

**AVANCEON**  
tomorrow's solutions, today

MISSION **2020**  
*Envision it*

**QUARTERLY REPORT**  
for the first quarter ended  
**March 31, 2019**



**YOUR PARTNER IN DIGITAL  
TRANSFORMATION**

# 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. Khalid Hameed Wain	Member

### Auditors

EY Ford Rhodes  
Chartered Accountants.

### Legal Advisor

Chima & Ibrahim advocates and Corporate Council

### Web Presence

[www.avanceon.ae](http://www.avanceon.ae)

[www.avanceon.qa](http://www.avanceon.qa)

### 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  
MCB Bank Limited, Pakistan  
United Bank Limited, Pakistan, U.A.E. & Qatar  
National Bank of Pakistan Limited, Pakistan  
Standard Chartered Bank Limited, Pakistan  
JS Bank Limited, Pakistan & Bahrain  
Qatar International Islamic Bank, Qatar  
Mashreq Bank, Qatar  
Qatar Islamic Bank, QIB, Qatar  
Doha Bank, Qatar  
Bank of Singapore, U.A.E. & Singapore

### Share Registrar

FAMCO Associates (Pvt.) Limited  
8-F, Next to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S, Shakra-e-Faisal  
Karachi-75400 Sindh, Pakistan.  
Phone: +92 (21) 343 801 01-5, 343 846 21-3  
Fax : +92 (21) 343 801 06  
Email : [info.shares@famco.com.pk](mailto:info.shares@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 North America Avanceon GP - Exton, PA, USA

180 Sheree Boulevard  
Suite 1400  
Exton, PA 19341  
United States of America  
Phone +1 610 458 8700

## Regional Headquarters South East Asia

### Lahore, Punjab, Pakistan

The Avanceon Building  
19 Km Main Multan Road  
Lahore, Punjab  
Pakistan  
Phone: +92 42 111 940 940

SE Asia Technical Support: 0800 11194

### Karachi, Sindh, Pakistan

First Floor, MA Tabba Foundation Building,  
Gizri Road Block 9 Clifton  
Karachi, Sindh 75600,  
Pakistan.  
Phone: +92 21 111 940 940

### Islamabad Capital City

299 Pansi Road, Safari Villas III, Bahria Town,  
Islamabad, Pakistan.  
Phone: +92 51 573 3031

Trade Mark

**AVANCEON**  
Tomorrow's solutions, today.

## Regional Headquarters Middle East and Asia

### Avanceon FZE - Dubai, UAE

FZS1 BD04, JAFZA  
PO 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  
Abu Dhabi, U.A.E. P.O. Box 915  
P: +971 4 88 60 277  
Email: support.mea@avanceon.ae

### Doha, Qatar

Avanceon Automation & Control W.L.L.  
Office No.12, Al Jabar Eng. Building  
Fox Hills, Lusail. PO Box 15976  
Doha, Qatar.  
Phone: +974 404 098 34  
Email: support@avanceon.qa

### Jeddah, Saudia Arabia

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

### Dammam, Saudia Arabia

In Partnership with ATCO LLC  
ATCO Building, King Khalid Street.  
Dammam, KSA. PO Box 718  
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 first quarter report together with the Company's unaudited interim condensed standalone and consolidated financial statements for the first quarter ended March 31, 2019.

	For the first quarter ended March 31,	
	2019	2018
	(Rupees in '000)	
<b>Operating results (consolidated)</b>		
Revenues	697,083	589,348
Profit before tax	148,580	186,896
Provision for taxation	(1,257)	(2,131)
Profit after taxation	147,323	184,765
<b>Operating results (standalone)</b>		
Revenues	300,483	353,159
Profit before tax	85,667	170,040
Provision for taxation	(1,257)	(2,131)
Profit after taxation	84,410	167,909

### Earnings per share (consolidated) for the first quarter ended March 31, 2019

The basic earnings per share after tax is Rs. 1.08 (2018: Rs. 1.40)

### Earnings per share (standalone) for the first quarter ended March 31, 2019

The basic earnings per share after tax is Rs. 0.62 (2018: Rs. 1.27).

