

AVANCEON

Tomorrow's solutions, today.



for the half-year ended June 30, 2015
Seamless Engineering





Seamless Engineering

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

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Company Information

Directors

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

Audit Committee

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

Human Resource & Remuneration Committee

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

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants.

Legal Advisor

Chima & Ibrahim advocates and Corporate Council

Web Presence

www.avanceon.ae

Bankers

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

Share Registrar

THK Associated Private Limited
2nd floor, State life Building-3, Dr. Ziauddin Ahmed Road,
Karachi,
75530, Sindh, Pakistan.
Phone: +92(21)111 000 322
Fax: +92 (21) 356 555 95
Email: secretariat@thk.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.c@avanceon.ae

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

Headquarters South East Asia

Lahore, Punjab, Pakistan

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

D-16/1, Block-3, Lane-5 Clifton

PO Box: 718

Karachi, Sind

Pakistan.

Phone: +92 21 111 940 940

Islamabad Capital City

299 Pansi Road, Safari Villas III, Bahria Town,

Islamabad, Capital City

Pakistan.

Phone: +92 51 573 3031

Trade Mark

AVANCEON
Tomorrow's solutions, today.

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

Headquarters North America

Avanceon GP – Exton, PA, USA

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

Doha, Qatar

In Partnership with Irinatech

Office No-3, 15th Floor

Burj Al-Qassar, West Bay,

Doha, Qatar. PO Box 5285

Phone: +974 4408 5213

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 Saudi Arabia, Dammam

In Partnership with ATCO LLC

Dammam, Saudia Arabia

In Partnership with ATCO LLC

ATCO Building.

King Khalid Street.

Dammam, KSA. PO Box 718

Phone: +966-12-6912204 x 127

Interim Director's Report

The directors of the company take pleasure in presenting their report together with the Company's reviewed interim condensed standalone and un-audited consolidated financial statements for the half year ended June 30, 2015. The Director's report, prepared under section 236 of the Companies Ordinance, 1984.

(Rupees 000')	For the half year ended June 30	
	2015	2014
Operating results (standalone-reviewed)		
Profit before tax	133,177*	128,214**
Provision for taxation	(14,714)	(12,179)
Profit after taxation	118,463	116,035

* This figure included onetime written-off of US Aid projects final balance receivable amounting to Rs. 19 million due to execution failure at customer end and closure of US Aid projects.

** This figure included onetime exchange loss of Rs. 34million on translation of foreign currency receivable due to appreciation of local currency against USD.

(Rupees 000')	For the half year ended June 30	
	2015	2014
Operating results (consolidated)		
Profit before tax	103,103*	105,547**
Provision for taxation	(14,714)	(12,179)
Profit after taxation	88,389	93,368

* This figure included onetime written-off of US Aid projects final balance receivable amounting to Rs. 19 million due to execution failure at customer end and closure of US Aid projects.

** This figure included onetime exchange loss of Rs. 34million on translation of foreign currency receivable due to appreciation of local currency against USD.

Earnings per share (standalone-reviewed) for the half year ended June 30, 2015

The basic earnings per share after tax is Rs. 1.12 (2014: Rs.1.18).

Earnings per share (consolidated un-audited) for half year ended June 30, 2015

The basic earnings per share after tax is Rs. 0.84 (2014: Rs. 0.88)

The operating financial results of the company for the half year ended June 30, 2015 remained on lower side, they are around 26% short of targeted earning, we observed this shortfall due to delay in orders inflow in Q-1 & Q-2 of current financial year especially in middle east but this shortfall has been compensated in Q-3, we are expecting recovery of earning in Q-3 & Q-4 of financial year 2015, historically, our revenues and profits remain lower in first, get start momentum in 2nd quarter and major portion of revenue of orders start getting recognized in 3rd and 4th quarter of each financial year due to business cycle which is being observed from many financials years, currently, we have strong portfolio of orders in hand and in the pipeline for Pakistan, UAE, Qatar, Saudi Arabia (KSA).

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

Statutory Auditor of the Company

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

Communication

Communication with the shareholders is given a high priority. Financial reports are distributed to them within the time specified in the Companies Ordinance, 1984. The Company also has a website, www.avanceon.ae, which contains up to date information on Company's activities and financial reports.

