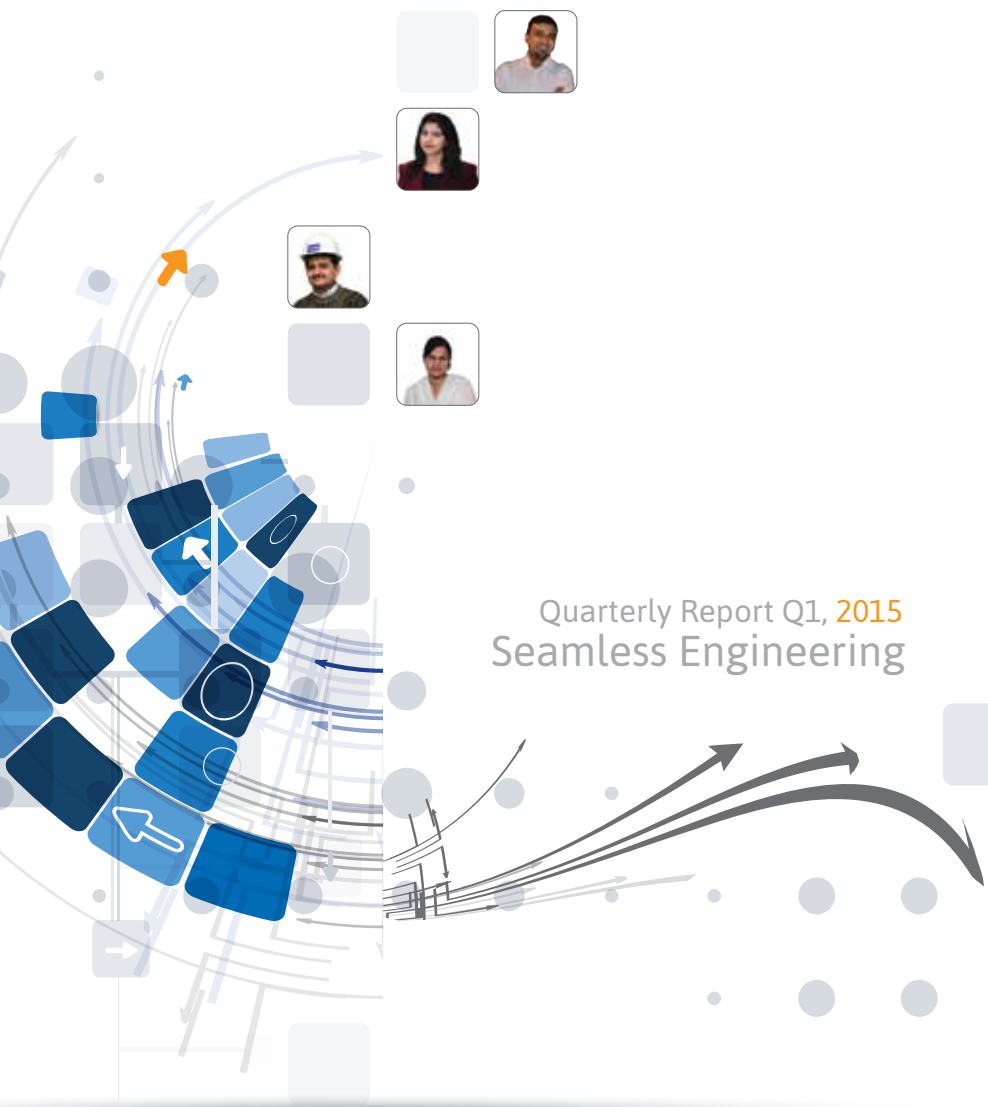


AVANCEON

Tomorrow's solutions, today.



Quarterly Report Q1, 2015
Seamless Engineering





Seamless Engineering

Over the past twenty-five years, Avanceon has continually provided cutting-edge automation solutions to all of its customers. As a 360 degree solution provider, the Company has paved the way towards seamless engineering and flawless execution. Moving ahead, Avanceon aims to remain steadfast in its quest for excellence, delivering enhanced value to its customers and stakeholders alike.

