



SEAMLESS
ENGINEERING

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

AVANCEON

Tomorrow's solutions, today.

Table of Contents

Corporate Profile

Company Information	02
Interim Director's Report	04

Stand Alone Financial Statements

Condensed Balance Sheet	08
Condensed Interim Profit and Loss Account	10
Statement of Condensed Interim Comprehensive Income	11
Condensed Interim Cash Flow Statement	12
Condensed Statement of Changes in Equity	14
Notes to the Condensed Interim Financial Information	15

Consolidated Financial Statements

Consolidated Condensed Balance Sheet	20
Consolidated Condensed Interim Profit and Loss Account	22
Consolidated Statement of Condensed Interim Comprehensive Income	23
Consolidated Condensed Interim Cash Flow Statement	24
Consolidated Condensed Statement of Changes in Equity	26
Notes to the Condensed Consolidated Interim Financial Information	27

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. Naveed Ali Baig	Member

Auditors

EY Ford Rhodes
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 AG, Zurich, United Arab Emirates
National Penn Bank, United States of America
Bank of Singapore Limited
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 Islamic Bank, Qatar
Qatar International Islamic Bank, Qatar
Doha Bank, Qatar
Mashreq Bank, Qatar

Share Registrar

FAMCO Associates (Pvt.) Limited
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Trade Mark

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Interim Director's Report

The directors of the company take pleasure in presenting their nine months report together with the Company's reviewed unaudited interim condensed standalone and consolidated financial statements for the nine months ended September 30, 2018.

(Rupees in '000)	For the nine months ended September 30,	
	2018	2017
Operating results (consolidated)		
Revenues	2,007,138	1,712,792
Profit before tax	483,897	273,814
Provision for taxation	(43,688)	8,880
Profit after taxation	440,209	282,694
Operating results (standalone)		
Revenues	943,881	747,513
Profit before tax	397,397	320,350
Provision for taxation	(43,688)	8,880
Profit after taxation	353,710	329,230

Earnings per share (consolidated) for the nine months ended September 30, 2018

The basic earnings per share after tax is Rs. 3.23 (2017: Rs. 2.07)

Earnings per share (standalone) for the nine months ended September 30, 2018

The basic earnings per share after tax is Rs. 2.59 (2017: Rs.2.42).

The operating financial results of the company for the nine months ended September 30, 2018 remained on positive side and heading to achieve targeted corporate plan with respect to revenues and profit after tax for the financial year 2018, we are expecting more positive trend of earnings in 4th quarter of financial year 2018, historically, our revenues and profits remain on lower side in first half year, 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 financials years, currently, we have strong portfolio of orders in hand and in the pipeline for Pakistan, UAE, especially in state of Qatar and Kingdom of Saudi Arabia (KSA).

Communication

Communication with the shareholders is given a high priority. 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

For and on behalf of the



BOARD OF DIRECTORS

October 30, 2018 Lahore, Pakistan.

Avanceon
**Standalone Condensed
Interim Financial Statements**
for the nine months ended September 30, 2018

Condensed Balance Sheet

as at September 30, 2017

(Rupees in '000)	Note	Un-audited September 30, 2018	Audited December 31, 2017
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
200,000,000 (2017: 150,000,000)			
ordinary shares of Rs. 10 each		2,000,000	1,500,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
136,323,754 (2017: 132,121,128)			
ordinary shares of Rs. 10 each		1,363,238	1,321,211
CAPITAL RESERVES			
Share Premium		61,906	61,894
Employees' share compensation reserve		35,989	69,825
Surplus on revaluation of property, Plant & equipment		145,501	146,115
		243,396	277,833
REVENUE RESERVES			
Un-appropriated profit		968,791	920,870
		2,575,425	2,519,914
NON CURRENT LIABILITIES			
Long Term Loan		6,061	19,697
Daffered Tax Liabilities		14,803	11,995
Liabilities against assets subject to finance lease		59,046	52,517
		79,910	84,209
CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		24,546	25,608
Current portion of Long term loan		18,182	18,182
Finances under mark up arrangements and other credit facilities - secured		254,031	221,311
Creditors, accrued and other liabilities		447,206	553,962
		743,965	819,063
CONTINGENCIES AND COMMITMENTS			
	5		
		3,399,299	3,423,187

