees' share compensation reserve		45,000,000	45,000,000
Exchange revaluation reserve		164,396,962	211,115,509
Un-appropriated profit		530,730,263	396,775,229
		1,746,787,225	1,407,890,738
Surplus on revaluation of property, plant & equipment			
		83,847,896	84,265,939
Non current liabilities			
Long term finances - secured	5	-	7,083,331
Liabilities against assets subject to finance lease		30,106,846	33,166,155
Deferred taxation		15,663,941	-
Deferred liabilities		15,523,455	31,005,768
		61,294,242	71,255,254
Current liabilities			
Current portion of long-term liabilities		14,525,370	17,947,821
Finances under mark up arrangements and other credit facilities - secured		11,613,698	49,613,346
Short term loan from director - unsecured		36,647,154	54,834,483
Cash received against IPO		-	264,243,000
Creditors, accrued and other liabilities	6	496,977,121	466,962,442
		559,763,344	853,601,092
Contingencies and commitments			
	7		
		2,451,692,707	2,417,013,023

The annexed notes 1 to 12 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer

(Rupees)	Note	Un-audited March 31, 2014	Audited December 31, 2013
Assets			
Non current assets			
Property, plant and equipment		192,059,607	195,427,914
Intangible assets		12,237	12,237
Long term investment		530,816,788	571,341,725
Capital work in progress		627,000	-
Long term deposits		20,474,653	20,431,850
		743,990,285	787,213,726
Current assets			
Stock in trade		58,306,697	55,629,054
Trade debts	8	754,743,514	904,277,239
Advances, deposits, prepayments and other receivables		205,213,843	123,197,924
Short term investment		395,043,001	139,634,996
Cash and bank balances	10	294,395,368	407,060,084
		1,707,702,422	1,629,799,297
		2,451,692,707	2,417,013,023



Chief Financial Officer

Consolidated Condensed Interim Profit and Loss Account

for the first quarter ended March 31, 2014

(Rupees)	Note	Un-audited March 31, 2014	Un-audited March 31, 2013
Sales		359,213,181	354,691,412
Cost of sales		(223,396,005)	(221,197,782)
Gross profit		135,817,175	133,493,630
Administrative and selling expenses		(63,083,527)	(67,755,685)
Exchange gain / (loss)		(39,919,477)	(15,000)
Other operating income		7,239,245	10,056,524
		(95,763,759)	(57,714,161)
Profit from operations		40,053,417	75,779,469
Finance costs		(5,654,031)	(6,254,685)
Profit before tax		34,399,385	69,524,784
Taxation		(1,380,079)	(1,709,331)
Income for the quarter from operations		33,019,306	67,815,453
Combined earnings per share			
Basic		0.33	0.90
Diluted		0.31	0.85

The annexed notes 1 to 12 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer

Consolidated Statement of Condensed Interim Comprehensive Income

for the first quarter ended March 31, 2014

(Rupees)	Note	Un-audited March 31, 2014	Un-audited March 31, 2013
Profit /(loss) for the quarter		33,019,306	67,815,453
Other comprehensive income			
- Exchange differences on translating foreign operations		(46,718,547)	15,527,343
- Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the quarter		271,728	202,586
Total comprehensive income for the quarter		(13,427,513)	83,545,382

The annexed notes 1 to 12 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer

Consolidated Condensed Interim Cash Flow Statement

for the first quarter ended March 31, 2014

(Rupees)	Note	Un-audited March 31, 2014	Un-audited March 31, 2013
Cash flows from operating activities			
Cash generated from continuing operations	10	136,514,523	(19,873,064)
Finance costs paid		(6,916,148)	(4,921,523)
Taxes paid		(7,936,547)	(8,924,510)
Net cash / (used in) from operating activities		121,661,828	(33,719,097)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,141,053)	(235,000)
Proceeds from disposal of property, plant and equipment and intangible assets		423,360	436,000
Short term investment		(255,408,004)	-
Income on bank deposits received		4,813,434	-
Net increase in long term advances and deposits		(42,803)	(1,825,125)
Net cash/ (used in) investing activities		(251,355,067)	(1,624,125)
Cash flows from financing activities			
Repayment of long term finances		(10,000,000)	(21,251,400)
Proceeds from /(Repayment of) loan from directors		(18,187,329)	5,000,000
cash received from IPO		88,081,000	-
Repayment of finance lease liabilities		(4,865,500)	(4,923,541)
Net cash from / (used in) financing activities		55,028,171	(21,174,941)
Net (decrease) / increase in cash and cash equivalents		(74,665,068)	(56,518,163)
Cash and cash equivalents at the beginning of year		357,446,738	244,843,664
Cash and cash equivalents at the end of quarter		282,781,670	188,325,501

The annexed notes I to 12 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer

