



Your Partner in  
**Digital**  
Transformation

# Table of Contents

## Corporate Profile

Company Information.....	02
Interim Director's Report.....	04
Independent Auditor's Review Report.....	06

## Standalone Financial Statements

Unconsolidated Condensed Interim Statement of Financial Position.....	08
Unconsolidated Condensed Interim Statement of Profit or Loss .....	10
Unconsolidated Condensed Interim Statement of Comprehensive Income..	11
Unconsolidated Condensed Interim Statement of Changes in Equity.....	12
Unconsolidated Condensed Interim Statement of Cashflows.....	13
Notes to the Unconsolidated Condensed Interim Financial Statements.....	15

## Consolidated Financial Statements

Consolidated Condensed Statement of Financial Position.....	28
Consolidated Condensed Interim Statement of Profit or Loss .....	30
Consolidated Condensed Interim Statement of Comprehensive Income.....	31
Consolidated Condensed Interim Statement of Cashflows.....	32
Consolidated Condensed Interim Statement of Changes in Equity.....	34
Notes to the Consolidated Condensed Interim Financial Statements.....	35



## Company Information

### Directors

Mr. Khalid Hameed Wain	Director / Chairman
Mr. Bakhtiar Hameed Wain	Director / CEO
Mr. Tanveer Karamat	Director / COO
Mr. Amir Waheed Wain	Director
Mr. Naveed Ali Baig	Director
Ms. Hanan Darwish	Director
Mr. Omer Iqbal Khan	Director
Mr. Saeed Ullah Khan Niazi	Chief Financial Officer
Mr. Ahsan Khalil	Company Secretary

### Audit Committee

Mr. Khalid Hameed Wain	Chairman
Mr. Amir Waheed Wain	Member
Mr. Naveed Ali Baig	Member

### Human Resource & Remuneration Committee

Ms. Hanan Darwish	Chairman
Mr. Bakhtiar Hameed Wain	Member
Mr. Khalid Hameed Wain	Member

### Auditors

EY Ford Rhodes  
Chartered Accountants

### Legal Advisor

Chima & Ibrahim

### Web Presence

[www.avanceon.ae](http://www.avanceon.ae) | [www.avanceon.com](http://www.avanceon.com)  
[www.avanceon.qa](http://www.avanceon.qa) | [www.octopusdtl.com](http://www.octopusdtl.com)

### Bankers

Faysal Bank Limited, Pakistan  
Habib Bank Limited, Pakistan & United Arab Emirates  
National Bank of Fujairah, United Arab Emirates  
Habib Bank AG, Zurich, United Arab Emirates  
National Penn Bank, United States of America  
Bank of Singapore, United Arab Emirates  
MCB Bank Limited, Pakistan  
United Bank Limited, Pakistan & United Arab Emirates  
National Bank of Pakistan Limited, Pakistan  
Standard Chartered Bank Limited, Pakistan  
JS Bank Limited, Pakistan  
Qatar International Islamic Bank QIIB, Qatar  
Qatar Islamic Bank QIB, Qatar

### Share Registrar

FAMCO Associates (Pvt) Ltd.  
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](http://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](mailto:support@avanceon.ae)

## Global Headquarters Avanceon GP - Exton, PA, USA

300 Eagleview Blvd, Suite 100  
Exton, PA 19341  
United States of America  
Phone: +1 610 458 8700

## 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

### **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**

In Partnership with ATCO LLC  
ATCO Building Kuwait St. Faisaliyah District  
P.O. Box 1298Jeddah, KSA.  
Phone: +966-12-6912204 x 127  
Email: support.mea@avanceon.ae

### **Dammam, Saudia Arabia**

In Partnership with ATCO LLC  
ATCO Building King Khalid Street  
P.O. Box 718 Dammam, KSA.  
Phone: +966-12-6912204 x 127  
Email: support.mea@avanceon.ae



## Interim Director's Report

The Directors of the company take pleasure in presenting their half year report together with the Company's unaudited reviewed interim condensed standalone and consolidated financial statements for the half year ended June 30, 2020

	For the half year ended June 30,	
(Rupees in '000)	2020	2019
<b>OPERATING RESULTS (CONSOLIDATED)</b>		
Revenues	1,999,482	1,684,972
Profit before tax	419,668	541,544
Tax benefit / (Expense)	7,438	(25,445)
Profit after tax	427,106	516,099
<b>OPERATING RESULTS (STANDALONE)</b>		
Revenues	506,949	544,547
Profit before tax	341,001	401,205
Tax benefit / (Expense)	7,438	(23,994)
Profit after tax	348,439	377,211

### EARNINGS PER SHARE (CONSOLIDATED) FOR THE HALF YEAR ENDED JUNE 30, 2020

The basic earnings per share after tax is Rs. 2.02 (2019: Rs. 2.44 - restated)

### EARNINGS PER SHARE (STANDALONE) FOR THE HALF YEAR ENDED JUNE 30, 2020

The basic earnings per share after tax is Rs. 1.65 (2019: Rs. 1.78 - restated)

The half yearly financial results for the half year period ended June 30, 2020 remained on positive side but around Rs. 500m and Rs. 291m short of revenues targets as per targeted corporate plan for consolidated and standalone revenues targets respectively mainly due to COVID19 because too many sites were closed/shutdown in April and May 2020 in Pakistan, Qatar, UAE and KSA, that's why we couldn't work on sites and resulted less revenues recognitions but now all sites are open for projects executions, all engineering teams in Pakistan, UAE, Qatar and KSA are working with full capacity, we are too much confident to achieve the corporate plan for FY 2020 in terms of revenues recognitions, gross margins and net profits in remaining last two quarter of financial year 2020,

Historically, our revenues and profits remain on lower side in first quarter, get start momentum in 2nd quarter (COVID 19 disturbed our two months April and May) and major portion of revenue of orders start getting recognized in 3rd and 4th quarter of each financial year due to business cycle which is being observed from many financials years, currently, we have strong portfolio of orders in hand and in the pipeline for Pakistan, UAE, Qatar and Saudi Arabia (KSA).

#### 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](http://www.avanceon.ae), which contains up to date information on Company's activities and financial reports.

For and on behalf of the  
BOARD OF DIRECTORS



**Bakhtiar Hameed Wain**

Chief Executive Officer

September 15, 2020

Lahore, Pakistan

# Independent Auditor's Review Report

## To the members of Avanceon Limited Report on review of Interim Financial Statements

### INTRODUCTION

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Avanceon Limited** as at **June 30, 2020** 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 flows 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 approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of unconsolidated condensed interim statement of profit or loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2020 and 2019 have not been reviewed as we are required to review only the cumulative figures for the six-month period ended June 30, 2020.

