

AVANCEON

Tomorrow's solutions, today.



Middle East | South Asia | North America

For the nine months period ended September 30, 2014





TOMORROW'S SOLUTIONS, TODAY

At Avanceon, we are dedicated to help our clients reach the pinnacle of their productivity through state-of-the-art automation systems and cutting-edge technology.

Our value-driven approach and strict compliance with the highest standards of competence and efficiency have earned us the profound trust of our stakeholders. We seek to continue to foster valuable relationships with our clients by providing them outstanding expertise and sustainable strategies to manage complex challenges.

With our dynamic and ingenious workforce, we aspire to always stay one step ahead of the game by providing our clients Tomorrow's Solutions, Today.

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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 condensed financial statements (standalone and consolidated) for the nine months period ended September 30, 2014. The Director Report prepared under Section 236 of the Companies Ordinance, 1984.

	For the nine months period ended September 30	
(Rupees 000')	2014	2013
Operating results (standalone)		
Profit before tax	195,981*	145,722.
Provision for taxation	(14,292)	(18,712)
Profit after taxation	181,689	127,011

*Rs. 8.5m exchange loss on translation of foreign receivable is included due to decrease in USD value in reported period as compared to December 31, 2013 translated receivables at Rs. 107.50.

	For the nine months period ended September 30	
(Rupees 000')	2014	2013
Operating results (consolidated)		
Profit before tax	224,118*	291,243
Provision for taxation	(14,292)	(18,712)
Profit after taxation	210,118	272,531

*Rs. 8.5m exchange loss on translation of foreign receivable is included due to decrease in USD value in reported period as compared to December 31, 2013 translated receivables at Rs. 107.50.

Earnings per share (standalone) for the nine months period ended on September 30, 2014

The basic earnings per share after tax is Rs. 1.72 @ 106m ordinary shares (September 30, 2013: Rs. 1.68 @ 76m ordinary shares).

Earnings per share (consolidated) for the nine months period ended on September 30, 2014

The basic earnings per share after tax is Rs. 1.99 @ 106m ordinary shares (September 30, 2013: Rs. 3.61 @ 76m ordinary shares)

The operating financial results of the company for the nine months period ended September 30, 2014 are as per expectation and approved business plan, historically, our revenues and profits remain lower in first quarter and get start momentum in 2nd quarter; the revenue of orders start getting recognized in 3rd and 4th quarter of each financial year; we have strong portfolio of orders in hand and in the pipeline for Pakistan, UAE, Qatar; Saudi Arabia (KSA). Some of the major contracts material information which have already been shared with KSE and LSE in July 2014 which will turn into revenue within 3rd and materially in 4th quarter of current financial year.

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

Avanceon

**Standalone Condensed Interim
Financial Statements**

for the nine months period ended September 30, 2014

Condensed Balance Sheet

as at September 30, 2014

(Rupees)	Note	Un-audited September 30, 2014	Audited December 31, 2013
Equity And Liabilities			
Share Capital And Reserves			
Authorised capital			
150,000,000 (2013: 110,000,000)			
ordinary shares of Rs 10 each		1,500,000,000	1,100,000,000
Issued, subscribed and paid up capital			
105,696,782 (2013: 75,500,000)			
ordinary shares of Rs 10 each		1,056,967,820	755,000,000
Share premium	5	61,892,576	—
Employees' share compensation reserve	6	45,000,000	45,000,000
Un-appropriated profit		384,836,519	453,974,085
		1,548,696,914	1,253,974,085
Surplus on revaluation of property, plant and equipment			
		83,361,488	84,265,939
Non current liabilities			
Long term finances - secured		—	7,083,331
Deferred tax liabilities		22,667,329	15,517,626
Liabilities against assets subject to finance lease		31,361,507	26,730,405
		54,028,836	49,331,362
Current liabilities			
Current portion of long-term liabilities		15,948,553	15,403,703
Finances under mark up arrangements and other credit facilities - secured		—	49,613,346
Short term loan from directors - unsecured		—	24,107,908
Cash received against initial public offering		—	264,243,000
Creditors, accrued and other liabilities		436,186,517	499,821,844
		452,135,070	853,189,801
Contingencies and commitments			
	7		
		2,138,222,309	2,240,761,187

The annexed notes from 1 to 14 form an integral part of these condensed financial statements.