For and on behalf of the



BOARD OF DIRECTORS

August, 25, 2015, Lahore, Pakistan

Avanceon

**Standalone Condensed Reviewed
Interim Financial Statements**
for the half year ended June 30, 2015

Condensed Reviewed Balance Sheet

as at June 30, 2015


	Note	Un-audited June 30, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2014: 150,000,000)			
ordinary shares of Rs 10 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital			
105,696,804 (2014: 105,696,534)			
ordinary shares of Rs 10 each		1,056,968,040	1,056,965,340
Share premium	5	61,893,664	61,892,584
Employees' share compensation reserve	6	45,000,000	45,000,000
Un-appropriated profit		562,951,720	681,661,058
		1,726,813,424	1,845,518,982
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		89,644,043	90,295,262
NON CURRENT LIABILITIES			
Deferred tax	7	18,159,938	18,159,938
Liabilities against assets subject to finance lease		40,694,229	29,315,989
		58,854,167	47,475,927
CURRENT LIABILITIES			
Current portion of long-term liabilities		13,578,480	16,051,776
Creditors, accrued and other liabilities	8	463,355,561	467,859,642
		476,934,041	483,911,418
CONTINGENCIES AND COMMITMENTS			
	9		
		2,352,245,673	2,467,201,589

The annexed notes from 1 to 18 form an integral part of these financial statements.



Chief Executive Officer

	Note	Un-audited June 30, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	10	210,000,840	199,700,583
Long term investments		473,670,870	473,670,870
Long term deposits		13,440,027	11,038,106
		697,111,738	684,409,559
CURRENT ASSETS			
Stock in trade		57,506,359	48,465,223
Trade debts		772,903,698	794,960,223
Advances, deposits, prepayments and other receivables		786,581,984	832,949,276
Short term investments		–	94,566,163
Cash and bank balances		38,141,894	11,851,145
		1,655,133,936	1,782,792,030
		2,352,245,673	2,467,201,589


Director

Condensed Reviewed Interim Profit and Loss Account

for the half year ended June 30, 2015

	Note	Six month period ended		Quarter ended	
		June 30, 2015 (Rupees)	June 30, 2014 (Rupees)	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
Sales		351,376,966	382,806,063	146,452,985	188,682,306
Cost of sales		(195,447,564)	(238,863,238)	(67,473,925)	(129,591,003)
Gross profit		155,929,402	143,942,825	78,979,060	59,091,303
Administrative and selling expenses		(58,611,388)	(60,703,751)	(27,951,491)	(27,891,551)
Other charges	11	(20,365,885)	(34,203,412)	(19,850,624)	4,563,474
Other operating income	12	58,876,012	84,655,290	44,970,448	77,759,706
		(20,101,261)	(10,251,872)	(2,831,667)	54,431,630
Profit from operations		(135,828,142)	133,690,952	76,147,394	113,522,932
Finance costs		(2,651,291)	(5,476,985)	(1,225,864)	(1,652,960)
Profit before tax		133,176,851	128,213,967	74,921,530	111,869,972
Taxation		(14,713,983)	(12,178,796)	(11,908,591)	(10,798,717)
Profit for the period		118,462,868	116,035,171	63,012,939	101,071,255
Earnings per share - basic		1.12	1.18	0.60	0.96
Earnings per share - diluted		1.07	1.12	0.57	0.91

The annexed notes from 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director

Statement of Condensed Reviewed Interim Comprehensive Income

for the half year ended June 30, 2015

	Six month period ended		Quarter ended	
	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
Profit for the period	118,462,868	116,035,171	63,012,938	101,071,255
Other comprehensive income				
Items not to be reclassified to profit and loss in subsequent periods				
- Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets for the period- net of tax	651,219	503,823	449,673	232,095
Total comprehensive income for the period	119,114,087	116,538,994	63,462,611	101,303,350

The annexed notes from 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director

