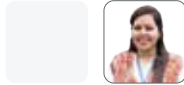


AVANCEON

Tomorrow's solutions, today.



For the nine months
ended September 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

Investor Links

www.avanceon.ae/investors/

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
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

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Fax: +92 (21) 356 555 95
Email: secretariat@thk.com.pk

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Dammam, KSA. PO Box 718

Phone: +966-12-6912204 x 127

Trade Mark

AVANCEON

Tomorrow's solutions, today.

Interim Director's Report

The directors of the company take pleasure in presenting their report together with the Company's unaudited interim condensed standalone and consolidated financial statements for the nine months period ended September 30, 2015. The Director's report, prepared under section 236 of the Companies Ordinance, 1984.

(Rupees 000')	For the nine months ended September 30	
	2015	2014
Operating results (standalone)		
Profit before tax	201,183*	195,981**
Provision for taxation	(16,384)	(14,292)
Profit after taxation	184,799	181,689

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

**This figure included exchange loss of Rs. 25million on translation of foreign currency receivable due to appreciation of local currency against USD at reporting date.

(Rupees 000')	For the nine months ended September 30	
	2015	2014
Operating results (consolidated)		
Profit before tax	228,829*	224,410**
Provision for taxation	(16,384)	(14,292)
Profit after taxation	212,446	210,118

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

**This figure included exchange loss of Rs. 25million on translation of foreign currency receivable due to appreciation of local currency against USD at reporting date.

Earnings per share (standalone) for the nine months ended on September 30, 2015

The basic earnings per share after tax is Rs. 1.75 (2014: Rs.1.72).

Earnings per share (consolidated) for the nine months ended on September 30, 2015

The basic earnings per share after tax is Rs. 2.01 (2014: Rs. 1.99)

The operating financial results of the company for the nine months period ended September 30, 2015 remained on positive side as per approved corporate business plan and covered the short fall of around 26% of targeted earning that we observed during first six month of the current financial period due to delay in orders inflows in Q-1 & Q-2 of current financial year but this has already been compensated in Q-3 with around fresh orders amounting to USD 11millions, we are expecting very handsome revenue recognition in Q-4, 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 approved corporate plan in remaining period 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.

or and on behalf of the



October, 28, 2015, Lahore, Pakistan

BOARD OF DIRECTORS

Avanceon

**Standalone Condensed Un-Audited
Interim Financial Statements**

for the nine months ended September 30, 2015

Condensed Balance Sheet

as at September 30, 2015


	Note	Un-audited September 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		629,449,582	681,661,058
		1,793,311,286	1,845,518,982
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
		89,194,560	90,295,262
NON CURRENT LIABILITIES			
Differed Tax Liabilities	7	18,303,772	18,159,938
Liabilities against assets subject to finance lease		36,145,403	29,315,989
		54,449,176	47,475,927
CURRENT LIABILITIES			
Current portion of long-term liabilities		16,372,123	16,051,776
Finances under mark up arrangements and other credit facilities - secured		89,547,161	–
Creditors, accrued and other liabilities		401,368,017	467,859,642
		507,287,301	483,911,418
CONTINGENCIES AND COMMITMENTS			
	8		
		2,444,242,323	2,467,201,589

The annexed notes from 1 to 16 form an integral part of these condensed financial statements.



Chief Executive Officer

	Note	Un-audited September 30, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9	204,129,711	197,569,791
Capital work in progress		8,118,039	2,130,792
Long term investments		473,670,870	473,670,870
Long term deposits		9,272,818	11,038,106
		695,191,437	684,409,559
CURRENT ASSETS			
Stock in trade		73,015,536	48,465,223
Trade debts		838,615,748	794,960,223
Advances, deposits, prepayments and other receivables		822,782,534	832,949,276
Term deposits with banks		–	94,566,163
Cash and bank balances		14,637,068	11,851,145
		1,749,050,886	1,782,792,030
		2,444,242,323	2,467,201,589