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



Chief Executive Officer

(Rupees in '000)	Note	Un-audited September 30, 2018	Audited December 31, 2017
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		286,139	274,202
Intangible Assets		43	78
Long term investments		482,117	473,671
Long term deposits		18,719	18,116
		787,018	766,067
CURRENT ASSETS			
Stock in trade		52,750	47,953
Trade debts		1,546,964	1,622,192
Advances, deposits, prepayments and other receivables		952,190	932,129
Cash and bank balances		60,376	54,846
		2,612,281	2,657,120
		3,399,299	3,423,187


 Director

Condensed Interim Profit and Loss Account (Un-audited)

for the nine month ended September 30, 2018

(Rupees in '000)	Nine months ended		Quarter ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Sales	943,881	747,513	240,411	364,272
Cost of sales	(608,993)	(420,685)	(148,685)	(206,117)
Gross profit / (Loss)	334,888	326,827	91,726	158,155
Administrative and selling expenses	(127,152)	(103,939)	(34,373)	(24,357)
Other operating expenses	(3,101)	(2,888)	(823)	(841)
Other operating income	216,724	122,013	42,765	30,733
	86,471	15,187	7,569	5,535
Profit / (Loss) from operations	421,359	342,015	99,295	163,690
Finance costs	(23,962)	(21,664)	(8,629)	(10,178)
Profit / (Loss) before tax	397,397	320,350	90,666	153,512
Taxation	(43,688)	8,880	(22,900)	23,888
Profit / (Loss) for the period	353,710	329,230	67,766	177,400
Earnings/(Loss) per share - basic	2.59	2.42	0.50	1.30
Earnings/(Loss) per share - diluted	2.53	2.35	0.48	1.27

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 nine months ended September 30, 2018

(Rupees in '000)	Nine months ended		Quarter ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Profit / (loss) for the period	353,710	329,230	67,766	177,401
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	613	542	209	201
Deferred tax on revaluation surplus due to reduction in tax rate	327	-	-	-
Total comprehensive income / (loss) for the period	354,650	329,772	67,976	177,602

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

for the nine months ended September 30, 2018

(Rupees in '000)	Nine months ended	
	September 30, 2018	September 30, 2017
Cash flows from operating activities		
Profit/(loss) before tax	397,397	320,350
Adjustments for:		
Depreciation on property, plant and equipment	7,109	6,091
Depreciation on asset subject to finance lease	15,834	12,825
Amortization on intangible asset	35	35
Exchange loss/ (gain)	(213,717)	(11,139)
Provision for doubtful debts and advances	-	278
Gain on disposal of property, plant and equipment	(900)	(1,206)
Finance cost	23,962	21,664
Income on bank deposits	(175)	(133)
	(167,852)	28,415
Profit before working capital changes	229,545	348,766
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
Stock in trade	(4,797)	(17,389)
Trade debts	288,945	(188,110)
Advances, deposits, prepayments and other receivables	(19,641)	(156,352)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(322,898)	149,174
	(58,391)	(212,677)
Cash generated from operations	171,155	136,089


Chief Executive Officer


Chief Financial Officer


Director

Condensed Interim Cash Flow Statement

for the nine months ended September 30, 2018

(Rupees in '000)	Nine months ended	
	September 30, 2018	September 30, 2017
Cash generated from operations	171,155	136,089
Finance cost paid	(24,212)	(21,065)
Taxes paid	(41,300)	(32,529)
Net cash from operating activities	105,642	82,495
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,549)	(3,594)
Proceeds from sale of property, plant and equipment	8,754	4,633
Profit on bank deposit	1,960	133
Net change in long term advances and deposits	(603)	(2,772)
Net cash generated from / (used in) investing activities	2,562	(1,600)
Cash flows from financing activities		
Net cash received against share issued	4,200	-
Long term loan	(13,636)	42,424
Dividend paid	(103,927)	(105,697)
Repayment of finance lease liabilities	10,690	(29,093)
Net cash used in financing activities	(102,674)	(92,366)
Net increase/(decrease) in cash and cash equivalents	5,530	(11,471)
Cash and cash equivalents at the beginning of period	54,846	(184,458)
Cash and cash equivalents at the end of period	60,376	(195,929)

