AVANCEON

Tomorrow's solutions, today.

for the nine months ended
September 30, 2020

Your Partner in

Digital

Transformation

www.avanceon.ae

Table of Contents

Company Information

Directors

Mr. Khalid Hameed Wain	Director / Chairman
Mr. Bakhtiar Hameed Wain	Director / Chief Executive Officer
Mr. Tanveer Karamat	Director / President
Mr. Amir Waheed Wain	Director
Mr. Naveed Ali Baig	Director
Ms. Hanan Darwish	Director
Mr. Omer Iqbal Khan	Director
Mr. Saeed Ullah Khan Niazi	Chief Financial Officer
Mr. Ahsan Khalil	Company Secretary

Audit Committee

Mr. Khalid Hameed Wain	Chairman
Mr. Amir Waheed Wain	Member
Mr. Naveed Ali Baig	Member

Human Resource & Renumeration Committee

Ms. Hanan Darwish	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.octopusdtl.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,

Qatar 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 nine months report together with the Company's unaudited condensed interim standalone and consolidated financial statements for the nine months period ended September 30, 2020.

	For the nine months ended September 30,		
(Rupees in '000)	**2020**	**2019**	**Variance %age**
Operating results (consolidated)			
Revenues	3,622,572	2,946,717	23%
Profit before tax	752,751	526,390	43%
Taxation	(7,209)	(52,781)	(86%)
Profit after tax	745,542	473,609	57%
Operating results (standalone)			
Revenues	767,837	897,290	(14%)
Profit before tax	424,608	325,173	31%
Tax benefit / (Expense)	(7,209)	(39,079)	(82%)
Profit after tax	417,399	286,094	46%

EARNINGS PER SHARE (CONSOLIDATED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

The basic earnings per share after tax is Rs. 3.52 (2019: Rs. 2.24 - restated)

EARNINGS PER SHARE (STANDALONE) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

The basic earnings per share after tax is Rs. 1.97 (2019: Rs. 1.35 - restated)

The interim financial results for the nine months period ended September 30, 2020 remained on positive side and on the way to achieve the annual revenues and net profits targets but still around Rs.1,150m and Rs.339m short of revenues targets as at September 30, 2020 as per targeted corporate plan for consolidated and standalone revenues targets respectively mainly due to COVID19 impacts because too many sites were closed/shutdown in April and May 2020 in Pakistan, Qatar , UAE and KSA that's why we couldn't work on sites and resulted less revenues recognitions but now all sites are open for projects executions, all engineering teams in Pakistan, UAE, Qatar and KSA are working with full capacity, we are too much confident to achieve the corporate plan for FY 2020 in terms of revenues recognitions, gross margins and net profits 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 (COVID 19 disturbed our two months April and May) 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 and 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

October 27, 2020
Lahore, Pakistan.

Bakhtiar Hameed Wain
Chief Executive Officer

Avanceon

Standalone Condensed Interim Financial Statements

for the nine months ended September 30, 2020

Condensed Interim Statement of Financial Position

as at September 30, 2020

(Rupees in '000)	Note	Un-audited September 30, 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			
211,790,006 (2019: 192,536,370)			
ordinary shares of Rs. 10 each		2,117,900	1,925,364
CAPITAL RESERVES			
Share Premium		138,384	138,384
Employees' share compensation reserve		66,826	53,862
Surplus on revaluation of property, plant & equipment		209,462	209,721
		414,672	401,967
REVENUE RESERVES			
Un-appropriated profit		1,445,440	1,220,393
		3,978,012	3,547,724
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		11,124	28,726
Long Term Loan		36,857	-
Deferred Grant		807	-
		48,788	28,726
CURRENT LIABILITIES			
Current portion of liabilities against assets subject to finance lease		22,345	23,364
Current portion of long term loan		13,002	1,515
Current portion of Deferred Grant		1,369	-
Finances under mark up arrangements and other credit facilities - secured		393,059	383,294
Contract Liabilities		116,928	73,858
Unclaimed / Unpaid Dividend		242,613	253,669
Creditors, accrued and other liabilities		384,516	421,531
		1,173,832	1,157,231
CONTINGENCIES AND COMMITMENTS	3		
		5,200,633	4,733,681

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

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Saeed Ullah Khan Niazi

(Rupees in '000)	Un-audited September 30, 2020	Audited December 31, 2019
ASSETS		
NON CURRENT ASSETS		
Property and equipment	338,550	364,620
Intangible Assets		
Long term investments	492,117	492,117
Deposit for Long term investments	2,339,954	2,181,753
Deferred tax Asset	105,530	72,582
Long term loans and deposits	248,387	203,817
	3,524,538	3,314,889
CURRENT ASSETS		
Stock in trade	52,423	52,733
Trade debts	487,034	300,205
Advances, deposits, prepayments and other receivables	973,464	898,552
Contract Assets	138,017	148,183
Short term Investments	2,255	1,444
Cash and bank balances	22,901	17,675
	1,676,095	1,418,792
	5,200,633	4,733,681