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Company Information

Directors

Mr. Khalid Hameed Wain	Director/Chairman
Mr. Bakhtiar Hameed Wain	Director/Chief Executive Officer
Mr. Tanveer Karamat	Director/Chief Operating Officer
Mr. Amir Waheed Wain	Director
Mr. Naveed Ali Baig	Director
Mr. Tajammal Hussain	Director
Mr. Umar Ahsan Khan	Director
Mr. Saeed Ullah Khan Niazi	Chief Financial Officer
Mr. Ahsan Khalil	Company Secretary

Audit Committee

Mr. Tajammal Hussain	Chairman
Mr. Amir Waheed Wain	Member
Mr. Naveed Ali Baig	Member

Human Resource & Remuneration Committee

Mr. Umar Ahsan Khan	Chairman
Mr. Bakhtiar Hameed Wain	Member
Mr. Khalid Hameed Wain	Member

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants.

Legal Advisor

Chima & Ibrahim advocates and Corporate Council

Web Presence

www.avanceon.ae

www.avanceon.com

Bankers

Faysal Bank Limited, Pakistan
Habib Bank Limited, Pakistan & United Arab Emirates
National Bank of Fujairah, United Arab Emirates
Habib Bank AGA, Zurich, United Arab Emirates
National Penn Bank, United States of America
ABN Amro, 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
Deutsche Bank Limited, Pakistan
JS Bank Limited, Pakistan
KASB Bank Limited, Pakistan
NIB Bank Limited, Pakistan

Share Registrar

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Trade Mark

AVANCEON
Tomorrow's solutions, today.

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Dammam, Saudia Arabia

In Partnership with ATCO LLC

ATCO Building.

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Dammam, KSA. PO Box 718

Phone: +966-12-6912204 x 127

Interim Director's Report

The directors of the company take pleasure in presenting their report together with the Company's unaudited interim condensed standalone and consolidated financial statements for the first quarter ended March 31, 2015. The Director's report, prepared under section 236 of the Companies Ordinance, 1984.

(Rupees 000')	For the first quarter ended March 31	
	2015	2014
Operating results (standalone)		
Profit before tax	58,255	16,334*
Provision for taxation	(2,805)	(1,380)
Profit after taxation	55,450	14,963

This figure included onetime exchange loss of Rs. 38million on translation of foreign currency receivable due to devaluation of local currency against USD

(Rupees 000')	For the first quarter ended March 31	
	2015	2014
Operating results (consolidated)		
Profit before tax	83,404	34,399*
Provision for taxation	(2,805)	(1,380)
Profit after taxation	80,598	33,019

This figure included onetime exchange loss of Rs. 38million on translation of foreign currency receivable due to devaluation of local currency against USD.

Earnings per share (standalone) for the first quarter ended March 31, 2015

The basic earnings per share after tax is Rs. 0.52 (2014: Rs.0.15)

Earnings per share (consolidated) for the first quarter ended March 31, 2015

The basic earnings per share after tax is Rs. 0.76 (2014: Rs. 0.33)

The operating financial results of the company for the first quarter ended March 31, 2015 are as per expectation and according to approved business plan, historically, our revenues and profits remain lower in first, get start momentum in 2nd quarter 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 financial years, currently, we have strong portfolio of orders in hand and in the pipeline for Pakistan, UAE, Qatar, Saudi Arabia (KSA).

Management is very much confident to achieve corporate plan in remaining period of financial year 2015.

Statutory Auditor of the Company

The present Auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants, retire and being eligible and re-appointment for audit of financial year 2015

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.ae, which contains up to date information on Company's activities and financial reports.