Condensed Reviewed Interim Cash Flow Statement

for the half year ended June 30, 2015

	Note	Six month period ended	
		June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
Cash flows from operating activities			
Cash generated from operations	13	194,335,056	(7,761,400)
Financial cost paid		(2,651,291)	(6,357,124)
Taxes paid		(15,013,438)	(24,003,949)
Net cash generated from / (used in) operating activities		176,670,328	(38,122,473)
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,050,700)	(2,057,110)
Proceeds from sale of property, plant and equipment		6,007,784	469,987
Increase in capital work in progress		–	(603,819)
Purchase of asset held for sale		–	(657,800)
Income on bank deposits received		4,676,394	9,735,982
Short term investment		94,566,163	33,740,996
Net increase in long term advances and deposits		(2,401,921)	(1,044,496)
Net cash generated from investing activities		99,797,719	39,583,739
Cash flows from financing activities			
Repayment from long term finances		–	(10,000,000)
Shares issued		3,780	49,404,268
Dividend paid		(237,823,425)	(201,332,000)
(Repayment) of loan received from directors		–	(24,107,908)
Repayment of finance lease liabilities		(12,357,653)	(7,143,803)
Net cash used in financing activities		(250,177,298)	(193,179,444)
Net increase / (decrease) in cash and cash equivalents		26,290,749	(191,718,177)
Cash and cash equivalents at the beginning of period		11,851,145	280,448,005
Cash and cash equivalents at the end of period	14	38,141,894	88,729,828

The annexed notes from 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director

Statement of Condensed Reviewed Changes in Equity

for the half year ended June 30, 2015

(Rupees)	Share capital	Share Premium	Employees' share compensation reserve	Un-appropriated profit / (loss)	Total
Balance as on January 01, 2014	755,000,000	-	45,000,000	453,974,085	1,253,974,085
Net comprehensive income for the period	-	-	-	116,538,994	116,538,994
Final dividend for the year ended 31 December 2013 at the rate of Rs. 2 per share	-	-	-	(201,332,000)	(201,332,000)
Issue of 25,166,000 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	251,660,000	100,664,000	-	-	352,324,000
Transaction costs-expenses incurred against Initial Public Offering	-	(38,676,732)	-	-	(38,676,732)
Bonus shares issued for the year ended 31 December 2013 at the rate of 5%	50,333,000	-	-	(50,333,000)	-
	301,993,000	61,987,268	-	(135,126,006)	228,854,262
Balance as on June 30, 2014	1,056,993,000	61,987,268	45,000,000	318,848,079	1,482,828,347
Balance as on January 01, 2015	1,056,965,340	61,892,584	45,000,000	681,661,058	1,845,518,982
Net comprehensive income for the period	-	-	-	119,114,087	119,114,087
Final dividend for the year ended 31 December 2014 at the rate of Rs. 2.25 per share	-	-	-	(237,823,425)	(237,823,425)
Issue of 270 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	2,700	1,080	-	-	3,780
	2,700	1,080	-	(118,709,338)	(118,705,558)
Balance as on June 30, 2015	1,056,968,040	61,893,664	45,000,000	562,951,720	1,726,813,424

The annexed notes from 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director

Notes to and forming part of the Condensed Reviewed Interim Financial Information

for the half year ended June 30, 2015

1. Legal Status and Nature of Business

The Company was incorporated in Pakistan on March 26, 2003 as a private limited company which was changed to a public company on March 31, 2008 under the Companies Ordinance, 1984 and on 11th of February 2014 has been formally listed on Karachi Stock Exchange and Lahore Stock Exchange. The principal activity of the Company is to trade in 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.

2. Basis of Preparation

2.1 This interim financial information is unaudited and is being submitted to shareholders, as required by section 245 of Companies Ordinance, 1984.

2.2 This interim financial information of the Company for the six month period ended 30 June 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.3 This condensed interim financial information does not include all the information and the disclosures required in the annual financial statements and should be read in conjunction with annual audited financial statements of the Company for the year ended 31 December 2014.

2.4 Standards, Interpretations and amendments to published approved accounting standards effective in 2015:

New and amended standards and interpretations

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those of the previous financial year except as describe below:

The Company has adopted the following amendments to IFRSs which became effective for the current period:

IAS 19 – Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions

The adoption of the above amendment did not have any significant effect on this condensed interim financial information.

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 2014.

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 2014.

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

5. Share Premium

This represents premium on 25,163,754 shares at the rate of Rs. 4 each.

6. Employees' Share Compensation Reserve

This represents option to purchase 5 million shares offered to employees at an exercise price of Rs. 1 per share which has been recorded as receivable from employees. The remaining amount of Rs. 45 million out of the total par value of these shares of Rs. 50 million has been set aside from unappropriated profit of the Company.

7. Deferred Tax

Due to recent changes in tax law, the management is in process of evaluating their impact on the Company. Adjustment to the amount of deferred taxation will be made in the annual financial statements after taking account of these changes.