Chief Executive Officer

(Rupees)	Note	Un-audited September 30, 2014	Audited December 31, 2013
Assets			
Non current assets			
Property, plant and equipment		191,146,407	185,473,715
Intangible assets		—	12,237
Capital work-in-progress		3,388,628	—
Long term investments		473,670,870	473,670,870
Long term deposits		10,733,050	9,154,904
		678,938,955	668,311,726
Current assets			
Stock-in-trade		57,072,204	49,331,509
Trade debts		498,774,830	484,405,136
Advances, deposits, prepayments and other receivables		795,572,438	674,910,469
Short term investments		69,566,163	33,740,996
Cash and bank balances		38,297,719	330,061,351
		1,459,283,354	1,572,449,461
		2,138,222,309	2,240,761,187


Director

Condensed Interim Profit and Loss Account (Un-audited)

for the nine months period ended September 30, 2014

(Rupees)	Note	Quarter ended		Nine months ended	
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Sales		215,513,904	200,722,538	598,319,967	726,294,666
Cost of sales		(149,777,438)	(139,190,618)	(388,640,676)	(479,090,902)
Gross profit / (Loss)		65,736,466	61,531,920	209,679,291	247,203,764
Administrative and selling expenses		(25,321,806)	(21,779,620)	(86,025,557)	(104,933,004)
Other charges	9	25,460,683	1,290,475	(8,742,729)	(135,329)
Other operating income	10	3,764,390	2,965,894	88,419,680	17,253,775
		3,903,268	(17,523,252)	(6,348,605)	(87,814,559)
Profit / (Loss) from operations		69,639,733	44,008,668	203,330,685	159,389,205
Finance costs		(1,872,414)	(4,500,256)	(7,349,399)	(13,666,772)
Profit / (Loss) before tax		67,767,320	39,508,413	195,981,287	145,722,434
Taxation		(2,113,293)	(920,920)	(14,292,089)	(18,711,806)
Profit / (Loss) for the period		65,654,027	38,587,493	181,689,198	127,010,628
Earnings/(Loss) per share - basic		0.62	0.51	1.72	1.68
Earnings/(Loss) per share - diluted		0.59	0.48	1.64	1.58

The annexed notes from 1 to 14 form an integral part of these condensed financial statements.



Chief Executive Officer



Director

Statement of Condensed Interim Comprehensive Income (Un-audited)

for the nine months period ended September 30, 2014

(Rupees)	Note	Quarter ended	Quarter ended	Nine months ended	Nine months ended
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Profit /(loss) for the period		65,654,027	38,587,493	181,689,198	127,010,628
Other comprehensive income					
- Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets for the period- net of tax		334,413	208,356	838,236	607,759
Total comprehensive income / (loss) for the period		65,988,440	38,795,848	182,527,434	127,618,386

The annexed notes from I to I4 form an integral part of these condensed financial statements.



Chief Executive Officer



Director

Condensed Interim Cash Flow Statement (Un-audited)

for the nine months period ended September 30, 2014

		Nine months ended	
(Rupees)	Note	September 30 2014	September 30 2013
Cash flows from operating activities			
Cash generated from operations	8	23,279,955	(55,518,186)
Financial cost paid		(10,051,440)	(16,077,200)
Taxes paid		(30,398,147)	(13,035,353)
Net cash from operating activities		(17,169,632)	(84,630,740)
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,955,007)	(3,484,691)
Proceeds from sale of property, plant and equipment		2,732,273	4,552,041
Profit on bank deposit		11,603,085	177,725
Short term investment		(35,825,167)	-
Net change in long term advances and deposits		(1,578,146)	(1,024,682)
Net cash generated from / (used in) investing activities		(30,022,964)	220,394
Cash flows from financing activities			
Repayment of long term finances		(10,000,000)	(58,577,212)
Net cash received against share issued		49,218,181	-
Dividend paid		(201,332,000)	-
Director's loan		(24,107,908)	-
Repayment of finance lease liabilities		(8,735,963)	(5,032,823)
Net cash used in financing activities		(194,957,690)	(63,610,035)
Net increase/(decrease) in cash and cash equivalents		(242,150,286)	(148,020,381)
Cash and cash equivalents at the beginning of period		280,448,005	189,485,082
Cash and cash equivalents at the end of period		38,297,719	41,464,701

The annexed notes from 1 to 14 form an integral part of these condensed financial statements.