As per above operating financial results of the company for the first quarter ended March 31, 2019, profits of the company slightly decreased but committed to achieve the targeted corporate plan revenues and profit after tax for the financial year 2019, we are expecting more recovery of earnings in remaining period of financial year 2019, historically, our revenues and profits remain on lower side in first quarter, 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, Qatar, Saudi Arabia (KSA).

### Communication

Communication with the shareholders is given a high priority. Financial reports are shared with shareholders within time specified in the Companies Ordinance 1984. 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

April 30, 2019  
Lahore, Pakistan,



Avanceon

**Standalone Condensed  
Interim Financial Statements**  
for the first quarter ended March 31, 2019



## Condensed Balance Sheet (Un-audited)

as at March 31, 2019

Note	Un-audited March 31, 2019	Audited December 31, 2018
	(Rupees in '000)	
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised capital		
200,000,000 (2018: 200,000,000)		
ordinary shares of Rs. 10 each	2,000,000	2,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
136,323,754 (2018: 136,323,754)		
ordinary shares of Rs 10 each	1,363,238	1,363,238
<b>CAPITAL RESERVES</b>		
Share Premium	61,906	61,906
Employees' share compensation reserve	39,949	39,949
Surplus on revaluation of property & equipment	167,700	167,915
	269,555	269,770
<b>REVENUE RESERVES</b>		
Un-appropriated profit	1,277,302	1,192,698
	2,910,095	2,825,706
<b>NON CURRENT LIABILITIES</b>		
Long Term Loan	-	1,515
Daffered Tax - net	24,447	24,427
Liabilities against assets subject to finance lease	50,871	59,275
	75,319	85,217
<b>CURRENT LIABILITIES</b>		
Current portion of liabilities against assets subject to finance lease	25,464	24,546
Current portion of long term loan	15,152	18,182
Finances under mark up arrangements and other credit facilities - secured	262,323	248,866
Unclaimed / Unpaid Dividend	282,952	283,075
Creditors, accrued and other liabilities	252,086	209,131
	837,977	783,799
<b>CONTINGENCIES AND COMMITMENTS</b>	3	
	3,823,390	3,694,722

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



Chief Executive Officer  
Bakhtiar Hameed Wain



Chief Financial Officer  
Saeed Ullah Khan Niazi

Note	Un-audited March 31, 2019	Audited December 31, 2018
	(Rupees in '000)	
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property and equipment	320,922	325,903
Intangible Assets	19	31
Long term investments	482,117	482,117
Long term loans and deposits	20,473	19,103
	823,532	827,154
<b>CURRENT ASSETS</b>		
Stock in trade	48,659	48,871
Trade debts	1,844,941	1,763,597
Advances, deposits, prepayments and other receivables	1,072,678	1,036,452
Short term Investments	1,256	1,257
Cash and bank balances	32,324	17,391
	2,999,858	2,867,568
	3,823,390	3,694,722

  
 Director  
 Taveer Karamat

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

for the first quarter ended March 31, 2019

	Un-audited March 31, 2019	Un-audited March 31, 2018
(Rupees in '000)		
Sales	300,483	353,159
Cost of sales	(187,601)	(215,166)
Gross profit / (loss)	112,882	137,993
Administrative and selling expenses	(39,950)	(37,925)
Other operating charges	(1,437)	(1,365)
Other operating income	24,321	78,860
	(17,066)	39,570
Profit / (loss) from operations	95,816	177,562
Finance costs	(10,149)	(7,523)
Profit / (loss) before tax	85,667	170,040
Taxation	(1,257)	(2,131)
Profit / (loss) for the period	84,410	167,909
Earnings / (loss) per share - basic	0.62	1.27
Earnings / (loss) per share - diluted	0.60	1.21

