



SEAMLESS
ENGINEERING
ANNUAL REPORT 2017

AVANCEON
Tomorrow's solutions, today.

A close-up photograph of industrial machinery, featuring three prominent yellow gears meshing together. The gears are set within a complex arrangement of silver-colored metal components, including shafts and housing parts. The lighting is dramatic, highlighting the metallic textures and the precision of the engineering.

SEAMLESS ENGINEERING

Since Avanceon's inception more than 25 years, our clients have been our 'North Star'. They've guided us through the challenging landscape of innovation and burgeoning technologies through the years. This pursuit of excellence has rigorously aligned our business objectives and helped us in our evolution as the 360-degree solution provider in industrial automation.

2017 was a year of growth, exploring new avenues and strengthening our core business. Looking forward, Avanceon aims to remain committed to its mantra of providing Tomorrow's Solutions Today. Our quest for excellence and delivering enhanced value to our customers and stakeholders will remain at the top of our future 'to do list'.

Welcome to Avanceon's 2017 Annual Report

LETTER FROM THE FOUNDER & CEO

Dear Shareholders, Partners, Customers and Team,

Welcome to Avanceon's 2017 Annual Report.

Please accept my heartfelt gratitude for your support in making 2017 the best year in our history. We achieved the highest ever backlog on the back of outstanding order generation, both in core and strategic growth businesses. 2018 promises to be an even better year.

Despite sluggish worldwide growth and political turmoil in the Middle East, we were able to outperform our projections in all regions and sectors. Our business operations in Qatar, Saudi Arabia, UAE and Pakistan returned solid top and bottom line growth. The quality and size of our pipeline has also increased significantly which subsequently helps us develop defendable and achievable projections.

New Government regulation on fuel storage opened up new business of Oil terminals for us. I thank Attock Petroleum, HASCOL, Shell and Chevron for having faith in our engineering and project management skills in implementing solutions done locally before. Middle East business performed strongly by bagging prestigious projects such as Doha and Riyadh Metro. Our investment over the past few years in Water and WasterWater showed tremendous dividends in 2017 as we managed to compete and win against all the major players in the market.

Our robust International Execution (IX) model continues to provide us insulation from volatile market conditions. Avanceon 2017 financials will prove yet again the viability and sustainability of our IX model.

As Avanceon marches towards the future, our strategy of growth will be built around the following main pillars:

- Industrial Digitalization through the Industrial Automation As a Service (IAAS) business model
- Duplicate our success of Industrial business and become market leaders in Building Management Systems
- Develop niche markets and business vertical expertise in our core business
- Continue recurring revenue growth and contribution of the After Market Support Division.

Since our inception, Avanceon's mission has always been to look forward towards the next best solution in automation. Our mantra of providing tomorrow's automation solutions today is ultimately aimed at improving the quality and profitability of our customers. Today, I'm delighted and proud to inform you that this passion for the pursuit of excellence is now part of every Avanceoner's professional DNA.

The hallmark of a healthy organization is its ability to pay constant attention to the rapidly changing landscape and adapt to take advantage of the latest trends. To accomplish this, we've successfully instituted the Operational Excellence Initiative into our processes. This allows us to constantly improve our skillset and challenge ourselves every day.

2017 is certainly an achievement we can all be proud of here at Avanceon. And we couldn't have done it without the support and confidence of our biggest asset – You, the Shareholder and Investor.

Looking forward to 2018, I can say without a doubt in my mind, everyone at Avanceon is geared to improve on their last year's achievements.

Thank you for your continued support and confidence.

Yours truly,



BAKHTIAR H. WAIN

Founder and CEO, Avanceon



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 & RENUMERATION COMMITTEE

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

AUDITORS

EY Ford Rhodes
Chartered Accountants

LEGAL ADVISOR

Chima & Ibrahim
Advocates and Corporate Council

WEB PRESENCE

www.avanceon.ae | www.avanceon.com
www.avanceon.qa

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
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

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.me@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.me@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 1298
Jeddah, 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

**GLOBAL HEADQUARTERS
AVANCEON GP – EXTON, PA, USA**

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

REGIONAL HEADQUARTERS - SOUTH 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@avanceon.ae

Karachi, Sindh, Pakistan

D-16/1, Block-3, Lane-5 Clifton
P.O. Box: 718
Karachi, Sindh, Pakistan
Phone: +92 (21) 111 940 940
Email: support.sea@avanceon.ae

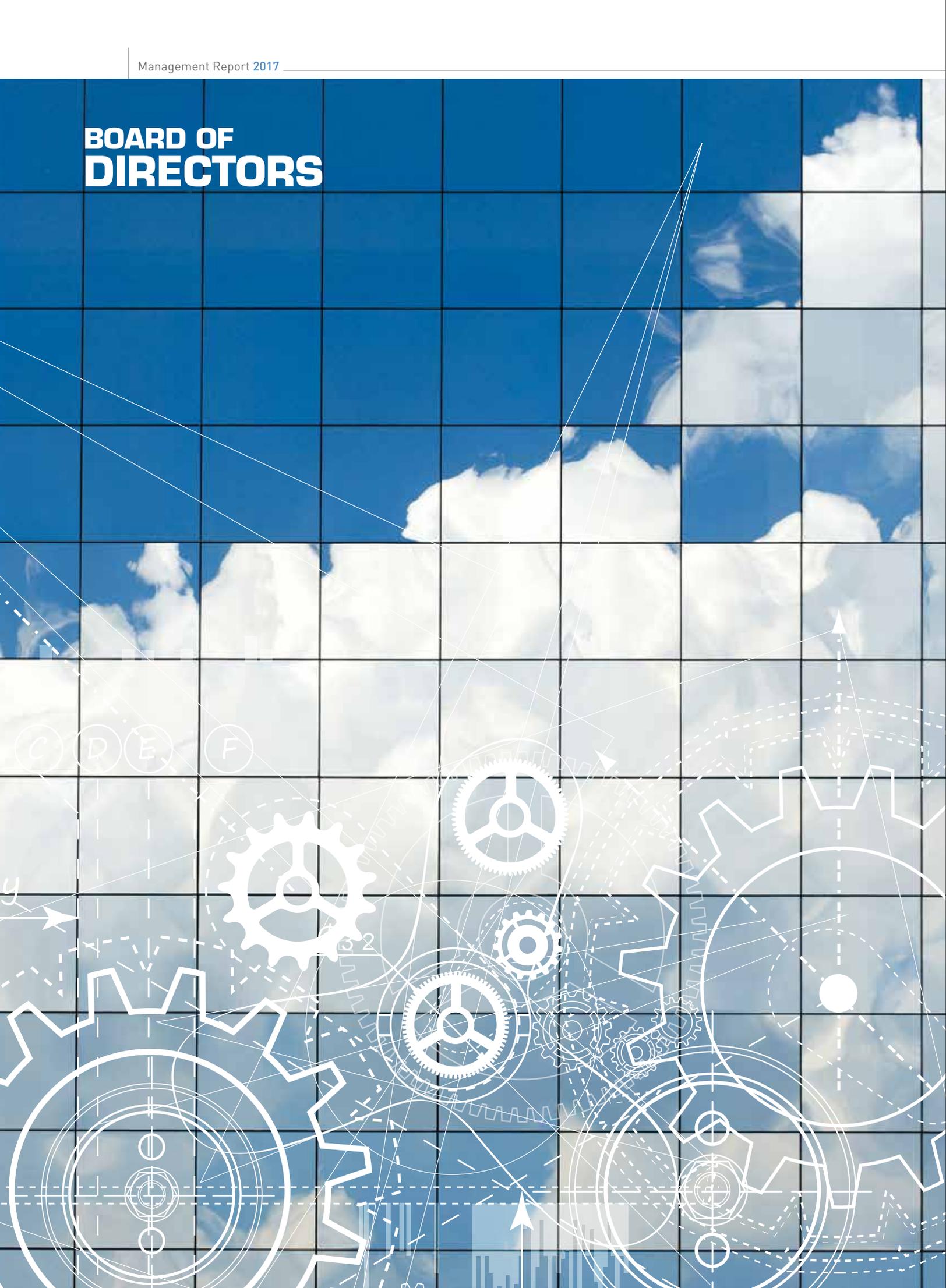
Islamabad, Pakistan

299 Pansi Road, Safari Villas III, Bahria Town,
Islamabad, Capital City, Pakistan
Phone: +92 51 573 3031
Email: support.sea@avanceon.ae

TRADE MARK

AVANCEON
Tomorrow's solutions, today.

BOARD OF DIRECTORS





KHALID H. WAIN
Chairman of the Board (Non-Executive)

Khalid H. Wain brings over 40 years of international expertise in electrical engineering, cost engineering, project management and business strategy to the Avanceon Board of Directors. Mr. Wain advises on international business and technology.



BAKHTIAR H. WAIN
Director and Chief Executive Officer

Bakhtiar brings over 30 years of exemplary leadership. An engineer with experience in leading global companies including Exxon Chemicals, Fauji Fertilizer and ICI Ltd, he founded Avanceon in 1984 and holds the position of Chief Executive Officer.



TANVEER KARAMAT
Director and Chief Operating Officer

Tanveer brings over 30 years of international business experience to Avanceon in automation solutions for the Oil & Gas and Power sector. Prior to joining Avanceon in 2003, he spearheaded business at Wartsila NSD and Honeywell as country head.



AMIR W. WAIN
Director (Non-Executive)

Amir brings over 27 years of strategic planning & international business development experience to the board. Amir is the founder and CEO of i2c Inc, a global provider of payment processing and emerging commerce solutions serving consumers in all 24 time zones.



UMAR AHSAN KHAN
Director (Non-Executive/Independent)

Umar brings over 27 years of strategic accounting, finance and business management experience to the Avanceon Board of Directors. He currently holds the position of Chief Operating Officer at Thal Engineering.



TAJAMMAL HUSSAIN
Director (Non-Executive/Independent)

Tajammal brings over 27 years of international accounting and financial acumen to the Avanceon Board of Directors. Chartered Accountant at Fakharuddin Yousafali & Co since 1989, he advises the Avanceon Board on risk management and financial strategy.



NAVEED ALI BAIG
Director (Non-Executive)

Naveed brings over 31 years of international business acumen to the Avanceon Board of Directors. He is currently spearheading the success of Innovative Pvt Ltd. through sound employee-centric management as CEO.

BOARD OF DIRECTORS' PROFILE

BOARD OF DIRECTORS STRUCTURE & CORPORATE GOVERNANCE

COMPOSITION OF BOARD AND DIRECTORS' INDEPENDENCE

Implementing good governance, the Chairman of the Board is a non-executive director representing minority interest. The board comprises of 7 directors out of which 5 are non-executive directors, including 3 representing minority interests. The roles of Chairman and the CEO has been clearly defined and segregated. The CEO is responsible for operations of the company whereas the board performs under the Chairman.

CHAIRMAN OF THE BOARD

KHALID H. WAIN, Chairman – Khalid brings over 40 years of international expertise in electrical engineering, cost engineering, project management and business strategy to the Avanceon Board of Directors. Mr. Wain is the founder of H&G Control, which he owns and operates in Canada. H&G Control designs and manufactures customized electrical control panels. He is also the co-founding partner and director of Innovative Pvt. Ltd in Pakistan. Mr. Wain graduated in electrical engineering from University of Engineering, Lahore, in 1976. His entrepreneurial acumen led him to drive business in South Asia, the Middle East, the United States and now in Canada. Khalid Wain was selected as Chairman of the Board for his international business knowledge and extensive experience of companies in the technological sector.

DIRECTORS' PROFILE

BAKHTIAR H. WAIN, Founder and Chief Executive Officer – brings over 30 years of exemplary leadership. An engineer with experience in leading global companies such as Exxon Chemicals, Fauji Fertilizer and ICI Ltd, he founded Avanceon in 1984 and holds the position of Chief Executive Officer today. His entrepreneurial drive found its roots in his faith towards the educated and technically qualified human resource of Pakistan. From the onset, he wanted to build a company that could capitalize and promote this conviction globally, which he has implemented successfully ever since. Appointed CEO by the Board of Directors, he has spearheaded Avanceon towards market leadership in Pakistan and beyond.

TANVEER KARAMAT, Chief Operating Officer – brings a wealth of international business experience to Avanceon, with 20 out of 30 professional years spent selling automation solutions to the oil and gas sector. After receiving a Bachelor's degree in Chemical Engineering from the University of Pakistan he embarked on his career as an Application Engineer at Zelin Pvt Ltd in 1986. Developing his sales, management and business skills at key industry companies such as Wartsila NSD as well as Honeywell where he held the position of Country Head, Tanveer joined Avanceon in 2003 as Regional Manager. He transformed the South Region revenues in less than three years with wise strategic counsel, capitalizing on a dormant customer base and an internal reshuffle. He was promoted to GM Operations in 2006 before becoming COO in 2011. Over the past decade, Tanveer's leadership has been a major contribution towards building value for the company. He was nominated as a member of the Board of Directors to help make informed decisions.

AMIR W. WAIN, Director – brings over 27 years of international expertise within the information technology and payments industries. Amir is founder and CEO of i2c, a global provider of payment processing and emerging commerce solutions, where he is responsible for defining the company's vision and strategic direction. After graduating from the University of Texas with a Computer Science and Engineering degree, Amir founded Innovative Private Limited in 1987. Propelled by the success of Innovative, he founded i2c in 2001 to bring next-generation processing solutions to the payments industry. Under Amir's guidance, i2c has expanded dramatically and launched a number of industry firsts which include card-linked offers, event-driven account holder communications and gift card voice personalization. Today, as market opportunities for payments & emerging commerce expand at a dramatic rate, Amir is leading i2c's continued push to innovate the enabling infrastructure and solutions that transform commerce. He was appointed to the Avanceon Board of Directors to advise on innovation and business strategy.



TAJAMMAL HUSSAIN, Director – brings 27 years international accounting and finance acumen to the Avanceon Board of Directors. Practicing as a Chartered Accountant with Fakharuddin Yousafali & Co since 1989, Tajammal oversees and maintains high quality outsourcing, financial and accounting services to a wide variety of global and local commercial enterprises. Tajammal Hussain comes with a broad spectrum of expertise and, besides Avanceon, he also sits on the boards of Xavor Pakistan and the Kashf Foundation. He holds an MPhil from the University of Cambridge and BSc from the London School of Economics & Political Science - both in Economics - and also qualified as a Chartered Accountant in 1988 from the UK. Tajammal was appointed as director because of his integrity and the values he shares with the company. He advises on risk management and financial strategy, which are amongst the strengths he brings to the Avanceon Board.

UMAR AHSAN KHAN, Director – brings over 27 years of strategic accounting, finance and business management experience to the Avanceon Board. He currently holds the position of Chief Operating Officer at Thal Engineering. Previously he had served as Chief Financial Officer of Dawlance Group, which is the leading house appliances company in Pakistan. Umar has been the key catalyst as advisor for business process re-engineering and group restructuring over the past 5 years. He worked his way up from trainee to corporate finance manager at ICI Pakistan Limited, which was then a part of a Fortune 500 Company, Akzo Nobel. He holds a BSc and an MSc in Accounting and Finance from the London School of Economics & Political Science. Umar was appointed as a director because of his strategic and hands on approach to business and financial management, which are amongst his core strengths he brings to the Avanceon Board.

NAVEED ALI BAIG, Director – brings over 31 years international business acumen to the Avanceon Board. 11 years of achievements as Chief Operating officer, Naveed was appointed Chief Executive Officer at Innovative Pvt in 2011, where he spearheads the success of his company through sound employee-centric management. Prior to joining Innovative, he worked for multi-nationals such as Gallup International and Ferguson Associates, a regional affiliate of PriceWaterhouseCoopers. He completed his post-graduate studies in Systems Analysis and Design from IBA. Naveed was appointed as director because of his constructive and inspiring leadership, which are amongst the strengths he shares with the Avanceon Board.



NOTICE OF 15TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 15th Annual General Meeting of Avanceon Limited ("AVN") will be held at Fairways Hall Country Golf Club Sector C Bahria Town Lahore, on Tuesday, April 24, 2018 at 3.00 P.M. to transact the following business:

A. ORDINARY BUSINESS

1. To confirm the minutes of the 14th Annual General Meeting held on April 25, 2017.
2. To receive and consider the Audited Accounts for the year ended December 31, 2017 and the Directors' and Auditors' Reports thereon.
3. To appoint Auditors and fix their remuneration. The present auditors EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. To declare a final dividend at the rate of Rs 2.25/- per share i.e. 22.5% for the year ended December 31, 2017.
5. Any other business with the permission of the Chair.

B. SPECIAL BUSINESS

6. RESOLVED that the Authorized Capital of the Company be increased from Rs. 1,500,000,000 to Rs. 2,000,000,000 and that
 - (a) Clause V of the Memorandum of Association of the Company be and is hereby amended to read as follows:

"V". The authorized share capital of the Company is Rs. 2,000,000,000 (Rupees Two Billion) divided into 200,000,000 (Two Hundred Million) shares of the nominal value of Rs.10.00 (Rupees Ten each) with the power to increase and reduce the capital and to divide the shares in the capital for the time being into several classes in accordance with the provisions of the Companies Act 2017.
 - (b) Article 5 of the Articles of Association of the Company be and is hereby amended to read as follows:

"5". The authorized share capital of the Company is Rs. 2,000,000,000 (Rupees Two Billion) divided into 200,000,000 (Two Hundred Million) ordinary shares of Rs. 10/- each with power to increase, consolidate, sub-divide, cancel, reduce or otherwise reorganize the share capital of the Company subject to the provisions of Section 85 and 89 of the Companies Act 2017.
7.
 - (a) RESOLVED that as required by the rule (6) 1 of the Public Companies (Employees Stock Option Scheme) Rules 2001, (the Rules), Employees Share Option Scheme 2018, (the scheme) of Avanceon Limited (the Company) placed in draft before this meeting, and which provides for granting options to eligible employees to subscribe up to 1.75 million shares (adjustable pursuant to any corporate action/event in the manner as mentioned in clause 3.2 of the Scheme of the company), at the exercise price of Rs1/-, Rs 1.20, Rs 1.44/-, Rs 1.73/-, and Rs 2.08/- per share with a vesting period of 01 year from date of the grant of options for the year(s) 2018,2019,2020,2021 & 2022 respectively. (as detailed in the Scheme), be and is hereby approved, subject to any amendments that may be required by The Securities and Exchange Commission of Pakistan (the SECP); and the Chief Executive and Company Secretary, jointly and / or severally, be and are hereby authorized to execute any document(s) and to take all actions necessary to offer and implement the scheme.
 - (b) RESOLVED that as required by Rule 6(ii) of the Rules, the grant of options equal to or exceeding one percent of the issued or paid up capital of the company at the time of grant of options, within one year, to any employee be and is hereby approved.
 - (c) RESOLVED that as required under sub sec (1) of Sec 83 of the Companies Act 2017, (the Act) the Company be and is hereby authorized to raise further capital and allot and issue up to 1.75 million (one million seven hundred fifty thousand) further ordinary shares (adjustable pursuant to any corporate action/event in the manner as mentioned in clause 3.2 of the Scheme of the company) of Rs.10/- each, without issue of right shares, to its employees under the Scheme at the price mentioned in resolution S.no. (a) above and RESOLVED FURTHER that any change in both the number of shares and the exercise price, as per the terms of the scheme and the Rules consequent upon any rights or bonus declaration or other corporate actions, be and are also hereby approved/authorized.
 - (d) RESOLVED THAT as required under Sec 82(2) of the Companies Act 2017, the Company is hereby authorized to issue 1.75 million ordinary shares (adjustable pursuant to any corporate action/event in the manner as mentioned in clause 3.2 of the Scheme of the company) to its employees under the scheme at a maximum discount of 90% to the face value at the Exercise price mentioned in resolution S.no. (a) above.

