



Your Partner in
Digital
Transformation

Table of Contents

Corporate Profile

Company Information	02
Interim Director's Report	04

Standalone Financial Statements

Condensed Statement of Financial Position.....	08
Condensed Interim Statement of Profit or Loss Account	10
Condensed Interim Statement of Comprehensive Income	11
Condensed Interim Statement of Cashflows	12
Condensed Statement of Changes in Equity	14
Notes to the Condensed Interim Financial Statements	15

Consolidated Financial Statements

Condensed Consolidated Statement of Financial Position.....	20
Condensed Consolidated Interim Statement of Profit or Loss Account	22
Condensed Consolidated Interim Statement of Comprehensive Income	23
Condensed Consolidated Interim Statement of Cashflows	24
Condensed Consolidated Statement of Changes in Equity	26
Notes to the Condensed Consolidated Interim Financial Statements	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

Web Presence

www.avanceon.ae | www.avanceon.com
www.avanceon.qa | www.octopusdftl.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
Bank of Singapore, United Arab Emirates
MCB Bank Limited, Pakistan
United Bank Limited, Pakistan & United Arab Emirates
National Bank of Pakistan Limited, Pakistan
Standard Chartered Bank Limited, Pakistan
JS Bank Limited, Pakistan
Qatar International Islamic Bank QIIB,
QatarQatar Islamic Bank QIB, Qatar

Share Registrar

FAMCO Associates (Pvt) Ltd.
8-F, Next to Hotel Faran,
Nursery, Block-6, P.E.C.H.S,
Shahra-e-Faisal, Karachi.
Phone: +92 (21) 3438 0101-5
Fax No: +92 (21) 3438 0106
www.famco.com.pk

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

Global Headquarters Avanceon GP – Exton, PA, USA

300 Eagleview Blvd, Suite 100

Exton, PA 19341

United States of America

Phone: +1 610 458 8700

Regional Headquarters - South Asia

Lahore, Punjab, Pakistan

The Avanceon Building

19-KM , Main Multan Road, Lahore,

54660 Punjab, Pakistan

Phone: +92 (42) 111 940 940

Email: support.sea

Karachi, Sindh, Pakistan

MA Tabba Foundation Building,

First Floor, Gizri Road Block 9,

Clifton Karachi, Sindh 75600

Phone: +92 (21) 111 940 940

Email: support.sea@avanceon.ae

Islamabad, Pakistan

Manzoor Plaza (The Hive Building),

First Floor, Plot 14-E Fazal-e-Haq Road,

G-6/2, Blue Area, Islamabad 44000

Phone: +92 51 573 3031

Email: support.sea@avanceon.ae

Phone: +92 51 573 3031

Trade Mark

AVANCEON
Tomorrow's solutions, today.

Regional Headquarters - Middle East

Avanceon FZE – Dubai, UAE

FZS1 BD04 JAFZA P.O. Box 18590

Dubai, United Arab Emirates

Phone: +971 4 88 60 277

Email: support.mea@avanceon.ae

Abu Dhabi, UAE

In Partnership with Ali & Sons

Ali & Sons Bldg., Zayed 2nd Street

P.O. Box 915

Abu Dhabi, U.A.E.

Phone: +971 4 88 60 277

Email: support.mea@avanceon.ae

Doha, Qatar

Avanceon Automation Control WLL

Office No. 12, M Floor, Al-Jaber Engg.

HO Building, P.O. Box 15976, Fox Hills,

Lusail, Doha, Qatar.

Phone: +974 4040 9835

Email: support@avanceon.qa

Jeddah, Saudia Arabia

In Partnership with ATCO LLC

ATCO Building Kuwait St. Faisaliyah District

P.O. Box 1298Jeddah, KSA.

Phone: +966-12-6912204 x 127

Email: support.mea@avanceon.ae

Dammam, Saudia Arabia

In Partnership with ATCO LLC

ATCO Building King Khalid Street

P.O. Box 718 Dammam, KSA.