Director

Condensed Interim Profit and Loss Account (Un-audited)

for the nine months ended September 30, 2015

	Note	Nine months ended		Quarter ended	
		September 30, 2015 (Rupees)	September 30, 2014 (Rupees)	September 30, 2015 (Rupees)	September 30, 2014 (Rupees)
Sales		562,685,922	598,319,967	211,308,956	215,513,904
Cost of sales		(335,291,682)	(388,640,676)	(139,844,118)	(149,777,438)
Gross profit / (Loss)		227,394,239	209,679,291	71,464,837	65,736,466
Administrative and selling expenses		(86,542,519)	(86,025,557)	(27,931,131)	(25,321,806)
Other charges	10	(20,854,097)	(8,742,729)	(488,212)	25,460,683
Other operating income	11	87,160,591	88,419,680	28,284,579	3,764,390
		(20,236,025)	(6,348,605)	(134,764)	3,903,268
Profit / (Loss) from operations		207,158,214	203,330,685	71,330,073	69,639,733
Finance costs		(5,975,704)	(7,349,399)	(3,324,413)	(1,872,414)
Profit / (Loss) before tax		201,182,511	195,981,287	68,005,661	67,767,320
Taxation		(16,383,594)	(14,292,089)	(1,669,611)	(2,113,293)
Profit / (Loss) for the period		184,798,916	181,689,198	66,336,049	65,654,027
Earnings/(Loss) per share - basic		1.75	1.72	0.63	0.62
Earnings/(Loss) per share - diluted		1.67	1.64	0.60	0.59

The annexed notes from 1 to 16 form an integral part of these condensed financial statements.



Chief Executive Officer



Director

Condensed Statement of Interim Comprehensive Income (Un-audited)

for the nine months ended September 30, 2015

Note	Nine months ended		Quarter ended	
	September 30, 2015 (Rupees)	September 30, 2014 (Rupees)	September 30, 2015 (Rupees)	September 30, 2014 (Rupees)
Profit /(loss) for the period	184,798,916	181,689,198	66,336,049	65,654,027
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	813,033	838,236	161,813	334,413
Total comprehensive income for the period	185,611,949	182,527,434	66,497,862	65,988,440

The annexed notes from 1 to 16 form an integral part of these condensed financial statements.



Chief Executive Officer



Director

Condensed Interim Cash Flow Statement (Un-audited)

for the nine months ended September 30, 2015

	Note	Nine months ended	
		September 30, 2015 (Rupees)	September 30, 2014 (Rupees)
Cash flows from operating activities			
Cash generated from operations	12	97,439,765	23,279,955
Finance cost paid		(4,987,319)	(10,051,440)
Taxes paid		(23,669,993)	(30,398,147)
Net cash from operating activities		68,782,453	(17,169,632)
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,065,697)	(6,955,007)
Proceeds from sale of property, plant and equipment		6,745,286	2,732,273
Increase in capital work in progress		972,754	-
Profit on bank deposit		4,047,982	11,603,085
Term deposit with banks		94,566,163	(35,825,167)
Net change in long term advances and deposits		(121,500)	(1,578,146)
Net cash generated from / (used in) investing activities		100,144,988	(30,022,964)
Cash flows from financing activities			
Repayment of long term finances		-	(10,000,000)
Net cash paid against share adj.		3,780	49,218,181
Dividend paid		(237,823,425)	(201,332,000)
Director's loan		-	(24,107,908)
Repayment of finance lease liabilities		(17,869,034)	(8,735,963)
Net cash used in financing activities		(255,688,679)	(194,957,690)
Net increase/(decrease) in cash and cash equivalents		(86,761,238)	(242,150,286)
Cash and cash equivalents at the beginning of period		11,851,145	280,448,005
Cash and cash equivalents at the end of period		(74,910,093)	38,297,719

The annexed notes from 1 to 16 form an integral part of these condensed financial statements.



Chief Executive Officer



Director

Statement of Condensed Changes in Equity (Un-audited)

for the nine months ended September 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
Profit for the period	-	-	-	181,689,198	181,689,198
Other comprehensive income	-	-	-	838,236	838,236
	-	-	-	182,527,434	182,527,434
Issue of 25,163,482 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	251,634,820	100,653,928	-	-	352,288,748
Expenses incurred against Initial Public Offering	-	(38,761,352)	-	-	(38,761,352)
Cash dividend paid	-	-	-	(201,332,000)	(201,332,000)
Bonus shares issued @ 5%	50,333,000	-	-	(50,333,000)	-
	301,967,820	61,892,576	-	(251,665,000)	112,195,396
Balance as on September 30, 2014	1,056,967,820	61,892,576	45,000,000	384,836,519	1,548,696,915
Balance as on January 01, 2015	1,056,965,340	61,892,584	45,000,000	681,661,058	1,845,518,982
Profit for the period	-	-	-	184,798,916	184,798,916
Other comprehensive income	-	-	-	813,033	813,033
	-	-	-	185,611,949	185,611,949
Cash dividend paid at Rs. 2.25 per share Post IPO adj. of 270 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	2,700	1,080	-	(237,823,425)	(237,823,425)
	2,700	1,080	-	(237,823,425)	(237,819,645)
Balance as on September 30, 2015	1,056,968,040	61,893,664	45,000,000	629,449,582	1,793,311,286