Director
Taveer Karamat

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

for the nine months ended September 30, 2020

(Rupees in '000)	for the nine months ended September 30, 2020	for the nine months ended September 30, 2019	for the quarter ended September 30, 2020	for the quarter ended September 30, 2019
Revenues	767,837	897,290	260,888	352,743
Cost of revenue	(490,428)	(581,914)	(175,601)	(232,733)
Gross profit / (Loss)	277,409	315,376	85,287	120,010
Administrative and selling expenses	(139,242)	(249,343)	(33,021)	(46,684)
Other operating charges	(2,445)	(3,811)	(380)	(1,046)
Other operating income	337,828	298,122	53,034	(139,117)
	196,141	44,967	19,633	(186,847)
Profit / (Loss) from operations	473,550	360,343	104,921	(66,837)
Finance costs	(48,942)	(35,170)	(21,314)	(9,195)
Profit / (Loss) before tax	424,608	325,173	83,607	(76,032)
Taxation	(7,209)	(39,079)	(14,646)	(15,085)
Profit / (Loss) for the period	417,399	286,094	68,960	(91,117)
		Restated		Restated
Earnings/(Loss) per share - basic	1.97	1.35	0.33	(0.43)
Earnings/(Loss) per share - diluted	1.91	1.31	0.32	(0.42)

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

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Saeed Ullah Khan Niazi

Director
Taveer Karamat

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the nine months ended September 30, 2020

(Rupees in '000)	for the nine months ended		for the quarter ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Profit /(loss) for the period	417,399	286,094	68,960	(91,117)
Other comprehensive income				
Surplus on revaluation of property and equipment realized through incremental depreciation charged on related assets for the period- net of tax	-	430	-	-
Deferred tax on revaluation surplus due to reduction in tax rate	-	(58)	-	-
Total comprehensive income / (loss) for the period	417,399	286,466	68,960	(91,117)

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

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Saeed Ullah Khan Niazi

Director
Taveer Karamat

Condensed Interim Statement of Cash Flows (Un-audited)

for the nine months ended September 30, 2020

(Rupees in '000)	Un-audited September 30, 2020	Un-audited September 30, 2019
Cash flows from operating activities		
Profit / (loss) before tax	424,608	325,173
Adjustments for:		
Depreciation on property, plant and equipment	29,231	29,973
Amortization on intangible asset	-	31
Exchange revaluation reserve & exchange (gain)/loss	(524,842)	(295,028)
Gain on disposal of property and equipment	(2,902)	(2,643)
Unrealised gain / (loss) on short term investments	(811)	-
Finance cost	48,942	35,170
Income on bank deposits	(514)	(198)
	(450,895)	(232,695)
Profit before working capital changes	(26,287)	92,478
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	310	(8,003)
- Trade debts	188,478	(87,971)
- Advances, deposits, prepayments and other receivables	(64,308)	(57,940)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	(10,899)	189,129
	113,581	35,215
Cash generated from operations	87,293	127,693

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Saeed Ullah Khan Niazi

Condensed Interim Statement of Cash Flows (Un-audited)

for the nine months ended September 30, 2020

(Rupees in '000)	Un-audited September 30, 2020	Un-audited September 30, 2019
Cash generated from operations	87,293	127,693
Finance cost paid	(52,588)	(32,989)
Taxes paid	(50,760)	(32,007)
Net cash from operating activities	(16,055)	62,696
Cash flows from investing activities		
Purchase of property and equipment	(3,161)	(15,854)
Proceeds from sale of property and equipment	2,902	7,026
Short term investments	-	1
Long term investment in subsidiary	-	(10,000)
Profit on bank deposit	514	198
Net change in long term advances and deposits	991	2,326
Net cash generated from / (used in) investing activities	1,246	(16,302)
Cash flows from financing activities		
Long term loan	-	(13,636)
Salary loan grant from SBP	49,713	-
Dividend	(11,056)	(13,107)
Repayment of finance lease liabilities	(18,622)	(26,065)
Net cash used in financing activities	20,035	(52,809)
Net increase / (decrease) in cash and cash equivalents	5,226	(6,414)
Cash and cash equivalents at the beginning of period	17,675	17,391
Cash and cash equivalents at the end of period	22,901	10,976