By Order of the Board

Ahsan Khalil
Company Secretary

Lahore,
Dated: 03 April, 2018

N.B

- (1) The share transfer books of the Company will be closed and no transfer of shares will be accepted for registration from Tuesday 17 April 2018 to Tuesday 24 April 2018 (both days inclusive). Transfer received in order at the office of our Registrar, Ms FAMCO Associates 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi by the close of business (5.00 p.m.) on Monday 16 April 2018 will be treated to have been in time for the purposes of payment of final dividend and to attend & vote at the meeting.
- (2) A member entitled to attend and vote at this meeting shall be entitled to appoint another person, as his/ her proxy to attend, speak and vote instead of him / her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the company.
- (3) Members are required to timely notify any change in their address to Company's Shares Registrar, Ms FAMCO Associates 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi.

ADDITIONAL NOTES;

CDC Account Holders will further have to follow the under mentioned guidelines as laid down in circular #1 dated 26 Jan 2000, issued by SECP.

FOR ATTENDING THE SHAREHOLDERS' MEETING

- I. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting.
- II. The shareholders registered on CDC are also requested to bring their particular ID numbers and account numbers in CDS.
- III. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting.

FOR APPOINTING PROXIES:

- I. In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the duly completed and stamped proxy form accordingly.
- II. The proxy form shall be witnessed by the two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- III. Attested copies of valid NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- IV. The proxy shall produce his/ her original NIC or original passport at the time of the meeting.
- V. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

PAYMENT OF CASH DIVIDEND ELECTRONICALLY

The Securities and Exchange Commission of Pakistan (SECP) had earlier initiated e-dividend mechanism through its letter No: 8(4)SM/CDC/2008 dated April 05, 2013. The Companies Act 2017, also now provides in section 242 that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. As such, the Company will only be able to make payment of cash dividend to its shareholder through electronic mode. Therefore, shareholders are advised that in order for them to receive their dividends through electronic mode, the details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) bank name, (iv) branch name, code and address be provided as soon as possible, to the Share Registrar of the Company, Ms FAMCO Associates, 8-F Near Hotel Faran, Nursery Block-6, P.E.C.H.S., Karachi.

CIRCULATION OF NOTICE OF MEETINGS AND ANNUAL FINANCIAL STATEMENTS

Pursuant to SRO 787 (1)/2014 Dated 08 Sep 2014 the SECP has directed to facilitate the members of the company receiving annual financial statements and notices through email. We are pleased to offer this facility to our members who desire to receive annual financial statements and notices through email in future. In this respect members are hereby requested to convey their consent via email on a standard request form which is available on company's website www.avanceon.ae Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 2 MB file in size. Further it is the responsibility of the member to timely update the share registrar of any change in the registered email address. Annual audited financial statement of the company for the year ended 31 Dec 2017 have been made available on the company's website www.avanceon.ae

FILER AND NON-FILER STATUS

The Government of Pakistan through Finance Act 2014 has made certain amendments in Sec 150 of the Income Tax Ordinance 2001, whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies.

To enable the company to make tax deduction on the amount of cash dividend, all the members whose name are not entered in ATL, even though they are filers are advised to make sure that their names are entered in ATL, available at e portal of FBR, before the date of commencement of book closure for cash dividend. The company as per the law shall apply 20% rate of withholding tax if the member's name with relevant details does not appear on the ATL before the mentioned date and deposit the same in Government treasury within the prescribed time.

All members who hold shares jointly are requested to provide the shareholding as per following:

Folio / CDS	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC	Shareholding proportion (No of shares)	Name and CNIC	Shareholding proportion (No of shares)

The required information must reach our Share Registrar by the close of business on 16 April 2018, otherwise it will be assumed that shares are equally held.

The Corporate Shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or its share registrars. The shareholders while sending NTN or NTN certificates, as the case may be must quote company name and their respective folio numbers.

CONSENT FOR VIDEO CONFERENCE FACILITY

Members can also avail video conference facility in Karachi, if the company receives consent at least 10 days prior to the date of the meeting from members holding in aggregate 10% or more shareholding and residing in Karachi to participate in the meeting through video conference.

Please fill the following form and submit to the registered office of the company 10 days before the holding of the annual general meeting:

I/We _____ of _____, being members of Avanceon Limited and holder of _____ ordinary shares as per registered folio no/CDC A/c No _____ hereby opt for video conference facility at Karachi.

For any query/information, members may contact our Share Registrar Ms FAMCO Associates 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.

STATEMENT (S) UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This Statement is annexed to the Notice of the 15th Annual General Meeting of Avanceon Limited to be held on Tuesday 24 April 2018 at which certain Special Business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such special business;

ITEM (6) OF THE AGENDA

Total Number of Share Options: 1,750,000 (One million seven hundred fifty thousand) ordinary share options.

Classes of Employees: Management Cadres MT-3 and above.

Vesting Requirement & Period of Vesting: The period of vesting is 01 year(s) from the Date of Grant of the relevant Options till the commencement of the relevant Exercise Period applicable to the Options granted.

Maximum Period of vesting: 01 (one) years.

Exercise Price: Rs 1/- for 2018, Rs 1.2/- for 2019, Rs 1.44/- for 2020, Rs 1.73/- for 2021 and Rs 2.08/- for 2022.

Appraisal process for Eligibility: The HR & R Committee through is powers delegated to Committee for Organizational & Employee Development (COED) shall consider the employees recommended and approved by COED in line with the annual appraisal process for the company.

Maximum number of options to be issued per employee and in aggregate: 250,000 (two hundred fifty thousand) options per employee with total 1,750,000 (One million seven

hundred fifty thousand) share options in aggregate for all eligible employees.

Statement of Conforming of accounting policies:

This statement is annexed to the ESOP-2018 scheme. The purpose of this Statement is to conform the accounting policies as per rule 13 of the Public Companies (Employees Stock Option Scheme) Rules, 2001.

The grant date fair value of equity settled share based payment to employees is initially recognized in the balance sheet as deferred employee compensation with a corresponding credit to equity as employees' share compensation reserve. The fair value determined at the grant date of the equity settled share based payments is recognized as an employee compensation expense on a straight-line basis over the vesting period.

When an unvested option lapses by virtue of an employee not conforming to the vesting conditions after recognition of an employee compensation expense in profit and loss account, employee compensation expense in profit and loss account and deferred employee Compensation in balance sheet will be reversed equal to the amortized and unamortized portion respectively, with a corresponding effect to the employees' share compensation reserve.

When a vested option lapses on expiry of the exercise period, employee compensation expense already recognized in the profit and loss account is reduced with a corresponding reduction to employee compensation reserve in the balance sheet.

When the options are exercised, employees' compensation reserve relating to these options is transferred to share capital and share premium account. An amount equivalent to the face value of related shares is transferred to share capital. Any amount over and above the share capital is transferred to share premium account.

ITEM (7) OF THE AGENDA

The Board of Directors' in their meeting held on 21 Mar 2018 approved the increase in authorized share capital of the company to Rs 2,000,000,000/- (Rupees Two Billion) from Rs 1,500,000,000/- (Rupees One Billion Five Hundred Million). The current increase in authorized capital is approved to anticipate any increase in issue of shares as the total authorized capital of the company is 88% issued, paid-up and subscribed.



SHAREHOLDERS INFORMATION

The 15th Annual General Meeting of Avanceon Limited will be held on 24th of April on 3pm at Fairways Hall, Country Golf Club, Sector-C, Bahria Town, Lahore, Punjab, Pakistan, the shareholders are encouraged to participate and vote, any shareholder may appoint a proxy to vote on his or her behalf. The Proxies should be filed with the company at least 48 hours before the meeting time. Shareholders or their Proxies are requested to bring with them copies of their valid Computerized National Identity Card or Passport along-with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

Pursuant to the directives of the Securities and Exchange Commission of Pakistan, CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2017, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised: for filers of Income Tax return 15% and Non-filer of Income Tax return 20% or at any prevailing tax rate at the time of making dividend warrants.

The CNIC number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time. Individuals including all joint holders holding physical share certificates are therefore requested to submit a copy of their valid CNIC to the company or its Registrar if not already provided.

In case of non-receipt of the copy of a valid CNIC or NTN, the Company would be unable to comply with SRO 831(1)/2012 dated July 05 2012 of SECP and therefore will be constrained under Section 243(2) of the Companies Act, 2017 to withhold the dispatch of dividend warrants of such shareholders. Further, all shareholders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL to avoid extra deduction of tax. The Company as per the new Law, shall apply 20% rate of withholding tax or any applicable at the time of payment of dividend if the shareholder's name, with relevant details, does not appear on the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.



OWNERSHIP

As on December 31, 2017 there were 3,176 holders on record of the Company's ordinary shares.

QUARTERLY RESULTS

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in FY 2018 are:

1st quarter: April 26
Half yearly: August 22
3rd quarter: October 25

All our quarterly reports are regularly posted to Pakistan Stock Exchange, all annual/quarterly reports are also placed at the Company's website: www.avanceon.ae The Company reserves the right to change any of the above dates, additionally, the pursuant to compliance of S.R.O.470 (I)/2017 dated May 31, 2017 issued by the SECP and subject to the consent and approval of the shareholders in AGM 2016 the Company shall circulate the Annual Audited Accounts of the company to its members through CD/DVD/USB.

CHANGE OF ADDRESS

All registered shareholders should send information on changes of address to:

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

CON T ET NS





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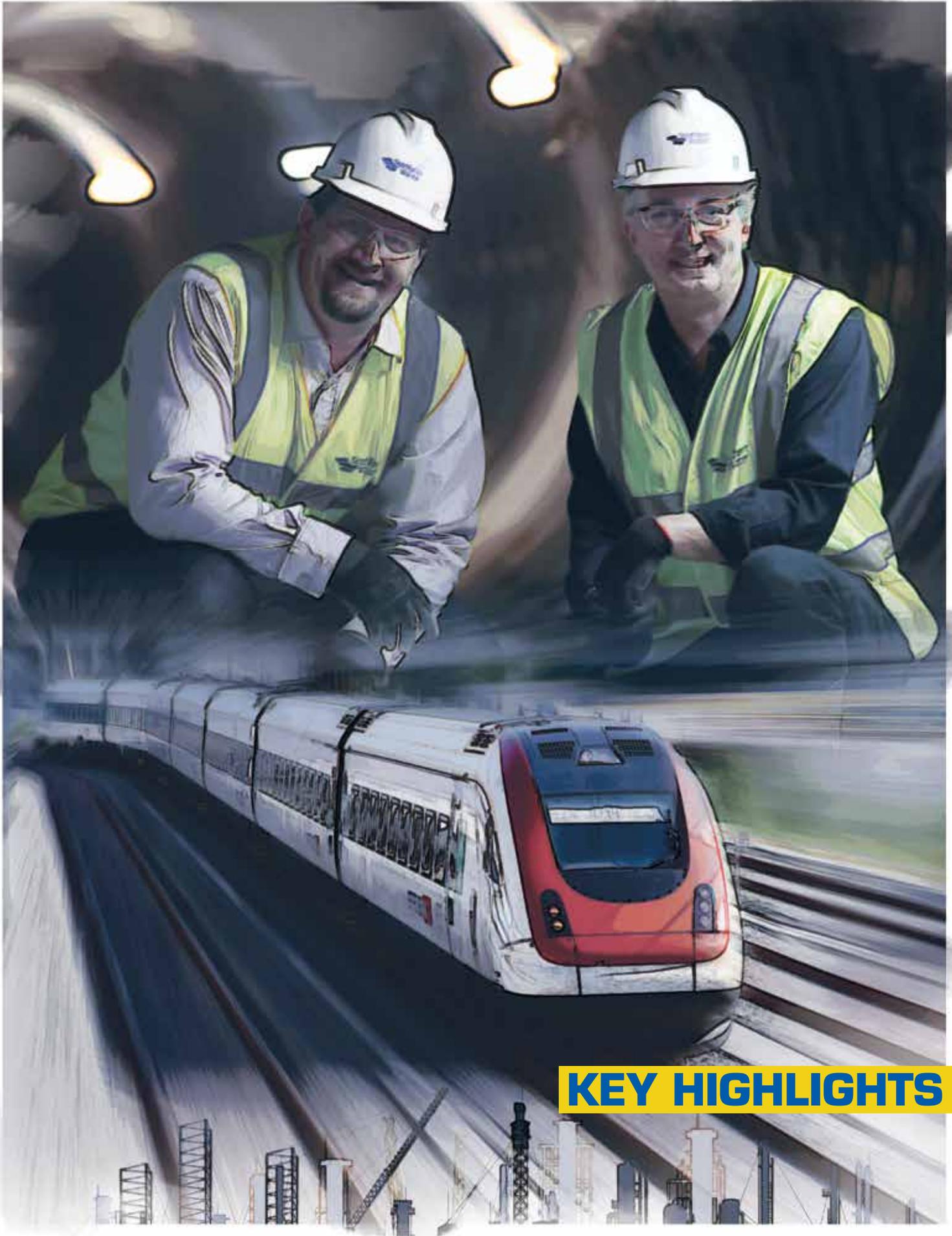
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KEY HIGHLIGHTS

GLOBAL PRESENCE

Ranked amongst the Top System Integrators Worldwide, Avanceon is a Global Engineering Firm specializing in Turnkey Solutions for Automation and Control.



+30 years of commitment



+10 key partners worldwide



+1,000 medium & large scale projects



+150 Public & Private blue chip customers

Worldwide Headquarter
North America
Regional Operations Center
Exton, PA, USA





ISO 9001 : 2015
ISO 14001 : 2015
BS OHSAS 18001 : 2007



AVANCEON
Tomorrow's solutions, today.



csia
control systems integrators association
Southeast Asia
Regional Operations Center
Lahore, Pakistan

Middle East and Africa
Regional Operations Center
Dubai, UAE

+200
employees



+10 offices,
3 operating centers



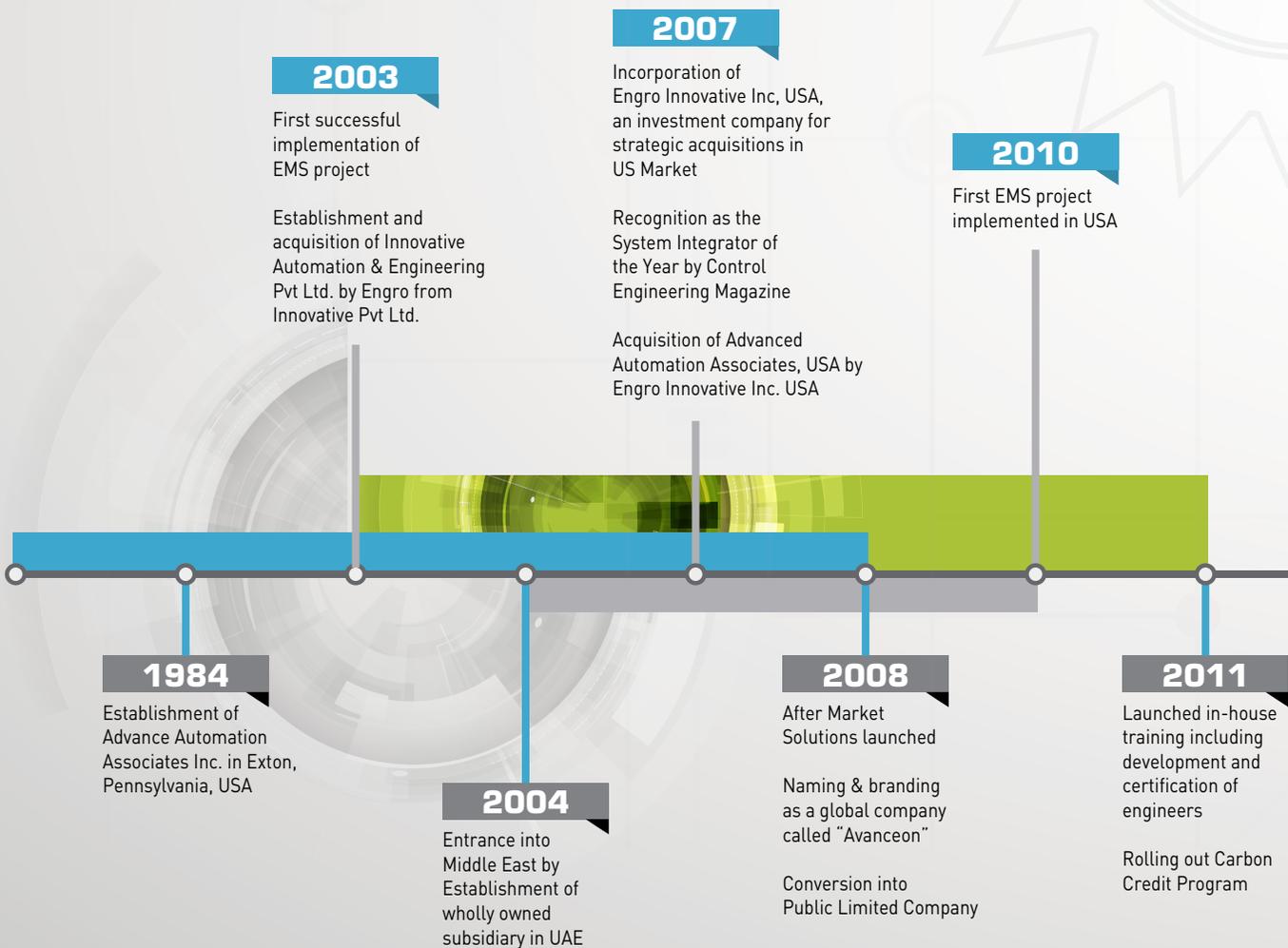
+15 industrial
segments served



+70% Control
System Engineers



OUR HISTORY



2012

The Global Restructuring Agreement with Engro Corporation

2014

Initial Public Offering (IPO) of Avanceon along with listing of Avanceon at PSX (formerly KSE and LSE)

Joint Venture with ATCO, KSA

2016

Issuance of Avanceon ESOS-2nd Issue after successful launching of ESOS-1st Issue in 2013

2018

Maturity of ESOS (1st Issue)

2013

Launching of Highway-50 Plan

Launching of Avanceon Employee Stock Option Scheme 1st Issue

2015

Won NFEH's CSR award 2015

Launching of Avanceon ESOP II

SE Alliance Partner Excellence Award, Middle East

2017

Incorporation of subsidiary Avanceon Automation and Control LLC in Qatar

Launch of IAAS Business and BMS

Towards Highway-50

OVERALL STRATEGIC OBJECTIVES: A GLIMPSE INTO OUR FUTURE STRATEGY

Even though our 2013 Highway 50 promise to the Shareholders will remain at the core of our future strategy objectives, Avanceon will build upon the massive successes of 2017 - its record year to date - to take the next focused step into the future. For Avanceon to take the leap, it has launched four initiatives that will usher in a new era of profitability and the successful realization of our critical goals.