Consolidated Condensed Statement of Changes in Equity

for the first quarter ended March 31, 2014

(Rupees)	Attributable to equity holders of the parent					Total
	Share capital	Share premium reserve	Un-appropriated (loss) / profit	Exchange revaluation reserve	Employee share compensation reserve	
Balance as on December 31, 2012	400,000,000	-	384,671,690	153,006,134	-	937,677,824
Profit for the first quarter	-	-	67,815,453	-	-	67,815,453
Other comprehensive income	-	-	202,586	15,527,343	-	15,729,929
	-	-	68,018,039	15,527,343	-	83,545,382
Employee share option scheme recognized			(45,000,000)		45,000,000	-
Bonus share	355,000,000	-	(355,000,000)	-	-	-
	355,000,000	-	(400,000,000)	-	45,000,000	-
Balance as on March 31, 2013	755,000,000	-	52,689,729	168,533,477	45,000,000	1,021,223,206
Profit for the nine months	-	-	343,477,741	-	-	343,477,741
Other comprehensive income	-	-	607,759	42,582,032	-	43,189,791
	-	-	344,085,500	42,582,032	-	386,667,532
Balance as on December 31, 2013	755,000,000	-	396,775,229	211,115,509	45,000,000	1,407,890,738
Profit for the first quarter	-	-	33,019,306	-	-	33,019,306
Other comprehensive income	-	-	271,728	(46,718,547)	-	(46,446,819)
	-	-	33,291,034	(46,718,547)	-	(13,427,513)
Capital-share issued	251,660,000	-	-	-	-	251,660,000
Share premium	-	100,664,000	-	-	-	100,664,000
	251,660,000	100,664,000	-	-	-	352,324,000
Balance as on March 31, 2014	1,006,660,000	100,664,000	430,066,263	164,396,962	45,000,000	1,746,787,225

The annexed notes 1 to 12 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer

Notes to the Condensed Interim Consolidated Financial Information

for the first quarter ended March 31, 2014

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 changed to public company on March 31, 2008 under the Companies Ordinance, 1984. The principal activity of the Holding Company is to trade in products of automation and control equipments and provide related technical services. The registered office of the Holding Company is situated at 19 km, Main Multan Road, Lahore, Pakistan.

1.1 The "Group" consists of:

Holding company

Avanceon Limited (AVN)

Subsidiary companies, i.e. each of those companies in which the Holding Company owns over 50% of voting rights, or companies controlled by the Holding Company.

	% age of holding
- Avanceon, Free Zone Establishment, UAE (AVN-FZE);	100%
- Engro Innovative Inc., USA (EI);	100%

Avanceon, FZE (AVN-FZE), a wholly owned Free Zone Establishment with limited liability was formed under the laws of Jebel Ali Free Zone Authority U.A.E and was registered on February 28, 2004. The principal activity of the Establishment is to trade in products of automation and control equipment and provide related technical support.

Engro Innovative Inc. (EI), a wholly owned subsidiary of AVN-FZE, was incorporated in the State of Pennsylvania on October 25, 2006, as a Corporation Service Company under the provisions of Business Corporation Law of 1988. The principal activity of the company is to explore investment opportunities in automation industry in USA and provide related technical support from its holding companies.

2. Basis of preparation

- 2.1 This consolidated condensed interim financial information has been prepared in accordance with International Accounting Standards - 34 "Interim Financial Reporting" as applicable in Pakistan.
- 2.2 This consolidated condensed interim financial information does not include all the information and the disclosures required in the annual consolidated financial statements and should be read in conjunction with annual audited consolidated financial statements of the group for the year ended 31 December 2013.
- 2.3 The results of Engro Innovative Inc have been consolidated based on un-audited financial information prepared by the management.

3. Significant Accounting policies

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual financial information of the group for the year ended 31 December 2013.

• New and amended standards and interpretations

The group has adopted the following amended IFRS which became effective during the current period:

IAS 32	-	Offsetting Financial Assets and Financial Liabilities - (Amendment)
IAS 36	-	Recoverable Amount of Non-Financial Assets - (Amendment)
IFRIC 21	-	Levies
IAS 39	-	Novation of Derivatives and Continuation of Hedge Accounting

4. This represents option to purchase 5 million shares offered to employees at an exercise price of Rs. 1 per share which has been recorded as receivable from employees. The remaining amount of Rs. 45 million out of the total par value of these shares of Rs. 50 million has been set aside from unappropriated profit of the Company.