The annexed notes from 1 to 16 form an integral part of these condensed financial statements.



Chief Executive Officer



Director

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

for the nine months ended September 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 Main, Multan Road, Lahore, Pakistan.

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 nine month period ended 30 September 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.

2.3 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 Judgments

The preparation of condensed interim financial information requires management to make judgments, 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.

8 Contingencies and Commitments

8.1 Contingencies

- (i) Bank guarantees issued against the performance of various contracts amounting to Rs. 60 million (31 December 2014: Rs. 3.6 million)
- (ii) Post dated cheques issued to IGI insurance against general insurance amounting to Rs. 7.6 million (31 December, 2014: Nil)
- (iv) "The Honorable Lahore High Court, Lahore in its Order dated 03 June 2011 declared the amendments made in Workers' Welfare Fund Ordinance, 1971 brought through Finance Acts, 2006 and 2008 as unconstitutional. Therefore, the Company has not made any provision for Workers Welfare Fund (WWF) in the financial statements in the light of this Order of the Honorable Lahore High Court. The said order has been challenged in the Honorable Supreme Court. The Company may be liable to pay WWF amounting to Rs. 22,079,393 if the Supreme Court's decision is unfavorable. This amount has been calculated based on accounting profits excluding dividend income. This amount of WWF on dividend is Rs. 10,450,244"

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

for the nine months ended September 30, 2015

8.2 Commitments

Nil

	Note	Un-audited September 30, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
9 Property, Plant and Equipment			
Operating fixed assets - tangible	9.1	155,376,172	148,179,288
Assets subject to finance lease	9.2	48,753,539	49,390,503
Capital work-in-progress		8,118,039	2,130,792
		212,247,749	199,700,583
9.1 Operating fixed assets - tangible			
Opening book value		148,179,288	147,190,851
Add: Additions/transfers during the period / year -cost	9.1.1	15,869,295	6,808,050
Add: Effect of revaluation		-	4,744,159
		164,048,583	158,743,060
Less: Deletions during the period / year	9.1.2	3,960,989	10,150,314
		160,087,594	148,592,746
Less: Depreciation during the period / year		4,711,422	413,458
Book value at the end of the period / year		155,376,172	148,179,288
9.1.1 Additions/transfers during the period / year - cost			
Buildings		4,053,073	1,390,665
Furniture and fixture		-	410,813
Vehicles		9,870,598	6,966,059
Office equipment and appliances		1,083,371	(3,559,916)
Computers		862,253	1,600,429
		15,869,295	6,808,050
9.1.2 Deletions during the period / year - cost			
Buildings		331,534	-
Vehicles		3,629,454	8,588,494
Office equipment and appliances		2	425,333
Computers		-	1,136,487
		3,960,989	10,150,314

	Note	Un-audited September 30, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
9.2 Assets subject to finance lease			
Opening book value		49,390,503	38,282,864
Add: Additions during the period / year		19,945,183	20,924,367
		69,335,686	59,207,231
Less: Transfers to operating assets period / year		9,803,598	2,550,809
		59,532,088	56,656,422
Less: Depreciation during the period / year		10,778,549	7,265,919
Book value at the end of the period / year		48,753,539	49,390,503
10 Other Charges			
Workers welfare fund		185,108	129,166
Donations		1,669,846	26,500
Exchange gain		-	8,587,063
Provision for doubtful- receivables and earnings		18,999,143	-
		20,854,097	8,742,729