The maturing and implementation of these initiatives will revolve around our overall strategic objectives.

1

ZERO DEVIATION INITIATIVE:

What Zero Deviation means at Avanceon? Ensuring our reputation remains intact as the go to automation solutions provider and confirming our resolve to deliver valued services to our clients. The Zero Deviation initiative revolves around four cardinal rules every Avanceoner follows. Zero Rework. Zero Delays. Zero Budget Deviations. Live Plan. With the help of our V Life Cycle methodology, Avanceon is able to proactively track and avoid downward flow of defects, trace and track changes, develop focus on specification and testing and leverage a defined process to support growth.

The major advantages of Avanceon's Zero Deviation Initiative are focused operations, lower costs and more disciplined execution. This translates to a seamless execution of projects and delivering valued engineering solutions to our clients and partners.

2

CRM:

In 2015 Avanceon launched the Key Account Management initiative to provide focused coverage of select large size accounts. With multiple production sites spread over a wide area, this initiative helped pave way in forging strong business relationships with key clients. 2016 saw the development of our very own CRM using Microsoft's platform to record, plan and strategize business opportunities. This tool helped us achieve better sales forecasting, business planning and overall business projections/sales forecasting. The year 2017 saw the implementation of these initiatives. The Key Account Management initiative helped us retain clients and the development of our own CRM improved processing time and overall accuracy.

With a help of an inhouse and mature CRM, all business outlook decisions are taken after analyzing live data gathered from different departments. This helps the executive and department heads identify trends which in turn helps in effective resource planning. All executive decisions are reached after taking historical trends into account provided by the CRM. 2017 also saw the initiation and development of the Resource Management System. As a Cloud Based solution, the RMS consolidates all our Support and SLA services by identifying accurate resource allocation based on skill set.

3

AVANCEON DIGITAL:

With the Avanceon Digital AKA IaaS initiative, Avanceon will provide value added solutions by transforming data into actionable information. Through a series of automation and control solutions, Avanceon will increase the productivity, maintainability, reliability, profitability and availability of the client's assets and processes. These will include Automated Reporting and Dashboards, ASSET Management, Process Loop Tuning, Cyber Security, Virtualization Technology, Upgrade Legacy Controls Technology and Energy Management.

By enabling technology for data driven organizations, Avanceon will provide value added services via a complete system of life cycle support aiming for total customer satisfaction through creativity, innovation and continued investment in combined skills and expertise.





4

BMS INITIATIVE:

For the past three decades, Avanceon has played an integral role in the burgeoning field of Industrial Automation and System Integration. Its footprint and experience in the South Asia and the Middle Eastern market has helped in the expansion of its expertise in new technologies and sectors. Continuing its pledge to growth and innovation as part of its Highway 50 commitment, Avanceon aims to expand its Systems Integration capability into the Buildings Market.

By providing a complete suite of Building Technologies, Avanceon will offer services in Fire Safety, HVAC, BMS (Building Management System) along with Access Control, Video Surveillance, Lighting Control and other Smart Technologies sub systems.

Avanceon aims to achieve market recognition as the leading IBMS integrator in Pakistan over the next five years by delivering value to the Building Technology sector through its innovative solution design, disciplined execution and after market support.

To facilitate this venture, Avanceon will partner with market leader Siemens to establish presence in the South Asia region.



FINANCIAL HIGHLIGHTS

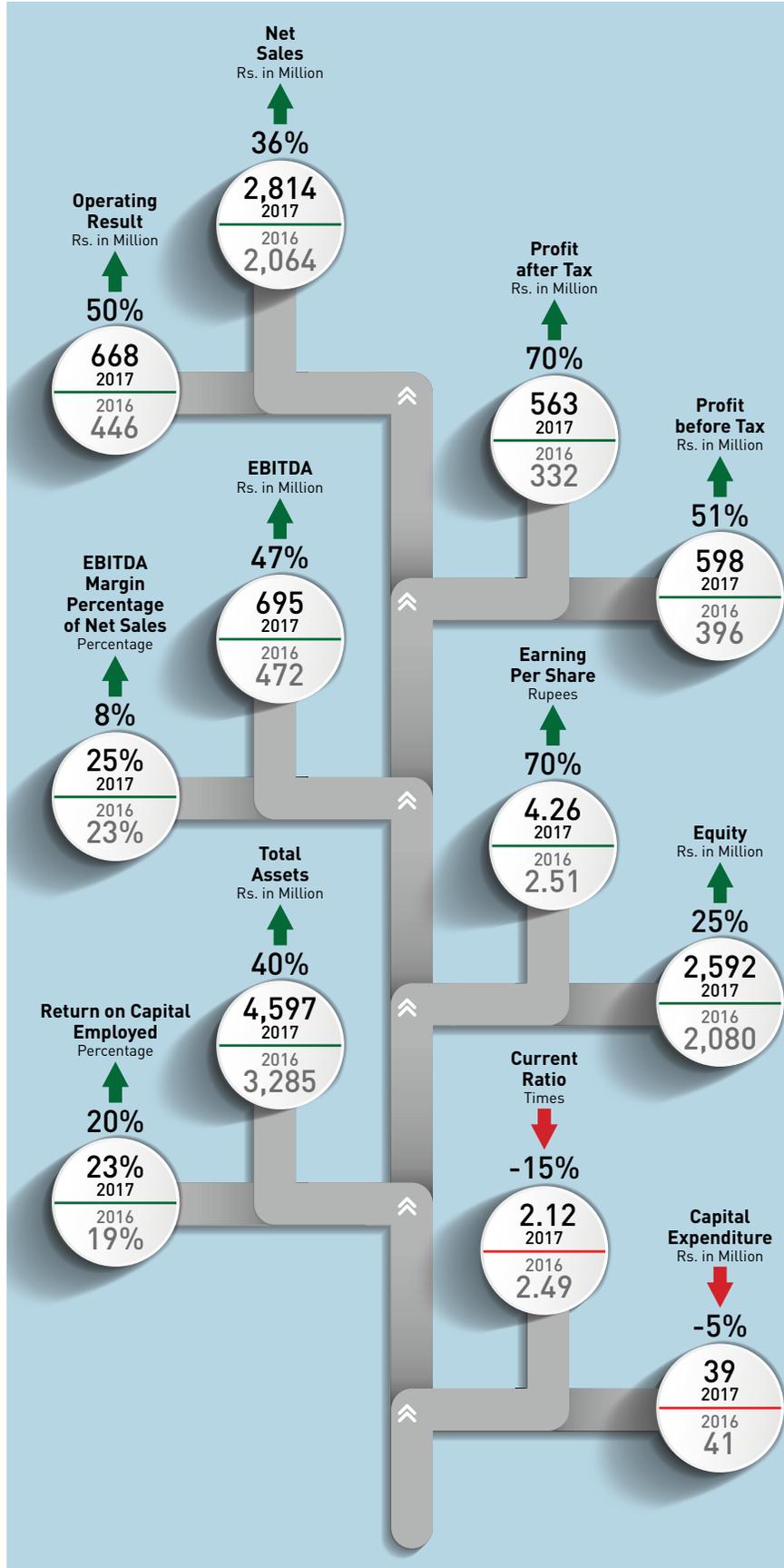
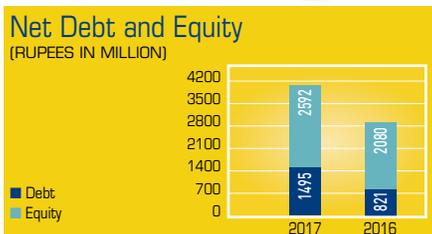
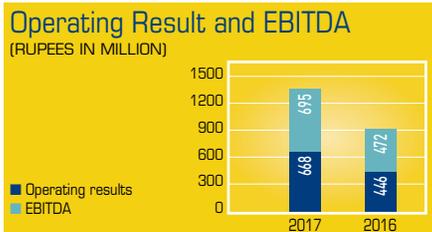
(AS AT DECEMBER 31, 2017) CONSOLIDATED



BAKHTIAR H. WAIN
Founder & CEO

Can't thank our clients and partners enough for their continuing support, I would like to congratulate all Avanceoners for another record year in our history.

2018 will be the time to capitalize on our successes in industrial digitalization and specialized BMS. Well done everyone, we've got some very exciting times ahead of us.





INTRODUCTORY

VISION & MISSION STATEMENT

Avanceon Limited [PSX: AVN] has been in the automation business since 1984. Over the years, the Company has transformed into a 360 degree solution provider for automation, energy management, engineering services and maintenance for major blue chip companies. A certified member of the select group of Control System Integrators Association, Avanceon is also listed on the Control Engineering Magazine’s System Integrator Hall of Fame.

Avanceon’s values are deeply rooted within its processes and act as a guide when interacting with our internal and external stakeholders. At Avanceon, we are defined by our mission, our vision / mantra and our values.

VISION

Our Vision & Mantra is our everlasting commitment to always move forward and ensure that we always co-create value with each and every one of our stakeholders by delivering: Tomorrow’s Solutions, Today.

MISSION

Our mission is to passionately grow to be the leader of engineered solutions through the Inspired development of our teams by delivering forthcoming value to our customers.

VALUES

Our values are deeply rooted within Avanceon and act as a guide in building value with both our internal and external stakeholders. These are the beliefs which drive our conduct and serves as a foundation of our business:

SUSTAINABILITY

INTEGRITY

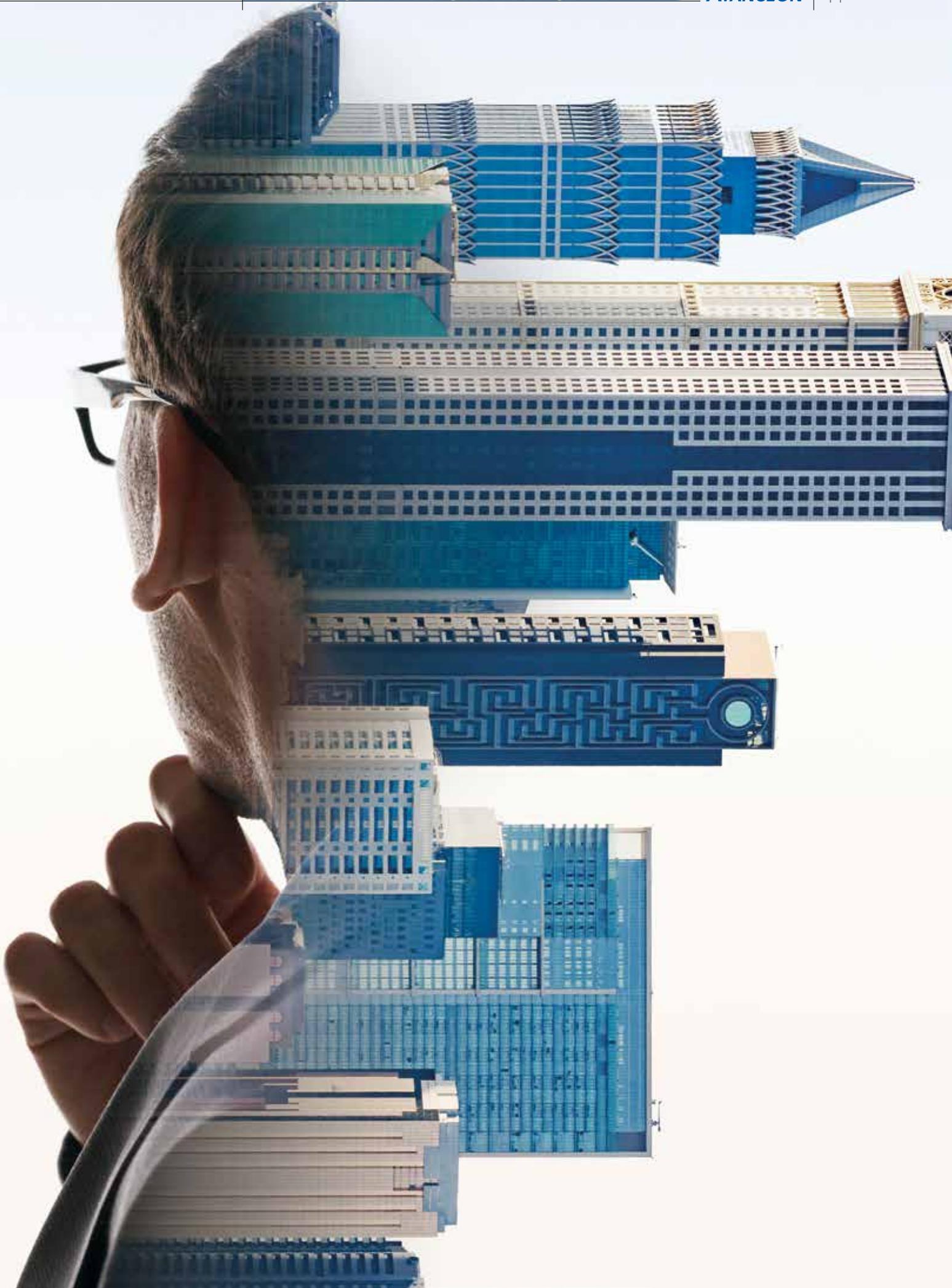
TEAMWORK

QUALITY

CREATIVITY

AGILITY

CANDOR



PROFILE & GROUP STRUCTURE



CORPORATE PROFILE

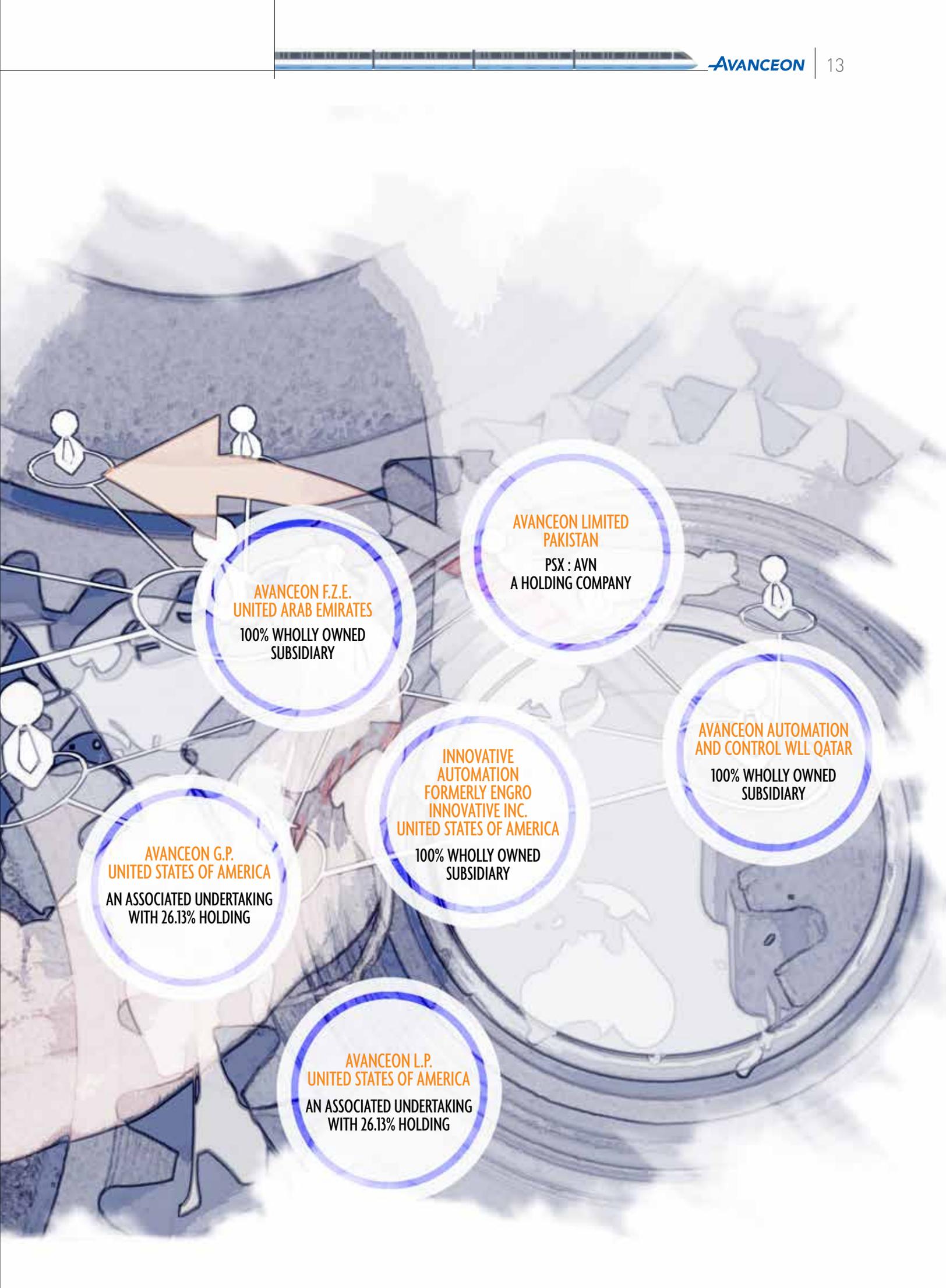
Avanceon Limited [PSX: AVN] is the leading provider of industrial automation, process control and systems integration as well as proprietary energy management solutions and support services. We have a strong market footprint through our offices in Dubai, United Arab Emirates and Doha, Qatar covering the Middle East region. Avanceon also has presence in Lahore, Pakistan, covering South East Asia, and Exton, Pennsylvania, covering North America.