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



Chief Executive Officer



Chief Financial Officer



Director

Condensed Statement of Changes in Equity

for the nine months ended September 30, 2018

(Rupees in '000)	CAPITAL RESERVES				REVENUE RESERVES	Total
	Share Capital	Share Premium	Employees' share compensation reserve	Surplus on revaluation of property, plant and equipment	Un-appropriated profit / (loss)	
Balance as on 01 January, 2017	1,056,969	61,894	51,597	112,461	828,009	2,110,930
Profit for the period	-	-	-	-	329,230	329,230
Other comprehensive income	-	-	-	(542)	542	-
	-	-	-	(542)	329,772	329,230
Final dividend for the year ended 31 December 2016 at the rate of Rs. 1 per share	-	-	-	-	(105,697)	(105,697)
Bonus Shares for the year ended 31 December 2016 at the rate of 25%	264,242	-	-	-	(264,242)	-
Employee share option	-	-	3,299	-	-	3,299
	264,242	-	3,299	-	(369,939)	(102,398)
Balance as on September 30, 2017 (Un-audited)	1,321,211	61,894	54,896	111,919	787,842	2,337,762
Profit for the period	-	-	-	-	132,878	132,878
Other comprehensive income	-	-	-	(150)	150	-
	-	-	-	(150)	133,028	132,878
Effect of restatement	-	-	-	34,346	-	34,346
Employee share option	-	-	14,929	-	-	14,929
	-	-	14,929	34,346	-	49,275
Balance as on December 31, 2017 (audited)	1,321,211	61,894	69,825	146,115	920,870	2,519,914
Profit for the period	-	-	-	-	353,710	353,710
Other comprehensive income	-	-	-	(613)	940	327
	-	-	-	(613)	354,650	354,036
Final dividend for the year ended 31 December 2017 at the rate of Rs. 2.25 per share	-	-	-	-	(306,729)	(306,729)
ESOS-I issued, 4,199,629 shares @ Rs. 10	41,996	-	(37,796)	-	-	4,200
Post ballot shares issued 2997 @ Rs. 14	30	12	-	-	-	42
Employee share option	-	-	3,960	-	-	3,960
	42,026	12	(33,836)	-	(306,729)	(298,526)
Balance as on September 30, 2018	1,363,238	61,906	35,989	145,501	968,791	2,575,425

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



Chief Executive Officer



Chief Financial Officer



Director

Notes to and forming Part of Condensed Interim Financial Information

for the nine months ended September 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

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 was listed on Lahore and Karachi Stock Exchanges (now Pakistan Stock Exchange Limited) on 10 February 2014.

The principal activity of the Company is to trade in products of automation and control equipments and to provide related technical services. Following are the business units of the Company along with their respective locations:

BUSINESS UNIT	LOCATION
Head Office	19 km, Multan Road, Lahore.
REGIONAL OFFICES	
Karachi	D-16/1, Block-3, Lane-5 Clifton, Karachi
Islamabad	299-Pansi Road, Bahria Town, Islamabad

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan 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 derivatives issued under the Companies Act, 2017.

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

The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. As a result, the Company has changed its accounting framework accordingly. This change in accounting framework has not resulted in significant changes to the amounts recognized in these condensed interim financial statements or the comparative information except some additional disclosures being made as required under the Companies Act, 2017 and presentation of surplus on revaluation of property, plant and equipment as a component of equity.

2.2. This 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 31 December 2017.

2.3 Standards, Interpretations and amendments to published approved accounting standards effective in 2018:

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

- IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
- IAS 40 - Investment Property: Transfers of Investment Property (Amendments)
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration

In addition to above, annual improvements to IFRS under 2014–2016 Cycle, in respect of IAS 28, have also become effective.