	Note	Un-audited June 30, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
8. Creditors, Accrued and Other Liabilities			
Trade creditors		56,732,791	87,190,308
Accrued expenses		29,043,149	29,919,014
Advances from customers		28,584,317	17,461,086
Payable to related parties	8.1	223,343,075	312,397,282
Sales tax payable		–	4,921,443
Social security payable		16,980	14,838
Other liabilities	8.2	122,496,482	12,816,905
Withholding tax surcharge		3,138,766	3,138,766
		463,355,561	467,859,642

8.1 This represents amount due to Avanceon FZE (a wholly owned subsidiary) which is non-interest bearing.

Notes to and forming part of the Condensed Reviewed Interim Financial Information

for the half year ended June 30, 2015

- 8.2 This includes Rs. 1,609,621 (31 December 2014 : Rs.1,851,567) and Rs. 7,663,584 (31 December 2014 : Rs. 995,528) relating to provident fund payable and withholding tax deducted at source payable respectively.

9. Contingencies and Commitments

9.1 Contingencies

- (i) Bank guarantees issued amounting to Rs 29 million (31 December 2014: Rs 3.6 million) against the performance of various contracts.
- (ii) Post dated cheques issued to IGI insurance against general insurance amounting to Rs. 7.1 million (31 December, 2014: nil)
- (iii) "The Honorable Lahore High Court, Lahore in its Order dated 03 June 2011 declared the amendments made in Workers' Welfare Fund Ordinance, 1971 brought through Finance Acts, 2006 and 2008 as unconstitutional. Therefore, the Company has not made any provision for Workers Welfare Fund (WWF) in the financial statements in the light of this Order of the Honorable Lahore High Court. The said order has been challenged in the Honorable Supreme Court. The Company may be liable to pay WWF amounting to Rs. 22,079,393 if the Supreme Court's decision is unfavourable. This amount has been calculated based on accounting profits excluding dividend income. This amount of WWF on dividend is Rs. 10,450,244.

9.2 Commitments

Nil

	Note	Un-audited June 30, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
10. Property, Plant and Equipment			
Operating fixed assets - tangible	10.1	149,880,542	148,179,288
Assets subject to finance lease	10.2	47,379,296	49,390,503
Capital work-in-progress		12,741,000	2,130,792
		210,000,838	199,700,583
10.1 Operating fixed assets - tangible			
Opening book value		148,179,288	147,190,851
Add: Additions/transfers during the period			
/ year -cost	10.1.1	8,649,940	6,808,050
Add: Effect of revaluation		-	4,744,159
		156,829,228	158,743,060
Less: Deletions during the period / year	10.1.2	3,960,988	10,150,314
		152,868,240	148,592,746
Less: Depreciation during the period / year		2,987,698	413,458
Book value at the end of the period / year		149,880,542	148,179,288

	Un-audited June 30, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
10.1.1 Additions/transfers during the period / year - cost		
Buildings	3,970,620	1,390,665
Furniture and fixture	–	410,813
Vehicles	3,535,448	6,966,059
Office equipment and alliances	374,569	(3,559,916)
Computers	769,303	1,600,429
	8,649,940	6,808,050
10.1.2 Deletions during the period / year		
Buildings	331,534	–
Vehicles	3,629,453	8,588,494
Office equipment and alliances	1	425,333
Computers	–	1,136,487
	3,960,988	10,150,314
10.2 Assets subject to finance lease		
Opening book value	49,390,503	38,282,864
Add: Additions during the period / year	8,521,594	20,924,367
	57,912,097	59,207,231
Less: Transfers to operating assets period / year	3,468,448	2,550,809
	54,443,649	56,656,422
Less: Depreciation during the period / year	7,064,353	7,265,919
Book value at the end of the period / year	47,379,296	49,390,503
11. Other Charges		
Social security	106,648	85,354
Donations	1,260,094	10,000
Exchange loss	–	34,108,058
Bad debts written off	18,999,143	–
	20,365,885	34,203,412