Chief Executive Officer



Director

Statement of Condensed Changes in Equity (Un-audited)

for the nine months period ended September 30, 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 year	—	—	—	88,423,135	88,423,135
Other comprehensive income	—	—	—	607,759	607,759
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	(310,969,106)	89,030,894
Balance as on September 30, 2013	755,000,000	—	45,000,000	103,676,647	903,676,647
Profit for the year	—	—	—	350,094,852	350,094,852
Other comprehensive income	—	—	—	202,586	202,586
Total comprehensive income	—	—	—	350,297,438	350,297,438
Balance as on December 31, 2013	755,000,000	—	45,000,000	453,974,085	1,253,974,085
Profit for the year	—	—	—	182,527,432	182,527,432
Expenses incurred against Initial Public Offering	—	(38,761,352)	—	—	(38,761,352)
Issue of 25,163,482 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	251,634,820	100,653,928	—	—	352,288,748
Cash Dividend paid	—	—	—	(201,332,000)	(201,332,000)
Bonus shares issued	50,333,000	—	—	(50,333,000)	—
	301,967,820	61,892,576	—	(69,137,566)	294,722,829
Balance as on September 30, 2014	1,056,967,820	61,892,576	45,000,000	384,836,519	1,548,696,914

The annexed notes from I to 14 form an integral part of these condensed financial statements.



Chief Executive Officer



Director

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

for the nine months period ended September 30, 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 converted into a public limited 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 and assembling of 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 interim financial information is unaudited and is being submitted to shareholders, as required by section 245 of Companies Ordinance, 1984.
- 2.2 This interim financial information of the Company for the nine months period ended 30 September 2014 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.3 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 2014:

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	-	Financial Instruments : Presentation – (Amendment)
	-	Offsetting Financial assets and Financial Liabilities
IAS 36	-	Impairment of Assets – (Amendment)
	-	Recoverable Amount Disclosures for Non-Financial Assets
IAS 39	-	Financial Instruments: Recognition and Measurement – (Amendment)
	-	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	-	Levies

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. The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of the estimation are the same as those that applied to the financial statements for the year ended 31 December 2013.

Provision in respect of taxation in this financial information is estimated and this is subject to final adjustment in the annual financial statements.

5. This represents premium on 25,163,482 shares at the rate of Rs. 4 each. Costs incurred on Initial Public Offering amounting to Rs. 38,761,352 have been written off against this.
6. 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.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

- (i) Bank guarantees issued amounting to Rs 18 million (31 December 2013: Rs 4 million) against the performance of various contracts.
- (ii) Post dated cheques issued to IGI insurance against general insurance amounting to Rs. .9 million (31 December, 2013: Nil)
- (iii) Post dated cheques issued to ORIX Leasing Pakistan Limited, as installments of leased cars, amounting to Rs. 1.243 million (31 December 2013 : Nil).
- (iv) "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. 14,067,943 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

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

for the nine months period ended September 30, 2014

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. 52,482,157 if the Supreme Court's decision is unfavourable."

7.2 Commitments

Nil

(Rupees)	Note	Un-audited September 30, 2014	Un-audited September 30, 2013
8. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		195,981,287	145,722,434
Adjustments for:			
Depreciation on property, plant and equipment		13,821,253	12,336,823
Amortization on intangible asset		12,237	5,208
Exchange (gain) / Loss		1,831,254	(14,353,206)
Gain on disposal of property, plant and equipment		(1,831,254)	(2,763,099)
Finance cost		7,349,399	13,035,998
Profit on bank deposit		(11,603,085)	(177,725)
		9,579,804	8,083,998
Profit before working capital changes		205,561,091	153,806,432
Effect on cash flow due to working capital changes: (Increase) / decrease in current assets			
- Stock in trade		(7,740,695)	2,148,983
- Trade debts		(16,200,948)	(26,412,533)
- Advances, deposits, prepayments and other receivables		(97,406,208)	(36,504,381)
Increase / (decrease) in current liabilities			
- Creditors, accrued and other liabilities		(60,933,286)	(148,556,689)
		(182,281,136)	(209,324,619)
Cash generated from operations		23,279,955	(55,518,186)

9. Rs.25.5m reversal of exchange losses due to appreciation of US Dollar value.
10. Rs.73m dividend announced by Avncean FZE, a 100% wholly owned subsidiary of Avanceon Limited.