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



Chief Executive Officer  
Bakhtiar Hameed Wain



Chief Financial Officer  
Saeed Ullah Khan Niazi



Director  
Taveer Karamat

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

for the first quarter ended March 31, 2019

	Un-audited March 31, 2019	Un-audited March 31, 2018
	(Rupees in '000)	
Profit / (loss) for the period	84,410	167,909
<b>Other comprehensive income</b>		
<i>Items not to be reclassified to profit and loss in subsequent periods</i>		
Transfer from revaluation surplus on account of incremental depreciation	215	209
Less: tax effect	(20)	-
<b>Total comprehensive income / (loss) for the period</b>	<b>84,604</b>	<b>168,118</b>

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



Chief Executive Officer  
Bakhtiar Hameed Wain



Chief Financial Officer  
Saeed Ullah Khan Niazi



Director  
Taveer Karamat

## Condensed Interim Cash Flow Statement (Un-audited)

for the first quarter ended March 31, 2019

	Un-audited March 31, 2019	Un-audited March 31, 2018
(Rupees in '000)		
<b>Cash flows from operating activities</b>		
Profit / (loss) before tax	85,667	170,040
Adjustments for:		
Depreciation on property, plant and equipment	9,485	7,310
Amortization on intangible asset	12	12
Exchange gain (gain) / loss	(24,086)	(78,716)
Gain on disposal of property and equipment	-	(61)
Finance cost	10,149	7,523
Income on bank deposits	(108)	(82)
	(4,549)	(64,016)
Profit before working capital changes	81,118	106,022
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
-Stock in trade	212	(21,053)
-Trade debts	(57,258)	104,278
-Advances, deposits, prepayments and other receivables	(10,211)	(28,327)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	56,200	(88,166)
	(11,059)	(33,268)
<b>Cash generated from operations</b>	<b>70,059</b>	<b>72,754</b>



Chief Executive Officer  
Bakhtiar Hameed Wain



Chief Financial Officer  
Saeed Ullah Khan Niazi

## Condensed Interim Cash Flow Statement (Un-audited)

for the first quarter ended March 31, 2019

	Un-audited March 31, 2019	Un-audited March 31, 2018
	(Rupees in '000)	
<b>Cash generated from operations</b>	70,059	72,754
Finance cost paid	(9,936)	(7,806)
Taxes paid	(27,251)	(32,258)
<b>Net cash from operating activities</b>	<b>32,872</b>	<b>32,690</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,504)	(2,688)
Proceeds from sale of property, plant and equipment	-	5,339
Short term investments	1	-
Profit on bank deposit	108	82
Net change in long term advances and deposits	(1,369)	633
<b>Net cash generated from / (used in) investing activities</b>	<b>(5,764)</b>	<b>3,366</b>
<b>Cash flows from financing activities</b>		
Long term loan	(4,545)	(4,545)
Dividend	(123)	
Repayment of finance lease liabilities	(7,506)	(14,029)
<b>Net cash used in financing activities</b>	<b>(12,175)</b>	<b>(18,574)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>14,933</b>	<b>17,482</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>17,391</b>	<b>54,846</b>
<b>Cash and cash equivalents at the end of period</b>	<b>32,324</b>	<b>72,328</b>