12 This includes dividend income from Avanceon FZE of Rs. 41,615,000 (2014: Rs. 73,912,500)

Notes to and forming part of the Condensed Reviewed Interim Financial Information

for the half year ended June 30, 2015

Note	Un-audited June 30, 2015 (Rupees)	Un-audited June 30, 2014 (Rupees)
13 Cash flows from operating activities		
Profit before tax	133,176,851	128,213,967
Adjustments for:		
Depreciation on property, plant and equipment	2,987,698	3,629,227
Depreciation on assets subject to finance lease	7,064,353	5,108,726
Amortization on intangible asset	-	12,237
Bad debts written off	18,999,143	-
Exchange loss / (gain)	(8,978,271)	34,108,058
Gain on disposal of property, plant and equipment	(2,046,796)	(429,056)
Finance costs	2,651,291	3,892,766
Income on bank deposits	(4,021,162)	(9,442,523)
	16,656,256	36,879,435
Profit before working capital changes	149,833,106	165,093,402
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	(9,041,136)	(7,995,803)
- Trade debts	3,057,382	(9,547,539)
- Advances, deposits, prepayments and other receivables	54,989,785	(100,485,758)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	(4,504,081)	(54,825,701)
	44,501,950	(172,854,802)
Cash generated from / (used in) operations	194,335,056	(7,761,400)
14 Cash and Cash Equivalents		
Cash and bank balances	38,141,894	96,252,354
Finances under mark up arrangements and other credit facilities - secured	-	(7,522,526)
	38,141,894	88,729,828

15 Transactions with Related Parties

The related parties comprise holding company, associated undertakings, subsidiaries, post employment benefit plans, other related companies, and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in note 16. Other significant transactions with related parties are as follows:

		Un-audited	Un-audited
		Six month period ended	
		June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
i. Subsidiaries	Agency commission	3,204,582	5,240,521
	Export sales	30,429,884	49,263,060
	Outsourcing income	1,838,708	9,105,883
	Business process outsourcing	35,000,000	31,726,751
	Management fee charged	20,000,000	14,715,000
	Fee for technical services	45,000,001	40,229,147
	Revenue recognised on the project based on the stage of completion	36,798,924	3,521,402
	Dividend income	41,615,000	73,912,500
ii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	3,439,256	4,136,696

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

Notes to and forming part of the Condensed Reviewed Interim Financial Information

for the half year ended June 30, 2015

16 Remuneration of chief executive, directors and executives

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

(Rupees)	Chief Operating Officer / Director		Other Executives	
	2015	2014	2015	2014
Managerial remuneration	1,889,312	1,757,630	13,219,876	12,393,060
House rent	755,725	703,052	5,287,950	4,957,224
Utilities	188,931	175,763	1,321,988	1,239,306
Contribution to provident fund	188,931	175,763	1,321,988	1,239,306
Others	43,930	67,591	315,850	436,872
	3,066,829	2,879,799	21,467,652	20,265,768
Number of persons	1	1	16	14

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

17. Date of authorization for issue

These financial statements were authorized for issue on 25 August 2015 by the Board of Directors of the Company.

18. General

18.1 Figures have been rounded off to the nearest rupee.

18.1 The figures of condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended 30 June 2015 and 2014 were not subject to limited scope review by the auditors as scope of review covered only the cumulative figures.



Chief Executive Officer



Director

Avanceon

**Consolidated Condensed Un-Audited
Interim Financial Statements**
for the half year ended June 30, 2015

Consolidated Condensed Balance Sheet

as at June 30, 2015

Note	Un-audited June 30, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital 150,000,000 (2014: 150,000,000)		
	1,500,000,000	1,500,000,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
105,696,804 (2014: 105,696,534)		
	1,056,968,040	1,056,965,340
	61,893,664	61,892,584
	45,000,000	45,000,000
	191,906,327	184,640,918
	424,906,106	573,689,258
	1,780,674,137	1,922,188,100
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		
	89,644,043	90,295,262
NON CURRENT LIABILITIES		
	37,208,764	33,767,362
	18,159,938	18,159,938
	15,126,265	12,852,616
	70,494,967	64,779,916
CURRENT LIABILITIES		
	23,076,321	18,993,605
	13,815,000	39,170,340
	363,257,176	438,760,184
	400,148,497	496,924,129
CONTINGENCIES AND COMMITMENTS		
3	2,340,961,643	2,574,187,407