Phone: +966-12-6912204 x 127

Email: support.mea@avanceon.ae

Interim Director's Report

The Directors of the company take pleasure in presenting their first quarter report together with the Company's unaudited interim condensed standalone and consolidated financial statements for the first quarter ended March 31, 2020.

(Rupees in '000)	For the first quarter ended March 31,	
	2020	2019
OPERATING RESULTS (CONSOLIDATED)		
Revenues	968,406	697,083
Profit before tax	387,111	148,580
Provision for taxation	(2,146)	(1,257)
Profit after taxation	384,965	147,323
OPERATING RESULTS (STANDALONE)		
Revenues	282,148	300,483
Profit before tax	284,532	85,667
Provision for taxation	(2,146)	(1,257)
Profit after taxation	282,385	84,410

EARNINGS PER SHARE (CONSOLIDATED) FOR THE FIRST QUARTER ENDED MARCH 31, 2020

The basic earnings per share after tax is Rs. 2.00 (2019: Rs. 0.77 - restated)

EARNINGS PER SHARE (STANDALONE) FOR THE FIRST QUARTER ENDED MARCH 31, 2020

The basic earnings per share after tax is Rs. 1.47 (2019: Rs. 0.44 - restated)

As per above operating financial results of the company for the first quarter ended March 31, 2020 remained on positive side and as per expectations in terms of revenues 39% increased on group level, standalone revenues decreased due to timing of revenue recognition after implementation of IFRS 15 and COVID-19 impact locally in last 03 weeks of March 2020 but the net profits of the company increased mainly due to exchange gain of PKR 225m on translation of inter-company balances due to devaluation of PKR on USD, management is confident to achieve the targeted corporate plan for revenues and net profit after tax for the financial year 2020. We are expecting more recovery of earnings in remaining last quarter of financial year 2020, 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 current Companies Ordinance. 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



Bakhtiar Hameed Wain
Chief Executive Officer

May 28, 2020
Lahore, Pakistan.

Avanceon
**Condensed Standalone
Interim Financial Statements**
for the first quarter ended March 31, 2020

Condensed Statement of Financial Position

as at March 31, 2020

(Rupees in '000)	Note	Un-audited March 31, 2020	Audited December 31, 2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
250,000,000 (2019: 250,000,000)			
ordinary shares of Rs. 10 each		2,500,000	2,500,000
Issued, subscribed and paid up capital			
192,536,370 (2019: 192,536,370)			
ordinary shares of Rs. 10 each		1,925,364	1,925,364
CAPITAL RESERVES			
Share Premium		138,384	138,384
Employees' share compensation reserve		53,862	53,862
Surplus on revaluation of property and equipment		209,721	209,721
		401,968	401,967
REVENUE RESERVES			
Un-appropriated profit		1,502,778	1,220,393
		3,830,110	3,547,724
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		23,110	28,726
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		22,345	23,364
Current portion of long term loan		-	1,515
Finances under mark up arrangements and other credit facilities - secured		385,082	383,294
Contract Liabilities		82,067	73,858
Unclaimed / Unpaid Dividend		253,605	253,669
Creditors, accrued and other liabilities		391,683	421,531
		1,134,783	1,157,231
CONTINGENCIES AND COMMITMENTS			
	3		
		4,988,003	4,733,681

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

(Rupees in '000)	Note	Un-audited March 31, 2020	Audited December 31, 2019
ASSETS			
NON CURRENT ASSETS			
Property and equipment		365,697	364,620
Intangible Assets		-	-
Long term investments		492,117	492,117
Deposit for Long term investments		2,337,845	2,181,753
Deferred tax Asset		72,582	72,582
Long term loans and deposits		203,535	203,817
		3,471,776	3,314,889
CURRENT ASSETS			
Stock in trade		71,121	52,733
Trade debts		372,907	300,205
Advances, deposits, prepayments and other receivables		902,672	898,552
Contract Assets		150,203	148,183
Short term Investments		942	1,444
Cash and bank balances		18,382	17,675
		1,516,227	1,418,792
		4,988,003	4,733,681