For and on behalf of the



BOARD OF DIRECTORS

24 April 2015

Avanceon

**Standalone Condensed
Interim Financial Statements**
for the first quarter ended March 31, 2015

Condensed Balance Sheet

as at March 31, 2015

Note	Un-audited March 31, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized capital		
	150,000,000 (2014: 150,000,000)	
	ordinary shares of Rs 10 each	1,500,000,000
<hr/>		
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
	105,696,622 (2014: 105,696,534)	
	ordinary shares of Rs 10 each	1,056,966,220
	Share Premium	61,892,936
	Employees' share compensation reserve-ESOS-1st issue	45,000,000
	Un-appropriated profit	737,312,533
<hr/>		
	1,901,171,689	1,845,518,982
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
	89,989,736	90,295,262
NON CURRENT LIABILITIES		
	18,263,918	18,159,938
	26,868,261	29,315,989
	45,132,178	47,475,927
CURRENT LIABILITIES		
	13,578,480	16,051,776
	494,152,393	467,859,642
	507,730,872	483,911,418
CONTINGENCIES AND COMMITMENTS		
3	2,544,024,476	2,467,201,589
<hr/>		

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



Chief Executive Officer

	Note	Un-audited March 31, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		193,179,687	197,569,791
Capital work in progress		1,877,070	2,130,792
Long term investments		473,670,870	473,670,870
Long term deposits		10,822,806	11,038,106
		679,550,433	684,409,559
CURRENT ASSETS			
Stock in trade		57,325,045	48,465,223
Trade debts		784,579,419	794,960,223
Advances, deposits, prepayments and other receivables		853,713,444	832,949,276
Term deposits with banks		88,563,040	94,566,163
Cash and bank balances		80,293,095	11,851,145
		1,864,474,043	1,782,792,030
		2,544,024,476	2,467,201,589


Director

Condensed Interim Profit and Loss Account (Un-audited)

for the first quarter ended March 31, 2015

	Note	Un-audited March 31, 2015 (Rupees)	Un-audited March 31, 2014 (Rupees)
Sales		204,923,981	194,123,757
Cost of sales		(127,973,639)	(109,272,235)
Gross profit / (Loss)		76,950,343	84,851,523
Administrative and selling expenses		(30,659,897)	(32,812,200)
Other charges	4	(515,261)	(38,766,886)
Other operating income		13,905,564	6,895,584
		(17,269,594)	(64,683,502)
Profit / (Loss) from operations		59,680,749	20,168,021
Finance costs		(1,425,427)	(3,824,025)
Profit / (Loss) before tax		58,255,322	16,343,996
Taxation		(2,805,392)	(1,380,079)
Profit / (Loss) for the period		55,449,930	14,963,917
Earnings/(Loss) per share - basic		0.52	0.15
Earnings/(Loss) per share - diluted		0.50	0.14

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



Chief Executive Officer



Director

Statement of Condensed Interim Comprehensive Income (Un-audited)

for the first quarter ended March 31, 2015

Note	Un-audited March 31, 2015 (Rupees)	Un-audited March 31, 2014 (Rupees)
Profit /(loss) for the period	55,449,930	14,963,917
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	201,546	271,728
Total comprehensive income / (loss) for the period	55,651,475	15,235,645

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



Chief Executive Officer



Director

Condensed Interim Cash Flow Statement (Un-audited)

for the first quarter ended March 31, 2015

	Note	Un-audited March 31, 2015 (Rupees)	Un-audited March 31, 2014 (Rupees)
Cash flows from operating activities			
Cash generated from operations	5	72,431,381	22,647,314
Finance cost paid		(1,425,427)	(5,086,143)
Taxes paid		(6,073,713)	(7,832,233)
Net cash from operating activities		64,932,240	9,728,938
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,212,750)	(1,538,833)
Proceeds from sale of property, plant and equipment		2,026,896	433,686
Profit on bank deposit		2,396,934	4,469,772
Term deposit with banks		6,003,123	(262,919,004)
Net change in long term advances and deposits		215,300	(249,421)
Net cash generated from / (used in) investing activities		8,429,502	(259,803,800)
Cash flows from financing activities			
Repayment of long term finances		–	(10,000,000)
Net cash received against share issued		1,232	88,081,000
Director's loan		–	(16,007,908)
Repayment of finance lease liabilities		(4,921,025)	(2,601,510)
Net cash / (used in) financing activities		(4,919,793)	59,471,582
Net increase/(decrease) in cash and cash equivalents		68,441,950	(190,603,280)
Cash and cash equivalents at the beginning of period		11,851,145	280,448,005
Cash and cash equivalents at the end of period		80,293,095	89,844,725