### 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 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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



**Chartered Accountants**

Place: Lahore

Date: September 28, 2020

Avanceon

**Condensed Standalone  
Interim Financial Statements**  
for the half year ended June 30, 2020



# Unconsolidated Condensed Interim Statement of Financial Position

as at June 30, 2020

(Rupees in '000)	Note	Un-audited June 30, 2020	Audited December 31, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized capital</b>			
250,000,000 (December 31, 2019: 250,000,000) ordinary shares of Rs 10 each		2,500,000	2,500,000
<b>Issued, subscribed and paid up capital</b>			
211,790,006 (December 31, 2019: 192,536,370) ordinary shares of Rs 10 each)		2,117,900	1,925,364
<b>CAPITAL RESERVES</b>			
Share premium		138,384	138,384
Employees' share compensation reserve	5	66,826	53,862
Surplus on revaluation of property and equipment		209,352	209,721
		414,562	401,967
<b>REVENUE RESERVES</b>			
Un-appropriated profit		1,376,665	1,220,393
		3,909,127	3,547,724
<b>NON CURRENT LIABILITIES</b>			
Lease liabilities		16,494	28,726
Long term loan	6	24,569	-
Deferred grant		807	-
		41,870	28,726
<b>CURRENT LIABILITIES</b>			
Current portion of lease liabilities		22,345	23,364
Current portion of long term loans	6	8,071	1,515
Finances under mark up arrangements and other credit facilities - secured	7	384,507	383,294
Contract liabilities		76,458	73,858
Unclaimed dividend		253,583	253,669
Current portion of deferred grant		1,369	-
Creditors, accrued and other liabilities	8	378,229	421,531
		1,124,562	1,157,231
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		
		5,075,559	4,733,681

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

for the half year ended June 30, 2020



**Chief Executive Officer**  
Bakhtiar Hameed Wain



**Chief Financial Officer**  
Saeed Ullah Khan Niazi

# Unconsolidated Condensed Interim Statement of Financial Position

as at June 30, 2020

(Rupees in '000)	Note	Un-audited June 30, 2020	Audited December 31, 2019
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	10	347,176	364,620
Intangible assets		-	-
Long term investments	11	2,865,117	2,673,870
Deferred taxation		105,605	72,582
Long term loans and deposits		202,950	203,817
		3,520,848	3,314,889
<b>CURRENT ASSETS</b>			
Stock in trade		53,545	52,733
Trade debts	12	413,168	300,205
Contract assets		118,148	148,183
Advances, deposits, prepayments and other receivables	13	945,175	898,552
Short term investments		1,430	1,444
Cash and bank balances	14	23,245	17,675
		1,554,711	1,418,792
		5,075,559	4,733,681



**Director**  
Tanveer Karamat

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

for the half year ended June 30, 2020

		Half year ended		Quarter ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
(Rupees in '000)					
<b>Continuing operations</b>					
Revenue	15	506,949	492,263	224,801	214,358
Cost of revenue		(315,759)	(316,060)	(143,465)	(150,697)
<b>Gross profit</b>		<b>191,190</b>	<b>176,203</b>	<b>81,336</b>	<b>63,661</b>
Administrative and selling expenses		(105,290)	(195,524)	(69,466)	(160,320)
Other operating expenses		(2,065)	(2,765)	(1,141)	(1,328)
Other operating income		284,794	437,239	60,045	412,918
		177,439	238,950	(10,562)	251,269
<b>Profit from operations</b>		<b>368,629</b>	<b>415,153</b>	<b>70,774</b>	<b>314,931</b>
Finance cost		(27,628)	(25,975)	(14,304)	(15,825)
<b>Profit before tax from continuing operations</b>		<b>341,001</b>	<b>389,178</b>	<b>56,470</b>	<b>299,106</b>
Taxation benefit / (expense)		7,438	(20,507)	9,584	(22,737)
<b>Profit for the period from continuing operations</b>		<b>348,439</b>	<b>368,672</b>	<b>66,054</b>	<b>276,369</b>
<b>Discontinued operations</b>					
Profit after tax for the period from discontinued operations		-	8,538	-	16,434
<b>Profit for the period</b>		<b>348,439</b>	<b>377,210</b>	<b>66,054</b>	<b>292,803</b>
			Restated		Restated
<b>Earnings per share - basic (Rupees)</b>		<b>1.65</b>	<b>1.78</b>	<b>0.31</b>	<b>1.38</b>
<b>Earnings per share - diluted (Rupees)</b>		<b>1.62</b>	<b>1.75</b>	<b>0.31</b>	<b>1.36</b>

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

for the half year ended June 30, 2020



**Chief Executive Officer**  
Bakhtiar Hameed Wain



**Chief Financial Officer**  
Saeed Ullah Khan Niazi



**Director**  
Tanveer Karamat

# Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

for the half year ended June 30, 2020

	Half year ended		Quarter ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Profit for the period	348,439	377,210	66,054	292,803
<b>Other comprehensive income</b>				
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods	-	-	-	-
Items may be reclassified to profit or loss in subsequent periods	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>348,439</b>	<b>377,210</b>	<b>66,054</b>	<b>292,803</b>