11. 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 September 30, 2014	Un-audited September 30 2013
i. Subsidiaries	Agency commission	9,131,305	11,781,033
	Export sales	84,507,220	116,327,937
	Outsourcing income	12,379,298	6,995,323
	Business process outsourcing	38,005,503	30,443,127
	Management fee charged	14,715,000	14,820,000
	Fee for technical services	49,930,871	68,955,711
	Revenue recognised on the project based on the stage of completion	29,235,228	39,471,223
ii. Transactions with related parties	Services	5,824,163	—
	Supplies	36,497	185,782
iii. Post Employment benefit plans	Expense charged in respect of retirement benefit plans	5,302,835	4,852,094

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

for the nine months period ended September 30, 2014

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

12. Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the financial statements for the nine months period for remuneration, including certain benefits, to the full time working director and executives of the Company is as follows:

(Rupees)	Chief operating officer / Director		Other executives	
	2014	2013	2014	2013
Managerial remuneration	2,672,660	2,730,200	18,916,466	16,582,764
House rent	1,069,064	1,092,080	7,566,586	6,633,106
Utilities	267,266	273,020	1,891,647	1,658,276
Contribution to provident fund	267,266	273,020	1,891,647	1,658,276
Others	83,091	—	616,872	816,294
	4,359,347	4,368,320	30,883,218	27,348,716
Number of persons	1	1	14	13

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

13. Date Of Authorization For Issue

These financial statements were authorized for issue on 24 October 2014 by the Board of Directors of the Company.

14. General

14.1 Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director

Avanceon

**Consolidated Condensed
Interim Financial Statements**

for the nine months period ended September 30, 2014

Consolidated Condensed Balance Sheet

as at September 30, 2014

(Rupees)	Note	Un-audited September 30, 2014	Audited December 31, 2013
Equity And Liabilities			
Share Capital And Reserves			
Authorised capital 150,000,000 (2013: 110,000,000)			
ordinary shares of Rs 10 each		1,500,000,000	1,100,000,000
Issued, subscribed and paid up capital			
105,696,782 (2013: 75,500,000)			
ordinary shares of Rs 10 each		1,056,967,820	755,000,000
Share premium	5	61,892,576	–
Employees' share compensation reserve	6	45,000,000	45,000,000
Exchange revaluation reserve		196,135,745	211,115,509
Un-appropriated Profit		356,066,276	396,775,229
		1,716,062,417	1,407,890,738
Surplus on revaluation of property, plant and equipment		83,361,488	84,265,939
Non current liabilities			
Long term finances - secured		–	7,083,331
Liabilities against assets subject to finance lease		35,360,873	33,166,155
Deferred taxation		22,667,329	15,517,626
Deferred liabilities		11,712,169	15,488,142
		69,740,371	71,255,254
Current liabilities			
Current portion of long-term liabilities		20,216,234	17,947,821
Finances under mark up arrangements and other credit facilities - secured		–	49,613,346
Short term loan from director - unsecured		–	54,834,483
Cash received against IPO		–	264,243,000
Creditors, accrued and other liabilities		329,368,117	466,962,442
		349,584,351	853,601,092
Contingencies and commitments	7		
		2,218,748,627	2,417,013,023

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



Chief Executive Officer

(Rupees)	Note	Un-audited September 30, 2014	Audited December 31, 2013
Assets			
Non current assets			
Property, plant and equipment		147,868,232	149,030,689
Intangible assets		—	12,237
Assets subject to finance lease		53,566,288	46,397,225
Long term investment		556,968,348	571,341,725
Capital work in progress		3,388,628	—
Long term deposits		22,361,889	20,431,850
		784,153,386	787,213,726
Current assets			
Stock in trade		60,954,649	55,629,054
Asset Held for Sale		—	—
Trade debts		899,856,727	904,277,239
Advances, deposits, prepayments and other receivables		187,556,842	123,197,924
Short term investment		176,700,613	139,634,996
Cash and bank balances		109,526,410	407,060,084
		1,434,595,241	1,629,799,297
		2,218,748,627	2,417,013,023