Avanceon has been in the automation business for the last 27 years and has transformed into a 360 degree solution provider for automation, energy management, engineering services and maintenance for major blue chip companies. A certified member of the select group of Control System Integrators Association, Avanceon is also listed on the Control Engineering Magazine's System Integrator Hall of Fame. Avanceon recently expanded its footprint in the Middle East by setting up offices in Qatar and Kingdom of Saudi Arabia.

ORGANISATIONAL STRUCTURE

Avanceon Limited is the holding company of the Avanceon Group. Having two wholly owned subsidiaries and an associated undertaking with various branches in different regions like Pakistan, United Arab Emirates, Qatar, Kingdom of Saudi Arabia and United States of America, Avanceon employs 200 plus highly qualified and trained resources.





**AVANCEON LIMITED
PAKISTAN**

PSX : AVN
A HOLDING COMPANY

**AVANCEON F.Z.E.
UNITED ARAB EMIRATES**

100% WHOLLY OWNED
SUBSIDIARY

**AVANCEON AUTOMATION
AND CONTROL WLL QATAR**

100% WHOLLY OWNED
SUBSIDIARY

**INNOVATIVE
AUTOMATION
FORMERLY ENGRO
INNOVATIVE INC.
UNITED STATES OF AMERICA**

100% WHOLLY OWNED
SUBSIDIARY

**AVANCEON G.P.
UNITED STATES OF AMERICA**

AN ASSOCIATED UNDERTAKING
WITH 26.13% HOLDING

**AVANCEON L.P.
UNITED STATES OF AMERICA**

AN ASSOCIATED UNDERTAKING
WITH 26.13% HOLDING

LETTER FROM THE CHIEF OPERATING OFFICER



2017 gave us the perfect platform to launch our 2018 campaign. With an impressive backlog of orders totalling US\$ 25m, along with its own generation, 2018 looks promising in terms of revenue recognition.

PAKISTAN HIGHLIGHTS

Picking up our conversation from 2016, The China Pakistan Economic Corridor (CPEC) remains one of the focal points of our South Asia strategy. CPEC is the flagship of China's One Belt One Road (OBOR) initiative for the economic integration of Eurasia through belts, roads and infrastructure initiatives.

In the Oil Terminal market, we achieved 100% success in all the terminals installed in 2017. A worthy accomplishment by all counts. Even though Avanceon is new to this space, we identified it as a growth area. This is due to CPEC pushing increasing demand for oil storage, resulting in our strong foot hold in this market. This consequently opens other avenues for Avanceon to maximize the scope for future projects.

Avanceon initiated the Building Management Solutions (BMS) in 2017. Due to the increase in demand for Grade A Office space in all three major cities, the conditions are perfect for the BMS initiative in Pakistan. Thanks to a stable economy, rising local incomes, consumer confidence, foreign investment and improving education, Avanceon has taken a leap into the Buildings Solutions Market and will be positioned perfectly to become a market leader.

MIDDLE EAST HIGHLIGHTS

QATAR - After the recent blockade and the Saudi-Qatar diplomatic crises, Qatar has gained strategic importance in the Arabian Peninsula. This perfectly positions Avanceon in the region to serve the automation and control systems needs of the market. As automation leaders in Qatar for the last 3-4 years, we are utilizing all our experience and expertise to convert the requirements of Government, Semi Government and Private Sector projects into meaningful business propositions.

We foresee Qatar as a strategic region for Avanceon in the coming years. As a gas rich country and with the world's highest per capita income, Qatar has its strengths which cannot be overruled. Avanceon's performance in Qatar was overwhelmingly positive in 2017 and we have broken all our international records last year in this region. Our team in Qatar aims to continue this trend.

KSA - The multimillion dollar breakthrough Riyadh Metro project where we are working on the TVS system remains our crown jewel in KSA. With this project, Avanceon has now implemented TVS for all metro projects in the GCC region.

In 2017, Avanceon also had a breakthrough in the water management sector partnering with the Saudi giant ARAMCO for strategic water management project of a new upcoming city. The waste water and desalination plant will become an integral part of our waste water management portfolio.

INTERNATIONAL EXECUTION

2017 kept International Execution (IX) busy with multi-million-dollar flagship projects in UAE, Qatar and KSA. Avanceon's IX division designed and executed the Doha Metro, Sewerage Treatment Plant - Ashghal Qatar and NPP Port projects in the Middle East region. The Metro project for Doha deserves special mention here as these highly complex undertakings are being executed according to international quality standards following a cost-effective business model.

In addition to the projects, the IX division also launched the Operational Excellence initiative at both individual and department level. The Operational Excellence initiative is



“2017 was a big year for Avanceon. Pakistan met its PO generation target and our Middle Eastern arm exceeded our sales forecast by an impressive margin.”

based on the four integral KPIs of Zero Budget Deviation, Zero Delay, Zero Rework and Project Live Plan. These monitoring and control KPIs have revolutionized the IX implementation model at Avanceon. In 2017, IX also developed the proprietary standards for Application Software Code and Application Graphics using the Schneider platform. Looking ahead in 2018, the IX division aims to accomplish the same on Siemens and Wonderware platforms.

SKILL MANAGEMENT & RESOURCE DEVELOPMENT

To make skill management and resource development an integral part of the Competency Framework, in 2017 we rolled out the Skill Set Implementation Framework and Implementation Plan. The competency framework will form an integral part of Skills Management which will in turn drive value to key organizational activities.

This initiative will identify and define skills with respect to Business, Interpersonal and Personal traits of an associate. It will allow Avanceoners to make well informed decisions through skills management implementation. To make well informed decisions, Avanceoners will need to update their Skill Set via Skill Base. Our belief as an organization to constantly improve our collective skillset will be put to the test here. Our aim is to develop talent through Skill Base which will ultimately link promotability within the organization with the individual's Desire to Learn.

INCREASING VALUE BY REDUCING PROCESS VARIABILITY

2016 saw the development of our very own CRM. Using Microsoft's platform to record, plan and strategize business opportunities, this tool helped us achieve better sales forecasting, business planning, analysis and overall business efficiency in 2017.

2017 also saw the initiation and development of the Resource Management System (RMS). As a Cloud Based solution, the RMS consolidates all our Support and SLA (Service Level Agreement) services by identifying accurate resource allocation based on skill set.

AFTER MARKET SUPPORT

The After-Market Support (AMS) division at Avanceon has experienced exponential growth. With an average 12% Year on Year growth, the AMS saw a massive 50% bottom line growth in 2017. This trajectory is mainly due to an improved strategy, persistent business development activities over the past years and in-house competency development for delivering a larger portfolio of plant services. Another reason for its meteoric growth is the maturing of Avanceon's install base clients.

The AMS division also developed competency on Siemens and Wonderware systems in 2017. The competency prepared the AMS division on industry recognized systems and added yet another feather in its portfolio. In 2017, the AMS division increased its workforce by 40% with a collective experience of 75 years.

As we settle into 2018, the projection for the AMS division looks even more promising with an expected increase of around 20% in business.

LOOKING TO THE FUTURE

Avanceon kicks off 2018 with an all-time high backlog of orders at US\$ 25m. It is a healthy 25% increase in the order backlog value from 2017.

We signed our first contract on BTMI (Build, Train, Maintain and Improve) terms in 2017. This gave Avanceon the opportunity to build control infrastructure for a client, maintain and improve it over the life cycle of the project. With this new business model, Avanceon will retain the client on a monthly subscription basis.

This initiative will change the dynamics of automation sourcing for clients and Avanceon will develop a guaranteed long recurring revenue stream.

The next big thing in automation will be industrial automation as a service (IaaS). For this initiative all the leg work is complete and plans will be set in motion in 2018.

Furthermore, Avanceon BMS (Building Management Solutions) initiative will be in partnership with the Siemens Buildings Technology (BT) group. The BMS activities will be in full swing in 2018.

Avanceon is the collective effort of many talented individuals who, through their hard work and passion, have launched this company into the rarefied atmosphere. I'm filled with an immense sense of pride and optimism as I look at our past and the direction we're headed into the future. For this I'd like to thank everyone at Avanceon for their continued service and you, the Shareholder and Investor, for your support and confidence.

Till we meet again -

Yours Truly,

Tanveer Karamat - Chief Operating Officer

A DECADE WITH AVANCEON

Success is never by accident. It is the amalgamation of many small things done well day in day out. It is because of the extraordinary service and dedication of these talented individuals, Avanceon is a leader in Automation Solutions and Systems Integration today. Every individual on this list, in their own remarkable way, have contributed to the success and wellbeing of this company.

For their perseverance, belief and passion, everyone at Avanceon would like to congratulate these individuals for their ten-year service.



CONGRATULATIONS

on completing 10 YEARS

LONE SURVIVOR

Practical Fearless Sensational!
Respectful, **BRAVE**
Dedicated Professional
May you have more Urooj!

STRIVER

No words can express the level of your commitment and dedication in your work

AMBITIOUS

We are so proud to have you in our AVANCEON FAMILY

CARING & CHERFUL

A smile icon with charming personality **ELEGANT**

Avanceon's **FIRST EVER** lady manager... keep it up!



Maria Urooj

CONGRATULATIONS

on completing 10 YEARS

MAESTRO!

Tech guy. Tactful
Forward thinker, Bhatti Rocks!
Lets plan some dine-out

INTERESTING . Dashing
Tussin ene puranay o? All the best!
Homogeneous blend of expertise in core networks, programming, communication & IT knowledge-base

A good Teacher . **HUMBLE** . **VBA**

Great Cook. **SUPPORTIVE**

Sharp Witted . Great Cook
10 saal beet gye ab to office aajeri!

Innovative & Dynamic **CREATIVE**

Excellent cooperater

ANGRAIZ Courteous

The guy who Never Gives Up

A Refined Engineer

SOLUTION ORIENTED

Commitment & Dedication Icon



Hassan Raza Bhatti

CONGRATULATIONS

on completing 10 YEARS

CHAMPION!

AMAZING PERSON

Kind hearted Gentleman . Tactful
Forward thinker , Cooperative & Respectful,

BRAVE . Keen observer . **HERO**
CHARISMATIC

The bright and Lighter side of the company

Looking forward to see you for

another **DECADE** . **SPIRITED**

Great Mentor, Teacher, Guide &

a Manager . **ROCKSTAR!**

HOPE! Talented & Judicious

Making the impossible, **POSSIBLE**

Innovative & Dynamic **SPARKY**

Prince Charming

ELEGANT & CLASSY

Enthusiastic, Aspiring & Caring

Brand of Negotiations, **LEADERSHIP**

& People Management

POLICY MAKER



Hussain Ahmad

CONGRATULATIONS

on completing 10 YEARS

HARD WORKING

Troubleshooter

The unknown Dubai Cheetah!

SENSATIONAL

Amazingly Talented

TECHNICALLY SOUND

A nice friend and companion.

SUPPORTIVE

Adnan is the one and only in

Dubai office Engineering

CHAMPION

Congratulations as you celebrate

10 years in AVANCEON of

your hard work and dedication

in your office



Adnan Saeed

CONGRATULATIONS
on completing 10 YEARS

HELPFUL

Active & Artistic

GREAT MUSICIAN

Dubai office ki raunaq!
"first clear the payment,
then get the quote"
Hidden Talent

SENSATIONAL

TALKATIVE

You never fail the company and
the bosses. Indeed, you are
committed to us. Thank you for
helping us to be on top.

GREAT MAN

Congratulations on completing
10 years with the **AVANCEON FAMILY**
ALL ROUNDER of
Dubai office



Rizwan Abdul Gani

CONGRATULATIONS
on completing 10 YEARS

GURU

Khaba & Shughal . O paa ji!!
'Kaam ho jae ga, don't worry'

CHARMING

Dubai's soft face . Passionate
Live-Wire

Butt sb, change the party

SENSATIONAL

Har Fun Maula . Energetic &
Spirited .

SUPPORTIVE

GREAT MAN

Congratulations on your
career milestone,
we truly honor you for being a part of
AVANCEON FAMILY
ZINDA DIL



Anjum Butt

CONGRATULATIONS
on completing 10 YEARS

DETERMMINED!

Hard Working & Cooperative

TRUSTEE . To the point

Courteous . **SENSATIONAL**
A nice friend and companion.

SUPPORTIVE

Responsible Resource and
Performing Superb job

MASOOM

PERSISTENCE at his best
All the best Imran for years ahead
to come

HARD WORKING



Imran Ul Haq

CONGRATULATIONS
on completing 10 YEARS

ASSERTIVE!

STRAIGHT FORWARD

Knowledgeable "No over-commitment"

ADMIRABLE Good Listnr

SMART WORKER

Gooya . ms.man.

Striking . Developing Manager

Delicate hard professional

MENTOR! Sharp personality

Confident, motivated and energetic
personality . Planner . **PASSIONATE**

"Organized, A Man with Vision"

Softer than he looks

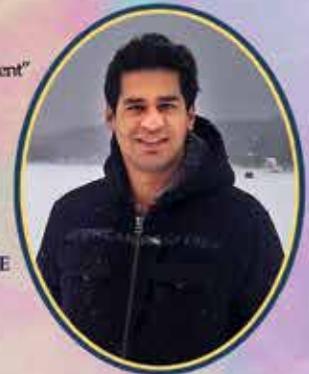
DILIGENT & SUPPORTIVE

Detailed technology oriented.

Team Player . Leader . Swag

EMPATHETIC

Confident & Visionary



Hassan Goraya

CONGRATULATIONS
on completing 10 YEARS

LEADER!

THOROUGH PROFESSIONAL

BOSS. Poised. "Always be Practical"

HUMBLE A good prsorality

RUSTAM . VIRTUAL EXECUTOR

Sally! my partner in crime

Would love to be associated
for **DECAD** with you . **MOTIVATOR**

"Highly Professional, Accommodating
and Down to Earth" **CAPTAIN!**

Enthusiastic and charming personality

Mnager . Gracious . **LOGICAL**

Smiling face . Sound Tech Guy

SUD, is the ideal personality of many
colleagues . **POLISHED EXPERT**

DILIGENT & SUPPORTIVE

All the very best for next 10 years!

Pressure Observer . Team player

EXCELLENT GUY

Amazing Manager



Salahuddin Minhas

CONGRATULATIONS
on completing 10 YEARS

HARD WORKING

"Always say YES"

TALENTED

Cooperative & Intelligent

SENSATIONAL

Cool Minded & Friendly

OBLIGING

TALKATIVE

The most soft-hearted guy

Helping hand

ACTIVE Good Listener

CHUPA RUSTOM

Always available for Support

HONEST

HARMONIOUS

LOYAL PROFESSIONAL



Awaiz Ahmed

CODE OF BUSINESS CONDUCT & ETHICAL PRINCIPLES

As an ethically unyielding, proactive and sustainable business, Avanceon has always upheld high standards across all practices without needing third party monitoring. However, we are honoured to have been recognized and accredited, over the years, by industry organizations of excellence.

At Avanceon, we do not compromise on business ethics and practices. Working with us implies engaging with each and every one of our core values: candour, agility, creativity, quality, teamwork, integrity and sustainability. These values define how we work and how we achieve success.

Our values also define the very foundation of our outright business conduct and ethics:

CORRUPTION AND BRIBERY PREVENTION

At Avanceon, we prohibit any form of corruption or bribery. We oppose any action that breaches anti-corruption laws of all the countries in which we operate. Engaging with us implies adhering to uncompromised integrity at all levels. This is our pledge in delivering sustainable solutions that will never undermine our reputation or the companies that we work with. The TRACE certificate is a recognition of this integrity.

- Business Ethics
- Conflict of Interest Policy
- Social Compliance Policy
- TRACE Certification

INFORMATION TECHNOLOGY & COMMUNICATIONS

At Avanceon, we are committed to delivering information transparently to protect the reputation of the company and that of the stakeholders, and to promote the integrity of the company. Regardless of the purpose of the communication, each and every employee at Avanceon is responsible for delivering our message within the provision that has been set to ensure accuracy and safeguard internal and external stakeholders. We are committed to protect our customers and employees from internal or external information security threats, whether deliberate or accidental.

- Information Security Governing Policy

EMPLOYEE EMPOWERMENT FRAMEWORK

At Avanceon, we hire highly talented, energetic and dedicated people who can make a real contribution to our continuing success. As an employer we believe that our people are our biggest asset and our greatest investment in our future, which is essential to our long-term business success.

We go the extra mile in equipping them with the skills necessary for their professional growth, recognizing them for their outstanding performance and providing them with a world class experience to deliver their best in an enabling environment.

- Employee Professional Accreditations & Certifications Policy
- Employee Stock Option Schemes

EQUAL EMPLOYMENT AND ANTI-HARASSMENT

Avanceon represents over 200 employees recruited globally, and we have always been an equal opportunity employer. We believe that everyone benefits from co-building a positive work environment. As such we have zero tolerance for any form of discrimination or harassment.

- Non-discriminatory Policy
- Social Compliance Policy
- General Working Policy



CUSTOMER CENTRICITY AND SUSTAINABILITY

Avanceon's way of expressing our commitment towards our customers is accomplished through the qualitative execution of our sound solutions and strong work ethics, which are encapsulated in our Customer Bill of Rights & our Customer Project Bill of Rights. In order to achieve sustainable growth, we place sustainability at the center of what we do by making a positive difference in the lives of the people and communities we work with through sound and impactful investments:

- Customer Bill of Rights
- Customer Projects Bill of Rights

QUALITY, HEALTH, SAFETY AND ENVIRONMENT

Avanceon is committed to deliver excellence without impacting any employee, community, subcontractor, visitor or the environment. We maintain an agile approach to project management with a clear focus on customer delight, which allows us to provide any EPC or End-User with Tomorrow's Solutions, Today.