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



**Chief Executive Officer**  
Bakhtiar Hameed Wain



**Chief Financial Officer**  
Saeed Ullah Khan Niazi



**Director**  
Tanveer Karamat

# Unconsolidated Condensed Interim Statement of Changes in Equity

for the half year ended June 30, 2020

(Rupees in '000)	CAPITAL RESERVES				REVENUE RESERVES	TOTAL
	Share Capital	Share Premium	Employees' Share Compensation Reserve	Surplus on Revaluation of Property and Equipment	Un-appropriated Profit	
Balance as on January 01, 2019 (audited)	1,363,238	61,906	39,949	167,915	1,192,699	2,825,706
Effect of restatement of Employees' Share Option Scheme- III	-	-	75,103	-	(75,103)	-
	1,363,238	61,906	115,052	167,915	1,117,596	2,825,706
Effect of adoption of IFRS 9	-	-	-	-	(134,336)	(134,336)
Balance as on January 01, 2019 - as restated	1,363,238	61,906	115,052	167,915	983,260	2,691,370
Profit for the period	-	-	-	-	377,211	377,211
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	377,211	377,211
Transfer from revaluation surplus on account of incremental depreciation - net of tax	-	-	-	(430)	372	(58)
40% bonus share issue for the year ended December 31, 2018	545,295	-	-	-	(545,295)	-
ESOS-III issued, 1,483,115 shares @ Rs. 10	14,831	70,241	(70,241)	-	-	14,831
Employee share option reserve	-	-	26,327	-	-	26,327
	560,126	70,241	(43,915)	-	(545,295)	41,158
Balance as on June 30, 2019 (un-audited)	1,923,364	132,147	71,137	167,485	815,549	3,109,681
Balance as on January 01, 2020 (audited)	1,925,364	138,384	53,862	209,721	1,220,393	3,547,724
Profit for the period	-	-	-	-	348,439	348,439
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	348,439	348,439
Transfer from revaluation surplus on account of incremental depreciation - net of tax	-	-	-	(369)	369	-
10% bonus share issue for the period ended June 30, 2020	192,536	-	-	-	(192,536)	-
Employee share option reserve	-	-	12,964	-	-	12,964
	192,536	-	12,964	(369)	(192,536)	12,964
Balance as on June 30, 2020 (un-audited)	2,117,900	138,384	66,826	209,352	1,376,665	3,909,127

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

for the half year ended June 30, 2020



**Chief Executive Officer**  
Bakhtiar Hameed Wain



**Chief Financial Officer**  
Saeed Ullah Khan Niazi



**Director**  
Tanveer Karamat

# Unconsolidated Condensed Interim Statement of Cash Flows (Un-audited)

for the half year ended June 30, 2020

(Rupees in '000)	Half year ended	
	June 30, 2020	June 30, 2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	341,001	389,179
Profit before tax from discontinued operations	-	12,026
	341,001	401,205
<b>Adjustments for:</b>		
Depreciation of property & equipment	6,389	5,894
Depreciation of right of use assets	11,970	14,056
Amortization of intangible assets	-	24
Fair value loss on short term investments	14	-
Employee share option expense	12,964	26,327
Exchange gain	(272,500)	(434,268)
Gain on disposal of property and equipment	(522)	(2,567)
Finance cost	27,628	25,975
Provision for expected credit losses	27,562	74,599
Income on bank deposits	(398)	(1,960)
	(186,893)	(291,920)
<b>Profit before working capital changes</b>	154,108	109,285
<b>Effect on cash flow due to working capital changes:</b>		
<b>(Increase) / decrease in current assets</b>		
Stock in trade	(812)	(10,127)
Trade debts	(144,044)	1,673
Contract assets	18,340	43,314
Advances, deposits, prepayments and other receivables	49,841	(155,464)
<b>Increase / (decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	(59,986)	79,550
Contract liabilities	2,600	6,537
	(134,062)	(34,518)
<b>Cash flows from operating activities</b>	20,048	74,767

for the half year ended June 30, 2020



**Chief Executive Officer**  
Bakhtiar Hameed Wain



**Chief Financial Officer**  
Saeed Ullah Khan Niazi

# Unconsolidated Condensed Interim Statement of Cash Flows (Un-audited)

for the half year ended June 30, 2020

(Rupees in '000)	Half year ended	
	June 30, 2020	June 30, 2019
<b>Cash flows from operating activities</b>	20,048	74,767
Finance costs paid	(30,737)	(23,230)
Taxes paid	(5,792)	(25,632)
<b>Net cash (used in) / generated from operating activities</b>	(16,482)	25,905
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property & equipment	(1,244)	(7,206)
Proceeds from sale of property & equipment	854	6,543
Investment in subsidiary	-	(10,000)
Income on bank deposits received	398	1,960
Net increase in long term advances and deposits	868	1,429
<b>Net cash generated from / (used in) investing activities</b>	876	(7,274)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
(Repayment) / Receipt of loan - net	33,301	19,703
Finances under mark up arrangements	1,213	-
Shares issued	-	14,831
Dividend paid	(86)	(247)
Repayment of lease liabilities	(13,251)	(24,367)
<b>Net cash generated from financing activities</b>	21,177	9,919
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	5,570	28,551
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	17,675	17,391
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	23,245	45,942

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.



**Director**  
Tanveer Karamat

# Notes to the Unconsolidated Condensed Interim Financial Statement

for the half year ended June 30, 2020

## 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The Avanceon Limited (the Company) was incorporated in Pakistan on 26 March 2003 as a private limited company which was converted to a public company on 31 March 2008 under the repealed Companies Ordinance, 1984. The Company is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. Following are the business units of the Company along with their respective locations:

### Business Unit

Head Office

### Location

The Avanceon Building, 19 KM Main Multan Road, Lahore

### 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.

## 1.2 Effects of COVID-19

The World Health Organization (WHO) declared COVID-19 as a global pandemic on March 11, 2020. Accordingly on March 20, 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. The outbreak of COVID-19 has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts. The Company's management is fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation.

Further, subsequent to year end, the situation has improved with the easing of lock down and re-opening of the businesses.

The management has assessed the impact of the COVID-19 on the financial statements and concluded that there is no material financial impact of COVID-19 on the carrying amounts of assets, liabilities, income or expenses which required specific disclosures.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These unconsolidated condensed interim unconsolidated 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 for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.



# Notes to the Unconsolidated Condensed Interim Financial Statement

for the half year ended June 30, 2020

Where the provisions of and directives issued under Companies Act, 2017 differ with the requirements of IAS-34, the provisions of and directives issued under Companies Act, 2017 have been followed.

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

- 2.2 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, 2019.
- 2.3 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 and the Listing Regulations of Pakistan Stock Exchange Limited.
- 2.4 Disclosure of operating segments has been made in consolidated condensed interim financial statements of the Company.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2019 except as described in Note 3.1, below:

### 3.1 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions shall be complied with. When the grant relates to an expense item, it is recognized as income on systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When a grant related to non monetary asset is received, the asset and the grant are recorded at nominal amounts and released to statement of profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual installments.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial statements requires management to make judgments, 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 December 31, 2019.

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

# Notes to the Unconsolidated Condensed Interim Financial Statement

for the half year ended June 30, 2020

(Rupees in '000)	Un-audited June 30, 2020	Audited December 31, 2019
<b>5. EMPLOYEES' SHARE COMPENSATION RESERVE</b>		
Reserve in respect of employees' share option schemes	66,826	53,862

## 5.1 Share options scheme I

Employee Stock Option Scheme, 2013 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 18 September 2013 which comprises of an entitlement pool of 5 million shares. Under the scheme, share options of the Company are granted to employees of level MT-3 and above. The share options can be exercised up to one year after the five year vesting period and therefore, the contractual term of each option granted is six years. A reserve amounting to Rs. 45 million was created by the Board of Directors on 26 September 2013 in order to set aside amount for issuance of shares under the scheme out of un-appropriated profit of the Company.