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



Chief Executive Officer



Director

Statement of Condensed Changes in Equity (Un-audited)

for the first quarter ended March 31, 2015

(Rupees)	Share capital	Share Premium	Employees' share compensation reserve	Un-appropriated profit / (loss)	Total
Balance as on December 31, 2013	755,000,000	-	45,000,000	453,974,085	1,253,974,085
Profit for the period	-	-	-	14,963,917	14,963,917
Other comprehensive income	-	-	-	271,728	271,728
	-	-	-	15,235,645	15,235,645
Issue of 25,166,000 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	251,660,000	100,664,000	-	-	352,324,000
Balance as on March 31, 2014	1,006,660,000	100,664,000	45,000,000	469,209,730	1,621,533,730
Profit for the period	-	-	-	463,022,256	463,022,256
Other comprehensive income	-	-	-	1,083,822	1,083,822
	-	-	-	464,106,078	464,106,078
Adjustment of Issue of 2,516 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	(25,160)	(10,064)	-	-	(35,224)
Expenses incurred against Initial Public Offering	-	(38,761,352)	-	-	(38,761,352)
Cash dividend paid at Rs. 2 per share	-	-	-	(201,324,250)	(201,324,250)
Bonus shares issued @ 5%	50,330,500	-	-	(50,330,500)	-
	50,305,340	(38,771,416)	-	(251,654,750)	(240,120,826)
Balance as on December 31, 2014	1,056,965,340	61,892,584	45,000,000	681,661,058	1,845,518,982
Profit for the period	-	-	-	55,449,930	55,449,930
Other comprehensive income	-	-	-	201,546	201,546
	-	-	-	55,651,475	55,651,475
Post IPO adj. of 88 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	880	352	-	-	1,232
Balance as on March 31, 2015	1,056,966,220	61,892,936	45,000,000	737,312,533	1,901,171,689

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



Chief Executive Officer



Director

Notes to and forming part of the Condensed Interim Financial Information (Un-audited)

for the first quarter ended March 31, 2015

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 condensed interim financial information is unaudited and is being submitted to shareholders, as required by section 245 of Companies Ordinance, 1984.
- 2.2 This condensed interim financial information of the Company for the first quarter ended 31 March 2015 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 2014.
- 2.4 Standards, Interpretations and amendments to published approved accounting standards effective in 2015:

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:

IFRS 10	-	Consolidated Financial Statements
IFRS 11	-	Joint Arrangements
IFRS 12	-	Disclosure of Interests in Other Entities
IFRS 13	-	Fair Value Measurement

The adoption of the above amendments did not have any significant impact on the financial statements.

2.5 Standards, Interpretations and amendments to published approved accounting standards that are not yet effective:

The following revised 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)
IAS 1 - Presentation of Financial Statements – (Amendment) - Disclosure Initiative	01-Jan-16
IAS 16 & 38 - Property, Plant and Equipment & intangible assets - (Amendment) - Clarification of Acceptable Method of Depreciation and Amortization	01-Jan-16
IAS 16 & 41 - Property, Plant and Equipment & Agriculture - (Amendment)-Agriculture: Bearer Plants	01-Jan-16
IAS 19 - Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions	01-Jul-14

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company’s financial statements in the period of initial application.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2013. The Company expects that such improvements to the standards will not have any material impact on the Company’s financial statements in the period of initial application.

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

Notes to and forming part of the Condensed Interim Financial Information (Un-audited)

for the first quarter ended March 31, 2015

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2017

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

3 Contingencies and commitments

3.1 Contingencies

- (i) Bank guarantees issued against the performance of various contracts amounting to Rs. 3.2 million (31 December 2014: Rs. 3.6 million)
- (ii) Post dated cheques issued to IGI insurance against general insurance amounting to Rs. 0.9 million (31 December, 2014: 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.