The adoption of the above amendments / improvements to accounting standards did not have any effect on the condensed interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of this financial information are the same as those applied in the preparation of preceding annual financial statements of the Company for the year ended 31 December 2017 except for presentation of surplus on revaluation of property, plant and equipment as disclosed in note 2.1.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of the estimation are the same as those that applied to the financial statements for the year ended 31 December 2017.

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

5. CONTINGENCIES AND COMMITMENTS

5.1 Contingencies

5.1.1 Bank guarantees issued amounting to Rs. 36.58 million (2017: Rs. 22.262 million) against the performance of various contracts.

5.1.2 During the year the Company received notice under section 122 (9) of the Income Tax Ordinance, 2001 for the tax year 2015 under which additions were made to its taxable income on various accounts. The Company replied to the notice and an amended assessment order was passed under which tax losses have been reduced by Rs. 8,814,739. An appeal has been filed by the Company against this order. In view of tax advisor's opinion, management is confident of favorable outcome of the case, therefore no adjustment has been made to these financial statements.

5.1.3 "Company has preferred appeals before the Commissioner Inland Revenue (Appeals) against the orders of the Additional Commissioner Inland Revenue u/s 122 (1) read with section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years 2010 and 2011 raising demands of Rs. 17,157,240 and Rs. 21,702,929 respectively. As a result of this, the office of the Commissioner Inland Revenue (Appeals), Lahore disposed of the both appeals partially in favor of the company.

Then, Company has filed appeal before the Appellate Tribunal Inland Revenue against the order of the CIR (A) decision for both of the years, which is pending for hearing.

5.2. Commitments

5.2.1 Letters of credit includes Rs. NIL (2017: 25.920) which relates to import acceptance bills.

Notes to and forming Part of Condensed Interim Financial Information

for the nine months ended September 30, 2018

6. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

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

(Rupees in '000)	Director		Others Executives	
	2018	2017	2018	2017
		Restated		Restated
Managerial remuneration	3,464	3,027	45,274	38,570
House rent	1,385	1,211	18,109	15,428
Utilities	346	303	4,527	3,857
Provident Fund	346	303	4,527	3,857
Others	85	496	2,159	996
	5,626	5,339	74,596	62,708
Number of Persons	1	1	41	33

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

7. GENERAL

7.1 Figures have been rounded off to the nearest thousand rupee.

8. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized by the Board of Directors of the Company for issue on October 30, 2018.



Chief Executive Officer



Chief Financial Officer



Director

Avanceon
Consolidated Condensed
Interim Financial Statements
for the nine months ended September 30, 2018

Consolidated Condensed Balance Sheet

as at September 30, 2018

(Rupees in '000)	Note	Un-audited September 30, 2018	Audited December 31, 2017
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 200,000,000 (2017: 150,000,000)			
ordinary shares of Rs. 10 each		2,000,000	1,500,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
136,323,754 (2017: 132,121,128)			
ordinary shares of Rs. 10 each		1,363,238	1,321,211
CAPITAL RESERVES			
Share premium		61,906	61,894
Employees' share compensation reserve		35,989	69,825
Exchange revaluation reserve		325,549	244,839
Surplus on Revaluation of Property, Plant & Equipment		145,501	146,115
		568,945	522,673
REVENUE RESERVES			
Un-appropriated Profit		1,028,686	894,265
		2,960,869	2,738,149
NON CURRENT LIABILITIES			
Long Term Loans		6,061	19,697
Liabilities against assets subject to finance lease		60,818	52,517
Deferred taxation		14,803	11,995
Deferred liabilities		54,264	36,946
		135,946	121,155
CURRENT LIABILITIES			
Current portion of Long Term Loans		18,182	18,182
Current portion of long-term liabilities		29,051	25,608
Finances under mark up arrangements and other credit facilities - secured		277,158	339,604
Creditors, accrued and other liabilities		1,509,490	1,354,264
		1,833,881	1,737,659
CONTINGENCIES AND COMMITMENTS			
	3	4,930,696	4,596,962