## 5.2 Share options scheme II

Employee Stock Option Scheme, 2016 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 01 September 2016 which comprises of an entitlement pool of 5 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 can be exercised up to one year after the five year vesting period and therefore, the contractual term of each option granted is six years. The exercise price of the share options is equal to weighted average market price of the underlying shares for 90 days prior to the date of grant with maximum discount of 60%

## 5.3 Share options scheme III

Employee Stock Option Scheme, 2018 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 23 July 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 can be exercised up to 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.

## 5.4 Share options scheme IV

Employee Stock Option Scheme, 2019 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 19 November 2019 which comprises of an entitlement pool of 5 million shares. Under the scheme, share options of the Company are granted to employees of level MT 1 & 2 (who have completed minimum of 7 years of service period with the Company), MT3 and above. The share options can be exercised up to 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 2019, Rs. 10.5 in 2020, Rs. 11.03 in 2021, Rs. 11.58 in 2022 and Rs. 12.15 in 2023.

# Notes to the Unconsolidated Condensed Interim Financial Statement

for the half year ended June 30, 2020

(Rupees in '000)	Note	Un-audited June 30, 2020	Audited December 31, 2019
<b>6. LONG TERM LOAN</b>			
JS Bank Limited	6.1	32,321	1,515
Add: Unwinding of interest		319	-
		32,640	1,515
Less: Current portion as shown under current liabilities		(8,071)	(1,515)
		24,569	-

- 6.1 This represents loan amounting to Rs.34 million obtained under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the Scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 60 million. It carries mark-up at SBP rate plus 2% per annum. The facility is secured against first mortgage charge of Rs. 165 million (December 31, 2019: Nil) created through equitable mortgage with legal mortgage of notional value of Rs. 0.1 million over fixed assets (land & building) of the Company, ranking hypothecation charge of Rs. 300 million (December 31, 2019: Rs. Nil) 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. The difference between cash received and present value of cash outflow upon initial recognition has been recognized as deferred grant.

(Rupees in '000)	Note	Un-audited June 30, 2020	Audited December 31, 2019
<b>7. FINANCING UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES - SECURED</b>			
Running finance	7.1	159,899	158,444
Inland bill purchased	7.2	224,608	224,850
		384,507	383,294

- 7.1 The Company has obtained running finance facility from a commercial bank with a sanctioned limit of Rs. 170 million (December 31, 2019: Rs. 170 million) bearing mark-up at the rate of 1 month KIBOR plus 2.25% (December 31, 2019: 3 months KIBOR plus 2.25%). The facility is secured against first mortgage charge of Rs. 165 million (December 31, 2019: Rs.165 million) created through equitable mortgage with legal mortgage of notional value of Rs. 0.1 million over fixed assets (land & building) of the Company, ranking hypothecation charge of Rs. 300 million (December 31, 2019: Rs. 300 million) 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.

# Notes to the Unconsolidated Condensed Interim Financial Statement

for the half year ended June 30, 2020

- 7.2 This includes facility from Habib Bank Limited which has a sanctioned limit of Rs.125 million (December 31, 2019: Rs. 125 million) and carries mark-up at Matching Tenor KIBOR plus 2% (December 31, 2019: Matching Tenor KIBOR plus 2%) per annum. The facility is secured against invoices / bills receivable from customers (December 31, 2019: invoices / bills receivable from customers), charge on present and future current assets of the Company with 25% margin, assignment of project specific receivables in favor of the bank and personal guarantees of sponsor directors of the Company. This also includes facility from JS Bank Limited which has a sanctioned limit of Rs.100 million (December 31, 2019: Rs. Nil) bearing mark-up at the rate of 1 month KIBOR plus 2% (December 31, 2019: Nil). The facility is secured against invoices / bills receivable from customers, charge on present and future current assets of the Company with 25% margin, assignment of project specific receivables in favor of the bank and personal guarantees of sponsor directors of the Company.

(Rupees in '000)	Note	Un-audited June 30, 2020	Audited December 31, 2019
<b>8. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			<b>Restated</b>
Trade creditors		137,208	190,712
Payable to related parties		17,771	18,881
Accrued expenses		55,965	58,237
Accrued mark-up		9,192	12,301
Provident fund payable		30,078	23,696
Tax payable	8.1	101,454	81,661
Employee share portion - Vehicles		18,698	19,364
Other liabilities		7,864	16,678
		<b>378,229</b>	<b>421,531</b>
<b>8.1 Tax payable</b>			
- Withholding tax		31,441	20,305
- Income tax		70,013	61,356
		<b>101,454</b>	<b>81,661</b>

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

There are no contingencies to report as at June 30, 2020 (December 31, 2019: Nil).

### 9.2 Commitments

- Letters of credit include Rs. 35.94 million (December 31, 2019: Rs. 53.34 million) which relates to import acceptance bills.
- Bank guarantees issued against the performance of various contracts amount to Rs. 25.04 million (December 31, 2019: Rs. 36.06 million).

# Notes to the Unconsolidated Condensed Interim Financial Statement

for the half year ended June 30, 2020

(Rupees in '000)	Note	Un-audited June 30, 2020	Audited December 31, 2019
<b>10. PROPERTY AND EQUIPMENT</b>			
Operating fixed assets - tangible	10.1	283,460	287,251
Right of use asset - leased vehicles	10.2	63,716	77,369
		347,176	364,620
<b>10.1 Operating fixed assets - tangible</b>			
Opening book value		287,251	240,488
Add: Additions during the period / year - cost	10.1.1	2,678	15,086
Add: Effect of revaluation		-	44,530
Less: Deletions during the period / year - net book value	10.1.2	289,929 (332)	300,104 (4,399)
		289,597	295,705
Less: Depreciation during the period / year		(6,389)	(12,854)
Add: Adjustment for assets transferred from leased to owned assets		252	4,400
Book value at the end of the period / year		283,460	287,251
<b>10.1.1 Additions/transfers during the period / year - cost</b>			
Buildings		126	1,275
Machinery		768	3,719
Furniture and fixtures		-	143
Office equipment and appliances		957	1,098
Computers		827	8,851
		2,678	15,086
<b>10.1.2 Deletions during the period / year - net book value</b>			
Furniture and fixtures		-	7
Computers		80	-
Office equipment and appliances		-	121
Vehicles		252	4,278
		332	4,399
<b>10.2 Right of use asset - leased vehicles</b>			
Opening book value		77,369	85,414
Add: Additions during the period / year		-	24,019
		77,369	109,433
Less: Transfers to operating assets during the period / year - net book value		(1,683)	(15,233)
		75,686	94,201
Less: Depreciation during the period / year		(11,970)	(16,832)
<b>Book value at the end of the period / year</b>		63,716	77,369