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

  
Director  
Taveer Karamat

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

for the first quarter ended March 31, 2019

	CAPITAL RESERVES				REVENUE RESERVES	Total
	Share Capital	Share Premium	Employees' share compensation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)	
	(Rupees in '000)					
<b>Balance as on January 01, 2018</b>	1,321,211	61,894	69,825	146,115	920,870	2,519,914
Profit for the period	-	-	-	-	167,909	167,909
Other comprehensive income	-	-	1,875	-	209	2,084
	-	-	1,875	-	168,118	169,993
<b>Balance as on March 31, 2018</b>	1,321,211	61,894	71,700	146,115	1,088,988	2,689,907
Profit for the period	-	-	-	-	409,853	409,853
Other comprehensive income	-	-	-	(795)	586	(209)
	-	-	-	(795)	410,438	409,643
Revaluation Surplus arising during the year - net of tax	-	-	-	22,596	-	22,596
Final dividend for the year ended 31 December 2017 at the rate of Rs. 2.25 per share	-	-	-	-	(306,728)	(306,728)
ESOS-I issued, 4,199,629 shares @ Rs. 10	41,996	-	(37,797)	-	-	4,200
Post ballot shares issued 2997 @ Rs. 14	30	12	-	-	-	42
Employee share option	-	-	6,046	-	-	6,046
	42,026	12	(31,751)	-	(306,728)	(296,441)
<b>Balance as on December 31, 2018</b>	1,363,238	61,906	39,949	167,915	1,192,698	2,825,705
Profit for the period	-	-	-	-	84,410	84,410
Other comprehensive income	-	-	-	(215)	195	(20)
	-	-	-	(215)	84,604	84,389
<b>Balance as on March 31, 2019</b>	1,363,238	61,906	39,949	167,700	1,277,302	2,910,095

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



Chief Executive Officer  
Bakhtiar Hameed Wain



Chief Financial Officer  
Saeed Ullah Khan Niazi



Director  
Taveer Karamat

# Notes to and forming part of Condensed Interim Financial Information

for the first quarter ended March 31, 2019

## 1. Legal status and nature of business

Avanceon Limited (the Company) was incorporated in Pakistan on March 26, 2003 as a private limited company which was converted to a public company on March 31, 2008 under the Companies Ordinance, 1984 (now Companies Act, 2017). 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 equipment 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	First Floor, MA Tabba Foundation Building, Gizri Road Block 9 Clifton Karachi, Sindh 75600.
Islamabad	299-Pansi Road, Bahria Town, Islamabad

## 2. Basis of preparation

### 2.1 Statement of compliance

These 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 Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the 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 financial statements or the comparative information except some additional disclosures being made as required under the Companies Act, 2017, presentation of unpaid dividend as a separate line item of statement of financial position and presentation of surplus on revaluation of property and equipment as a component of equity.

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

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

#### 2.2.1 New and amended standards and interpretations

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year.



- IAS 7 - Statement of Cash Flows - Disclosure Initiative (Amendments)
- IAS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration

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

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

The following standards, amendments and interpretation with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Company:

Standard or Interpretation	Effective date (annual periods Beginning on or after)
IAS 1 & IAS 8 - Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)	01 January 2020
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 15 - Revenue from Contract with Customers	01 July 2018
IFRS 9 - Prepayment Features with Negative Compensation (Amendments)	01 January 2019
IFRS 16 - Leases	01 January 2019
IAS 28 - Investment in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures (amendments)	01 January 2020
IAS 19 - Employee Benefits (amendments) - Plan Amendment, Curtailment or Settlement	01 January 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019
IFRS 9 - Financial Instruments	30 June 2019

# Notes to and forming part of Condensed Interim Financial Information

for the first quarter ended March 31, 2019

The SECP has modified the effective date of application of IFRS 9 in place of IAS 39, through SRO, 229 (I) /2019, dated: 14 February, 2019, as reporting period / year ending on or after June 30, 2019.

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 except for IFRS 9 – Financial Instruments, IFRS 15 – Revenue from Contract with Customers and IFRS 16 – Leases for which management is in process of calculating the impact on Company's financial statements.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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 or Interpretation	Effective date (annual periods Beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

The above amendments and interpretations are not expected to have any significant impact on the financial statements of the Company.

### 3. Contingencies and commitments

#### 3.1 Contingencies

- (i) The Company has received an order dated 1 January 2017 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.
- (ii) The 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, office of the Commissioner Inland Revenue (Appeals), Lahore disposed of both appeals partially in favor of the Company. The 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.

- (iii) The Company has been selected for Income Tax Audit for the tax year 2017 under clause 94 of Part IV of Second Schedule. The proceedings have been finalized at a demand of Rs. 12,410,375 vide order dated 17 January 2019. The Company has adjusted the above demand against the available refunds while filing income tax return. The Company is in the process of filing appeal before CIR Appeals. In view of tax advisor's opinion, management is confident of favorable outcome of the case.