Director
Taveer Karamat

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

for the first quarter ended March 31, 2020

(Rupees in '000)	Un-audited March 31, 2020	Un-audited March 31, 2019
Revenue from contracts with customers	282,148	300,483
Cost of revenue	(172,294)	(187,601)
Gross profit / (Loss)	109,854	112,882
Administrative and selling expenses	(35,824)	(39,950)
Other operating charges	(923)	(1,437)
Other operating income	224,749	24,321
	188,002	(17,066)
Profit / (Loss) from operations	297,856	95,816
Finance costs	(13,324)	(10,149)
Profit / (Loss) before tax	284,532	85,667
Taxation	(2,146)	(1,257)
Profit / (Loss) for the period	282,385	84,410
Combined earnings per share		Restated
Basic	1.47	0.44
Diluted	1.43	0.43

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the first quarter ended March 31, 2020

(Rupees in '000)	Un-audited March 31, 2020	Un-audited March 31, 2019
Profit /(loss) for the period	282,385	84,410
Other comprehensive income		
Surplus on revaluation of property and equipment realized through incremental depreciation charged on related assets for the period- net of tax	-	215
Deferred tax on revaluation surplus due to reduction in tax rate	-	(20)
Total comprehensive income / (loss) for the period	282,385	84,604

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

Condensed Interim Statement of Cashflows (Un-audited)

for the first quarter ended March 31, 2020

(Rupees in '000)	Un-audited March 31, 2020	Un-audited March 31, 2019
Cash flows from operating activities		
Profit / (loss) before tax	284,532	85,667
Adjustments for:		
Depreciation on property and equipment	8,400	9,485
Amortization on intangible asset	-	12
Exchange (gain) / loss	(381,216)	(24,086)
Unrealised gain / (loss) on short term investments	502	-
Finance cost	13,324	10,149
Income on bank deposits	(127)	(108)
	(359,117)	(4,549)
Profit before working capital changes	(74,585)	81,118
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	(18,388)	212
- Trade debts	158,611	(57,258)
- Advances, deposits, prepayments and other receivables	4,884	(10,211)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	(20,183)	56,200
	124,924	(11,059)
Cash generated from operations	50,338	70,059



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

Condensed Interim Statement of Cashflows (Un-audited)

for the first quarter ended March 31, 2020

(Rupees in '000)	Un-audited March 31, 2020	Un-audited March 31, 2019
Cash generated from operations	50,338	70,059
Finance cost paid	(21,200)	(9,936)
Taxes paid	(11,149)	(27,251)
Net cash from / (used in) operating activities	17,989	32,872
Cash flows from investing activities		
Purchase of property and equipment	(9,477)	(4,504)
Short term investments	1	-
Profit on bank deposit	127	108
Net change in long term advances and deposits	282	(1,369)
Net cash generated from / (used in) investing activities	(9,068)	(5,764)
Cash flows from financing activities		
Long term loan	(1,515)	(4,545)
Dividend	(64)	(123)
Repayment of finance lease liabilities	(6,635)	(7,506)
Net cash from / (used in) financing activities	(8,214)	(12,175)
Net increase / (decrease) in cash and cash equivalents	707	14,933
Cash and cash equivalents at the beginning of period	17,675	17,391
Cash and cash equivalents at the end of period	18,382	32,324

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


 Director
 Taveer Karamat

Condensed Statement of Changes in Equity (Un-audited)