# Notes to the Unconsolidated Condensed Interim Financial Statement

for the half year ended June 30, 2020

(Rupees in '000)	Note	Un-audited June 30, 2020		Audited December 31, 2019	
		Equity % held	Investment at cost	Equity % held	Investment at cost
<b>11. LONG TERM INVESTMENTS</b>					
<b>Wholly owned subsidiaries - unquoted</b>					
<b>Avanceon FZE, Dubai</b>					
26 (December 31, 2019 : 26) fully paid ordinary shares of AED 1 million each	11.1	100	473,671	100	473,671
Long term interest free receivables	11.1.1		1,873,964		1,722,936
			2,347,635		2,196,607
<b>Avanceon Automation and Control W.L.L, Qatar</b>					
98 (December 31, 2019 : 98) fully paid ordinary shares of QAR 1,000 each	11.2	49	8,446	49	8,446
Long term interest free receivables			499,036		458,817
			507,482		467,263
<b>Octopus Digital (Private) Limited, Pakistan</b>					
1,000 (December 31, 2019: Nil) ordinary shares of Rs.10 each	11.3	100	10,000		10,000
			2,865,117		2,673,870

11.1 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.

11.1.1 At the year end, under the agreement between the Company and Avanceon FZE, following amounts due from the subsidiary have been classified as interest free long term receivables, payable at discretion of the subsidiary. The Company intends to make further equity investment in the subsidiary after obtaining the applicable regulatory approvals which would then enable the subsidiary to repatriate these amounts.

# Notes to the Unconsolidated Condensed Interim Financial Statement

for the half year ended June 30, 2020

(Rupees in '000)	Un-audited June 30, 2020	Audited December 31, 2019
Trade debts	1,577,970	1,450,797
Dividend receivable	295,994	272,139
	1,873,964	1,722,936

11.2 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. It is a subsidiary of the Company, as the Company has control over its financial and operating decision making under an agreement between Avanceon FZE and AVAC.

11.2.1 At the year end, under the agreement between the Company and Avanceon Automation and Control WLL, amount due from the subsidiary in respect of trade debts has been classified as interest free long term receivable, payable at discretion of the subsidiary. The Company intends to covert this into its equity interest in the subsidiary after following the regulatory process for the same. The Company intends to make further equity investment in the subsidiary after obtaining the applicable regulatory approvals which would then enable the subsidiary to repatriate this amount.

11.3 Octopus Digital (Private) Limited (formerly "Avanceon Digital (Private) Limited") was an associated undertaking owing to common directorship of two of the Directors of the Company, who held 1 share each in it. The Company has acquired 100% shareholding in the said subsidiary by acquiring 1 million ordinary shares of Rs. 10 each.

11.4 The change in long term investments pertains to exchange gain resulting from translation of United States Dollar (USD) denominated balances into Rupees (Rs.).

(Rupees in '000)	Note	Un-audited June 30, 2020	Audited December 31, 2019
<b>12. TRADE DEBTS</b>			
Export	12.1	211,771	-
Local		243,378	308,124
		455,148	308,124
Less: Provision for expected credit loss		(41,980)	(7,919)
		413,168	300,205

12.1 This represents amount due from related parties.

# Notes to the Unconsolidated Condensed Interim Financial Statement

for the half year ended June 30, 2020

(Rupees in '000)		Note	Un-audited June 30, 2020	Audited December 31, 2019
<b>13.</b>	<b>ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>	13.1	945,175	898,552
13.1	These include following amounts receivable from the subsidiaries:			
	Avanceon FZE		284,991	328,618
	Avanceon Automation and Control W.L.L (AVAC)		153,966	131,413
	Innovative Automation Inc., USA		400,359	368,093
			839,317	828,124
	Less: Provision for expected credit loss		(40,961)	(59,156)
			798,355	768,968
<b>14.</b>	<b>CASH AND BANK BALANCES</b>			
	Cash in hand		90	31
	Cash at Bank			
	-Current accounts		15,349	5,236
	-Savings accounts	14.1	7,806	12,408
			23,155	17,644
			23,245	17,675
14.1	The balances in savings accounts bear mark-up at the rates ranging from 5.5% to 6.25% December 31, 2019: 7.5% to 11%) per annum.			

Un-audited				
Note	Half year ended		Quarter ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>15. REVENUE</b>				
Core business	166,010	105,180	70,577	37,505
Specialized business	35,100	92,305	15,719	17,839
Engineering	79,766	116,767	48,112	58,249
Building Maintenance Solution	13,006	4,837	-	1,357
Retail	84,027	17,809	23,975	17,809
Others	129,040	155,365	66,418	81,599
	506,949	492,263	224,801	214,358

15.1 These represent agency commission, business process outsourcing and fee for technical services provided to Avanceon FZE and Avanceon Automation and Control W.L.L, the subsidiaries.



# Notes to the Unconsolidated Condensed Interim Financial Statement

for the half year ended June 30, 2020

(Rupees in '000)		Un-audited June 30, 2020	Un-audited June 30, 2019
15.2	<b>Timing of Revenue Recognition</b>		
	Services transferred over time	208,878	218,016
	Goods transferred at a point in time	298,071	274,247
		506,949	492,263

## 16. 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:

		Half year ended	
(Rupees in '000)		Un-audited June 30, 2020	Un-audited June 30, 2019
Name of related parties and relationship	Nature of transactions		
<b>i. Subsidiaries</b>	<b>Income</b>		
<b>Avanceon FZE, Dubai</b>	Agency commission	3,305	3,880
	Business process outsourcing	25,313	24,155
	Fee for technical services	10,125	8,662
	Revenue recognized on sub-contracted projects	30,384	70,643
<b>Avanceon Automation and Control W.L.L, Qatar</b>	Business process outsourcing	23,048	39,556
	Fee for technical services	67,251	79,113
	Revenue recognized on sub-contracted projects	49,381	46,123
<b>Octopus Digital (Private) Limited</b>	<b>Expenses</b>		
	Agency commission expense	2,645	15,198
	Fee for technical services	12,000	-
<b>ii. Associates</b>			
<b>Innovative Travels (Private) Limited</b>	Other charges and re-imbursement of expenses	703	138
<b>iii. Post employment benefit plans</b>	Expense charged in respect of retirement benefit plan	6,062	7,042
<b>iv. Key management personnel</b>	-Remuneration and other benefits	57,270	55,774