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



Chief Executive Officer

(Rupees in '000)	Un-audited September 30, 2018	Audited December 31, 2017
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	296,292	277,105
Intangible Assets	43	78
Long term investment	665,804	599,345
Long term deposits	35,518	33,262
	997,657	909,790
CURRENT ASSETS		
Stock in trade	91,765	93,387
Trade debts	2,855,128	2,892,596
Advances, deposits, prepayments and other receivables	612,274	337,090
Term deposits with banks	169,117	194,769
Cash and bank balances	204,756	169,330
	3,933,039	3,687,172
	4,930,696	4,596,962


 Director

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

for the nine months ended September 30, 2018

(Rupees in '000)	Nine months ended		Quarter ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Sales	2,007,138	1,712,792	558,607	747,384
Cost of sales	(1,388,525)	(1,172,454)	(395,688)	(536,360)
Gross Profit / (Loss)	618,612	540,338	162,919	211,024
Administrative and selling expenses	(307,147)	(250,492)	(95,111)	(88,846)
Other operating expenses	(3,101)	(2,888)	(823)	(841)
Other operating income	218,879	33,473	43,234	9,400
	(91,369)	(219,906)	(52,701)	(80,288)
Profit / (Loss) from operations	527,243	320,431	110,218	130,736
Finance costs	(43,347)	(46,617)	(12,595)	(20,666)
Profit / (Loss) before tax	483,897	273,814	97,624	110,070
Taxation	(43,688)	8,880	(22,900)	23,888
Income for the period	440,209	282,694	74,724	133,958
Combined earnings per share				
Basic	3.23	2.07	0.55	0.98
Diluted	3.15	2.02	0.53	0.96

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

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

for the nine months ended September 30, 2018

(Rupees in '000)	Nine months ended		Quarter ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Profit / (Loss) for the period	440,209	282,694	74,724	133,958
Other comprehensive income				
- Exchange difference on translating foreign operations	80,710	2,730	14,081	9,368
- Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period-net of tax	613	542	209	181
- Items to be re-classified to profit and loss in subsequent period				
Deferred tax on revaluation surplus due to reduction in tax rate	327	-	-	-
Total comprehensive income for the period	521,859	285,966	89,014	143,506

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


Chief Executive Officer


Director

Condensed Interim Cash Flow Statement (Un-audited)

for the nine months ended September 30, 2018

(Rupees in '000)	Un-audited September 30, 2018	Un-audited September 30, 2017
Cash flow from operating activities		
Profit/ (loss) before tax	483,897	273,814
Adjustments for:		
Depreciation on property, plant and equipment	24,387	20,069
Amortization of intangible asset	35	35
Exchange (gain) / loss	(209,553)	(11,139)
Exchange revaluation reserve	27,028	1,438
Employee benefit expense	13,967	-
Provision for doubtful debts and advances	-	278
Finance cost	43,347	46,617
(Gain)/loss on fixed assets	(945)	(1,206)
Income on bank deposits	(6,269)	(10,121)
	(108,002)	45,970
Profit before working capital changes	375,894	319,784
(Increase) / decrease in current assets		
Stock in trade	1,623	(56,021)
Trade debts	247,021	(386,447)
Advances, deposits, prepayments and other receivables	(315,673)	(31,852)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	(114,867)	284,853
	(181,897)	(189,467)
Cash (used in) / generated from operations	193,998	130,317

Condensed Interim Cash Flow Statement (Un-audited)