Avanceon's unremitting growth and development is reliant on the very highest standards and best practices translated across all of our business. Quality, Health, Safety and Environment have utmost importance in every activity Avanceon performs. This commitment allows us to exceed international and national QHSE standards on a daily basis

- Essential Health and Safety Environment Training Policy
- OHSAS 18001:2007 – Health and Safety
- ISO 9001:2015 – Quality Management
- ISO 14001:2015 – Environmental Management
- CSIA:2015 – Membership

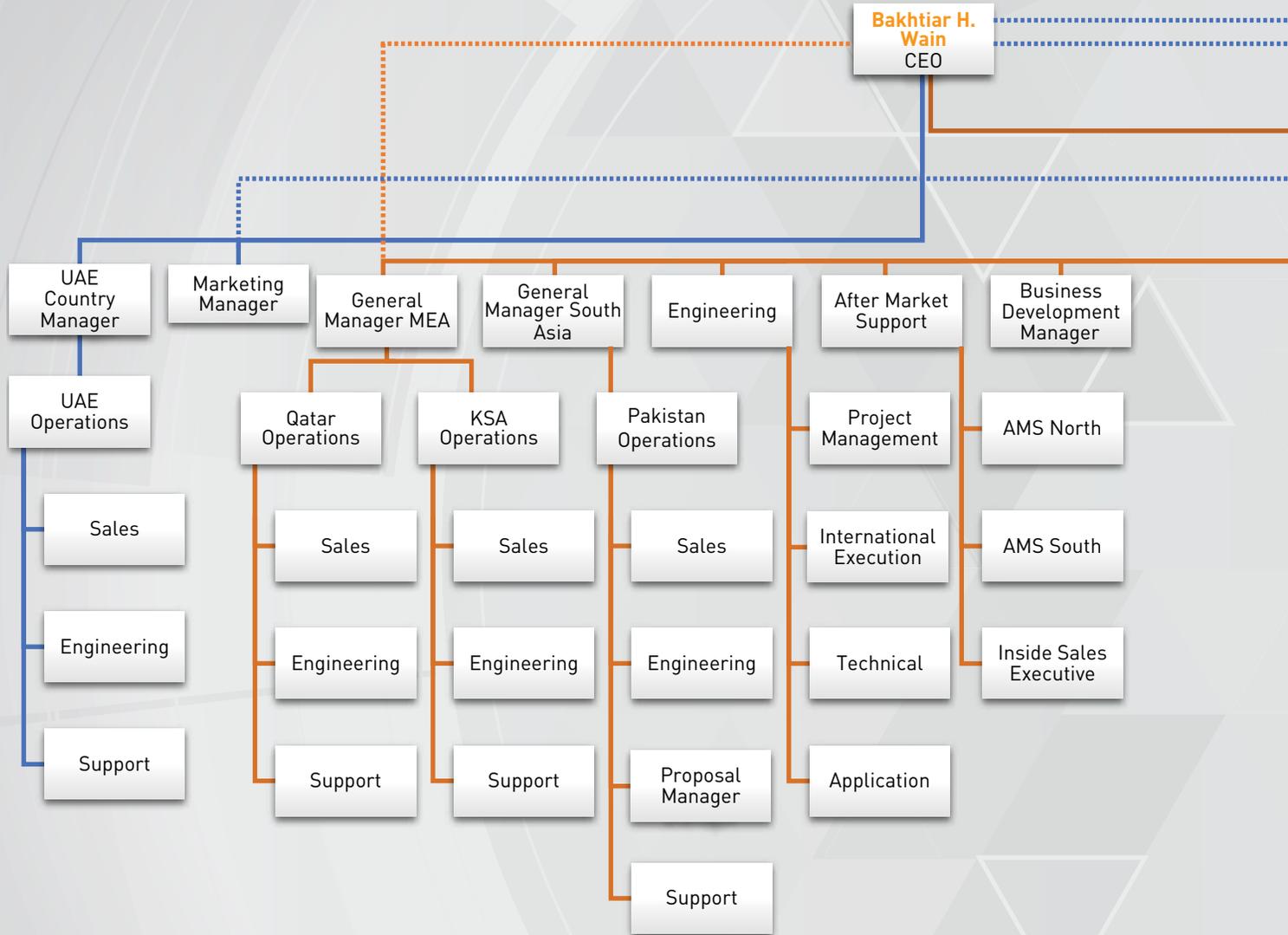
CUSTOMER BILL OF RIGHTS

- A harmonious and professional business relationship
- A prompt and honest response to all questions
- Superior product and solution performance
- Quality supplies and materials
- Professional innovative and expert guidance
- Every Avanceon associate will manage the customer's money as they would their own
- Courteous treatment from every Avanceon employee and partner

CUSTOMER PROJECT BILL OF RIGHTS

- To set and follow specific objectives for the project
- To know how long the project will take and how much it will cost
- To decide whether to include a feature
- To make reasonable changes to the requirements throughout the course of the project
- To know upfront the cost of making and implementing changes
- To know the project's status clearly, timely and confidently
- To be apprised regularly of risks that could affect cost, schedule and quality
- To be provided options for addressing potential risks
- To have access to project deliverables throughout the project
- To address system acceptance and the human side of change adoption that every project brings prior to implementation
- To have a plan and option for post project support

- - - - - Strategic Reporting
- — — — — Direct Reporting



Organisational Chart Middle East and South East Asia

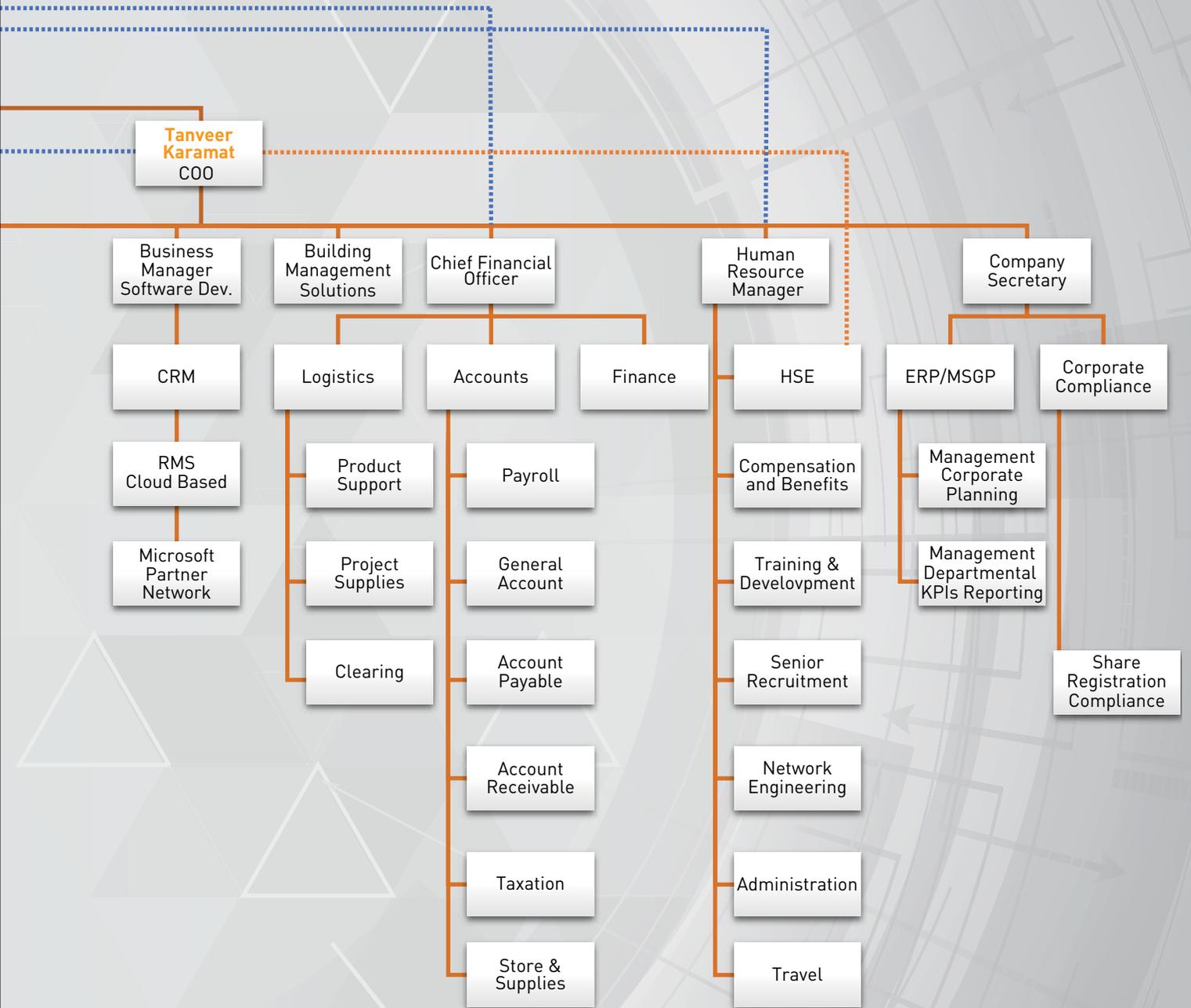


CEO – Global & Middle East

Brings 30 years of exemplary leadership, within top global companies such as Exxon Chemicals, Fauji Fertilizer and ICI Ltd. Bakhtiar founded Avanceon in 1984

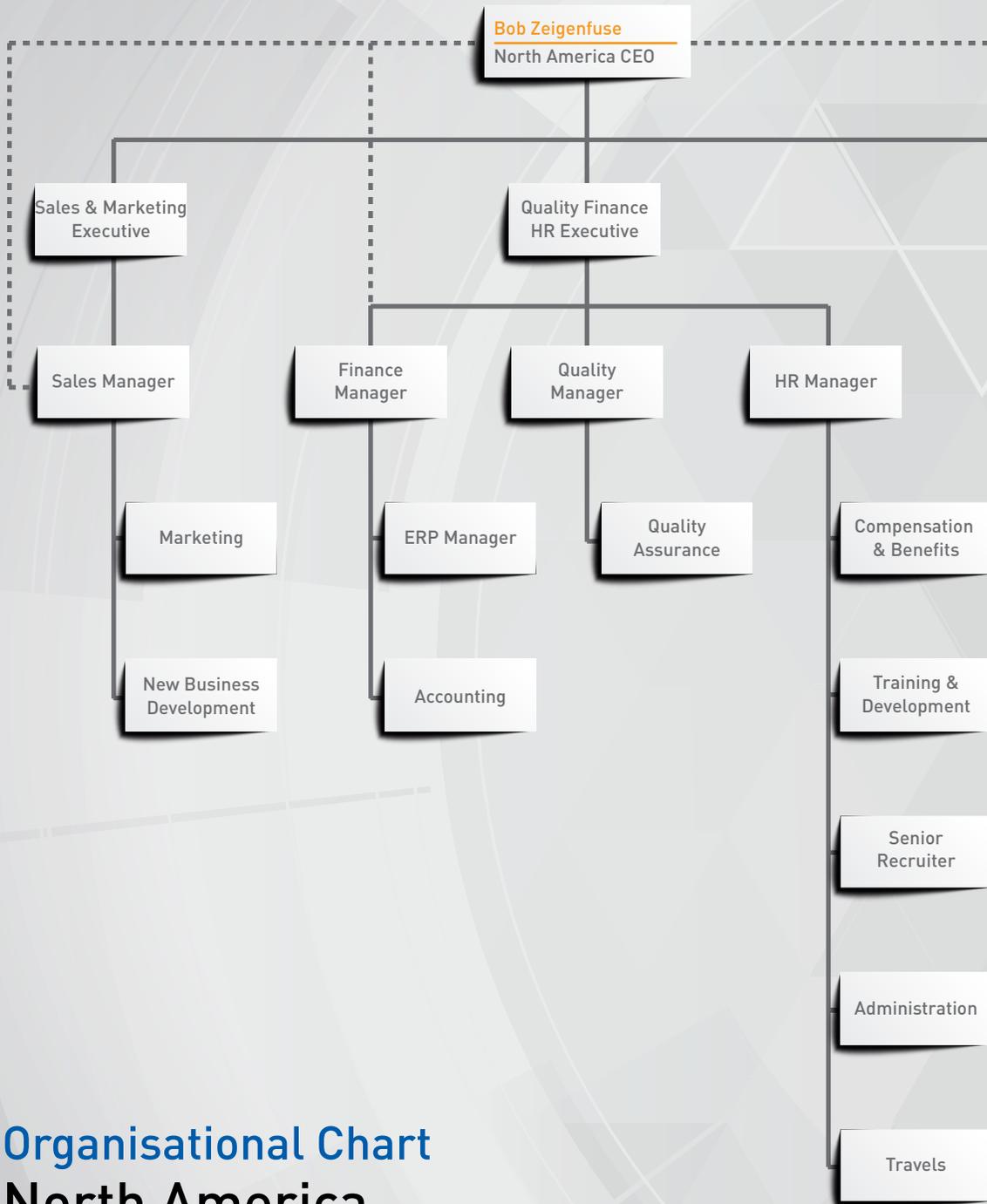


Strategic Reporting Line Reporting _____



COO – South Asia

Brings over 30 years of exemplary leadership within top companies such as Honeywell. Tanveer is responsible for MEA business vision, performance and growth.



Organisational Chart North America



CEO - North America

Brings a wealth of business acumen to the group, leading the Corporate Headquarters for the past 29 years. A pioneer in the world of automation, Bob is also a founding member of the Control System Integrators Association [CSIA]