3.2 Commitments

Nil

- 4 Rs. 38m exchange losses due to devaluation of US Dollar value to Rs. 97.7 from Rs. 100.95 as March 31, 2014 as compare to December 31, 2013 respectively

	Un-audited March 31, 2015 (Rupees)	Un-audited March 31, 2014 (Rupees)
5 Cash flows from operating activities		
Profit before tax	58,255,322	16,343,996
Adjustments for:		
Depreciation on property, plant and equipment	5,027,971	4,408,028
Amortization on intangible asset	–	–
Exchange (gain)/loss	(9,300,360)	38,731,392
Gain on disposal of property, plant and equipment	(198,291)	(423,360)
Finance cost	1,425,427	3,824,025
Profit on bank deposit	(2,391,326)	(4,469,772)
	(5,436,580)	42,070,313
Profit before working capital changes	52,818,742	58,414,309
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	(8,859,822)	(6,744,563)
- Trade debts	19,681,164	(17,858,509)
- Advances, deposits, prepayments and other receivables	(17,397,474)	(30,757,199)
Decrease in current liabilities		
Creditors, accrued and other liabilities	26,188,771	19,593,276
	19,612,639	(35,766,995)
Cash generated from operations	72,431,381	22,647,314

Notes to and forming part of the Condensed Interim Financial Information (Un-audited)

for the first quarter ended March 31, 2015

6 Remuneration of chief executive, directors and executives

The aggregate amount charged in the condensed financial statements for the 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	
	2015	2014	2015	2014
Managerial remuneration	915,030	842,600	6,041,694	5,480,254
House rent	366,012	337,040	2,416,678	2,192,102
Utilities	91,503	84,260	604,169	548,025
Contribution to provident fund	91,503	84,260	604,169	548,025
Others	30,430	48,100	148,000	284,872
	1,494,478	1,396,260	9,814,710	9,053,278
Number of persons	1	1	14	12

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

7. Date of authorization for issue

These interim financial statements were authorized for issue on 24 April 2015 by the Board of Directors of the Company.

8. General

8.1 Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director

Avanceon

**Consolidated Condensed
Interim Financial Statements**
for the first quarter ended March 31, 2015

Consolidated Condensed Balance Sheet

as at March 31, 2015

Note	Un-audited March 31, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital 150,000,000 (2014: 150,000,000)		
ordinary shares of Rs 10 each	1,500,000,000	1,500,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
105,696,622 (2014: 105,696,534)		
ordinary shares of Rs 10 each	1,056,966,220	1,056,965,340
Share premium	61,892,936	61,892,584
Employees' share compensation reserve- ESOS 1st Issue	45,000,000	45,000,000
Exchange revaluation reserve	191,895,437	184,640,918
Un-appropriated Profit	654,489,031	573,689,258
	2,010,243,624	1,922,188,100
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
	89,989,736	90,295,262
NON CURRENT LIABILITIES		
Liabilities against assets subject to finance lease	30,593,073	33,767,362
Deferred taxation	18,263,918	18,159,938
Deferred liabilities	14,325,713	12,852,616
	63,182,704	64,779,916
CURRENT LIABILITIES		
Current portion of long-term liabilities	16,603,195	18,993,605
Finances under mark up arrangements and other credit facilities - secured	109,089,849	39,170,340
Creditors, accrued and other liabilities		
Liabilities directly associated with assets	379,295,180	438,760,184
	504,988,224	496,924,129
CONTINGENCIES AND COMMITMENTS		
3		
	2,668,404,288	2,574,187,407

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



Chief Executive Officer

	Note	Un-audited March 31, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		201,487,512	206,583,280
Capital work in progress		1,877,070	2,130,792
Long term investment		551,578,332	545,589,419
Long term deposits		22,732,172	22,651,170
		777,675,087	776,954,661
CURRENT ASSETS			
Stock in trade		67,203,470	50,290,402
Trade debts		1,047,983,543	1,352,375,789
Advances, deposits, prepayments and other receivables		276,992,278	155,058,433
Term deposits with banks		154,072,235	199,511,833
Cash and bank balances		344,477,676	39,996,289
		1,890,729,202	1,797,232,746
		2,668,404,288	2,574,187,407