for the nine months ended September 30, 2018

(Rupees in '000)	Un-audited September 30, 2018	Un-audited September 30, 2017
Cash generated from continuing operations	193,998	130,317
Finance costs paid	(43,597)	(46,017)
Taxes paid	(40,799)	(32,534)
Net cash (used in) / generated from operating activities	109,602	51,766
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,340)	(4,607)
Purchase of intangible asset		
Proceeds from disposal of property, plant and equipment and intangible assets	9,569	4,633
Profit on bank deposit	6,269	10,121
Term deposits with banks	25,652	(33,276)
Net change in long term advances and deposits	(2,256)	(3,315)
Net cash (used in) / generated from investing activities	28,894	(26,444)
Cash flows from financing activities		
Share issued	4,200	-
Dividend paid	(103,928)	(105,696)
Long term loan	(13,637)	42,424
Repayment of finance lease liabilities	10,294	(29,655)
Net cash (used in) / generated from financing activities	(103,071)	(92,927)
Net (decrease) / increase in cash and cash equivalents	35,426	(67,605)
Cash and cash equivalents at the beginning of year	169,330	(149,819)
Cash and cash equivalents at the end of period	204,756	(217,424)

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


Chief Executive Officer


Director

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

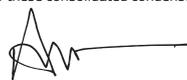
for the nine months ended September 30, 2018

(Rupees in '000)	CAPITAL RESERVES					REVENUE RESERVES	Total
	Share Capital	Share Premium reserve	Employees' share compensation reserve	Exchange revaluation reserve	Surplus on revaluation of property, plant and equipment	Un-appropriated profit / (loss)	
Balance as on January 01, 2017	1,056,969	61,894	51,597	209,034	112,461	700,040	2,191,996
Profit for the period	-	-	-	-	-	282,694	282,694
Other comprehensive income	-	-	-	2,730	(361)	542	2,911
	-	-	-	2,730	(361)	283,236	285,605
Final dividend for the year ended 31 December 2016 at the rate of Rs. 1 per share	-	-	-	-	-	(105,697)	(105,697)
Bonus Shares for the year ended 31 December 2016 at the rate of 25%	264,242	-	-	-	-	(264,242)	-
Adjustment of ESOS 2nd Issue	-	-	3,299	-	-	-	3,299
	264,242	-	3,299	-	-	(369,939)	(102,398)
Balance as on September 30, 2017	1,321,211	61,894	54,896	211,764	112,100	613,337	2,375,202
Profit for the period	-	-	-	-	-	280,778	280,778
Other comprehensive income	-	-	-	33,075	(331)	150	32,895
	-	-	-	33,075	(331)	280,929	313,673
Effect of restatement	-	-	-	-	34,345	-	34,345
Adjustment of ESOS 2nd Issue	-	-	14,929	-	-	-	14,929
	-	-	14,929	-	34,345	-	49,274
Balance as on December 31, 2017	1,321,211	61,894	69,825	244,839	146,115	894,266	2,738,149
Profit for the period	-	-	-	-	-	440,209	440,209
Other comprehensive income	-	-	-	80,710	(613)	940	81,037
	-	-	-	80,710	(613)	441,149	521,246
Final dividend for the year ended 31 December 2017 at the rate of Rs. 2.25 per share	-	-	-	-	-	(306,729)	(306,729)
ESOS-I issued, 4,199,629 shares @ Rs. 10	41,996	-	(37,796)	-	-	-	4,200
Post ballot shares issued 2,997 @ Rs. 14	30	12	-	-	-	-	42
Adjustment of ESOS 2nd Issue	-	-	3,960	-	-	-	3,960
	42,026	12	(33,836)	-	-	(306,729)	(298,526)
Balance as on September 30, 2018	1,363,238	61,906	35,989	325,549	145,501	1,028,686	2,960,869

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



Chief Executive Officer



Chief Financial Officer



Director

Notes to and forming part of the consolidated condensed Interim financial information (Un-audited)

for the nine months ended September 30, 2018

1. Legal status and nature of business

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

1.1 The "Group" consists of:

Holding Company

Avanceon Limited (AVL)

Subsidiary Companies and Associated Undertaning;

	% age of holding
- Avanceon, Free Zone Establishment, UAE (AFZE);	100%
- Avanceon Automation and Control WLL, (AVAC), Doha, Qatar	49%
- Innovative Automation Inc. USA (IA) (formerly Engro Innovative Inc.)	100%
- Avanceon Limited Partnership (ALP)	26.13%

AFZE 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 28 February 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 trade in products of automation and control equipment and provide related technical support.