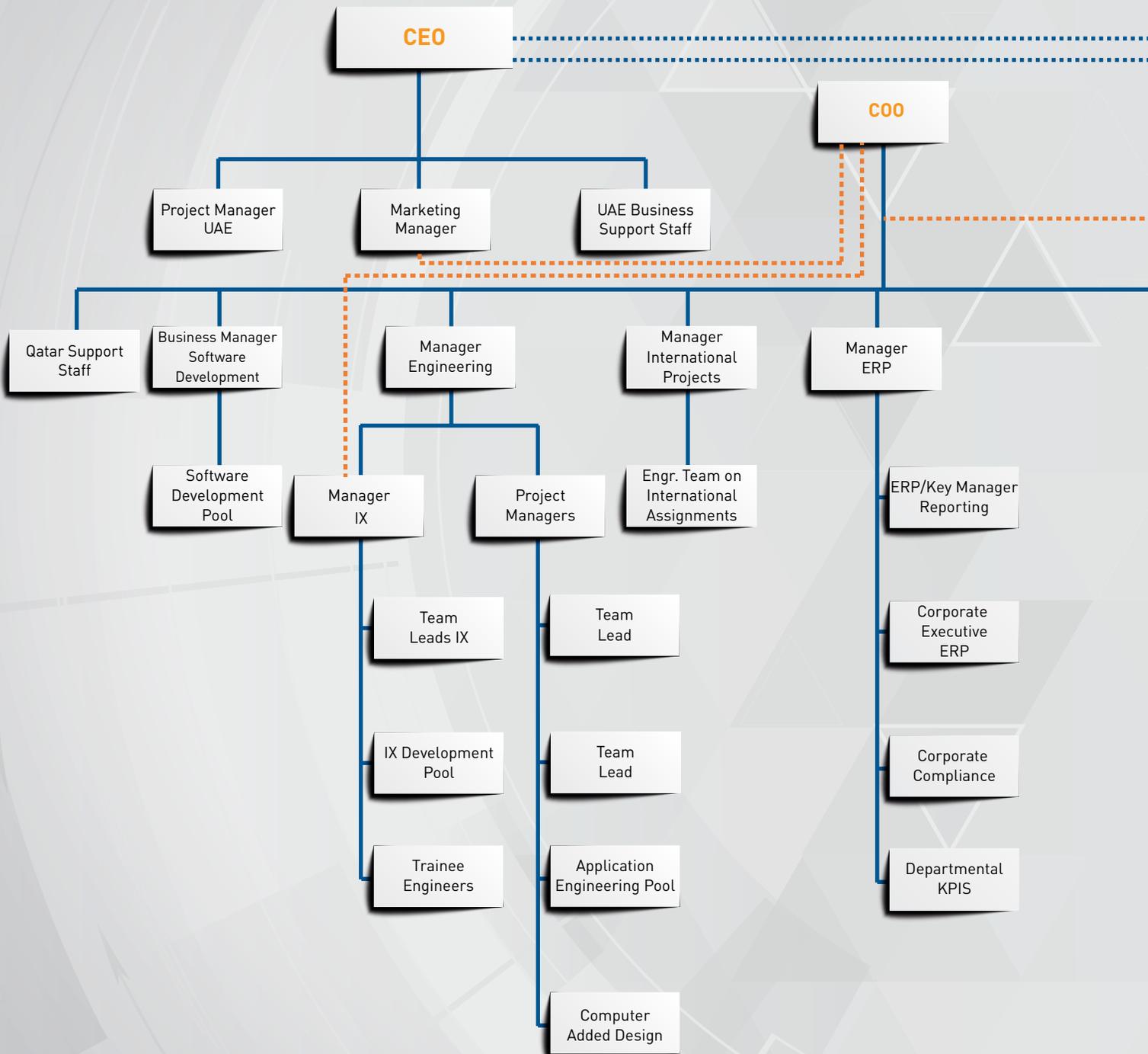
Bakhtiar H. Wain
CEO MEA

Operations Executive

Tanveer Karamat
COO

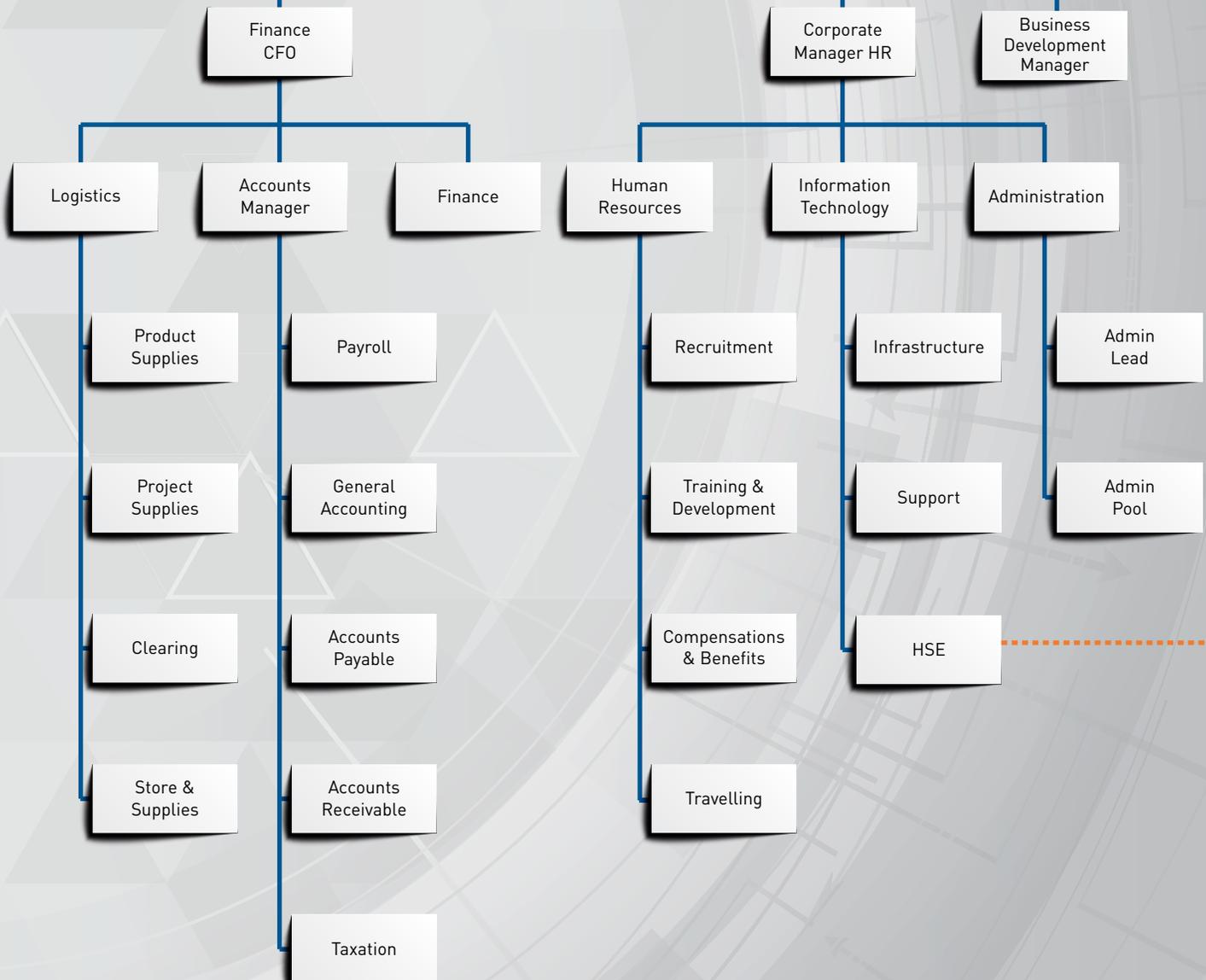


ENGINEERING & SUPPORT HIERARCHY

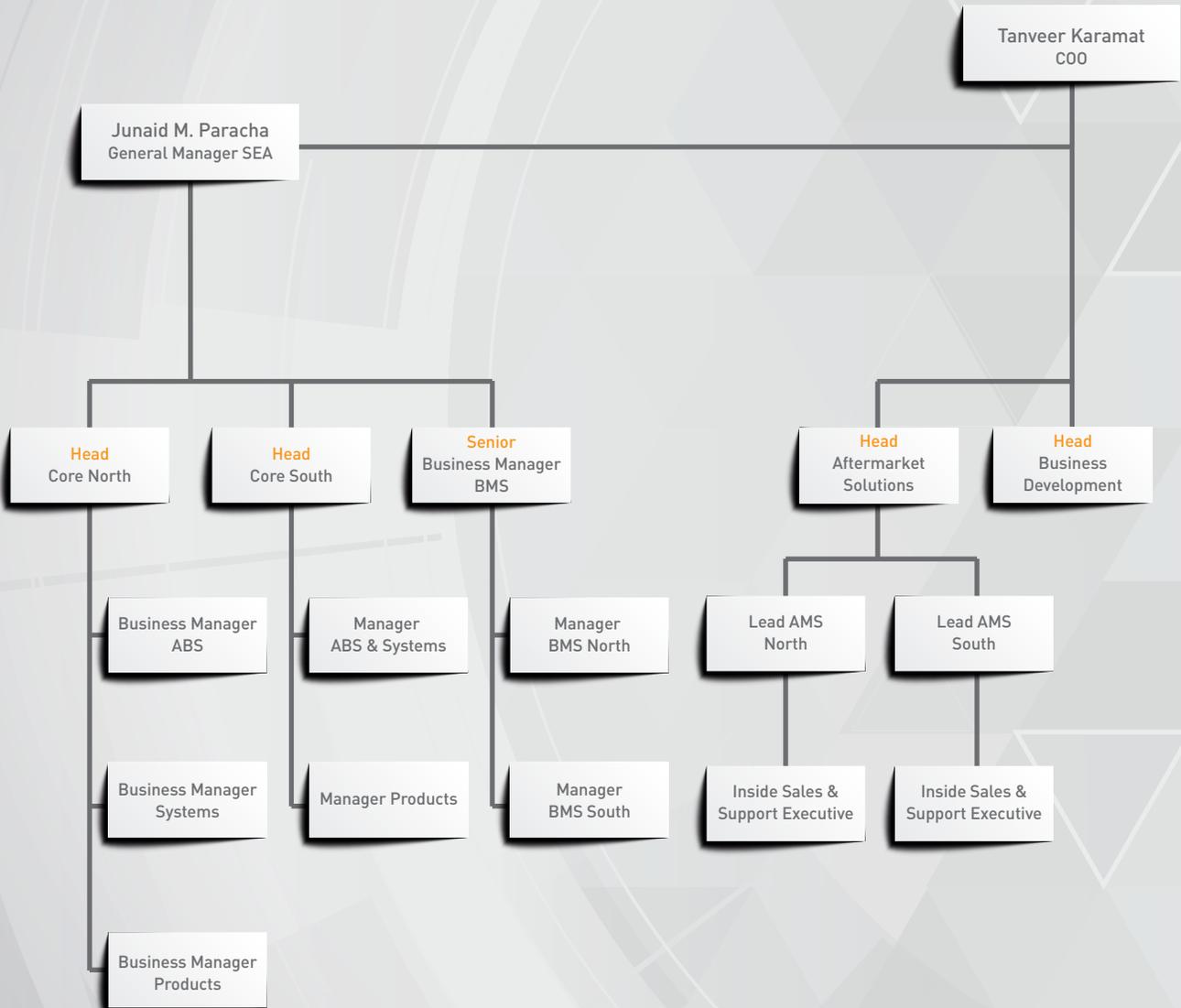




----- Strategic Reporting
----- Direct Reporting



CORE SERVICES & SALES HIERARCHY



A COMMITMENT TOWARDS EXCELLENCE



AVANCEON'S CORPORATE EXCELLENCE AWARDS

Our history builds on the dedication of each and every Avanceoners' passion, hard work and ingenuity. This is what we call: "Living our Brand" This is what ensures that we provide the very best in everything. Every year Avanceon celebrates our outstanding peers. Each year, we honour a select few amongst us that have shone the brightest, worked the hardest, gone the extra mile for their colleagues and customers, to act as a shining example for the rest of us. These few personify the virtues of our organization, introduce soul to our engineering, spark innovative solutions and enhance the daily working lives of those around them.

TOMORROW'S EMPOWERMENT, TODAY



TOMORROW'S EDUCATION, TODAY

Avanceon has always aimed for a socially responsible culture within its organization. Every Avanceoner knows they are working for something bigger than themselves. Their business is not one-dimensional and, more importantly, it cares about people and the society.

Education has always been an issue close to Avanceon's CSR objective. According to a 2015 report titled '25 Million Broken Promises' by the Alif Ailaan, a local alliance for education reform, 25.02 million boys and girls between the ages of 5 and 16 are not in school in Pakistan.

A tall order by any measure, Avanceon aims to bring this number down by facilitating their support staff's children's education.

In 2017, 48 students enrolled in Allied school and their education expense is being covered under Avanceon Corporate Social Responsibility policy. A promising increase of 20% from 2016, Avanceon aims a 50% increase in enrollments in 2018.

Here are a few particulars of the CSR Policy available to all support staff at Avanceon.

PURPOSE/RATIONALE

The CSR policy is to facilitate all support staff in educating their children for a better tomorrow. The company aims to share their cost burden by bearing the educational related expenses up to 16 years of education. Parents will also have the option of transferring their children to a school of their liking.

Avanceon covers the conveyance cost for all enrolled children. The home tuition fee will be covered up to matriculation level. The school related expenses such as course pack for every grade at the start of the academic year including summer and winter uniform will be covered under Avanceon's CSR policy.



If an Avanceon student is accepted at a prestigious institution, the company will assist in obtaining the student a scholarship. If a scholarship is not possible, the company will bear the tuition fee at actual cost. The list of institutions includes LUMS, FAST, LSE, UET, KE, AKU, GIKI, IBA, NUST and NCA.

Continuing our pledge to education and inclusiveness, Avanceon aims to link education to the workforce of the future by providing a level playing field for everyone.

TOMORROW'S OPPORTUNITIES, TODAY

The Lahore Businessmen Association of Rehabilitation of the Disabled (LABARD) envisions a society where disabled and abled are treated alike. Avanceon shares this vision with LABARD.

This is why Avanceon has been actively participating in fund raising activities and has made substantial contributions towards this organization.

In 2017, Avanceon took the first step towards empowering an individual. Avanceon employed a resource from LABARD as an in-house day care guardian. This gave her an opportunity to pursue an independent and empowered life.

At Avanceon we believe that everyone has the right to pursue a satisfying existence. This is only possible through an unequivocal access to quality education and rewarding employment opportunities. Irrespective of creed, color, race and disability, Avanceon believes in harnessing the innate passion every individual has - whether it is to provide an automation solution to an industry or help someone get back on their feet.



Muhammad Ahad's & Pareesa's Story



Dreams of a Father - Muhammad Ahad has a dream. He wants to be a pilot. His dream stems from his visit to Wagah Border where he saw a F-14 fighter jet for the first time. Ahad wants to feel the power of a F-14 jet engine under his control. He wants to protect his country's air space from foreign intruders.

Ahad's father Faqir Hussain has a dream too. He wants to see his son get access to the opportunities he never had. His hopes are like any father's who cares deeply for his child. To see his son live a life to his full potential.

Avanceon's CSR vision isn't any different from a parent who wants the best for his/her child. Conceptualized in June 2014, Avanceon launched a learning initiative offering to fully fund and support children of our support staff. Covering all outgoings, from uniforms to stationery, transport to books, perhaps the most valued part of the initiative is Avanceoners mentoring children through their education.

From an initial 38 children enrolled in schools, the scheme expanded to nearly 50 in 2017, across 12 schools. By pledging our full support to the ongoing wellbeing of these children, Avanceon hopes to bridge the class gap in Pakistan with education.

Avanceon's CSR vision revolves around the simple fact that someone who has received an education must be aware of his/her privilege. They should use this privilege called "education" to do their best to achieve great things, all the while advocating for those in the rows behind them.

Ahad's dream of flying and his father's hopes for a better future for his son is the real inspiration behind Avanceon's CSR initiative.

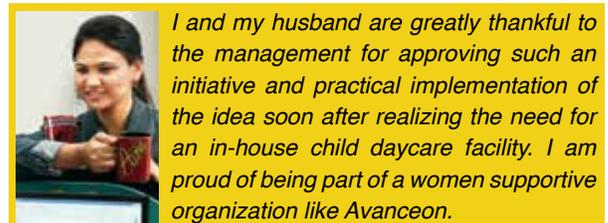
DAYCARE FACILITY

Pareesa's Day Out - Pareesa may look like an ordinary two-year-old full of energy and wonder, but her days are not like any of her peers. This lively two-year-old gets up every morning with her mom Almas Fatima, an Inside Sales and Support Executive at Avanceon's Lahore regional office, to go to work.

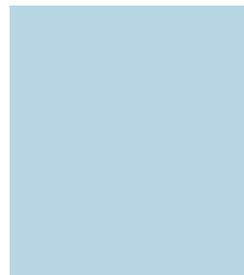
Pareesa's 'Office' is only a couple of feet away from where her mom works. She loves to play with her toys, watches animated movies and sings nursery rhymes with the onsite nanny. At lunchtime, she likes to see Avanceoners play table tennis and foosball in the recreation room. And like most of us, Pareesa isn't particularly crazy about Mondays. Unlike kids her age, Pareesa's days are spent in the regional offices of a System Integration firm instead of in a house without a parent.

An absent parent especially during the formative years can have an adverse effect on a child. This is why bonding time with a young child is crucial especially during the day. Having thought of the affect a day away from your child can have on a parent, Avanceon introduced the daycare facility with an onsite nanny in 2016. This gives parents like Almas Fatima an opportunity to come to work guilt free. And children like Pareesa the assurance of having their parent only a few feet away.

This is what Almas Fatima had to say about the daycare facility at Avanceon.



I and my husband are greatly thankful to the management for approving such an initiative and practical implementation of the idea soon after realizing the need for an in-house child daycare facility. I am proud of being part of a women supportive organization like Avanceon.



At Avanceon we believe in an all-inclusive environment where children become stabilizing anchors for an Avanceoner, as opposed to a compulsion to stay home.

QHSE ACCOMPLISHMENTS



Avanceon attaches great importance to the Health and Safety of her employees and partners. This is why the QHSE department at Avanceon has taken up the task to ensure incident prevention for the benefit of employees and visitors. In 2017, the QHSE Department headed by Mohsin Jamshaid kicked off the following initiatives:

1. Promotion of Safety Culture through HSE Committee Meetings, HSE Communication via HSE Alerts/ Flyers, Paper Conservation Campaign to save the environment and HSE Visualization
2. Established Building and People Safety protocols via
 - Monthly Inspections for Office Safety
 - Training of Staff on Emergency Response, Fire Fighting and First Aid
 - Development of Trained Emergency Response Team
 - Electric Safety Audits
 - Building Risk Assessment
 - Housekeeping Audits
 - Standardization of PPEs
 - Ergonomics Assessment of workplace
 - Medicals of Drivers and janitors (Health Plan)
 - Hygienic Food Provision – Kitchen Cuisine
 - Introduction of Standardized Coveralls



3. QHSE at Avanceon also ensured Client Satisfaction and Pre-Qualifications by -

- Successfully obtaining the Green Banding Score from Shell as Pre-Qualification. Avanceon has been rated in Category -A
- Successfully accomplishing Pre-Qualification with Chevron. Avanceon has been awarded Category-A
- Successfully qualifying with HASCOL.
- Successfully passed the HSE Audit conducted by UEP, Shell and Chevron

4. To ensure Driving and Road Safety, Avanceon QHSE launched the Driving Behavior Tracking Campaign. This includes a driving behavior tracking chip installed in all Avanceon vehicles which provides an insight into the Avanceoner's driving habits. The Driving Safety and Safest Driver's Award Policy was also introduced along with training sessions by NHA&MP on Defensive Driving and online Portal for Vehicles' Inspection.

5. The QHSE conducted the following trainings to ensure the safety of all Avanceoners. The trainings included

- a) Avanceon's Basic Safety Module,
- b) Project Safety Plan and JSA,
- c) First Aid & Basic Fire Fighting,
- d) Housekeeping & 5S,
- e) Injuries Classification and Incident Reporting,
- f) Contractor Safety Management,
- g) Internal QHSE Auditing
- h) Personnel Protective Equipment and
- i) 1122 Emergency Services CPR Training.

6. In 2017 Avanceon QHSE also completed International Certifications & Audits. Some of the highlights included the successful QHSE Certification of Avanceon Pakistan, UAE and Qatar offices without any major nonconformance issues. The audit was conducted by TUV Austria and Quality System Registrar, UAE. QHSE also launched the Sub-Contractor Audits and conducted audits for Ongoing Engineering Projects. 2017 also saw the launch of Cross Functional Audits by Avanceon Teams.

7. The year 2017 also included the recertification of Avanceon FZE on ISO 9001-2015, ISO 14001-2015 and OHSAS 18001-2007 and Passing of Surveillance audit of Same standards for Pakistan office. The year also saw Avanceon become the integrator member of the Control System Integrators Association (CSIA).

With the establishment and success of the QHSE Department at Avanceon, our clients, contractors and Avanceoners can be confident of the Health and Safety of their employees, assets, and the environment they work in.



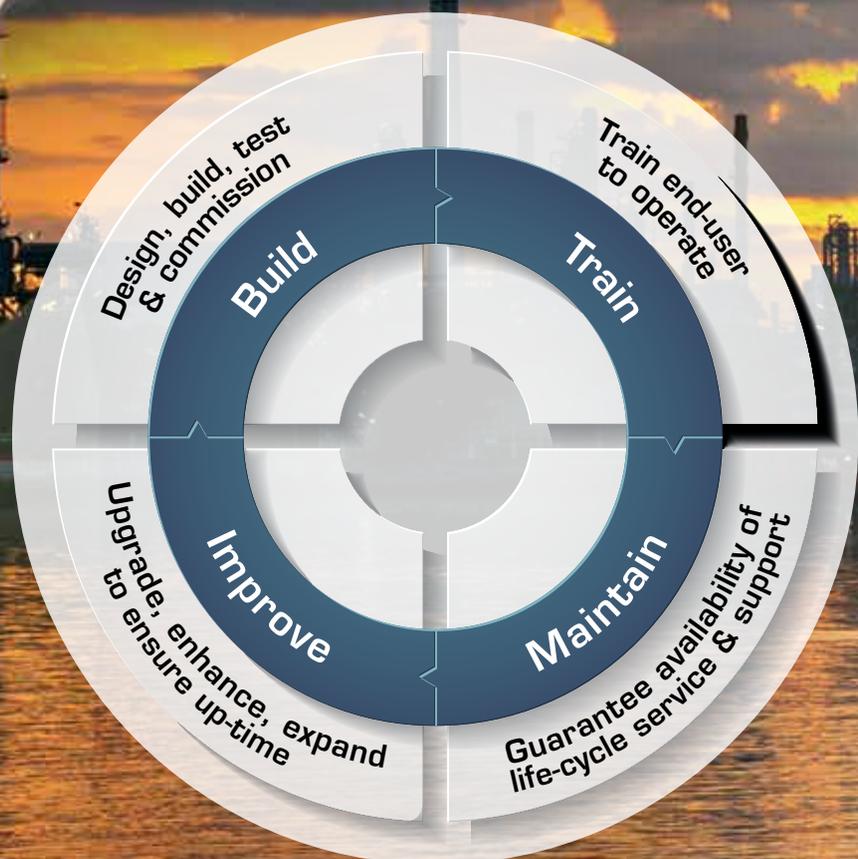
PREPARING FOR AN IIOT FUTURE

8.4 Billion connected devices were in use in 2017. This is an increase of 31% from 2016, according to Gartner. IoT or Internet of Things may be a familiar term however, IIoT on the other hand is a totally different ball game.

Simply put, IIoT is the application of IoT to the manufacturing industry, but it goes a step further than that. Whereas the IoT is the connection of a device to the internet, the IIoT is that but also focuses on the transfer and management of critical data and insights. In the industries where IIoT is most prevalent are energy, transportation, water and manufacturing.

Here are a couple of interesting facts about Industrial Internet of Things,

- The industrial IoT market is estimated to reach \$123.89 Billion by 2021 (Industry Arc Research)
- Accenture estimates that the IIoT could add \$14.2 trillion to the global economy by 2030.
- According to Cisco, M2M connections will exceed \$12B to represent nearly half (46%) of all devices connected to the internet worldwide by 2020.