11 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 Interim Financial Information (Un-audited)

for the nine months ended September 30, 2015

Note	Un-audited September 30, 2015 (Rupees)	Un-audited September 30, 2014 (Rupees)
12 Cash flows from operating activities		
Profit before tax	201,182,511	195,981,287
Adjustments for:		
Depreciation on property, plant and equipment	15,489,971	13,821,253
Amortization on intangible asset	-	12,237
Exchange (gain)/loss	(34,424,382)	1,831,254
Provision for doubtful debts and advances	18,999,143	-
Gain on disposal of property, plant and equipment	(2,784,297)	(1,831,254)
Finance cost	5,975,704	7,349,399
Profit on bank deposit	(4,047,982)	(11,603,085)
	(791,844)	9,579,804
Profit before working capital changes	200,390,667	205,561,091
Effect on cash flow due to working capital changes: (Increase) / decrease in current assets		
- Stock in trade	(24,550,313)	(7,740,695)
- Trade debts	(28,230,286)	(16,200,948)
- Advances, deposits, prepayments and other receivables	17,596,976	(97,406,208)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	(67,767,279)	(60,933,286)
	(102,950,902)	(182,281,136)
Cash generated from operations	97,439,765	23,279,955

13 Transactions with Related Parties

		Un-audited September 30, 2015 (Rupees)	Un-audited September 30, 2014 (Rupees)
i. Subsidiaries	Agency commission	6,244,747	9,131,305
	Export sales	46,196,133	84,507,220
	Outsourcing income	1,838,708	12,379,298
	Business process outsourcing	41,433,752	38,005,503
	Management fee charged	20,000,000	14,715,000
	Fee for technical services	83,476,283	49,930,871
	Revenue recognised on the project based on the stage of completion	68,616,216	29,235,228
	Dividend Income	41,615,000	73,912,500
ii. Transactions with related parties	Services	6,979,793	5,824,163
	Supplies	360,600	36,497
iii. Post employment benefit plans	Expense charged in respect of retirements benefit plans	5,642,134	5,302,835

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

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

for the nine months ended September 30, 2015

14 Remuneration of Chief Executive, Directors and Executives

The aggregate amount charged in the condensed financial statements for the period for nine months 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	2,863,594	2,672,660	20,398,058	18,916,466
House rent	1,145,438	1,069,064	8,159,223	7,566,586
Utilities	286,359	267,266	2,039,806	1,891,647
Contribution to provident fund	286,359	267,266	2,039,806	1,891,647
Others	43,930	83,091	315,850	616,872
	4,625,680	4,359,347	32,952,743	30,883,218
Number of persons	1	1	16	14

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

15 Date of Authorization for Issue

These interim financial statements were authorized for issue on 28 October 2015 by the Board of Directors of the Company.

16. General

16.1 Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director

Avanceon

**Consolidated Condensed Un-Audited
Interim Financial Statements**

for the nine months ended September 30, 2015

Consolidated Condensed Balance Sheet

as at September 30, 2015

Note	Un-audited September 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	61,893,664	61,892,584
Employees' share compensation reserve	45,000,000	45,000,000
Exchange revaluation reserve	207,987,182	184,640,918
Un-appropriated Profit	549,124,650	573,689,258
	1,920,973,535	1,922,188,100
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT		
	89,194,560	90,295,262
NON CURRENT LIABILITIES		
Liabilities against assets subject to finance lease	38,389,080	33,767,362
Deferred taxation	18,303,772	18,159,938
Deferred liabilities	17,135,396	12,852,616
	73,828,248	64,779,916
CURRENT LIABILITIES		
Current portion of long-term liabilities	19,529,616	18,993,605
Finances under mark up arrangements and other credit facilities - secured	172,485,002	39,170,340
Creditors, accrued and other liabilities liabilities directly associated with assets	334,635,072	438,760,184
	526,649,690	496,924,129
CONTINGENCIES AND COMMITMENTS	3	
	2,610,646,034	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 September 30, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment		211,866,822	206,583,280
Capital work in progress		8,118,039	2,130,792
Long term investment		566,151,339	545,589,419
Long term deposits		22,236,692	22,651,170
		808,372,892	776,954,661
CURRENT ASSETS			
Stock in trade		102,190,376	50,290,402
Trade debts		1,248,386,321	1,352,375,789
Advances, deposits, prepayments and other receivables		249,142,424	155,058,433
Term deposits with banks		175,162,078	199,511,833
Cash and bank balances		27,391,944	39,996,289
		1,802,273,142	1,797,232,746
		2,610,646,034	2,574,187,407