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

Director
Taveer Karamat

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

for the nine months ended September 30, 2020

(Rupees in '000)	CAPITAL RESERVES				REVENUE RESERVES	
	Share Capital	Share Premium	Employees' share compensation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)	Total
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	-	-	-	-	286,094	286,094
Other comprehensive income	-	-	-	(430)	372	(58)
	-	-	-	(430)	286,466	286,036
40% share issue for the year ended 31 December 2018 40 shares on every 100 shares	545,295	-	-	-	(545,295)	-
ESOS-I issued, 1,483,115 shares @ Rs. 10	14,831	70,241	(70,241)	-	-	14,831
Employee share option reserve	-	-	26,327	-	-	26,327
	560,126	70,241	(43,915)	-	(545,295)	41,158
Balance as on September 30, 2019	1,923,364	132,147	71,136	167,486	852,376	3,146,509
Profit for the year ended 31 December 2019	-	-	-	-	367,776	367,776
Other comprehensive income	-	-	-	42,419	-	42,419
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	(183)	241	58
	-	-	-	42,236	368,017	410,253
ESOS-I issued, 200,000 shares @ Rs. 10	2,000	6,237	(7,997)	-	-	240
Employee share option reserve	-	-	(9,277)	-	-	(9,277)
	2,000	6,237	(17,274)	-	-	(9,037)
Balance as on December 31, 2019	1,925,364	138,384	53,862	209,721	1,220,393	3,547,725
Profit for the period	-	-	-	-	417,399	417,399
Other comprehensive income						
Transfer from revaluation surplus on account of incremental Dep.	-	-	-	(259)	184	(75)
	-	-	-	(259)	417,583	417,324
Bonus Share Issue @ 10%	192,536	-	-	-	(192,536)	-
Employee Share Option Reserve	-	-	12,964	-	-	12,964
	192,536	-	12,964	-	(192,536)	12,964
Balance as on September 30, 2020	2,117,900	138,384	66,826	209,462	1,445,440	3,978,012

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

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Saeed Ullah Khan Niazi

Director
Taveer Karamat

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

for the nine months ended September 30, 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 Limited 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.

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.

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 nine months ended September 30, 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 September 30, 2020 (2019: Nil)

3.2 Commitments

(i) Bank guarantees issued amounting to Rs. 23.17 million (2019: Rs. 36.06 million) against the performance of various contracts.

(ii) Letters of credit includes Rs. 30.68 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 for remuneration, including certain benefits, to the full time working directors and certine executives of the company is as follows:

	Director		Others Executives	
(Rupees in '000)	**2020**	**2019**	**2020**	**2019**
Managerial remuneration	3,368	3,348	50,667	44,840
House rent	1,347	1,339	19,216	17,936
Utilities	337	335	4,804	4,484
Provident Fund / Gratuity	337	335	4,804	4,484
Others	33	32	2,903	2,028
	5,422	5,389	82,394	73,772
Number of persons	1	1	31	29

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

5. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on October 27, 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

Consolidated Condensed Interim Financial Statements

for the nine months ended September 30, 2020

Condensed Consolidated Interim Statement of Financial Position

as at September 30, 2020

(Rupees in '000)	Note	Un-audited September 30, 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			
211,790,006 (2019: 192,536,370) ordinary shares of Rs. 10 each		2,117,900	1,925,364
CAPITAL RESERVES			
Share premium		138,384	138,384
Employees' share compensation reserve		66,826	53,862
Statutory reserve		3,002	3,002
Exchange revaluation reserve		622,599	610,100
Surplus on revaluation of property & equipment		209,462	209,721
		1,040,273	1,015,069
REVENUE RESERVES			
Un-appropriated Profit		2,115,723	1,562,534
		5,273,896	4,502,967
Non-controlling Interest		4,346	4,346
		5,278,242	4,507,313
NON CURRENT LIABILITIES			
Long Term Loans		36,857	-
Liabilities against assets subject to finance lease		43,091	67,637
Deferred Grant		807	-
Deferred liabilities		100,156	80,901
		180,911	148,538
CURRENT LIABILITIES			
Current portion of Long Term Loans		13,002	1,515
Current portion of lease liabilities		40,040	45,554
Current portion of deferred grant		1,369	-
Finances under mark up arrangements and other credit facilities - secured		644,109	599,339
Unclaimed Dividend		245,922	256,763
Creditors, accrued and other liabilities		1,828,214	1,670,783
Contract Liabilities		652,206	1,127,342
		3,424,861	3,701,296
CONTINGENCIES AND COMMITMENTS	3		
		8,884,015	8,357,147