### 3.2 Commitments

- (i) Bank guarantees issued amounting to Rs.12.4 million (2018: Rs. 4.7 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs. 14.03 million (2018: 23.08) which relates to import acceptance bills.

### 4. Remuneration of chief executive, directors and executives

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

	Chief Operating Officer / Director		Others Executives	
	2019	2018	2019	2018
	(Rupees in '000)			
Managerial remuneration	1,163	1,137	11,561	9,201
House rent	465	455	4,624	3,680
Utilities	116	114	1,156	920
Provident Fund / Gratuity	116	114	1,156	920
Others	2	67	528	334
	1,863	1,887	19,026	15,055
Number of persons	1	1	23	18

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 April 30, 2019 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  
Taveer Karamat

Avanceon  
Consolidated Condensed  
Interim Financial Statements  
for the first quarter ended March 31, 2019

# Consolidated Condensed Balance Sheet

as at March 31, 2019

Note	Un-audited March 31, 2019	Audited December 31, 2018
(Rupees in '000)		
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised Capital		
	2,000,000	2,000,000
200,000,000 (2018: 200,000,000) ordinary shares of Rs. 10 each		
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
	1,363,238	1,363,238
136,323,754 (2018: 136,323,754) ordinary shares of Rs. 10 each		
<b>CAPITAL RESERVES</b>		
Share premium	61,906	61,906
Employees' share compensation reserve	39,949	39,948
Surplus On Revaluation Of Property & Equipment	167,700	167,915
Exchange revaluation reserve	458,779	445,769
	728,334	715,538
<b>REVENUE RESERVES</b>		
Un-appropriated Profit	1,502,598	1,355,080
	3,594,170	3,433,856
<b>NON CURRENT LIABILITIES</b>		
Long Term Loans	-	1,515
Liabilities against assets subject to finance lease	55,129	63,958
Deferred taxation	24,447	24,427
Deferred liabilities	62,501	63,749
	142,077	153,649
<b>CURRENT LIABILITIES</b>		
Current portion of Long Term Loans	15,152	18,182
Current portion liabilities against asset subject to finance lease	27,357	26,420
Finances under mark up arrangements and other credit facilities - secured	326,040	312,079
Unclaimed / Unpaid Dividend	282,952	283,074
Creditors, accrued and other liabilities	2,192,173	1,766,230
Income tax payable	2,843,673	2,405,985
<b>CONTINGENCIES AND COMMITMENTS</b>		
3	6,579,920	5,993,490

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

	Un-audited March 31, 2019	Audited December 31, 2018
(Rupees in '000)		
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property and equipment	333,603	337,141
Intangible Assets	19	32
Long term investment	753,644	746,059
Long term loans & deposits	43,402	37,908
	1,130,668	1,121,140
<b>CURRENT ASSETS</b>		
Stock in trade	298,778	85,333
Trade debts	4,171,837	3,981,886
Advances, deposits, prepayments and other receivables	649,814	562,254
Term deposits with banks	190,755	188,857
Short term Investments	1,256	1,257
Cash and bank balances	136,812	52,763
	5,449,252	4,872,350
	6,579,920	5,993,490

  
 Director  
 Taveer Karamat

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

for the first quarter ended March 31, 2019

	Un-audited March 31, 2019	Un-audited March 31, 2018
(Rupees in '000)		
Sales	697,083	589,348
Cost of sales	(433,590)	(375,478)
<b>Gross Profit / (Loss)</b>	<b>263,493</b>	<b>213,869</b>
Administrative and selling expenses	(111,831)	(93,309)
Other operating expenses	(1,437)	(1,365)
Other operating income	24,171	81,839
	(89,096)	(12,834)
<b>Profit / (Loss) from operations</b>	<b>174,397</b>	<b>201,035</b>
Finance costs	(25,817)	(14,140)
<b>Profit / (Loss) before tax</b>	<b>148,580</b>	<b>186,896</b>
Taxation	(1,257)	(2,131)
<b>Income / (Loss) for the period from operations</b>	<b>147,323</b>	<b>184,765</b>
<b>Combined earnings per share</b>		
<b>Earnings / (loss) per share - basic</b>	<b>1.08</b>	<b>1.40</b>
<b>Earnings / (loss) per share - diluted</b>	<b>1.05</b>	<b>1.33</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  
Taveer Karamat