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

# Notes to the Unconsolidated Condensed Interim Financial Statement

for the half year ended June 30, 2020

## 17. FINANCIAL ASSETS AND LIABILITIES

Set out below, is an overview of financial assets, other than cash and bank balances, held by the company as at June 30, 2020 and December 31, 2019:

(Rupees in '000)	Un-audited June 30, 2020	Audited December 31, 2019
<b>Debt instruments at amortized cost</b>		
Long term loans and deposits	202,950	203,817
Trade debts	413,168	300,205
Contract assets	118,148	148,183
Deposits and other receivables	873,243	887,018
<b>Equity instruments at fair value through profit / (loss)</b>		
Short term investments	1,430	1,444
<b>Total</b>	<b>1,608,940</b>	<b>1,540,667</b>
<b>Total current</b>	<b>1,405,990</b>	<b>1,336,850</b>
<b>Total non current</b>	<b>202,950</b>	<b>203,817</b>

Set out below, is an overview of financial liabilities held by the Company as at June 30, 2020 and 31 December 2019:

(Rupees in '000)	Un-audited June 30, 2020	Audited December 31, 2019
<b>Financial liabilities at amortized cost</b>		
Trade and other payables	258,077	381,862
<b>Interest bearing loans and borrowings</b>		
Short term borrowings	384,507	383,294
Secured bank loan	8,071	1,515
Lease liabilities	38,839	52,090
Unclaimed dividend	253,583	253,669
<b>Total</b>	<b>943,077</b>	<b>1,072,430</b>
<b>Total current</b>	<b>901,207</b>	<b>1,043,704</b>
<b>Total non current</b>	<b>41,870</b>	<b>28,726</b>

## 18. GENERAL

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

18.2 The figures of unconsolidated condensed interim profit or loss account and condensed interim statement of comprehensive income for the half year ended June 30, 2020 and June 30, 2019 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures for the six month period ended June 30, 2020 and June 30, 2019.



# Notes to the Unconsolidated Condensed Interim Financial Statement

for the half year ended June 30, 2020

## 19. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized by the Board of Directors of the Company for issue on September 15, 2020.

**Chief Executive Officer**  
Bakhtiar Hameed Wain

**Chief Financial Officer**  
Saeed Ullah Khan Niazi

**Director**  
Tanveer Karamat

Avanceon

**Condensed Consolidated  
Interim Financial Statements**  
for the half year ended June 30, 2020

# Consolidated Condensed Interim Statement of Financial Position

as at June 30, 2020

(Rupees in '000)	Note	Un-Audited June 30, 2020	Audited December 31, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised capital</b>			
250,000,000 (2019: 250,000,000)			
Ordinary share of Rs. 10 each		2,500,000	2,500,000
<b>Issued, subscribed and paid up capital</b>			
211,790,006 (2019: 192,536,370)			
Ordinary shares of Rs 10 each		2,117,900	1,925,364
<b>CAPITAL RESERVES</b>			
Share premium		138,384	138,384
Employees' share compensation reserve		66,826	53,862
Statutory reserve		3,002	3,002
Surplus on revaluation of property & equipment		209,352	209,721
Exchange revaluation reserve		646,915	610,100
		1,064,479	1,015,069
<b>REVENUE RESERVES</b>			
Un-appropriated Profit		1,797,472	1,562,534
		4,979,851	4,502,967
Non-controlling Interest		4,346	4,346
		4,984,197	4,507,313
<b>NON CURRENT LIABILITIES</b>			
Long Term Loans		24,569	-
Liabilities against assets subject to finance lease		49,665	67,637
Deferred Grant		807	-
Deferred liabilities		96,522	80,901
		171,564	148,538
<b>CURRENT LIABILITIES</b>			
Current portion of Long Term Loans		8,071	1,515
Current portion of lease liabilities		42,502	45,554
Current portion of deferred grant		1,369	-
Finances under mark up arrangements			
and other credit facilities - secured		878,366	599,339
Unclaimed Dividend		256,784	256,763
Creditors, accrued and other liabilities		1,686,957	1,670,783
Contract Liabilities		761,481	1,127,342
		3,635,530	3,701,296
<b>CONTINGENCIES AND COMMITMENTS</b>			
	3	8,791,291	8,357,147

The annexed notes 1 to 6 form an integral part of these consolidated condensed financial statements.



**Chief Executive Officer**  
Bakhtiar Hameed Wain



**Chief Financial Officer**  
Saeed Ullah Khan Niazi

# Consolidated Condensed Interim Statement of Financial Position

as at June 30, 2020

(Rupees in '000)	Un-Audited June 30, 2020	Audited December 31, 2019
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property & equipment	409,231	433,829
Capital Work in Progress	13,244	-
Long term investment	905,876	843,129
Deferred Tax	106,942	73,815
Long term deposits	28,898	27,480
	1,464,191	1,378,253
<b>CURRENT ASSETS</b>		
Stock in trade	200,457	160,929
Trade debts	3,113,836	2,431,404
Contract Assets	3,117,190	3,602,180
Advances, deposits, prepayments and other receivables	547,968	480,427
Term deposits with banks	78,623	197,284
Investments in Stocks	1,430	1,444
Cash and bank balances	267,596	105,226
	7,327,100	6,978,894
	8,791,291	8,357,147



**Director**  
Tanveer Karamat

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

for the half year ended June 30, 2020

	Half year ended		Quarter ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>(Rupees in '000)</b>				
Revenue	1,999,482	1,684,972	1,031,076	987,889
Cost of revenue	(1,441,032)	(1,228,086)	(810,712)	(794,497)
<b>Gross Profit / (Loss)</b>	558,450	456,886	220,365	193,393
Administrative and selling expenses	(365,383)	(301,181)	(213,339)	(189,351)
Other operating expenses	(2,504)	(2,765)	(1,581)	(1,328)
Other operating income	283,945	440,199	56,795	416,028
	(83,942)	136,253	(158,125)	225,349
<b>Profit / (Loss) from operations</b>	474,508	593,139	62,240	418,742
Finance costs	(54,840)	(51,594)	(29,683)	(25,778)
<b>Profit / (Loss) before tax</b>	419,668	541,544	32,557	392,964
Taxation benefits / (expenses)	7,438	(25,445)	9,584	(24,188)
<b>Income for the period from operations</b>	427,106	516,099	42,141	368,776
<b>Combined earnings per share</b>				
<b>Basic</b>	2.02	2.44	0.20	1.74
<b>Diluted</b>	1.95	2.36	0.19	1.69