Director

Director

Consolidated Condensed Interim Profit and Loss Account (Un-audited)

for the nine months period ended September 30, 2014

(Rupees)	Note	Quarter ended		Nine months ended	
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Sales		553,725,525	409,081,372	1,214,555,928	1,363,774,236
Cost of sales		(407,665,492)	(267,910,799)	(823,550,748)	(871,706,923)
Gross Profit/(Loss)		146,060,033	141,170,573	391,005,180	492,067,313
Administrative and selling expenses		(51,290,964)	(76,335,094)	(162,962,750)	(197,123,929)
Other charges	9	25,460,683	(100,000)	(8,742,729)	(1,525,804)
Other operating income		4,181,951	8,406,372	19,380,226	24,976,244
		(21,648,329)	(68,028,722)	(152,325,252)	(173,673,489)
Profit/(Loss) from operations		124,411,704	73,141,851	238,679,928	318,393,824
Finance costs		(5,548,978)	(10,070,826)	(14,270,027)	(27,151,170)
Profit/(Loss) before tax		118,862,726	63,071,024	224,409,901	291,242,654
Taxation		(2,113,293)	(920,920)	(14,292,089)	(18,711,806)
Income for the period from operations		116,749,433	62,150,104	210,117,812	272,530,847
Combined earnings per share					
Basic		1.10	0.82	1.99	3.61
Diluted		1.05	0.77	1.90	3.39

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



Chief Executive Officer



Director

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

for the nine months period ended September 30, 2014

(Rupees)	Note	Quarter ended	Quarter ended	Nine months ended	Nine months ended
		September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Profit/(Loss) for the period		116,749,433	62,150,104	210,117,812	272,530,847
Other comprehensive income					
- Exchange differences on translating foreign operations		23,320,718	35,845,427	(14,979,764)	44,308,398
- Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period-net of tax		334,413	208,356	838,236	607,759
Total comprehensive income for the period		140,404,563	98,203,887	195,976,283	317,447,004

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



Chief Executive Officer



Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

for the nine months period ended September 30, 2014

		Nine months ended	
(Rupees)	Note	September 30 2014	September 30 2013
Cash flows from operating activities			
Cash generated from continuing operations	8	70,871,076	48,682,890
Finance costs paid		(16,972,068)	(15,565,265)
Retirement benefits paid		(12,131,494)	(2,214,709)
Taxes paid		(30,383,241)	(11,285,452)
Net cash / (used in) from operating activities		11,384,273	19,617,464
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,871,793)	4,097,442
Proceeds from disposal of property, plant and equipment and intangible assets		2,732,273	4,728,676
Profit on bank deposit		12,932,234	177,725
Short term investment		(37,065,617)	–
Net change in long term advances and deposits		(1,930,039)	(2,547,221)
Net cash / (used in) investing activities		(30,202,943)	6,456,622
Cash flows from financing activities			
Repayment of long term finances		(10,000,000)	(58,577,212)
Proceeds from / (Repayment of) director's loan		(54,834,483)	–
Dividend paid		(201,332,000)	–
Net cash received against share issued		49,218,181	–
Repayment of finance lease liabilities		(12,153,357)	(10,464,203)
Net cash from / (used in) financing activities		(229,101,659)	(69,041,415)
Net (decrease) / increase in cash and cash equivalents		(247,920,329)	(42,967,329)
Cash and cash equivalents at the beginning of year		357,446,738	244,843,664
Cash and cash equivalents at the end of period		109,526,353	201,876,335

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



Chief Executive Officer



Director

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

for the nine months period ended September 30, 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 period	-	-	210,380,743	-	-	210,380,743
Other comprehensive income	-	-	607,759	44,308,398	-	44,916,157
	-	-	210,988,502	44,308,398	-	255,296,900
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 September 30, 2013	755,000,000	-	195,660,192	197,314,532	45,000,000	1,192,974,724
Profit/(Loss) for the period	-	-	200,912,451	-	-	200,912,451
Other comprehensive income	-	-	202,586	13,800,977	-	14,003,563
	-	-	201,115,037	13,800,977	-	214,916,014
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 period	-	-	210,117,812	-	-	210,117,812
Other comprehensive income	-	-	838,236	(14,979,764)	-	(14,141,529)
	-	-	210,956,047	(14,979,764)	-	195,976,283
Issue of 25,163,482 ordinary shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	251,634,820	100,653,928	-	-	-	352,288,748
Final dividend for the year ended 31 December 2013 at the rate of Rs. 2 per share	-	-	(201,332,000)	-	-	(201,332,000)
Bonus shares issued for the year ended 31 December 2013 at the rate of 5%	50,333,000	-	(50,333,000)	-	-	-
Transaction costs-expenses incurred against initial public offering	-	(38,761,352)	-	-	-	(38,761,352)
	301,967,820	61,892,576	(251,665,000)	-	-	112,195,396
Balance as on September 30, 2014	1,056,967,820	61,892,576	356,066,276	196,135,745	45,000,000	1,716,062,417

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



Chief Executive Officer



Director

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

for the nine months period ended September 30, 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 converted into a public limited 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 and assembling of 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.