**Consolidated Statement of Condensed Interim Comprehensive Income (Un-audited)**  
for the first quarter ended March 31, 2019

	Un-audited March 31, 2019	Un-audited March 31, 2018
	(Rupees in '000)	
Profit / (Loss) for the period	147,323	184,765
<b>Other comprehensive income</b>		
<i>Items to be reclassified to profit and loss in subsequent periods</i>		
Exchange difference on translating foreign operations	13,010	30,428
<i>Items not to be reclassified to profit and loss in subsequent periods</i>		
Transfer from revaluation surplus on account of incremental depreciation	215	209
Less: tax effect	(20)	-
<b>Total comprehensive income for the period</b>	<b>160,528</b>	<b>215,402</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  
Taveer Karamat



## Condensed Interim Cash Flow Statement (Un-audited)

for the first quarter ended March 31, 2019

	Un-audited March 31, 2019	Un-audited March 31, 2018
(Rupees in '000)		
<b>Cash flow from operating activities</b>		
Profit / (loss) before tax	148,580	186,896
Adjustments for:		
Depreciation on property and equipment	10,348	7,705
Amortization of intangible asset	12	12
Exchange (gain) / loss	(22,564)	(78,945)
Exchange revaluation reserve	5,405	4,084
Finance cost	25,817	14,140
(Gain) / loss on disposal of fixed assets	-	(61)
Income on bank deposits	(108)	(2,777)
	18,909	(55,844)
<b>Profit before working capital changes</b>	167,489	131,052
(Increase) / decrease in current assets		
Stock in trade	(213,437)	(36,430)
Trade debts	(167,387)	214,625
Advances, deposits, prepayments and other receivables	(61,763)	4,779
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	438,441	(211,715)
	(4,146)	(28,741)
<b>Cash (used in) / generated from operations</b>	163,343	102,312



Chief Executive Officer  
Bakhtiar Hameed Wain



Chief Financial Officer  
Saeed Ullah Khan Niazi

## Condensed Interim Cash Flow Statement (Un-audited)

for the first quarter ended March 31, 2019

	Un-audited March 31, 2019	Un-audited March 31, 2018
	(Rupees in '000)	
Cash generated from continuing operations	163,343	102,312
Finance costs paid	(25,604)	(14,423)
Taxes paid	(27,034)	(32,285)
<b>Net cash (used in) / generated from operating activities</b>	<b>110,706</b>	<b>55,603</b>
Cash flows from investing activities		
Purchase of property and equipment	(6,811)	(3,911)
Proceeds from disposal of property and equipment and intangible assets	-	5,339
Profit on bank deposit	108	2,777
Term deposits with banks	(1,899)	37,424
Net change in long term advances and deposits	(5,495)	(105)
<b>Net cash (used in) / generated from investing activities</b>	<b>(14,095)</b>	<b>41,525</b>
Cash flows from financing activities		
Dividend paid	(123)	-
Long term loan	(4,545)	(4,546)
Repayment of finance lease liabilities	(7,893)	(14,029)
<b>Net cash (used in) / generated from financing activities</b>	<b>(12,561)</b>	<b>(18,575)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>84,049</b>	<b>78,553</b>
Cash and cash equivalents at the beginning of year	52,763	169,330
<b>Cash and cash equivalents at the end of period</b>	<b>136,812</b>	<b>247,883</b>