AVANCEON'S IIOT INITIATIVE AKA AVANCEON DIGITAL

Avanceon has always aimed to usher its clients into the future with state of the art automation solutions. IIoT being the future of automation, clients will have access to a wide array of solutions specifically aimed at streamlining and improving the efficiency of their assets.

Avanceon offers value addition in both automation and control solutions.

- Productivity** - PIMS (Automated Reporting & Dashboards)
- Maintainability** - Asset Management
- Productivity** - Process Loop Tuning
- Reliability** - Cyber Security
- Maintainability** - Virtualization Technology
- Reliability & Availability** - Upgrade Legacy Controls Technology
- Productivity & Profitability** - Energy Management

CONVERTING CLIENT'S CAPEX TO OPEX

Here are the benefits the clients will reap with Avanceon's IIoT solution

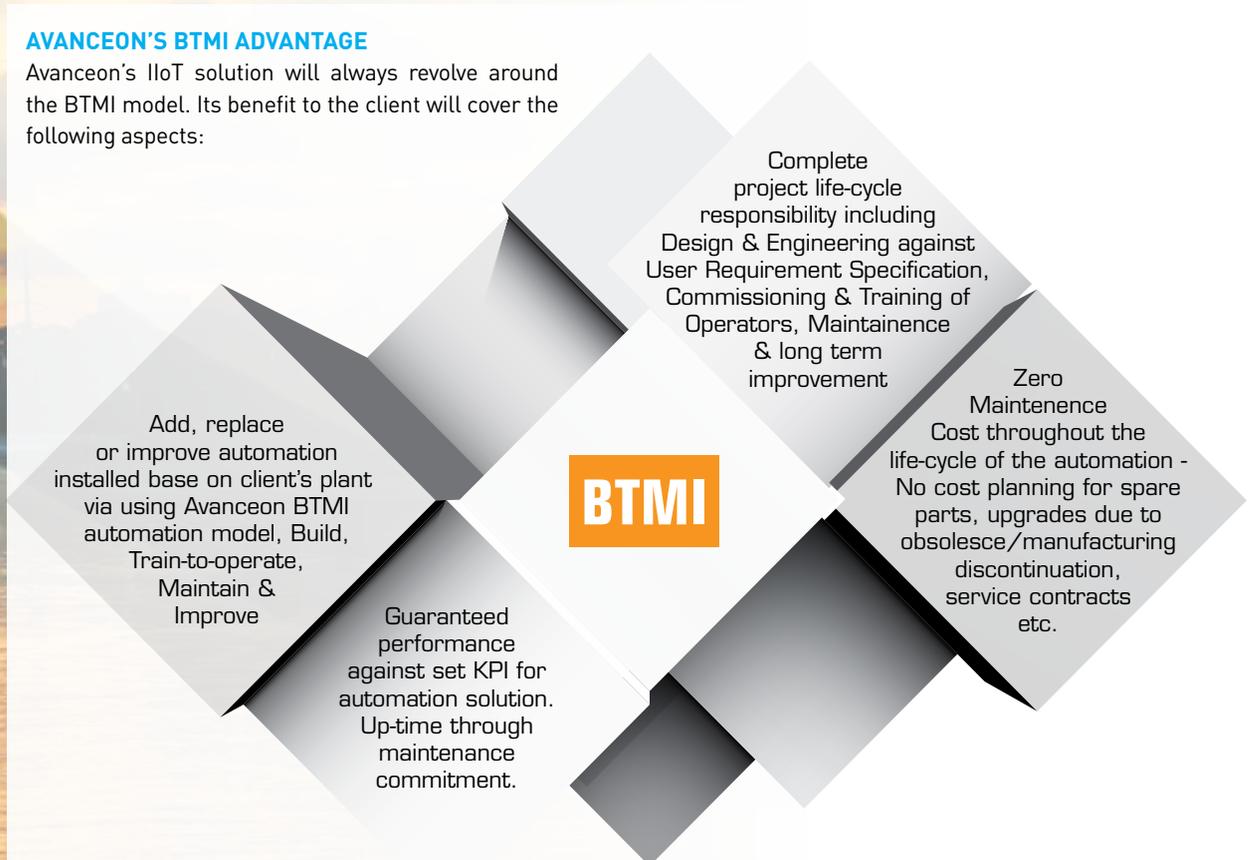
- Clients plan automation solutions with Zero Capital Cost of Investment – Capex
- Adopt Automation Solutions as a Service
- Pay fixed monthly/quarterly service charge for lifetime of the plant – for equipment operational lease and service
- Freedom to plan & implement change in the plant process – or – plan to increase automation solutions footprint with minimal increase in monthly spend

With the BTMI model, Avanceon aims to

1. Capitalize on Avanceon's Subject Matter Expertise & Technology Expertise within the Automation Industry
2. Guaranteed System Availability through Proven After Market Support Structure

AVANCEON'S BTMI ADVANTAGE

Avanceon's IIoT solution will always revolve around the BTMI model. Its benefit to the client will cover the following aspects:



DEVELOPING FUTURE LEADERSHIP AT AVANCEON



Learning is a step further than just acquiring information. It is expanding our ability to produce results we truly want.

LEARNING MANAGEMENT SYSTEM – DOCEBO

There is more than one reason for an organization to invest in Employee Development and Training. At Avanceon, we believe in the development of the workforce to support succession planning, increase employee value, reduce attrition rates, enhance operational efficiency and exceed industry standards.

To maintain a competitive edge, Avanceon has instituted the following learning and development initiatives to increase employee value.

Avanceon's competitive advantage rests on highly skilled workforce capable of local and international project execution. To make sure every resource is being developed continuously to execute current and future business, we have introduced the Cloud based Learning Management System.

Partnering with Docebo, the LMS manages, delivers and tracks instructor led (ILT) and web-based training (WBT) activities. This provides Avanceon a better opportunity to train their workforce, channels and clients.

From their first day of orientations to Avanceon's Signature Gold Training programs for Engineers and Sales, the learning path for resources include the Subject Matter Experts program. These are executed, monitored and kept updated via LMS.

Avanceon is currently conducting Customer Trainings within Pakistan both at client sites and at its state of art training center. Our aim for the future is to expand internationally by utilizing E-Learning Platforms.

The cloud based LMS is fully capable of integration with E-Commerce sites. This will help us showcase our Training Programs internationally in the future.

SKILLSET MANAGEMENT & RESOURCE DEVELOPMENT

In 2017, Avanceon launched the Skillset Management and Resource Development program

The Competency Framework is a foundational component of a broader Skills Management Framework. It combines and summarizes individual measures of Ability, Desire and Knowledge to drive value to the organization's business functions.

By promoting a learning habit within Avanceon, our Competencies Management system will help us make informed decisions. This will also help towards employee career development and confirm if we have the skills necessary to achieve successful business outcomes.

Skills Base is a talent management platform that provides tools to document and track employees' performance and skills so that management can find the best person for the job.

With the help of a comprehensive skills inventory, a detailed insight into an Avanceon's workforce's strengths and areas for improvement will be available.

The skills matrices and other visual insights will allow supervisors to optimize projects, operations and employee satisfaction.

An activity log helps users keep track of changes, while advanced reporting functionality will provide Avanceon with a wide array of visualizations for their data.



The only way a forward thinking organization can gain a competitive advantage is by instituting a culture of learning and translating that learning into action. Through our skill set management and resource development initiative, we aim to create leaders who empower others to do better.

Tanveer Karamat
Chief Operating Officer



STREAMLINING OUR BUSINESS PROCESSES



The first step to streamlining business processes is to track, record and monitor. At Avanceon, our CRM and RMS solutions improve the efficiency of our projects and provides us with a real time bird's eye view of our business processes.

CRM at Avanceon - Avanceon's Customer Relationship Management system (CRM) is built on the Microsoft Platform. With the ability to record all opportunities spread over a wide region, the consolidated data is collected from different business functions. The CRM provides clear insights into our Business outlook at a single glance. Similarly, it helps us automate and track our business processes, business projections and retain our customers.

The Monthly and Yearly projections leverage management to take executive decisions and focus on a specific market and customer segment. Similarly, industry wise data from CRM guides the management on how to respond to the market.

The CRM at Avanceon is also being used in Resource planning based on the probability of Opportunities. The concept of Goals and Targets in CRM aligns our sales paradigm with that of our Corporate Objectives.

RMS at Avanceon - The year 2017 saw the initiation and development of Cloud Based solution titled the Resource Management System. RMS is a SaaS (Software as a Service)

based solution built on Microsoft Azure platform which consolidates all our Support and SLA services by identifying accurate resource allocation. Some of the advantages of instituting the RMS at Avanceon include automated planning, increased accountability, reduced admin costs, conflict resolution and increased revenue for the company.

The RMS solution plays an integral role in measuring and improving our response time to our clients. The solution records work orders, assigns resource with the required skillset and client's feedback about our service. The RMS also accounts corrective and preventive hours to monitor the overall health of the Service Level Agreements (SLA).

With the centralized viewpoint available to all concerned resources, the RMS gives a bird's eye view of Avanceon's SLA and support portfolio at a glance covering every stage of a work order's progress.



Staying true to the title of our company Avanceon which means 'continuous advancement', I believe in order to advance, we need to continuously measure our business processes and identify where we stand to improve

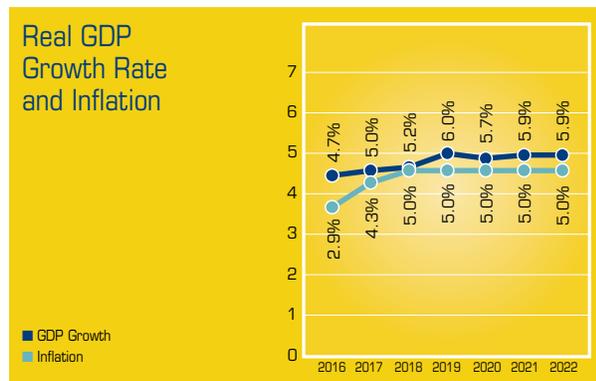
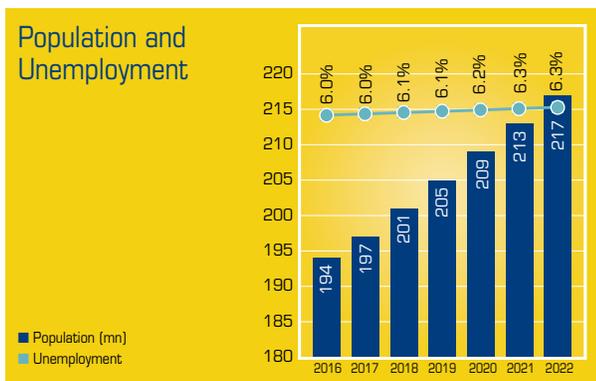
Imran Ashraf
Head of Software Development

NATURE OF BUSINESS



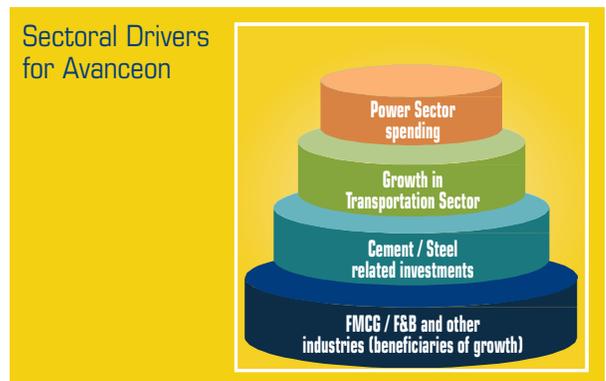
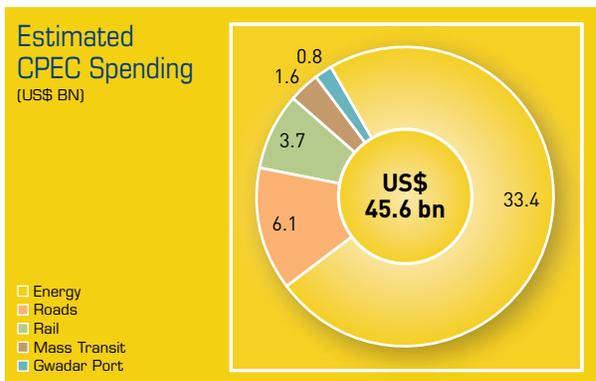
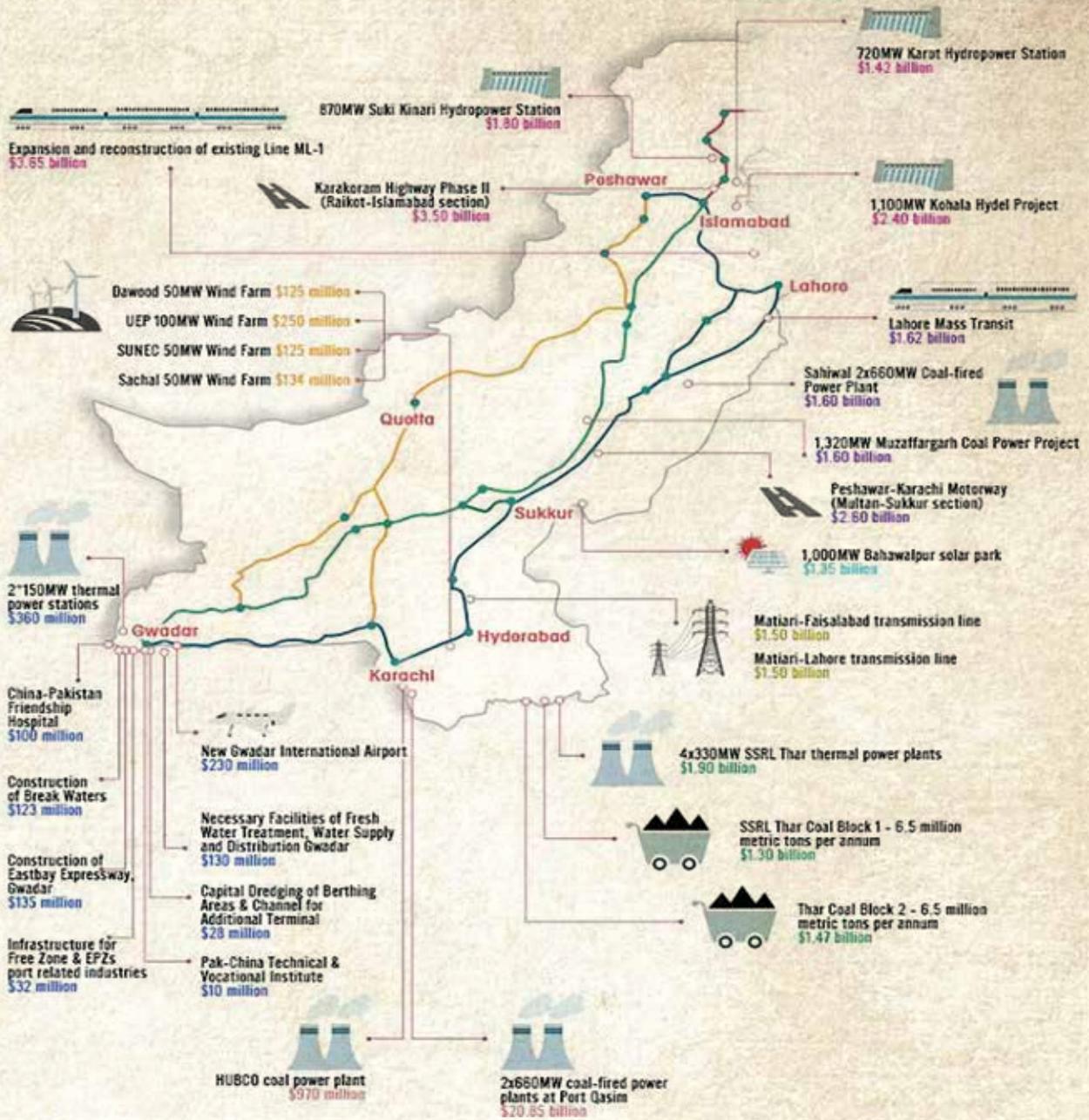
PAKISTAN MACROECONOMIC OUTLOOK

- Pakistan's economy continued its growth momentum for the fourth year in a row, with GDP growing 5.2% in 2017.
- Despite a major setback in agriculture growth due to a massive decline in cotton production, the economy grew at the highest rate in the last eight years, driven by robust growth in the services and industrial sector.
- A sharp decline in global oil prices, robust growth in workers' remittances and continued flows from IFIs led to a stable external sector. The country's foreign exchange reserves reached US\$ 19bn in January 2018, which can finance over five months of the country's import bills.
- Inflation declined to 2.9% from 4.5% in 2015 and 8.6% in 2014, which allowed the government to implement pro-growth strategies.
- The government's infrastructure spending led to buoyancy in construction activity, and increased production of cement and allied industries.
- The China-Pakistan Economic Corridor (CPEC) will further spur growth in these sectors and create the infrastructure necessary for growth.
- In October 2016, credit rating agency S&P upgraded Pakistan's sovereign credit rating to B from B-. The improved rating reflects improved construction, increased service sector activity, low-cost oil and high investments associated with CPEC.
- IMF estimated that the growth momentum would be maintained and GDP would grow 5.0% and 5.2% in 2016 and 2017, respectively. Asian Development forecasted a higher growth rate of 5.2% in 2017 and 5.5% in 2018.