The annexed notes 1 to 6 form an integral part of these consolidated condensed financial statements.

for the half year ended June 30, 2020



**Chief Executive Officer**  
Bakhtiar Hameed Wain



**Chief Financial Officer**  
Saeed Ullah Khan Niazi



**Director**  
Tanveer Karamat

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

for the half year ended June 30, 2020

(Rupees in '000)	Half year ended		Quarter ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Profit / (Loss) for the period	427,106	516,099	42,141	368,776
<b>Other comprehensive income</b>				
Exchange difference on translating foreign operations	36,815	160,448	(9,380)	147,438
Other comprehensive income that will not be reclassified profit or loss in subsequent periods	-	-	-	-
Items may be reclassified to profit or loss in subsequent periods	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>463,921</b>	<b>676,548</b>	<b>32,761</b>	<b>516,214</b>

The annexed notes 1 to 6 form an integral part of these consolidated condensed financial statements.



**Chief Executive Officer**  
Bakhtiar Hameed Wain



**Chief Financial Officer**  
Saeed Ullah Khan Niazi



**Director**  
Tanveer Karamat



# Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

for the half year ended June 30, 2020

(Rupees in '000)	Half year ended	
	June 30, 2020	June 30, 2019
<b>Cash flow from operating activities</b>		
Profit/ (loss) before tax	419,668	541,544
<b>Adjustments for:</b>		
Depreciation on property & equipment	33,001	19,589
Amortization of intangible asset	-	23
Exchange (gain) / loss	(267,917)	(430,088)
Exchange revaluation reserve	(25,933)	(146,573)
Unrealised gain / (loss) on short term investment	14	-
Provision for doubtful debts and advances	-	21,287
Finance cost	54,840	51,594
(Gain) / loss on fixed assets	-	(2,567)
Income on bank deposits	(4,697)	(5,847)
	(210,692)	(492,581)
<b>Profit before working capital changes</b>	208,977	48,963
<b>(Increase) / decrease in current assets</b>		
Stock in trade	(39,528)	(173,235)
Trade debts	(295,399)	(396,495)
Advances, deposits, prepayments and other receivables	(53,982)	(249,301)
<b>Increase / (decrease) in current liabilities</b>		
Creditors, accrued and other liabilities	313,493	966,862
	(75,416)	147,831
<b>Cash (used in) / generated from operations</b>	133,561	196,794

for the half year ended June 30, 2020



**Chief Executive Officer**  
Bakhtiar Hameed Wain



**Chief Financial Officer**  
Saeed Ullah Khan Niazi

# Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

for the half year ended June 30, 2020

(Rupees in '000)	Half year ended	
	June 30, 2020	June 30, 2019
<b>Cash generated from continuing operations</b>	133,561	196,794
Finance costs paid	(57,777)	(48,849)
Taxes paid	(39,249)	(34,822)
<b>Net cash (used in) / wgenerated from operating activities</b>	36,535	113,122
<b>Cash flows from investing activities</b>		
Purchase of property & equipment	(8,403)	(12,277)
Proceeds from disposal of property & equipment and intangible assets	-	6,926
Profit on bank deposit	4,697	5,847
Term deposits with banks	118,661	(19,344)
Net change in long term advances and deposits	(1,417)	(9,307)
<b>Net cash (used in) / generated from investing activities</b>	113,538	(28,154)
<b>Cash flows from financing activities</b>		
Share issued	-	14,831
Dividend paid	21	(249)
Long term loan	(1,515)	(9,091)
Salary loan grant from SBP	34,817	-
Repayment of finance lease liabilities	(21,025)	(24,275)
<b>Net cash (used in) / generated from financing activities</b>	12,298	(18,784)
<b>Net (decrease) / increase in cash and cash equivalents</b>	162,370	66,184
<b>Cash and cash equivalents at the beginning of year</b>	105,226	52,763
<b>Cash and cash equivalents at the end of period</b>	267,596	118,947

The annexed notes 1 to 6 form an integral part of these consolidated condensed financial statements.



**Director**  
Tanveer Karamat

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

for the half year ended June 30, 2020

	CAPITAL RESERVES						REVENUE RESERVES	Non-Controlling Interest	TOTAL
	Share capital	Share premium reserve	Employee share compensation reserve	Statutory Reserve	Exchange revaluation reserve	Surplus on Revaluation of Property, Plant and Equipment	Un-appropriated (loss) / profit		
(Rupees in '000)									
Balance as on Jan 01, 2019 - restated	1,363,238	61,906	115,051	3,002	439,705	167,915	1,198,134	3,062	3,352,013
Profit for the period	-	-	-	-	-	-	516,099	-	516,099
Other comprehensive income	-	-	-	-	160,448	(430)	372	-	160,390
	-	-	-	-	160,448	(430)	516,471	-	676,490
40% (40 shares on every 100 shares) bonus shares issued for the year ended 31 December 2018	545,295	-	-	-	-	-	(545,295)	-	-
ESOS-III issued, 1,483,115 shares @ Rs. 10	14,831	70,241	(70,241)	-	-	-	-	-	14,831
Employee share option reserve	-	-	26,327	-	-	-	-	-	26,327
	560,126	70,241	(43,915)	-	-	-	(545,295)	-	41,158
Balance as on June 30, 2019 (Un-audited)	1,923,364	132,148	71,136	3,002	600,153	167,485	1,169,310	3,062	4,069,660
Profit for the period	-	-	-	-	-	-	396,077	-	396,077
Other comprehensive income	-	-	-	-	9,947	42,419	-	1,284	53,650
Transfer from revaluation surplus on account of incremental depreciation	-	-	-	-	-	(183)	241	-	58
	-	-	-	-	9,947	42,236	396,318	1,284	449,784
Dividend payable	-	-	-	-	-	-	(3,094)	-	(3,094)
ESOS-I issued, 200,000 shares @ Rs. 10	2,000	6,237	(7,997)	-	-	-	-	-	240
Employee share option reserve	-	-	(9,277)	-	-	-	-	-	(9,277)
	2,000	6,237	(17,274)	-	-	-	(3,094)	-	(12,131)
Balance as on Dec 31, 2019 (Audited)	1,925,364	138,384	53,862	3,002	610,100	209,721	1,562,534	4,346	4,507,314
Profit for the period	-	-	-	-	-	-	427,106	-	427,106
Other comprehensive income	-	-	-	-	36,815	-	-	-	36,815
Incremental depreciation - net of tax	-	-	-	-	-	(369)	369	-	-
	-	-	-	-	36,815	(369)	427,475	-	463,921
Bonus Share Issue @ 10%	192,536	-	-	-	-	-	(192,536)	-	-
Employee Share Option Reserve	-	-	12,964	-	-	-	-	-	12,964
	192,536	-	12,964	-	-	-	(192,536)	-	12,964
Balance as on June 30, 2020 (Un-audited)	2,117,900	138,384	66,826	3,002	646,915	209,352	1,797,472	4,346	4,984,198