Director

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

for the nine months ended September 30, 2015

	Note	Nine months ended		Quarter ended	
		September 30, 2015 (Rupees)	September 30, 2014 (Rupees)	September 30, 2015 (Rupees)	September 30, 2014 (Rupees)
Sales		1,041,470,838	1,214,555,928	483,651,566	553,725,525
Cost of sales		(644,820,932)	(823,550,748)	(323,864,002)	(407,665,492)
Gross Profit/(Loss)		396,649,906	391,005,180	159,787,564	146,060,033
Administrative and selling expenses		(172,689,271)	(162,962,750)	(52,120,720)	(51,290,964)
Other charges	4	(22,485,942)	(8,742,729)	(873,645)	25,460,683
Other operating income		49,069,552	19,380,226	28,371,941	4,181,951
		(146,105,661)	(152,325,252)	(24,622,423)	(21,648,329)
Profit/(Loss) from operations		250,544,245	238,679,928	135,165,141	124,411,704
Finance costs		(21,714,867)	(14,270,027)	(9,438,800)	(5,548,978)
Profit/(Loss) before tax		228,829,378	224,409,901	125,726,341	118,862,726
Taxation		(16,383,594)	(14,292,089)	(1,669,612)	(2,113,293)
Income for the period from operations		212,445,784	210,117,812	124,056,729	116,749,433
Combined earnings per share					
Basic		2.01	1.99	1.17	1.10
Diluted		1.92	1.90	1.12	1.05

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



Chief Executive Officer



Director

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

for the nine months ended September 30, 2015

	Nine months ended		Quarter ended	
	September 30, 2015 (Rupees)	September 30, 2014 (Rupees)	September 30, 2015 (Rupees)	September 30, 2014 (Rupees)
Profit/(Loss) for the period	212,445,784	210,117,812	124,056,729	116,749,433
Other comprehensive income				
- Exchange diff. on translating foreign operations	23,346,264	(14,979,764)	16,080,855	23,320,718
- Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period-net of tax	813,033	838,236	161,814	334,413
Total comprehensive income for the period	236,605,080	195,976,283	140,299,398	140,404,563

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 nine months ended September 30, 2015

	Note	Nine months ended	
		September 30, 2015 (Rupees)	September 30, 2014 (Rupees)
Cash flows from operating activities			
Cash generated from continuing operations	5	125,223,209	58,739,581
Finance costs paid		(20,726,482)	(16,972,068)
Taxes paid		(23,691,284)	(30,383,241)
Net cash / (used in) from operating activities		80,805,443	11,384,273
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,207,110)	(6,871,793)
Proceeds from disposal of property, plant and equipment and intangible assets		6,745,286	2,732,273
Profit on bank deposit		7,540,638	12,932,234
Term deposits with banks		24,349,755	(37,065,617)
Net change in long term advances and deposits		(1,472,310)	(1,930,039)
Net cash / (used in) investing activities		30,956,260	(30,202,943)
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	49,218,181
Repayment of finance lease liabilities		(19,861,065)	(12,153,357)
Net cash from / (used in) financing activities		(257,680,710)	(229,101,659)
Net (decrease) / increase in cash and cash equivalents		(145,919,007)	(247,920,329)
Cash and cash equivalents at the beginning of year		825,949	357,446,738
Cash and cash equivalents at the end of period		(145,093,058)	109,526,409

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 nine months ended September 30, 2015