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 which was registered on February 28, 2004. The principal activity of the Establishment is to trade in and assembling of products of automation and control equipment and provide related technical support.

Engro Innovative Inc. (EI), a wholly owned subsidiary of AVN-FZE which 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 via 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 financial results of Avanceon FZE, UAE and Engro Innovative Inc, USA have been consolidated based on un-audited financial information prepared by the management.
- 2.4 Standards, Interpretations and amendments to published approved accounting standards effective in 2014:

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	-	Levies
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 accounting policies adopted in the preparation of this condensed consolidated 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.

4 Critical accounting estimates and judgements

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of the estimation are the same as those that applied to the financial statements for the year ended 31 December 2013.

Provision in respect of taxation in this financial information is estimated and this is subject to final adjustment in the annual financial statements.

- 5 This represents premium on 25,163,482 shares at the rate of Rs. 4 each. Costs incurred on Initial Public Offering amounting to Rs. 38,761,352 have been written off against this.
- 6 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.

7 Contingencies and commitments

7.1 Contingencies

- (i) Bank guarantees issued amounting to Rs 18 million (31 December 2013: Rs 4 million) against the performance of various contracts.

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

for the nine months period ended September 30, 2014

- (ii) Post dated cheques issued to IGI insurance against general insurance amounting to Rs. 0.9 million (31 December, 2013: nil)
- (iii) Post dated cheques issued to ORIX Leasing Pakistan Limited, as installments of leased cars, amounting to Rs. 1.243 million (31 December 2013 : nil).
- (iv) "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. 14,067,943 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. 52,482,157 if the Supreme Court's decision is unfavourable."

7.2 Commitments

(Rupees)	Un-audited September 30, 2014	Audited December 31, 2013
Letters of gurantee	—	38,304,922
Letters of credit	35,125,425	32,989,702
Post dated cheques issued to		
JAFZA against payment of rent	5,290,808	5,079,106
Emirates Islamic Bank against payment of lease of vehicle	4,007,964	5,405,059
	9,298,772	10,484,165
	44,424,197	81,778,789

(Rupees)	Note	Un-audited June 30, 2014	Audited June 30, 2013
8 Cash flow from operating activities			
Profit/ (loss) before tax		224,409,901	291,242,654
Adjustments for:			
- Depreciation on property, plant and equipment		16,108,697	10,854,174
- Amortisation on intangible asset		12,237	50,967
- Exchange gain		8,742,729	(14,236,241)
- Finance cost		14,270,027	27,151,170
- Gain on sale of fixed assets		(1,831,254)	(2,776,860)
- Income on bank deposits		(12,638,776)	(222,156)
Profit before working capital changes		249,073,560	312,063,708
- Increase in stock in trade		(5,325,595)	645,800
- Decrease trade debts		4,420,512	28,294,859
- Decrease / (Increase) in advances, deposits, prepayments and other receivables		(50,154,250)	13,393,355
- Decrease in creditors, accrued and other liabilities		(127,143,152)	(305,714,831)
		(178,202,485)	(263,380,818)
Cash generated from / (used in) operations		70,871,076	48,682,890

9. Rs.25.5m reversal of exchange losses due to appreciation of US Dollar value.

10. Remuneration of Chief Executive, Directors and Executives

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

(Rupees)	CEO & COO / Director		Other executives	
	2014	2013	2014	2013
Managerial remuneration	23,018,776	19,022,617	40,453,070	33,138,642
House rent	8,798,984	8,822,000	13,884,642	12,504,141
Utilities	267,266	273,020	1,891,647	1,658,276
Contribution to provident fund	1,452,037	2,244,015	3,527,196	3,629,272
Others	566,211	—	2,057,509	2,501,175
	34,103,274	30,361,652	61,814,063	53,431,506
Number of persons	2	2	17	16

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

Notes to the Condensed Interim Consolidated Financial Information (Un-audited) for the nine months period ended September 30, 2014

11. Date of authorization for issue

The condensed interim consolidated financial information was authorised for issue on 24 October 2014 by the Board of Directors of the Holding Company.

12. General

12.1 Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director

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