The annexed notes 1 to 6 form an integral part of these consolidated condensed financial statements.

for the half year ended June 30, 2020



**Chief Executive Officer**  
Bakhtiar Hameed Wain



**Chief Financial Officer**  
Saeed Ullah Khan Niazi



**Director**  
Tanveer Karamat

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

for the half year ended June 30, 2020

## 1. LEGAL STATUS AND NATURE OF BUSINESS

Avanceon Limited (the Holding Company) was incorporated in Pakistan on 26 March 2003 as a private limited Company which was converted to a public Company on 31 March 2008 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is listed on Pakistan Stock Exchange Limited.

The principal activity of the Holding Company is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services. Following are the business units of the Holding Company along with their respective locations:

Following are the business units of the Holding Company along with their respective locations:

### BUSINESS UNIT LOCATION

**HEAD OFFICE** The Avanceon Building, 19 KM Main Multan Road, Lahore.

### REGIONAL OFFICES

**Karachi** MA Tabba Foundation Building, First Floor, Gizri Road Block 9 Clifton Karachi, Sindh 75600.

**Islamabad** Manzoor Plaza (The Hive Building), First Floor, Plot 14-E Fazal-e-Haq Road, G-6/2, Blue Area, Islamabad 44000.

### 1.1 The "Group" consists of:

#### Holding Company

Avanceon Limited (AVL)

#### Subsidiary companies

#### % age of holding

- Avanceon Free Zone Establishment, UAE (AFZE)	100%
- Innovative Automation & Engineering Inc. (formerly Engro Innovative Inc.) USA (IA)	100%
- Avanceon Automation and Control W.L.L Doha, Qatar (AVAC)	49%
- Octopus Digital (Pvt) Ltd. (ODL)	100%

The Avanceon FZE is a Free Zone Establishment which was incorporated in Jebel Ali Free Zone of Dubai on 28 February 2004 as a private limited company under the Jebel Ali Free Zone Companies 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. Following is the business unit of the Establishment along with its respective locations:

Innovative Automation's registered office is 1800 John F. Kennedy Boulevard, Suite 1601, Philadelphia, PA. The Group holds 26.11% equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, the General Partner.



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

for the half year ended June 30, 2020

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 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.

Octopus Digital (Private) Limited is a private limited company registered under the Companies Act, 2017 and having registered office at 19 km, Multan Road, Lahore 54500. The Company is engaged in providing after sale and related technical services. The Company is wholly owned subsidiary of the Holding Company.

## 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 (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Standards, Interpretations and amendments to published approved accounting standards

#### 2.2.1 New and amended standards and interpretations

The Group has adopted the following revised standards, amendments and interpretations of IFRSs which became effective for the current year:

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

for the half year ended June 30, 2020

## Standard or Interpretation

IAS 40	- Transfers to Investment Property (Amendments)
IFRS 4	- Insurance Contracts: Applying IFRS 9 with IFRS 4 Insurance Contracts (Amendments)
IFRS 2	- Share based Payments — Classification and Measurement (Amendments)
IFRIC 22	- Foreign Currency Transactions and Advance Consideration
IFRS 9	- Financial Instruments: Classification and measurement
IFRS 9	- Prepayment Features with Negative Compensation (Amendments)
IFRS 15	- Revenue from Contracts with Customers
IFRS 11	- Joint Arrangements - Previously held Interests in a Joint operation
IFRS 16	- Leases
IAS 12	- Income Taxes - Income tax consequences of payments on financial instruments classified as equity
IAS 19	- Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	- Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	- Uncertainty over Income Tax Treatments

Adoption of the above standards / interpretations did not have a material impact on these consolidated financial statements except for IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments.

## 2.2.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 3	Definition of Business (Amendments)	01 January 2020
IAS 1	Presentation of Financial Statements — (Amendments)	01 January 2020
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors — (Amendments)	01 January 2020
IAS 1 / IAS 8	Definition of Material (Amendments)	01 January 2020
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalization	01 January 2020
IFRS 14	Regulatory Deferral Accounts	01 July 2019

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

for the half year ended June 30, 2020

Further, following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

## Standard or Interpretation

## IASB effective date (annual periods beginning on or

IFRS 17 Insurance Contracts  
IFRS 1 First-time Adoption of IFRS

1 January 2021  
1 July 2009

The Group expects that these standards and improvements, when adopted by the Company on effective dates, will not have any material impact on the Group's consolidated financial statements.

## 3. CONTINGENCIES AND COMMITMENTS

### 3.1 Contingencies

- (i) There are no contingencies to report as at June 30, 2020 (December 31, 2019: Nil).

### 3.2 Commitments

- (i) Bank guarantees issued amounting to Rs.25.04 million (2019: Rs. 36.06 million) against the performance of various contracts  
(ii) Letters of credit includes Rs.35.94 million (2019: 53.34 million) which relates to import acceptance bills.

## 4. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive Officer		Director		Other Executives	
(Rupees in '000)	Jun-20	Jun-19	Jun-20	Jun-19	Jun-20	Jun-19
Managerial remuneration	30,768	26,530	3,631	3,350	110,631	83,258
House rent	8,713	7,513	908	871	36,580	30,689
Utilities	4,901	4,226	227	218	9,659	7,621
Provident Fund / Gratuity	2,558	2,192	340	334	7,139	8,810
Others	817	704	4	8	8,198	5,905
	47,756	41,166	5,111	4,780	172,206	136,282
<b>Number of Persons</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>43</b>	<b>42</b>

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

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

for the half year ended June 30, 2020

## 5. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on September 15, 2020 by the Board of Directors of the Holding Company.

## 6. GENERAL

Figures have been rounded off to the nearest thousand rupees.



**Chief Executive Officer**  
Bakhtiar Hameed Wain



**Chief Financial Officer**  
Saeed Ullah Khan Niazi



**Director**  
Tanveer Karamat





GET IN TOUCH

**AVANCEON BUILDING**

19 - KM, Main Multan Road,  
Lahore 54660, Pakistan.  
Phone: +92 42 111 940 940  
Fax: +92 42 3545 6957