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



Chief Executive Officer

	Note	Un-audited June 30, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		204,785,443	206,583,280
Capital work in progress		12,741,000	2,130,792
Long term investment		551,578,332	545,589,419
Long term deposits		25,120,285	22,651,170
		794,225,061	776,954,661
CURRENT ASSETS			
Stock in trade		94,194,885	50,290,402
Trade debts		1,000,772,657	1,352,375,789
Advances, deposits, prepayments and other receivables		226,309,653	155,058,433
Term deposits with banks		170,555,001	199,511,833
Cash and bank balances		54,904,386	39,996,289
		1,546,736,582	1,797,232,746
		2,340,961,643	2,574,187,407


Director

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

for the half year ended June 30, 2015

	Note	Six month period ended		Quarter ended	
		June 30, 2015 (Rupees)	June 30, 2014 (Rupees)	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
Sales		559,819,272	660,830,403	192,966,938	301,617,222
Cost of sales		(320,956,930)	(415,885,257)	(94,206,102)	(192,489,252)
Gross Profit/(Loss)		236,862,341	244,945,147	98,760,835	109,127,971
Administrative and selling expenses		(120,568,551)	(111,671,786)	(57,494,415)	(48,588,259)
Other charges	4	(21,612,297)	(34,203,412)	(20,527,997)	5,716,065
Other operating income		20,697,611	15,198,275	5,099,220	7,959,030
		(121,483,237)	(130,676,923)	(72,923,242)	(34,913,164)
Profit/(Loss) from operations		115,379,104	114,268,224	25,837,593	74,214,807
Finance costs		(12,276,011)	(8,721,049)	(6,138,119)	(3,067,018)
Profit/(Loss) before tax		103,103,037	105,547,175	19,699,418	71,147,789
Taxation		(14,713,983)	(12,178,796)	(11,908,591)	(10,798,717)
Income for the period from operations		88,389,054	93,368,379	7,790,827	60,349,072
Combined earnings per share					
Basic		0.84	0.88	0.07	0.57
Diluted		0.80	0.84	0.07	0.55

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



Chief Executive Officer



Director

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) for the half year ended June 30, 2015

	Six month period ended		Quarter ended	
	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
Profit/(Loss) for the period	88,389,054	93,368,379	7,790,827	60,349,071
Other comprehensive income				
- Exchange diff. on translating foreign operations	7,265,409	(38,300,482)	10,890	8,418,065
- Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period-net of tax	651,219	503,823	449,673	232,095
Total comprehensive income for the period	96,305,682	55,571,720	8,251,390	68,999,231

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



Chief Executive Officer



Director

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

for the half year ended June 30, 2015

	Note	Six month period ended	
		June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
Cash flows from operating activities			
Cash generated from continuing operations	5	282,318,872	64,776,689
Finance costs paid		(12,276,067)	(11,185,407)
Taxes paid		(15,019,628)	(22,474,969)
Net cash / (used in) from operating activities		255,023,176	31,116,313
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,800,426)	(2,221,677)
Capital work in progress		–	(603,819)
Proceeds from disposal of property, plant and equipment and intangible assets		5,640,846	471,686
Profit on bank deposit		7,448,651	10,386,995
Assets held for sale		–	(657,800)
Term deposits with banks		28,956,832	34,945,827
Net change in long term advances and deposits		(2,469,115)	(1,148,146)
Net cash / (used in) investing activities		34,776,788	41,173,066
Cash flows from financing activities			
Repayment of long term finances		–	(10,000,000)
Proceeds from / (Repayment of) director's loan		–	(54,834,483)
Dividend paid		(237,823,425)	(201,332,000)
Share issued		3,780	49,404,268
Repayment of finance lease liabilities		(11,716,882)	(9,331,908)
Net cash from / (used in) financing activities		(249,536,527)	(226,094,124)
Net (decrease) / increase in cash and cash equivalents		40,263,437	(153,804,745)
Cash and cash equivalents at the beginning of year		825,949	357,446,738
Cash and cash equivalents at the end of period		41,089,386	203,641,993

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



Chief Executive Officer



Director

Consolidated Condensed Statement of Changes in Equity (Un-audited) for the half year ended June 30, 2015