for the first quarter ended March 31, 2020

(Rupees in '000)	CAPITAL RESERVES				REVENUE RESERVES	Total
	Share Capital	Share Premium	Employees' share compensation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)	
Balance as on January 01, 2019	1,363,238	61,906	115,051	167,915	1,111,205	2,819,315
Profit for the period	-	-	-	-	84,410	84,410
Other comprehensive income	-	-	-	(215)	195	(20)
	-	-	-	(215)	84,605	84,390
Balance as on March 31, 2019	1,363,238	61,906	115,051	167,700	1,195,810	2,903,705
Profit for the year ended 31 December 2019	-	-	-	-	569,460	569,460
Other comprehensive income	-	-	-	42,419	-	42,419
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	(398)	418	20
	-	-	-	42,021	569,878	611,899
40% share issue for the year ended 31 December 2018						
40 shares on every 100 shares	545,295	-	-	-	(545,295)	-
ESOS-I issued, 200,000 shares @ Rs. 10	2,000	6,237	(7,997)	-	-	240
ESOS-III issued, 1,483,115 shares @ Rs. 10	14,831	70,241	(70,241)	-	-	14,831
Employee share option reserve	-	-	17,049	-	-	17,049
	562,126	76,478	(61,189)	-	(545,295)	32,121
Balance as on December 31, 2019	1,925,364	138,384	53,862	209,721	1,220,393	3,547,724
Profit for the period	-	-	-	-	282,385	282,385
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	282,385	282,385
Balance as on March 31, 2020	1,925,364	138,384	53,862	209,721	1,502,778	3,830,110

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

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

for the first quarter ended March 31, 2020

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 31 March 2008 under the companies ordinance, 1984 (now companies act, 2017). The Company is listed on Pakistan Stock Exchange Limited.

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

BUSINESS UNIT	LOCATION
Head Office	The Avanceon Building, 19 km Main Multan Road, Lahore.
REGIONAL OFFICES	
Karachi	MA Tabba Foundation Building, First Floor, Gizri Road Block 9 Clifton Karachi, Sindh 75600
Islamabad	Manzoor Plaza (The Hive Building), First Floor, Plot 14-E Fazal-e-Haq Road, G-6/2, Blue Area, Islamabad 44000

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.

These are the (unconsolidated) separate financial statements of the Company in which investments in subsidiaries have been carried at cost, 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 standards, amendments and interpretations of IFRSs which became effective for the current year:

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

Adoption of the above standards / interpretations did not have a material impact on these unconsolidated separate financial statements except for IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. The nature and effect of these changes are disclosed below:

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

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

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

for the first quarter ended March 31, 2020

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

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

Standard or Interpretation		Effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts	01 January 2021
IFRS 1	First-time Adoption of IFRS	01 July 2009

The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements.

3. CONTINGENCIES AND COMMITMENTS

3.1 Contingencies

- (i) There are no contingencies to report as at 31st March 2020 (2019: Nil)

3.2 Commitments

- (i) Bank guarantees issued amounting to Rs. 20.7 million (2019: Rs. 36.06 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.16.56 million (2019: Rs. 53.34 million) which relates to import acceptance bills.

4. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the first quarter 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	
	2020	2019	2020	2019
Managerial remuneration	1,145	1,163	14,233	11,561
House rent	458	465	5,693	4,624
Utilities	114	116	1,423	1,156
Provident Fund / Gratuity	114	116	1,423	1,156
Others	2	2	678	528
	1,834	1,863	23,451	19,026
Number of persons	1	1	27	23

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 May 28, 2020 by the Board of Directors of the Holding Company.

6. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

Avanceon

**Condensed Consolidated
Interim Financial Statements**
for the first quarter ended March 31, 2020

Condensed Consolidated Statement of Financial Position

as at March 31, 2020

(Rupees in '000)	Note	Un-audited March 31, 2020	Audited December 31, 2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
250,000,000 (2019: 250,000,000) ordinary shares of Rs. 10 each		2,500,000	2,500,000
Issued, subscribed and paid up capital			
192,536,370 (2019: 192,536,370) ordinary shares of Rs. 10 each		1,925,364	1,925,364
CAPITAL RESERVES			
Share premium		138,384	138,384
Employees' share compensation reserve		53,862	53,862
Statutory reserve		3,002	3,002
Surplus on revaluation of property and equipment		209,721	209,721
Exchange revaluation reserve		656,295	610,100
		1,061,264	1,015,069
REVENUE RESERVES			
Un-appropriated Profit		1,947,499	1,562,534
		4,934,127	4,502,967
Non-controlling Interest		4,346	4,346
		4,938,473	4,507,313
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		64,243	67,637
Deferred liabilities		91,670	80,901
		155,912	148,538
CURRENT LIABILITIES			
Current portion of Long Term Loans		-	1,515
Current portion of lease liabilities		46,123	45,554
Finances under mark up arrangements and other credit facilities - secured		835,563	599,339
Unclaimed / Unpaid Dividend		256,902	256,763
Creditors, accrued and other liabilities		1,417,021	1,670,783
Contract Liabilities		1,058,853	1,127,342
		3,614,463	3,701,296
CONTINGENCIES AND COMMITMENTS			
	3	8,708,848	8,357,147

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

(Rupees in '000)	Note	Un-audited March 31, 2020	Audited December 31, 2019
ASSETS			
NON CURRENT ASSETS			
Property and equipment		440,742	433,829
Intangible Assets		-	-
Long term investment		903,410	843,129
Deferred Tax		73,902	73,815
Long term deposits		29,218	27,480
		1,447,272	1,378,253
CURRENT ASSETS			
Stock in trade		153,593	160,929
Trade debts		2,931,721	2,431,404
Contract Assets		3,421,496	3,602,180
Advances, deposits, prepayments and other receivables		508,229	480,427
Term deposits with banks		144,902	197,284
Investments in Stocks		942	1,444
Cash and bank balances		100,693	105,226
		7,261,576	6,978,894
		8,708,848	8,357,147


 Director
 Taveer Karamat

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

for the first quarter ended March 31, 2020

(Rupees in '000)	Un-audited March 31, 2020	Un-audited March 31, 2019
Revenue from contracts with customers	968,406	697,083
Cost of revenue	(630,321)	(433,590)
Gross Profit / (Loss)	338,085	263,493
Administrative and selling expenses	(152,044)	(111,831)
Other operating expenses	(923)	(1,437)
Other operating income	227,150	24,171
	74,183	(89,096)
Profit / (Loss) from operations	412,268	174,397
Finance costs	(25,157)	(25,817)
Profit / (Loss) before tax	387,111	148,580
Taxation	(2,146)	(1,257)
Income for the period from operations	384,965	147,323
Combined earnings per share		Restated
Basic	2.00	0.77
Diluted	1.95	0.74

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

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

for the first quarter ended March 31, 2020

(Rupees in '000)	Un-audited March 31, 2020	Un-audited March 31, 2019
Profit / (Loss) for the period	384,965	147,323
Other comprehensive income		
Exchange difference on translating foreign operations	46,195	13,010
Surplus on revaluation of property and equipment realised through incremental depreciation charged on related assets for the period-net of tax	-	215
Items to be re-classified to profit and loss in subsequent period Less: Tax effect	-	(20)
Total comprehensive income for the period	431,160	160,528

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

Condensed Consolidated Interim Statement of Cashflows (Un-audited)

for the first quarter ended March 31, 2020

(Rupees in '000)	Un-audited March 31, 2020	Un-audited March 31, 2019
Cash flow from operating activities		
Profit / (loss) before tax	387,111	148,580
Adjustments for:		
Depreciation on property and equipment	9,527	10,348
Amortization of intangible asset	-	12
Exchange (gain) / loss	(224,964)	(22,564)
Exchange revaluation reserve	(14,086)	5,405
Unrealised gain / (loss) on short term investment	502	-
Finance cost	25,157	25,817
Income on bank deposits	(2,688)	(108)
	(206,551)	18,909
Profit before working capital changes	180,560	167,489
(Increase) / decrease in current assets		
- Stock in trade	7,336	(213,437)
- Trade debts	(163,660)	(167,387)
- Advances, deposits, prepayments and other receivables	(18,800)	(61,763)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	1,108	438,441
	(174,016)	(4,146)
Cash generated from operations	6,544	163,343