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

  
 Director  
 Taveer Karamat

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


for the first quarter ended March 31, 2019

	CAPITAL RESERVES					REVENUE RESERVES	Total
	Share Capital	Share Premium	Employees' share compensation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)		
(Rupees in '000)							
<b>Balance as on January 01, 2018</b>	1,321,211	61,894	69,825	244,839	146,115	894,266	2,738,149
Profit for the period	-	-	-	-	-	184,765	184,765
Other comprehensive income	-	-	30,428	-	-	209	30,637
	-	-	30,428	-	-	184,974	215,402
Cash received ag. ESOS	-	-	1,875	-	-	-	1,875
<b>Balance as on March 31, 2018</b>	1,321,211	61,894	71,700	275,267	146,115	1,079,239	2,955,426
Profit for the period	-	-	-	-	-	581,983	581,983
Other comprehensive income	-	-	-	170,502	21,801	586	192,888
	-	-	-	170,502	21,801	582,569	774,872
Final dividend for the year ended 31 December 2017 at the rate of Rs. 2.25 per share	-	-	-	-	-	(306,728)	(306,728)
ESOS-I issued, 4,199,629 shares @ Rs. 10	41,996	-	(37,797)	-	-	-	4,200
Post ballot shares issued 2,997 @ Rs. 14	30	12	-	-	-	-	42
Adjustment of ESOS 2nd Issue	-	-	6,046	-	-	-	6,046
	42,026	12	(31,751)	-	-	(306,728)	(296,441)
<b>Balance as on December 31, 2018</b>	1,363,238	61,906	39,949	445,769	167,915	1,355,080	3,433,857
Profit for the period	-	-	-	-	-	147,323	147,323
Other comprehensive income	-	-	-	13,010	(215)	195	12,990
	-	-	-	13,010	(215)	147,518	160,313
<b>Balance as on March 31, 2019</b>	1,363,238	61,906	39,949	458,779	167,700	1,502,598	3,594,170

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  
Taveer Karamat

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

for the first quarter ended March 31, 2019

### 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 limited company on 31 March 2008 under the Companies Ordinance, 1984 (now Companies Act, 2017). The Holding Company was listed on Lahore and Karachi Stock Exchanges (now Pakistan Stock Exchange Limited) on 10 February 2014.

The principal activity of the Holding Company is to trade in products of automation and control equipment and to provide related technical services.

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

Business Unit	Location
Head Office	19 km, Multan Road, Lahore.
Regional Offices	
Karachi	First Floor, MA Tabba Foundation Building, Gizri Road Block 9 Clifton Karachi, Sindh 75600.
Islamabad	299-Pansi Road, Bahria Town, Islamabad

#### 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 (AVAC)	49%

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 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. The Establishment is wholly owned subsidiary of the Holding Company.

Innovative Automation's registered office is 1800 John F. Kennedy Boulevard, Suite 1601, Philadelphia, PA. The Group holds 26.11% (2017: 26.11%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, The General Partner.

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 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 Establishment are to trade in products of automation and control equipment and provide related technical support. The

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

## 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 Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.

Provisions of and directives issued under the Companies Act, 2017

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

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

### 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 interpretation of IFRSs which became effective for the current year.

IAS 7	-	Statement of Cash Flows - Disclosure Initiative (Amendments)
IAS 12	-	Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)
IFRIC 22	-	Statement of Cash Flows - Disclosure Initiative (Amendments)

The adoption of the above standards, amendments and interpretations did not have any effect on the financial statements.

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

The following standards, amendments and interpretation with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Group:

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

for the first quarter ended March 31, 2019

Standard or Interpretation	Effective date (annual periods Beginning on or after)
IAS 1 & IAS 8 - Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments)	01 January 2020
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 15 - Revenue from Contract with Customers	01 July 2018
IFRS 9 - Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 16 - Leases	01 January 2019
IAS 28 - Investment in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures (amendments)	01 January 2020
IAS 19 - Employee Benefits (amendments)- Plan Amendment, Curtailment or Settlement	01 January 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	01 January 2019

Standard or Interpretation	Effective date (annual periods ending on or after)
IFRS 9 - Financial Instruments	30 June 2019

The SECP has modified the effective date of application of IFRS 9 in place of IAS 39, through SRO. 229 (I) /2019, dated: 14 February, 2019, as reporting period / year ending on or after June 30, 2019.