Director

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

for the first quarter ended March 31, 2015

	Note	Un-audited March 31, 2015 (Rupees)	Un-audited March 31, 2014 (Rupees)
Sales		364,852,334	359,213,181
Cost of sales		(226,750,828)	(223,396,005)
Gross profit / (Loss)		138,101,506	135,817,175
Administrative and selling expenses		(63,074,086)	(63,083,527)
Other charges	4	(1,084,300)	(39,919,477)
Other operating income		15,598,391	7,239,245
		(48,559,995)	(95,763,759)
Profit/(Loss) from operations		89,541,511	40,053,417
Finance costs		(6,137,892)	(5,654,031)
Profit/(Loss) before tax		83,403,619	34,399,385
Taxation		(2,805,392)	(1,380,079)
Income for the period from operations		80,598,227	33,019,306
Combined earnings per share			
Basic		0.76	0.33
Diluted		0.73	0.31

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



Chief Executive Officer



Director

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

for the first quarter ended March 31, 2015

	Note	Un-audited March 31, 2015 (Rupees)	Un-audited March 31, 2014 (Rupees)
Profit/(Loss) for the period		80,598,227	33,019,306
Other comprehensive income			
- Exchange differences on translating foreign operations		7,254,519	(46,718,547)
- Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets for the period-net of tax		201,546	271,728
Total comprehensive income for the period		88,054,292	(13,427,513)

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



Chief Executive Officer



Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

for the first quarter ended March 31, 2015

	Note	Un-audited March 31, 2015 (Rupees)	Un-audited March 31, 2014 (Rupees)
Cash flows from operating activities			
Cash generated from continuing operations	5	203,281,993	136,514,523
Finance costs paid		(6,137,892)	(6,916,148)
Taxes paid		(6,177,693)	(7,936,547)
Net cash / (used in) from operating activities		190,966,409	121,661,827
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,307,236)	(1,141,053)
Proceeds from disposal of property, plant and equipment and intangible assets		2,026,896	423,360
Profit on bank deposit		4,080,681	4,813,434
Term deposits with banks		45,439,598	(255,408,004)
Net change in long term advances and deposits		(81,002)	(42,803)
Net cash / (used in) investing activities		49,158,936	(251,355,067)
Cash flows from financing activities			
Repayment of long term finances		–	(10,000,000)
Proceeds from / (Repayment of) director's loan		–	(18,187,329)
Cash received from Initial Public Offering		1,232	88,081,000
Repayment of finance lease liabilities		(5,564,699)	(4,865,500)
Net cash from / (used in) financing activities		(5,563,467)	55,028,171
Net (decrease) / increase in cash and cash equivalents		234,561,878	(74,665,069)
Cash and cash equivalents at the beginning of year		825,949	357,446,738
Cash and cash equivalents at the end of period		235,387,827	282,781,669

The annexed notes from 1 to 8 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 first quarter ended March 31, 2015

(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, 2013	755,000,000	-	396,775,229	211,115,509	45,000,000	1,407,890,738
Profit for the period	-	-	33,019,306	-	-	33,019,306
Other comprehensive income	-	-	271,728	(46,718,547)	-	(46,446,819)
	-	-	33,291,034	(46,718,547)	-	(13,427,513)
Issue of 25,166,000 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	251,660,000	100,664,000	-	-	-	352,324,000
Balance as on March 31, 2014	1,006,660,000	100,664,000	430,066,263	164,396,962	45,000,000	1,746,787,225
Profit for the period	-	-	394,191,673	-	-	394,191,673
Other comprehensive income	-	-	1,083,822	20,243,956	-	21,327,778
	-	-	395,275,495	20,243,956	-	415,519,451
Adjustment of Issue of 2,516 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	(25,160)	(10,064)	-	-	-	(35,224)
Cash dividend paid at Rs. 2 per share	-	-	(201,322,000)	-	-	(201,322,000)
Expenses incurred against Initial Public Offering	-	(38,761,352)	-	-	-	(38,761,352)
Bonus shares issued @ 5%	50,330,500	-	(50,330,500)	-	-	-
	50,305,340	(38,771,416)	(251,652,500)	-	-	(240,118,576)
Balance as on December 31, 2014	1,056,965,340	61,892,584	573,689,258	184,640,918	45,000,000	1,922,188,100
Profit for the period	-	-	80,598,227	-	-	80,598,227
Other comprehensive income	-	-	201,546	7,254,519	-	7,456,065
	-	-	80,799,773	7,254,519	-	88,054,292
Post IPO adj. of 88 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	880	352	-	-	-	1,232
Balance as on March 31, 2015	1,056,966,220	61,892,936	654,489,031	191,895,437	45,000,000	2,010,243,624

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



Chief Executive Officer



Director

Notes to and from part of the Consolidated Condensed Interim Financial Information (Un-audited)

for the first quarter ended March 31, 2015

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 period ended 31 December 2014.