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi

Condensed Consolidated Interim Statement of Cashflows (Un-audited)

for the first quarter ended March 31, 2020

(Rupees in '000)	Un-audited March 31, 2020	Un-audited March 31, 2019
Cash generated from operations	6,544	163,343
Finance costs paid	(33,034)	(25,604)
Taxes paid	(11,236)	(27,034)
Net cash (used in) / generated from operating activities	(37,726)	110,706
Cash flows from investing activities		
Purchase of property and equipment	(16,441)	(6,811)
Profit on bank deposit	2,688	108
Term deposits with banks	52,382	(1,899)
Net change in long term advances and deposits	(1,737)	(5,495)
Net cash (used in) / generated from investing activities	36,893	(14,095)
Cash flows from financing activities		
Dividend paid	139	(123)
Long term loan	(1,515)	(4,545)
Repayment of finance lease liabilities	(2,826)	(7,893)
Net cash (used in) / generated from financing activities	(4,202)	(12,561)
Net (decrease) / increase in cash and cash equivalents	(5,035)	84,049
Cash and cash equivalents at the beginning of year	105,226	52,763
Cash and cash equivalents at the end of period	100,190	136,812

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


 Director
 Taveer Karamat

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

for the first quarter ended March 31, 2020

	CAPITAL RESERVES						REVENUE RESERVES	Non-Controlling Interest	TOTAL
	Share Capital	Share Premium reserve	Employees' share compensation reserve	Statutory Reserve	Exchange revaluation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)		
(Rupees in '000)									
Balance as on January 01, 2019									
- restated	1,363,238	61,906	115,051	3,002	439,705	167,915	1,198,134	3,062	3,352,013
Profit for the period	-	-	-	-	-	-	-	147,323	147,323
Other comprehensive income	-	-	-	-	13,010	(215)	195	-	12,990
	-	-	-	-	13,010	(215)	147,518	-	160,313
Balance as on March 31, 2019									
Profit for the period	-	-	-	-	-	-	764,853	-	764,853
Other comprehensive income	-	-	-	-	157,385	42,419	-	1,284	201,088
Transfer from revaluation surplus on account of incremental depreciation	-	-	-	-	-	(398)	418	-	20
	-	-	-	-	157,385	42,021	765,271	1,284	965,961
40% (40 shares on every 100 shares) bonus shares issued for the year ended 31 December 2018	545,295	-	-	-	-	-	(545,295)	-	-
Dividend payable	-	-	-	-	-	-	(3,094)	-	(3,094)
ESOS-III issued, 1,483,115 shares @ Rs. 10	14,831	70,241	(70,241)	-	-	-	-	-	14,831
ESOS-I issued, 200,000 shares @ Rs. 10	2,000	6,237	(7,997)	-	-	-	-	-	240
Employee share option reserve	-	-	17,049	-	-	-	-	-	17,049
	562,126	76,478	(61,189)	-	-	-	(548,389)	-	29,027
Balance as on December 31, 2019									
Profit for the period	-	-	-	-	-	-	384,965	-	384,965
Other comprehensive income	-	-	-	-	46,195	-	-	-	46,195
Incremental depreciation	-	-	-	-	46,195	-	384,965	-	431,160
	-	-	-	-	46,195	-	384,965	-	431,160
Balance as on March 31, 2020									
	1,925,364	138,384	53,862	3,002	656,295	209,721	1,947,499	4,346	4,938,473

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



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat

Notes to the condensed consolidated Interim financial Statements (Un-audited)

for the first quarter ended March 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

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

The principal activity of the Holding Company is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services.

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

BUSINESS UNIT	LOCATION
Head Office	The Avanceon Building, 19 KM Main Multan Road, Lahore.
REGIONAL OFFICES	
Karachi	MA Tabba Foundation Building, First Floor, Gizri Road Block 9 Clifton Karachi, Sindh 75600.
Islamabad	Manzoor Plaza (The Hive Building), First Floor, Plot 14-E Fazal-e-Haq Road, G-6/2, Blue Area, Islamabad 44000.