The Group expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Group's financial statements in the period of initial application except for IFRS 9 – Financial Instruments, IFRS 15 - Revenue from Contract with Customers IFRS 16 - Leases for which management is in process of calculating the impact on Group's financial statements.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 1 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

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 or Interpretation	Effective date (annual periods ending on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009
IFRS 14 - Regulatory Deferral Accounts	01 January 2016
IFRS 17 - Insurance Contracts	01 January 2021

The above amendments and interpretations are not expected to have any significant impact on the financial statements of the Group.

### 3. Contingencies and commitments

#### 3.1 Contingencies

- (i) The Company has received an order dated 1 January 2017 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.
- (ii) The 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, office of the Commissioner Inland Revenue (Appeals), Lahore disposed of both appeals partially in favor of the Company. The 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.
- (iii) The Company has been selected for Income Tax Audit for the tax year 2017 under clause 94 of Part IV of Second Schedule. The proceedings have been finalized at a demand of Rs. 12,410,375 vide order dated 17 January 2019. The Company has adjusted the above demand against the available refunds while filing income tax return. The Company is in the process of filing appeal before CIR Appeals. In view of tax advisor's opinion, management is confident of favorable outcome of the case.

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

for the first quarter ended March 31, 2019

### 3.2 Commitments

- (i) Bank guarantees issued amounting to Rs.12.4 million (2018: Rs. 4.7 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.14.03 million (2018: 23.08) which relates to import acceptance bills.

### 4. Remuneration of chief executive, directors and executives

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

	CEO		Director		Other Executives	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Managerial remuneration	12,838	8,008	1,731	1,607	34,336	24,731
House rent	3,636	3,010	465	455	13,034	9,771
Utilities	2,045	1,693	116	114	3,367	2,425
Provident Fund / Gratuity	1,055	461	182	141	2,632	1,989
Others	341	282	2	67	2,506	1,354
	19,914	13,453	2,497	2,384	55,875	40,270
Number of persons	1	1	1	1	33	26

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 April 30, 2019 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

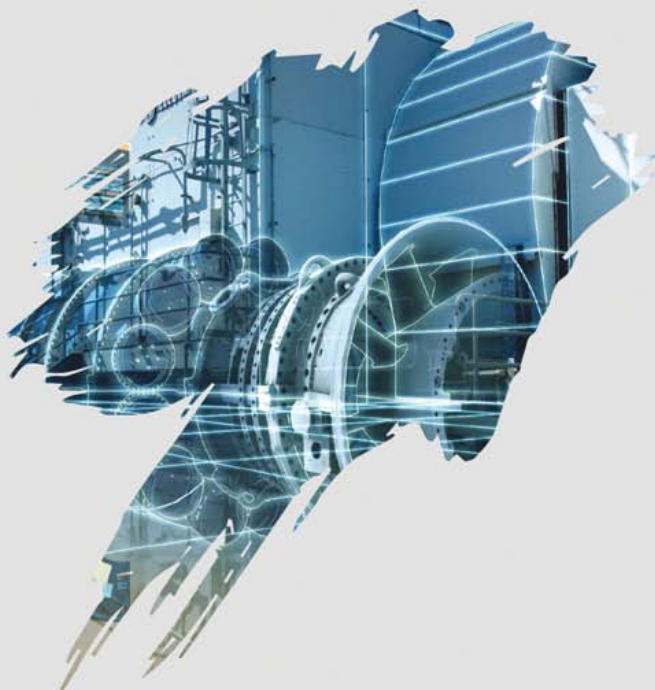


Chief Financial Officer  
Saeed Ullah Khan Niazi



Director  
Taveer Karamat





**AVANCEON**  
Tomorrow's solutions, today.

Avanceon Building,  
19 – KM, Main Multan Road,  
Lahore 54660, Pakistan.  
Phone: +92 42 – 111 940 940  
Fax: +92 42 – 35456957