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

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Saeed Ullah Khan Niazi

(Rupees in '000)	Un-audited September 30, 2020	Audited December 31, 2019
ASSETS		
NON CURRENT ASSETS		
Property and equipment	395,949	433,829
Intengible Assets		
Capital Work in Progress	16,197	-
Long term investment	904,479	843,129
Deferred Tax	106,851	73,815
Long term deposits	31,098	27,480
	1,454,573	1,378,253
CURRENT ASSETS		
Stock in trade	165,756	160,929
Trade debts	3,629,730	2,431,404
Contract Assets	2,760,470	3,602,180
Advances, deposits, prepayments and other receivables	573,181	480,427
Term deposits with banks	78,502	197,284
Investments in Stocks	2,255	1,444
Cash and bank balances	219,547	105,226
	7,429,441	6,978,894
	8,884,015	8,357,147

Director
Taveer Karamat

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

for the nine months ended September 30, 2020

(Rupees in '000)	for the nine months ended		for the quarter ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenues	3,622,572	2,946,717	1,623,090	1,261,745
Cost of revenue	(2,615,957)	(2,193,969)	(1,174,925)	(965,883)
Gross profit / (Loss)	1,006,615	752,748	448,165	295,862
Administrative and selling expenses	(486,523)	(463,755)	(121,140)	(162,574)
Other operating expenses	(2,890)	(3,811)	(386)	(1,046)
Other operating income	332,183	312,059	48,238	(128,140)
	(157,230)	(155,507)	(73,289)	(291,760)
Profit / (Loss) from operations	849,385	597,241	374,877	4,102
Finance costs	(96,635)	(70,851)	(41,795)	(19,257)
Profit / (Loss) before tax	752,751	526,390	333,082	(15,154)
Taxation	(7,209)	(52,781)	(14,646)	(27,336)
Income for the period from operations	745,542	473,609	318,436	(42,490)
		Restated		Restated
Earnings/(Loss) per share - basic	3.52	2.24	1.50	(0.20)
Earnings/(Loss) per share - diluted	3.41	2.17	1.46	(0.19)

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

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Saeed Ullah Khan Niazi

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

for the nine months ended September 30, 2020

(Rupees in '000)	for the nine months ended		for the quarter ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Profit / (Loss) for the period	745,542	473,609	318,436	(42,490)
Other comprehensive income				
Exchange difference on translating foreign operations	12,500	160,848	(24,316)	399
Surplus on revaluation of property and equipment realised through incremental depreciation charged on related assets for the period-net of tax	-	430	-	-
Items to be re-classified to profit and loss in subsequent period				
Less: Tax effect	-	(58)	-	-
Total comprehensive income for the period	758,042	634,829	294,120	(42,091)

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

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Saeed Ullah Khan Niazi

Director
Taveer Karamat

Condensed Consolidated Interim Statement of Cash Flows (Un-audited)

for the nine months ended September 30, 2020

(Rupees in '000)	Un-audited September 30, 2020	Un-audited September 30, 2019
Cash flow from operating activities		
Profit / (loss) before tax	752,751	526,390
Adjustments for:		
Depreciation on property and equipment	49,231	33,586
Amortization of intengible asset	-	31
Exchange (gain) / loss	(308,225)	(286,640)
Exchange revaluation reserve	(48,851)	110,998
Unrealised gain / (loss) on short term investment	(811)	-
Finance cost	96,635	70,851
(Gain) / loss on fixed assets	(2,902)	(2,643)
Income on bank deposits	(7,068)	(9,245)
	(221,991)	(83,062)
Profit before working capital changes	530,759	443,327
(Increase) / decrease in current assets		
- Stock in trade	(4,827)	(89,134)
- Trade debts	(523,525)	(489,605)
- Advances, deposits, prepayments and other receivables	(82,150)	(20,018)
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	221,792	341,922
	(388,711)	(256,836)
Cash (used in) / generated from operations	142,048	186,492

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Saeed Ullah Khan Niazi

Condensed Consolidated Interim Statement of Cash Flows (Un-audited)

for the nine months ended September 30, 2020

(Rupees in '000)	Un-audited September 30, 2020	Un-audited September 30, 2019
Cash generated from continuing operations	142,048	186,492
Finance costs paid	(100,281)	(68,670)
Taxes paid	(50,849)	(38,821)
Net cash (used in) / generated from operating activities	(9,081)	79,000
Cash flows from investing activities		
Purchase of property and equipment	(11,351)	(24,357)
Proceeds from disposal of property and equipment and intangible assets	2,902	7,026
Profit on bank deposit	7,068	9,245
Term deposits with banks	118,782	(9,680)
Net change in long term advances and deposits	(3,617)	(13,124)
Net cash (used in) / generated from investing activities	113,784	(30,890)
Cash flows from financing activities		
Dividend paid	(10,841)	(13,107)
Long term loan	-	(13,636)
Salary loan grant from SBP	50,521	-
Repayment of finance lease liabilities	(30,061)	(25,637)
Net cash (used in) / generated from financing activities	9,618	(52,380)
Net (decrease) / increase in cash and cash equivalents	114,321	(4,271)
Cash and cash equivalents at the beginning of year	105,226	52,763
Cash and cash equivalents at the end of period	219,547	48,492