1.1 The "Group" consists of:

Holding Company

Avanceon Limited (AVL)

Subsidiary companies

% age of holding

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

The Avanceon FZE is a Free Zone Establishment which was incorporated in Jebel Ali Free Zone of Dubai on 28 February 2004 as a private limited company under the Jebel Ali Free Zone Companies Implementation Regulations 2016. The principal activity of the Establishment is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services.

Innovative Automations registered office is 1800 John F. Kennedy Boulevard, Suite 1601, Philadelphia, PA. The Group holds 26.11% (2018: 26.11%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, the General Partner.

The Avanceon Automation and Control W.L.L (AVAC) is a limited liability formed pursuant to Commercial Companies Law No. (11) 2015 and was registered with the Ministry of Economy and

Commerce under Registration No. 99027 on May 22, 2017, and its registered office is situated in the Office No. 12, M Floor, Al Jabber, Engg. HO Building, PO Box 15976, Fox Hills, Lusail, Doha, Qatar. The principal activity of the Company is to provide industrial automation, process control and systems integration solutions, to trade in products of automation and control equipment and provide related technical services.

The other shareholder in AVAC, Arkan Integrated Development LLC holds 51% of the share capital but has no interest in the Establishment as per the shareholder's Agreement, except 3% share of any dividends, when announced by Avanceon FZE.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

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

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

2.2 Standards, Interpretations and amendments to published approved accounting standards

2.2.1 New and amended standards and interpretations

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

Standard or Interpretation

IAS 40	-	Transfers to Investment Property (Amendments)
IFRS 4	-	Insurance Contracts: Applying IFRS 9 with IFRS 4 Insurance Contracts (Amendments)
IFRS 2	-	Share based Payments — Classification and Measurement (Amendments)
IFRIC 22	-	Foreign Currency Transactions and Advance Consideration
IFRS 9	-	Financial Instruments: Classification and measurement
IFRS 9	-	Prepayment Features with Negative Compensation (Amendments)

Notes to the condensed consolidated Interim financial Statements (Un-audited) for the first quarter ended March 31, 2020

- IFRS 15 - Revenue from Contracts with Customers
- IFRS 11 - Joint Arrangements - Previously held Interests in a Joint operation
- IFRS 16 - Leases
- IAS 12 - Income Taxes - Income tax consequences of payments on financial instruments classified as equity
- IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)
- IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)
- IFRIC 23 - Uncertainty over Income Tax Treatments

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

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

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

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

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

Standard or Interpretation		IASB effective date (annual periods beginning on or after)
IFRS 17	Insurance Contracts	1 January 2021
IFRS 1	First-time Adoption of IFRS	1 July 2009

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

3. CONTINGENCIES AND COMMITMENTS

3.1 Contingencies

- (i) There are no contingencies to report as at 31st March 2020 (2019: Nil)

3.2 Commitments

- (i) Bank guarantees issued amounting to Rs.20.7 million (2019: Rs. 36.06 million) against the performance of various contracts.
- (ii) Letters of credit includes Rs.16.56 million (2019: Rs. 53.34 million) which relates to import acceptance bills.

4. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the 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)	Chief Executive Officer		Director		Others Executives	
	2020	2019	2020	2019	2020	2019
Managerial remuneration	14,502	12,838	1,787	1,731	49,065	34,336
House rent	4,107	3,636	458	465	16,911	13,034
Utilities	2,310	2,045	114	116	4,648	3,367
Provident Fund / Gratuity	1,206	1,055	168	182	3,439	2,632
Others	385	341	2	2	3,609	2,506
	22,511	19,914	2,529	2,497	77,671	55,875
Number of persons	1	1	1	1	42	33

Notes to the condensed consolidated Interim financial Statements (Un-audited)

for the first quarter ended March 31, 2020

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 May 28, 2020 by the Board of Directors of the Holding Company.

6. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer
Bakhtiar Hameed Wain



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Taveer Karamat



GET IN TOUCH

AVANCEON BUILDING

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