(Rupees)	Attributable to equity holders of the parent					Total
	Share capital	Share premium reserve	Employee share compensation reserve	Exchange revaluation reserve	Un-appropriated profit / (loss)	
Balance as on January 01, 2014	755,000,000	-	45,000,000	211,115,509	396,775,229	1,407,890,738
Profit for the period	-	-	-	-	210,117,812	210,117,812
Other comprehensive income	-	-	-	(14,979,764)	838,236	(14,141,529)
	-	-	-	(14,979,764)	210,956,048	195,976,283
Issue of 25,163,482 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	251,634,820	100,653,928	-	-	-	352,288,748
Final dividend for the year ended 31 December 2013 at the rate of Rs. 2 per share	-	-	-	-	(201,332,000)	(201,332,000)
						206,583,280
Bonus shares issued for the year ended 31 December 2013 at the rate of 5%	50,333,000				(50,333,000)	2,130,792
						-
Transaction cost incurred against Initial Public Offering		(38,761,352)				(38,761,352)
	301,967,820	61,892,576	-	-	(251,665,000)	112,195,396
Balance as on September 30, 2014	1,056,967,820	61,892,576	45,000,000	196,135,745	356,066,277	1,716,062,417
Balance as on January 01, 2015	1,056,965,340	61,892,584	45,000,000	184,640,918	573,689,258	1,922,188,100
Profit for the period	-	-	-	-	212,445,784	212,445,784
Other comprehensive income	-	-	-	23,346,264	813,033	24,159,296
Final dividend for the year ended 31 December 2014 at the rate of Rs. 2.25 per share	-	-	-	-	(237,823,425)	(237,823,425)
Post-IPO adj. 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	-	23,346,264	(24,564,608)	(1,214,565)
Balance as on September 30, 2015	1,056,968,040	61,893,664	45,000,000	207,987,182	549,124,650	1,920,973,535

The annexed notes 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 nine months ended September 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

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.

Innovative Automation Inc. (Formally Engro Innovative Inc.), 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. Currently Innovative Automation Inc. has an associated undertaking with 26.13% investment.

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	1-Jan-16 Initiative
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

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

for the nine months ended September 30, 2015

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

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

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

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

3 Contingencies and Commitments

3.1 Contingencies

- (i) Bank guarantees issued against the performance of various contracts amounting to Rs. 60 million (31 December 2014: Rs. 3.6 million)
- (ii) Post dated cheques issued to IGI insurance against general insurance amounting to Rs. 7.6 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 September 30, 2015 (Rupees)	Audited December 31, 2014 (Rupees)
Labour/ performance guarantee	38,097,973	39,864,686
Letters of credit	4,673,870	132,254,325
Post dated cheques issued to;		
JAFZA against payment of rent	5,390,412	5,061,420
Emirates Islamic Bank against payment of lease of vehicle	2,683,826	3,716,950
Suppliers against supply of material	1,599,485	4,506,821
	9,673,723	13,285,191
	52,445,566	185,404,202

- 4 Rs. 22m include the write off relating to USAID projects with Mapple Leaf, Malik Autos and Guard Agri (2014 : Rs.8.6m exchange losses due to devaluation of US Dollar.)

	Un-audited September 30, 2015 (Rupees)	Un-audited September 30, 2014 (Rupees)
5 Cash Flow from Operating Activities		
Profit/ (loss) before tax	228,829,378	224,409,901
Adjustments for:		
Depreciation on property, plant and equipment	17,880,515	16,108,697
Amortisation on intangible asset	-	12,237
Exchange revaluation reserve	2,497,074	-
Exchange (gain) / loss	(34,424,382)	8,742,729
Provision for doubtful debts	18,999,143	-
Finance cost	21,714,867	14,270,027
Gain on sale of fixed assets	(2,784,297)	(1,831,254)
Income on bank deposits	(7,540,638)	(12,638,776)
	16,342,282	24,663,660
Profit before working capital changes	245,171,660	249,073,560
(Increase) / decrease in current assets		
- Stock in trade	(51,899,974)	(5,325,595)
- Trade debts	119,414,708	4,420,512
- Advances, deposits, prepayments and other receivables	(86,632,467)	(50,154,250)
Decrease in creditors, accrued and other liabilities	(100,830,718)	(139,274,646)
	(119,948,451)	(190,333,979)
Cash generated from / (used in) operations	125,223,209	58,739,581

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

for the nine months ended September 30, 2015

6 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)	CEO & COO / Director		Other Executives	
	2015	2014	2015	2014
Managerial remuneration	25,034,336	23,018,776	47,395,744	40,453,070
House rent	9,313,118	8,798,984	17,477,165	13,884,642
Utilities	286,359	267,266	2,039,806	1,891,647
Contribution to provident fund	1,204,401	1,452,037	3,665,911	3,527,196
Others	809,650	566,211	3,231,042	2,057,509
	36,647,864	34,103,274	73,809,668	61,814,063
Number of persons	2	2	19	17

7 Date of Authorization for Issue

The condensed interim consolidated financial information was authorised for issue on 28 October 2015 by the Board of Directors of the Holding Company.

8 General

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Director

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