- 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 2015:

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:

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 13 - Fair Value Measurement

The adoption of the above amendments did not have any significant impact on the financial statements.

- 2.5 **Standards, Interpretations and amendments to published approved accounting standards that are not yet effective:**

The following revised 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)
IAS 1 - Presentation of Financial Statements – (Amendment) - Disclosure Initiative	1-Jan-16
IAS 16 & 38 - Property, Plant and Equipment & intangible assets - (Amendment) - Clarification of Acceptable Method of Depreciation and Amortization	1-Jan-16
IAS 16 & 41 - Property, Plant and Equipment & Agriculture - (Amendment)-Agriculture: Bearer Plants	1-Jan-16
IAS 19 - Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions	1-Jul-14

Notes to and from part of the Consolidated Condensed Interim Financial Information (Un-audited)

for the first quarter ended March 31, 2015

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2013. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – - Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 15 - Revenue from Contracts with Customers	01 January 2017

3 Contingencies and commitments

3.1 Contingencies

- (i) Bank guarantees issued amounting to Rs. 36.5 million (31 December 2014: Rs. 43.5 million) against the performance of various contracts.
- (ii) Letter of credit amounting to Rs. nil (31 December 2014: 132.25 million)
- (ii) Post dated cheques issued to IGI insurance, JAFZA and Emirates Islamic bank amounting to Rs. 9.4 million (31 December 2014: 13.3 million)
- (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.

- 4 Rs.38m exchange losses due to devaluation of US Dollar value to Rs. 97.7 from Rs. 100.95 as March 31, 2014 as compare to December 31, 2013 respectively

	Note	Un-audited March 31, 2015 (Rupees)	Un-audited March 31, 2014 (Rupees)
5 Cash flows from operating activities			
Profit/ (loss) before tax		83,403,619	34,399,385
Adjustments for:			
- Depreciation on property, plant and equipment		5,828,121	5,182,771
- Amortisation on intangible asset		-	-
- Exchange revaluation reserve		1,161,626	(6,193,610)
- Exchange (gain) / loss		(8,731,321)	39,883,983
- Finance cost		6,137,892	5,654,031
- Gain on sale of fixed assets		(198,291)	(423,360)
- Income on bank deposits		(4,075,074)	(4,813,434)
		122,953	39,290,381
Profit before working capital changes		83,526,572	73,689,766
- Increase in stock in trade		(16,913,068)	(2,677,643)
- Decrease trade debts		313,123,567	109,649,743
- Increase in advances, deposits, prepayments and other receivables		(118,567,151)	(75,605,766)
- Deferred taxation		103,980	181,628
- Increase / (decrease) in creditors, accrued and other liabilities		(57,991,907)	31,276,796
		119,755,421	62,824,757
Cash generated from operations		203,281,993	136,514,523

Notes to and from part of the Consolidated Condensed Interim Financial Information (Un-audited)

for the first quarter ended March 31, 2015

6 Remuneration of chief executive, directors and executives

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

(Rupees)	CEO & COO / Director		Other Executives	
	2015	2014	2015	2014
Managerial remuneration	7,941,059	7,614,230	14,363,883	12,525,356
House rent	3,003,132	2,974,160	5,287,383	4,370,497
Utilities	91,503	84,260	604,169	548,025
Contribution to provident fund	458,942	437,579	1,148,542	1,026,882
Others	277,660	48,100	1,057,488	1,030,499
	11,772,296	11,158,329	22,461,465	19,501,259
Number of persons	2	2	17	15

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

7. Date of authorization for issue

The condensed interim consolidated financial information was authorized for issue on 24 April 2015 by the Board of Directors of the Holding Company.

8. General

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director

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