(Rupees)	Attributable to equity holders of the parent					Total
	Share capital	Share premium reserve	Un-appropriated (loss) / profit	Exchange revaluation reserve	Employee share compensation reserve	
Balance as on January 01, 2014	755,000,000	—	396,775,229	211,115,509	45,000,000	1,407,890,738
Profit for the period	—	—	93,368,379	—	—	93,368,379
Other comprehensive income	—	—	503,823	(38,300,482)	—	(37,796,659)
	—	—	93,872,202	(38,300,482)	—	55,571,720
Issue of 25,166,000 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	251,660,000	100,664,000	—	—	—	352,324,000
Final dividend for the year ended 31 December 2013 at the rate of Rs. 2 per share	—	—	(201,332,000)	—	—	(201,332,000)
Bonus shares issued for the year ended 31 December 2013 at the rate of 5%	50,333,000	—	(50,333,000)	—	—	—
Transaction cost incurred against Initial Public Offering	—	(38,676,732)	—	—	—	(38,676,732)
	301,993,000	61,987,268	(251,665,000)	—	—	112,315,268
Balance as on June 30, 2014	1,056,993,000	61,987,268	238,982,431	172,815,027	45,000,000	1,575,777,726
Balance as on January 01, 2015	1,056,965,340	61,892,584	573,689,258	184,640,918	45,000,000	1,922,188,100
Profit for the period	—	—	88,389,054	—	—	88,389,054
Other comprehensive income	—	—	651,219	7,265,409	—	7,916,628
Final dividend for the year ended 31 December 2014 at the rate of Rs. 2.25 per share	—	—	(237,823,425)	—	—	(237,823,425)
Issue of 270 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	2,700	1,080	—	—	—	3,780
	2,700	1,080	(148,783,152)	7,265,409	—	(141,513,963)
Balance as on June 30, 2015	1,056,968,040	61,893,664	424,906,106	191,906,327	45,000,000	1,780,674,137

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



Chief Executive Officer



Director

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

for the half year ended June 30, 2015

1 Legal status and nature of business

The Company was incorporated in Pakistan on March 26, 2003 as a private limited company which was converted into a public limited company on March 31, 2008 under the Companies Ordinance, 1984 and on 11th of February 2014 has been formally listed on Karachi Stock Exchange and Lahore Stock Exchange. The principal activity of the Company is to trade in and assembling of products of automation and control equipments and to provide related technical services. The registered office of the Company is situated at 19 Km, Main Multan Road, Lahore Pakistan.

1.1 The "Group" consists of:

Holding company

Avanceon Limited (AVN)

Subsidiary companies, i.e. each of those companies in which the Holding Company owns over 50% of voting rights, or companies controlled by the Holding Company.

	% age of holding
- Avanceon, Free Zone Establishment, UAE (AVN-FZE);	100%
- Engro Innovative Inc., USA (EI);	100%

Avanceon, FZE (AVN-FZE), a wholly owned Free Zone Establishment with limited liability was formed under the laws of Jebel Ali Free Zone Authority U.A.E which was registered on February 28, 2004. The principal activity of the Establishment is to trade in and assembling of products of automation and control equipment and provide related technical support.

Engro Innovative Inc. (EI), a wholly owned subsidiary of AVN-FZE which was incorporated in the State of Pennsylvania on October 25, 2006, as a Corporation Service Company under the provisions of Business Corporation Law of 1988. The principal activity of the company is to explore investment opportunities in automation industry in USA and provide related technical support via its holding companies.

2 Basis of preparation

- 2.1 This consolidated condensed interim financial information has been prepared in accordance with International Accounting Standards - 34 "Interim Financial Reporting" as applicable in Pakistan.
- 2.2 This consolidated condensed interim financial information does not include all the information and the disclosures required in the annual consolidated financial statements and should be read in conjunction with annual audited consolidated financial statements of the group for the period ended 31 December 2014.
- 2.3 The financial results of Avanceon FZE, UAE and Engro Innovative Inc, USA have been consolidated based on un-audited financial information prepared by the management.
- 2.4 Standards, Interpretations and amendments to published approved accounting standards effective in 2015:

New and amended standards and interpretations

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those of the previous financial year except as describe below:

The Company has adopted the following amendments to IFRSs which became effective for the current period:

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

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

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

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

Standard or Interpretation	Effective date (annual periods Beginning on or after)
IAS 1 - Presentation of Financial Statements – (Amendment) - Disclosure Initiative	1-Jan-16
IAS 16 & 38 - Property, Plant and Equipment & intangible assets - (Amendment) - Clarification of Acceptable Method of Depreciation and Amortization	1-Jan-16
IAS 16 & 41 - Property, Plant and Equipment & Agriculture - (Amendment)-Agriculture: Bearer Plants	1-Jan-16
IAS 19 - Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions	1-Jul-16