AVAC is a company with limited liability registered under the Ministry of Economy and Commerce, state of Qatar on 22 May 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 subsidiary are to trade in automated measurement, control and measurements devices. The activities further include the installation, measuring, controlling and repairing of equipment and devices. During the period, the Company has acquired control over its financial and operating decision making.

IA's registered office is 1800 John F. Kennedy Boulevard, Suite 1601, Philadelphia, PA. The Company holds 26.13% (2015: 26.13%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, The General Partner.

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the

requirements or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2. Standards, Interpretations and amendments to published approved standards effective in 2017:

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)
IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 - Consolidated Financial Statements and IAS 28: Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	01 January 2018
IFRS 9 - Financial Instruments: Classification and Measurement	01 July 2018
IFRS 9 - Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 15 - Revenue from Contracts with Customers	01 January 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019

The Group expects that the adoption of the above revisions and amendments of the standards will not materially affect the Group's financial statements in the period of initial application or later periods except for IFRS 15. The management is in the process of determining the effect of application of IFRS 15.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019. The Group expects that such improvements to the standards will not have any impact on the Group's financial statements in the period of initial application.

Notes to and forming part of the consolidated condensed Interim financial information (Un-audited)

for the half year ended June 30, 2018

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 16 - Leases	01 January 2019
IFRS 17 - Insurance Contracts	01 January 2021

The Group expects that the adoption of the above standards will have no material effect on the Group's financial statements, in the period of initial application, except for IFRS 16. The management is in the process of determining the effect of application of IFRS 16.

3. Contingencies and commitments

3.1 Contingencies

- (i) Bank guarantees issued amounting to Rs. 36.58 million (31 December 2017: Rs. 22.262 million) against the performance of various contracts.
- (ii) During the previous period, Company received notice under section 122 (9) of the Income Tax Ordinance, 2001 for the tax year 2015 under which additions were made to its taxable income on various accounts. The Company replied to the notice and an amended assessment order was passed under which tax losses have been reduced by Rs. 8,814,739. An appeal has been filed by the Company against this order. In view of tax advisor's opinion, management is confident of favorable outcome of the case, therefore no adjustment has been made to these financial statements.
- (iii) Company has preferred appeals before the Commissioner Inland Revenue (Appeals) against the orders of the Additional Commissioner Inland Revenue u/s 122 (1) read with section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years 2010 and 2011 raising demands of Rs. 17,157,240 and Rs. 21,702,929 respectively. As a result of this, the office of the Commissioner Inland Revenue (Appeals), Lahore disposed of the both appeals partially in favor of the company. Then, Company has filed appeal before the Appellate Tribunal Inland Revenue against the order of the CIR (A) decision for both of the years, which is pending for hearing.

3.2 Commitments

- (i) Avanceon Limited has commitment of letters of credit includes NIL (31 December 2017: 25.920) which relates to import acceptance bills.
- (ii) Avanceon FZE has provided the following commitments;

(Rupees in '000)	Un-audited September 30, 2018	Audited December 31, 2017
Labour/ performance guarantee Letters of credit	215,303	250,218
Post dated cheques issued to; JAFZA against payment of rent	3,082	6,525
	218,385	256,743

4. Remuneration of chief executive, directors and executives

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

(Rupees in '000)	CEO		Director		Other Executives	
	2018	2017	2018	2017	2018	2017
Managerial remuneration	29,795	21,863	4,900	4,310	103,918	89,093
House rent	9,193	8,217	1,385	1,211	40,418	36,285
Utilities	5,171	4,622	346	303	10,198	9,184
Provident Fund / Gratuity	7,233	1,245	346	378	10,558	8,365
Others	862	770	85	496	6,662	5,287
	52,255	36,716	7,063	6,698	171,755	148,214
Number of persons	1	1	1	1	52	43

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

5. Date of authorization for issue

The condensed interim consolidated financial information was authorised for issue on October 30, 2018 by the Board of Directors of the Holding Company.

6. General

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer



Chief Financial Officer



Director

AVANCEON

Tomorrow's solutions, today.

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