(Rupees)	Note	Un-audited March 31, 2014	Audited December 31, 2013
5. Long term finances			
These are composed of:			
- secured		-	10,000,000
Less: Current portion shown under current liabilities		-	(2,916,669)
Closing balance		-	7,083,331
6. Creditors, accrued and other liabilities			
Trade creditors		222,913,427	210,411,055
Accrued expenses		61,757,086	63,248,636
Advances from customers		142,797,167	134,188,000
Social Security Payable		-	12,140
Sales Tax Payable		-	9,550,765
Mark up accrued		1,513,273	2,775,391
Due to related parties.		58,722	727,798
Billing in excess of cost and estimated earning		45,566,893	13,590,493
Other liabilities		22,370,552	32,458,164
		496,977,121	466,962,442

7. Contingencies and commitments

7.1 Contingencies

- Bank guarantees issued amounting to Rs 4 million (2013: Rs 4 million) against the performance of various contracts.
- "The Honorable Lahore High Court, Lahore in its Order dated 03 June 2011 declared the amendments made in Workers' Welfare Fund Ordinance, 1971 brought through Finance Acts, 2006 and 2008 as unconstitutional. Therefore, the Company has not made any provision for Workers Welfare Fund (WWF) in the financial statements in the light of this Order of the Honorable Lahore High Court. The said order has been challenged in the Honorable Supreme Court. The Company may be liable to pay WWF amounting to Rs. 11,608,833 if the Supreme Court's decision is unfavourable.

The Honorable Sindh High Court, Karachi in its Order dated 11 March 2011 declared the amendments made in Companies Profits Workers' Participation Act, 1968 brought through Finance Act, 2007 are ultra vires of the provisions of the Constitution. Therefore, the Company has not made any provision of Workers Profit Participation Fund (WPPF) in the financial statements in the light of this Order of the Honorable Sindh High Court. The said order has been challenged in the Honorable Supreme Court. The Company may be liable to pay WPPF amounting to Rs. 47,171,456 if the Supreme Court's decision is unfavourable."

7.2 Commitments

(Rupees)	Un-audited March 31, 2014	Audited December 31, 2013
(i) Avanceon FZE has provided the following guarantees;		
Letter of guarantee	26,264,707	38,304,922
Letters of credit	22,047,760	32,989,702
Post dated cheques issued to		
JAFZA against payment of rent	1,837,982	5,079,106
Emirates Islamic Bank against payment of lease of vehicle	4,777,059	5,405,059
	6,615,041	10,484,165
	54,927,008	81,778,789

8. Trade debts

Considered good - due from related parties	8,105,684	-
Considered good - due from others	357,507,232	553,757,845
	365,612,916	553,757,845
Due against work in progress and accrued revenue - others	389,130,598	350,519,394
Considered doubtful		
- due against construction work in progress and accrued revenue	4,679,306	1,923,412
- others	1,686,654	1,686,654
	6,365,960	3,610,066
	761,109,474	907,887,305
Less: Provision for doubtful debts and doubtful earnings - specific	(6,365,960)	(3,610,066)
	754,743,514	904,277,239

(Rupees)	Un-audited March 31, 2014	Audited December 31, 2013
9 Cash and cash equivalents		
Cash and bank balances	294,395,368	407,060,084
Finances under mark up arrangements and other credit facilities - secured	(11,613,698)	(49,613,346)
	282,781,670	357,446,738

(Rupees)	Un-audited March 31, 2014	Un-audited March 31, 2013
10 Cash flow from operating activities		
Profit/ (loss) before tax	34,399,385	69,524,784
Adjustments for:		
- Depreciation on property, plant and equipment	5,182,771	4,920,523
- Amortisation on intangible asset	-	16,710
- Exchange revaluation reserve	(6,193,610)	(14,527,373)
- Exchange gain	39,883,983	(5,667,611)
- Finance cost	5,654,031	6,254,685
- Gain on sale of fixed assets	(423,360)	(945,000)
- Income on bank deposits	(4,813,434)	-
Profit before working capital changes	73,689,766	59,576,718
- Increase in stock in trade	(2,677,643)	245,494
- Decrease trade debts	109,649,743	10,245,661
- Decrease / (Increase) in advances, deposits, prepayments and other receivables	(75,605,766)	5,284,251
- Deferred taxation	181,628	-
- Decrease in creditors, accrued and other liabilities	31,276,796	(95,225,188)
	62,824,757	(79,449,782)
Cash generated from / (used in) operations	136,514,523	(19,873,064)

11 Remuneration of chief executive officer, chief operating officer / 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 director and executives of the Company is as follows:

(Rupees)	CEO, COO / Director		Other Executives	
	2014	2013	2014	2013
Managerial remuneration	7,532,555	4,490,590	8,999,979	6,685,251
House rent	2,940,240	2,982,160	2,947,135	2,536,533
Utilities	64,260	104,500	182,675	175,069
Contribution to provident fund	423,753	326,180	669,927	1,326,377
Others	18,000	18,000	97,624	83,223
	10,978,808	7,921,430	12,897,340	10,806,453
Number of persons	2	2	16	15

12. Date of authorization for issue

The condensed interim consolidated financial information was authorised for issue on 30 April 2014 by the Board of Directors of the Holding Company.



Chief Executive Officer



Chief Financial Officer

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