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

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

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

for the half year ended June 30, 2015

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

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

3 Contingencies and commitments

3.1 Contingencies

- (i) Bank guarantees issued against the performance of various contracts amounting to Rs. 29 million (31 December 2014: Rs. 3.6 million)
- (ii) Post dated cheques issued to IGI insurance against general insurance amounting to Rs. 7.1 million (31 December, 2014: Nil)
- (iii) “The Honorable Lahore High Court, Lahore in its Order dated 03 June 2011 declared the amendments made in Workers’ Welfare Fund Ordinance, 1971 brought through Finance Acts, 2006 and 2008 as unconstitutional. Therefore, the Company has not made any provision for Workers Welfare Fund (WWF) in the financial statements in the light of this Order of the Honorable Lahore High Court. The said order has been challenged in the Honorable Supreme Court. The Company may be liable to pay WWF amounting to Rs. 22,079,393 if the Supreme Court’s decision is unfavourable. This amount has been calculated based on accounting profits excluding dividend income. This amount of WWF on dividend is Rs. 10,450,244.

3.2 Commitments

Avanceon FZE has provided the following guarantees;

	Un-audited June 30, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
Labour/ performance guarantee	33,494,246	39,864,686
Letters of credit	–	132,254,325
Post dated cheques issued to;		
JAFZA against payment of rent	–	5,061,420
Emirates Islamic Bank against payment of lease of vehicle	3,033,774	3,716,950
Suppliers against supply of material	–	4,506,821
	3,033,774	13,285,191
	36,528,020	185,404,202

- 4 Rs. 20m include the write off relating to USAID projects with Mapple Leaf, Malik Autos and Guard Agri(2014 : Rs.38m exchange losses due to devaluation of US Dollor value to Rs. 97.7 from Rs. 100.95)

	Un-audited June 30, 2015 (Rupees)	Un-audited June 30, 2014 (Rupees)
5 Cash flows from operating activities		
Profit/ (loss) before tax	102,454,366	105,547,175
Adjustments for:		
- Depreciation on property, plant and equipment	11,635,005	4,368,183
- Depreciation on asset subject to finance lease	-	6,117,025
- Amortisation on intangible asset	-	12,237
- Exchange revaluation reserve	1,928,946	(2,566,671)
- Exchange (gain) / loss	(7,731,858)	34,203,412
- Provision for doubtful debts	18,999,143	-
- Employee benefits accrued	-	7,021,300
- Finance cost	12,276,067	8,721,049
- Gain on sale of fixed assets	(2,046,796)	(429,056)
- Income on bank deposits	(7,448,651)	(10,093,537)
	27,611,855	47,353,942
Profit before working capital changes	130,066,221	152,901,118
- (Decrease)/Increase in stock in trade	(43,904,483)	(3,181,856)
- (Decrease)/Increase trade debts	340,335,847	110,414,622
- Decrease /(Increase) in advances, deposits, prepayments and other receivables	(70,949,354)	(38,557,400)
- Deferred taxation	-	-
- Decrease in creditors, accrued and other liabilities	(73,229,359)	(156,799,795)
	152,252,051	(88,124,429)
Cash generated from / (used in) operations	282,318,872	64,776,689

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

for the half year ended June 30, 2015

6 Remuneration of chief executive, directors and executives

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

(Rupees)	CEO & COO / Director		Other Executives	
	2015	2014	2015	2014
Managerial remuneration	16,222,817	15,233,829	30,556,583	26,709,333
House rent	6,060,685	5,854,412	11,270,710	9,093,283
Utilities	188,931	175,763	1,321,988	1,239,306
Contribution to provident fund	1,083,342	1,001,188	2,906,237	2,396,430
Others	541,270	309,061	2,193,320	1,498,669
	24,097,045	22,574,253	48,248,836	40,937,022
Number of persons	2	2	19	17

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

7. Date of authorization for issue

The condensed interim consolidated financial information was authorised for issue on 25 August 2015 by the Board of Directors of the Holding Company.

8. General

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director

avanceon.ae

Avanceon Building,
19 – KM, Main Multan Road,
Lahore 54660, Pakistan
Phone: +92 42 – 111 940 940
Fax: +92 42 – 37515128