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

Director
Taveer Karamat

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

for the nine months ended September 30, 2020

(Rupees in '000)	CAPITAL RESERVES						REVENUE RESERVES		
	Share Capital	Share Premium reserve	Employees' share compensa-tion reserve	Statutory Reserve	Exchange revaluation reserve	Surplus on revaluation of property and equipment	Un-appropriated profit / (loss)	Non-Controlling Interest	TOTAL
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	-	-	-	-	-	-	473,609	-	473,609
Other comprehensive income	-	-	-	-	160,848	(430)	372	-	160,790
	-	-	-	-	160,848	(430)	473,981	-	634,398
40% (40 shares on every 100 shares) bonus shares issued for the year ended 31 December 2018	545,295	-	-	-	-	-	(545,295)	-	-
ESOS-III issued, 1,483,115 shares @ Rs. 10	14,831	70,241	(70,241)	-	-	-	-	-	14,831
Employee share option reserve	-	-	26,327	-	-	-	-	-	26,327
	560,126	70,241	(43,915)	-	-	-	(545,295)	-	41,158
Balance as on September 30, 2019	1,923,364	132,148	71,136	3,002	600,552	167,485	1,126,820	3,062	4,027,569
Profit for the period	-	-	-	-	-	-	438,567	-	438,567
Other comprehensive income	-	-	-	-	9,547	42,419	-	1,284	53,250
Transfer from revaluation surplus on account of incremental Depreciation	-	-	-	-	-	(183)	241	-	58
	-	-	-	-	9,547	42,236	438,808	1,284	491,876
Dividend payable	-	-	-	-	-	-	(3,094)	-	(3,094)
ESOS-I issued, 200,000 shares @ Rs. 10	2,000	6,237	(7,997)	-	-	-	-	-	240
Employee share option reserve	-	-	(9,277)	-	-	-	-	-	(9,277)
	2,000	6,237	(17,274)	-	-	-	(3,094)	-	(12,131)
Balance as on December 31, 2019	1,925,364	138,384	53,862	3,002	610,100	209,721	1,562,534	4,346	4,507,314
Profit for the period	-	-	-	-	-	-	745,542	-	745,542
Other comprehensive income	-	-	-	-	12,500	-	-	-	12,500
Transfer from revaluation surplus on account of incremental Depreciation	-	-	-	-	-	(259)	184	-	(75)
	-	-	-	-	12,500	(259)	745,726	-	757,966
Bonus Share Issue @ 10%	192,536	-	-	-	-	-	(192,536)	-	-
Employee Share Option Reserve	-	-	12,964	-	-	-	-	-	12,964
	192,536	-	12,964	-	-	-	(192,536)	-	12,964
Balance as on Septmeber 30, 2020	2,117,900	138,384	66,826	3,002	622,599	209,462	2,115,723	4,346	5,278,243

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

Chief Executive Officer
Bakhtiar Hameed Wain

Chief Financial Officer
Saeed Ullah Khan Niazi

Director
Taveer Karamat

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

for the nine months ended September 30, 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 Limited 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 Automation's 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 nine months ended September 30, 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 September 30, 2020 (2019: Nil)

3.2 Commitments

(i) Bank guarantees issued amounting to Rs. 23.17 million (2019: Rs. 36.06 million) against the performance of various contracts.

(ii) Letters of credit includes Rs. 30.68 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:

	Chief Executive Officer		Director		Others Executives	
(Rupees in '000)	2020	2019	2020	2019	2020	2019
Managerial remuneration	45,023	41,138	5,360	5,168	159,654	125,345
House rent	12,750	11,650	1,347	1,339	54,307	46,006
Utilities	7,172	6,552	337	335	14,139	11,422
Provident Fund / Gratuity	3,756	2,266	503	456	10,879	10,329
Others	1,195	1,092	33	32	12,067	8,160
	69,896	62,698	7,580	7,330	251,046	201,262
Number of persons	1	1	1	1	43	42

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

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

for the nine months ended September 30, 2020

5. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on October 27, 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