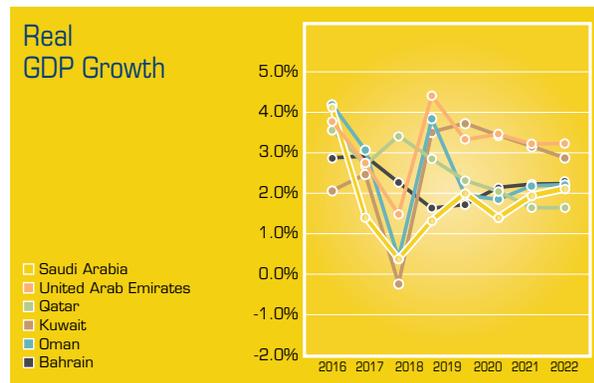
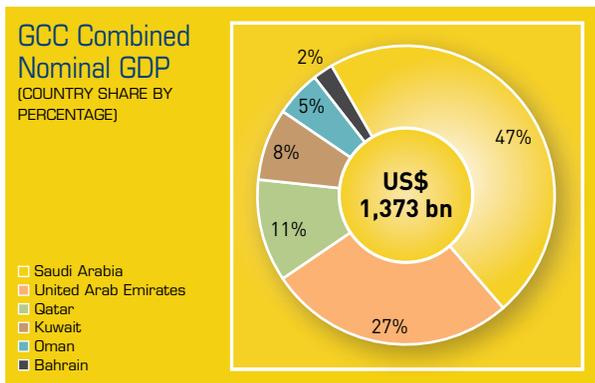
Source: IMF

CPEC – PROJECT PLANS TO BOOST BUSINESS GROWTH



GCC MACROECONOMIC OUTLOOK

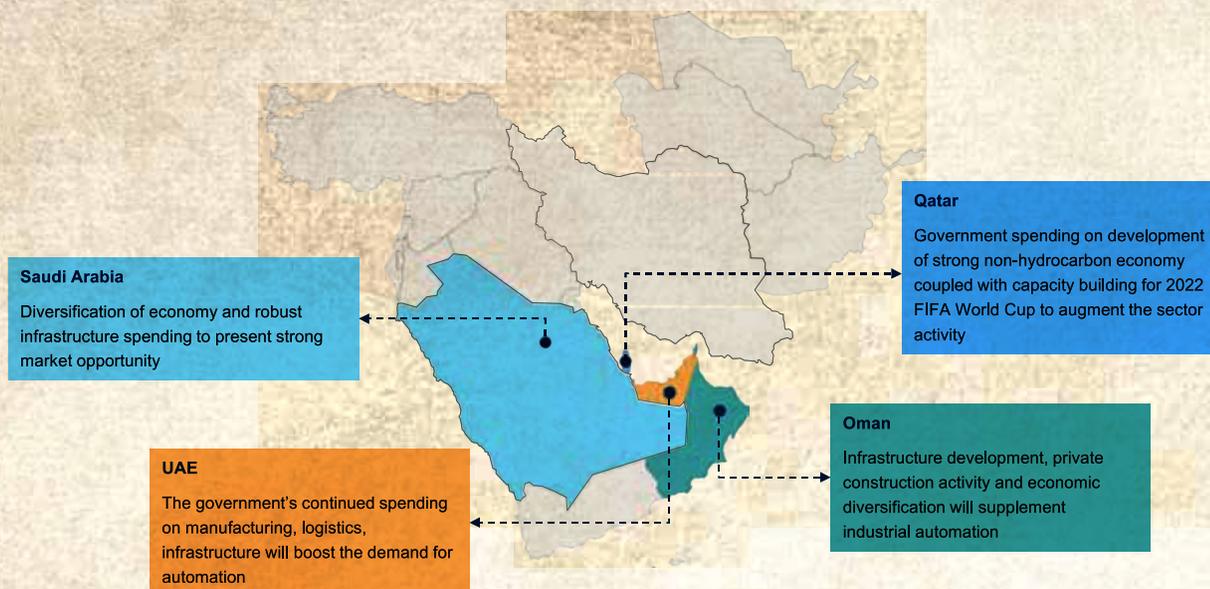
- The combined GDP of GCC countries stood at US\$ 1.4 trillion in 2016, with Saudi Arabia and the UAE holding 47% and 27%, respectively.
- Reduction in oil prices have forced regional governments to introduce fiscal reforms such as creating additional revenue streams through taxation and additional fees and a slash in public expenditure through cuts in subsidies.
- Several measures have been implemented in the banking sector such as relaxation of the loan-to-deposit ratio, the introduction of longer-term repos in Saudi Arabia, expected passing of the new insolvency law in the UAE, and tailoring of programs of Treasury bill auctions to liquidity conditions in Qatar.
- The real GDP of GCC countries grew 0.9% in 2017. It is expected to surge to 2.5% in 2018 due to stronger projected growth of 4.4% in the UAE, 3.8% Oman, 3.5% in Kuwait and 1.3% in Saudi Arabia in 2018.
- With the aim of diversifying their economies, GCC countries are encouraging greater foreign investment and are introducing various measures to bring in more private players.
- GCC countries are investing in infrastructure and transport to create a supportive environment for manufacturing companies. Saudi Arabia, the largest economy in the GCC region, plans to double infrastructure and transport spending in future.
- Such measures, along with huge upcoming events such as 2022 FIFA World Cup in Qatar and Expo 2020 in Dubai, would spur economic activity, which are expected to continue generating higher growth.



Source: IMF

ATTRACTIVE MARKET POTENTIAL IN THE GCC REGION

Avanceon has offices in United Arab Emirates, Qatar and the Kingdom of Saudi Arabia and plans to continue expanding its market share in GCC, to benefit from the economic opportunities in the region.

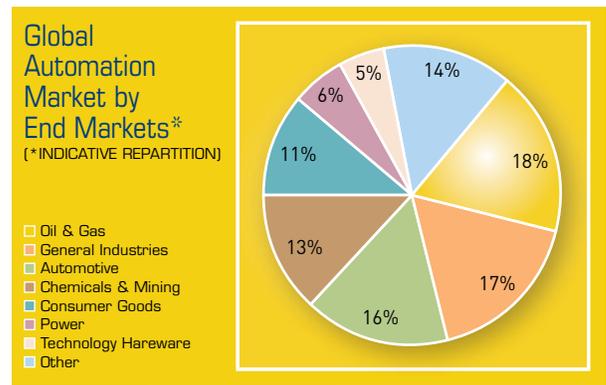
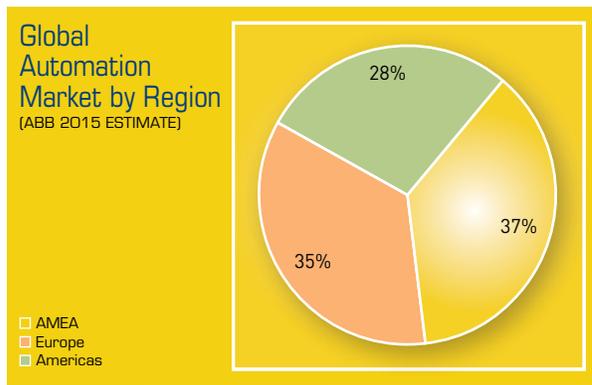




GLOBAL INDUSTRIAL AUTOMATION

- The global industrial automation industry was estimated to be worth US\$ 222bn in 2015 (US\$ 101bn – discrete; US\$ 121bn – process)*
- The automation market has three layers: enterprise-level controls, plant-level controls and plant instrumentation
- Control-level products account for the bulk of the market at around 67% of the value, while instrumentation accounts for 33%
- The largest automation market by region is AMEA with a global market share of approximately 37%, followed by Europe and the Americas at 35% and 28%, respectively
- The automation and process control market in the Middle East can roughly be estimated at US\$ 346 m, mostly led by the UAE, Qatar and KSA
- The industrial automation market is commonly split into discrete and process automation, while some industries have requirements for both; a hybrid solution may also be adopted
- In terms of end markets, oil & gas, automotive, general industrials and chemicals & mining are the most important industries for automation demand
- Industrial automation is expected to outgrow industrial production by increasing penetration of the following:
 - Plant control systems in discrete
 - Enterprise-level software
 - Digital services
- Discrete automation is expected to grow faster than process automation

* Converted to US\$ from EUR using the closing FX rate as of May 31, 2017 (EUR 1 = US\$ 1.1201)
 Source: Global Industrial Automation Industry Primer, April 2017



Source: Global Industrial Automation Industry Primer, April '17



After the recent blockade, Qatar has gained strategic importance for Avanceon in the Middle East. We are perfectly positioned in Qatar to serve the automation and control systems needs of the market. Being a gas rich nation with the world's highest per capita income, we foresee Qatar and the Middle East as a strategic region for Avanceon in the coming years. Avanceon's performance in Qatar was overwhelming in 2017. We will strive to continue this trend in the future.

Sarmad Mehmood Qureshi
 General Manager Middle East

BUSINESS MODEL

360 DEGREE SOLUTIONS

For the last 25 years, Avanceon has transformed to become the 360 degree solution provider of automation, control system integration, proprietary energy management solutions and support services. Known for handling multiple projects, regulatory requirements and the need for safety, productivity and improved throughput, Avanceon is a leading Systems Integrator for industrial automation and process control. It is the only one recognized by the Control System Integrators Association in the Middle East and South East Asia region.

GCC PRESENCE & FLAGSHIP PROJECTS

5 Locations in 3 Countries
8 MEA Countries served including GCC, Yemen, Nigeria

+10 industrial segments served
+100 mid to large sized projects
+10 years presence

	Qatar Industrial Sewage Treatment Plant	Ashghal
	New Doha Port Upward Integration of the World's Largest Port	Ashghal
	Largest Control and Command Center DC Plants	Empower
	Scada Systems for Lusail Utility Tunnels + 27k I/Os	Lusail City
	Tunnel Ventilations Systems Red + Green Lines + 24k I/Os	Dubai Metro
	Relay Up gradation 350 Relay Project	Dubai Metro
	Islanding & Load-sharing Project RTR, SGP, UGP	Saudi Aramco

PAKISTAN SNAPSHOT & FLAGSHIP PROJECTS

3 locations in 3 regions
+3 countries served Pakistan, Malaysia, Indonesia
+10 industrial segments served
+600 mid to large sized projects
+25 years presence

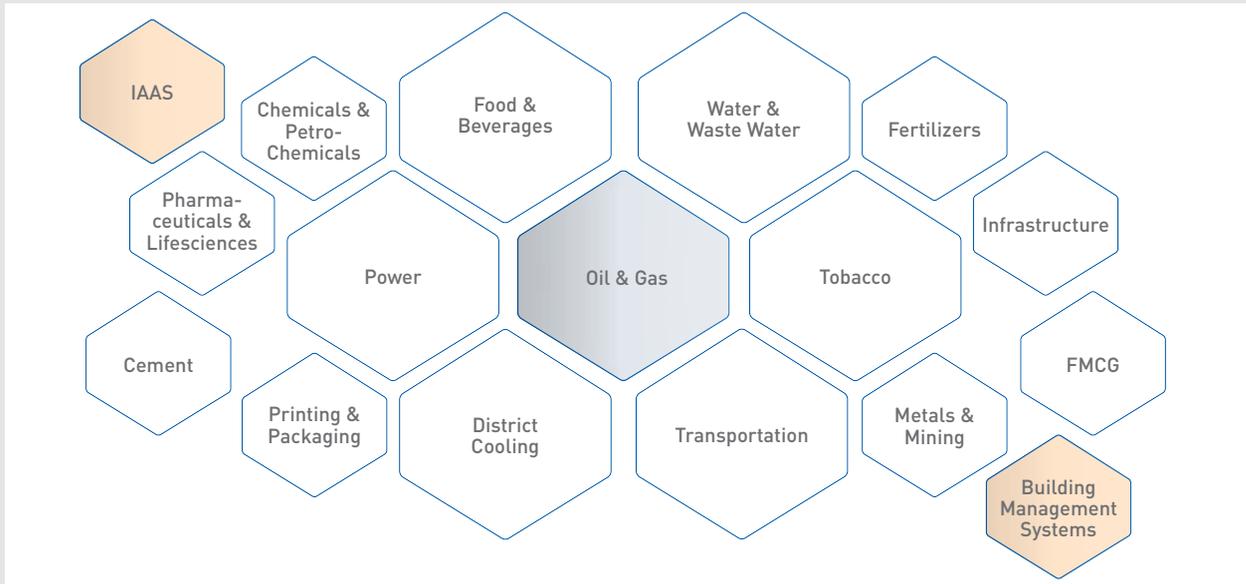
	TLAS Truck Loading Automation System for LPG and Natural Gas Condensate	OGDCL
	Mari Petroleum Company Ltd. Wellhead Panels SCADA & RPS System based Control	MPCL
	Realtime Industrial Data Management System for Energy Generation Sales	HUBCO
	Egron 2 MES Project Nestlé Pakistan	Nestlé
	360 Degree Integrated Control System for Makori Gas (Tal Block) Processing Facility	MOL Pakistan
	Proprietary Energy Management Solutions for the Muzaffargarh Thermal Power Station	Lalpir
	Process Control DCS System Upgrade & Turbo Machinery Upgrade (ASC & TFR Control)	POL

MARKET LEADERSHIP & CUSTOMER SEGMENTS

Customer Segments

Avanceon provides a wide range of automation solutions with an extensive track record of execution in diverse application environments combined with an understanding of technology trends and industry standards. Over 15 customer segments

are served including: Oil and Gas, Infrastructure and Transportation, Fast Moving Goods, Power and Construction Material.



LEVERAGING ON A UNIQUE BUSINESS MODEL & RESOURCES

Business Model

Avanceon leverages on a unique combination of services including complete lifecycle support by leveraging its unique IX execution model whilst delivering at the highest quality levels.

Automation & Process Control – 360 degree turnkey service and maintenance provider across various technologies & platforms including: Instrumentation & Control, Plant Information Management Systems, Energy Optimization Solutions.

Systems Integration – Full service system integration services ranging from design, development & execution including: enterprise level integration across various technology platforms & development of integrated systems.

International Execution [IX] – Agile engineering model combining on-site and off-site presence to execute international projects using a proprietary process and methodologies through seamless experience and effective management.

UNIQUE RESOURCES

Human Resources – Avanceon is known by future engineering graduates as well as engineers to be a learning academy on its own with a variety of vast and challenging projects. Each Engineer is selected based on a mutual match in terms of ambitions and philosophy. Higher management averages 12 years at Avanceon. The company attracts future engineers from top universities across Pakistan. The company counts over 80% control engineers in Pakistan, 70% globally, mostly recruited from electrical engineering.

Innovation Resources – Avanceon has two main aspects of innovation resources. These include High End Solutions, which focuses on Manufacturing Execution Systems, Plant Information Management Systems, and Advanced Process Control and Energy Management Solutions, which are all

proprietary and appeal to existing customers in the energy and industry sectors.

Reputational Resources – Beyond customers’ trust in Avanceon, the stock exchange has welcomed Avanceon as the sole automation company in Pakistan. Brand recognition is particularly strong within the customers of automation and process control solution both in the Middle East and South East Asia. Quality of Service [QoS] is a major added advantage of the company.

Technological Partnerships & Know-How – Avanceon’s tangible resources come from partnering with OEMs: Rockwell Automation, Schneider Electric and General Electric in the automation sphere as well as Microsoft and Prosoft. These partnerships also include Siemens and Emerson. They allow Avanceon to remain technology agnostic, which for the end-user remains an important part of the company’s value proposition.

International Presence – Avanceon has increasingly grown its regional presence and portfolio over the years. In the United States, its reputation in the manufacturing industry is impressive. The same applies in the Middle East. This international reputation also stems from international standards recognition for corporate and technological integrity.



There are five crucial aspects to a successful project execution. Listening. Organizational Skills. Communication. Critical Thinking. Technical Skills. Combine these with our Zero Rework, Zero Delays, Zero Budget Deviation promise, this is what we aim for with every project at Avanceon.

Masood Kareem
Head of Engineering South Asia

STRATEGIC PARTNERSHIPS



Avanceon partners with multiple vendors to provide customers with best-in class solutions. Over the years, we have developed significant partnerships with the top software and hardware OEMs.

ROCKWELL AUTOMATION [NYSE: ROK]

Avanceon has functioned as the Recognized System Integrator of Rockwell Automation since 2007 both in the Middle East (ME) and in South Asia (SA). In SA, they act as the sole official Value Adding Reseller [VAR], Authorized Vendor, as part of their Partner Network for the leading automation Original Equipment Manufacturer(OEM). Avanceon is the sole CSIA certified member of the Rockwell Automation's Recognized System Integrators in the Middle East. In Pakistan, flagship projects with the successful partners include: Elengy's process control and emergency shutdown [EDS] project on device level ring network towards mooring, loading and off-loading liquefied natural gas [LNG] as well as Best Cement's Process Control & Optimization solutions based on Rockwell Automation's Model Predictive Control [MPC] solution. Over 20 years, the relationship gradually led them to become the favorite automation solution in all segments: Food & Beverage, FMCG, chemicals & petrochemicals, O&G as well as Power.

In the Middle East, the partnership began in 2007 and the relationship led the company to provide 60% of their services based on the OEM's technology, partly because of support but also because of the nature of the market - projects available. Flagship projects in the region include: Dubai Metro's tunnel ventilation systems and emergency shutdown system as well as Empower's district cooling control and command center, the largest worldwide, which covers Dubai International Financial Center, Executive Bay, Jumeirah Beach Residences, Dubai Healthcare City as part of the Smart City Initiative for the city of Dubai.

SCHNEIDER ELECTRIC [EPA: SU]

Schneider Electric [EPA: SU] in the Middle East had been a long unofficial partner, which they cemented back in 2014 when Avanceon became an official SI Alliance Partner. Major projects include Qatari Diar Vinci Construction's [QDVC] Lusail City tunnel ventilation [TVS] and emergency shutdown system [EDS] in Qatar and Prince Sultan Military Medical City islanding and load shedding in Saudi Arabia. Schneider Electric's full support towards system integrators, in general, is relatively recent as the OEM has a small capacity internally to provide similar services. The OEM's strength in the region is in the field of Building Management Systems [BMS], water & wastewater [WWW] as well as Smart Infrastructures.

Flagship projects include: ADNOC DCP in UAE and the world largest port: Hamad Port in Qatar, and Lusail city.

SCHNEIDER WONDERWARE

Schneider Wonderware [previously Invensys] is an old global partner of Avanceon. Avanceon is Wonderware Endorsed SI as well as certified System Integrator. Given the nature of the market in the Middle East, the partner focuses mainly in industrial solutions. The OEM's strength with Avanceon lies also in the upcoming manufacturing market in the Middle East. The OEM's strength in the region is mainly in Oil & Gas.

In 2017, Avanceon took part in instructor led trainings of Foxboro, Triconex and Buyautomation & CQA as part of the Schneider Avanceon collaboration.

GENERAL ELECTRIC [NYSE: GE]

General Electric is the upcoming player in the automation and process control sphere. Their main strength is their efficiency in penetrating markets as well as their reputation together with a strong foothold in aviation and healthcare. In energy management, GE are a worldwide leading solution provider since the launch of the Ecomagination Platform. Avanceon is a GE Intelligent Platform solution provider for the Middle East. The partnership began with a major project with Hyundai within the Oil & Gas sector in Pakistan.



SIEMENS [EXTRA: SIE]

Siemens and Avanceon have decided to join forces. The OEM currently leads the Building Management Solutions market, and their main strength is their strong foothold within the automation and process control sphere.

Partnering with Siemens, Avanceon aims to expand its system integration capabilities by providing a complete suite of building technologies. The technologies would include access control, video surveillance, lighting control and other smart technologies.

WEG

WEG and Avanceon joined hands a decade back in South Asia, most specifically in Pakistan. The Brazilian OEM's motors currently lead the market, most specifically within the sugar sector. Avanceon expertise combined with their technology has ensured a decade long relation of trust and mutual success.

BELDEN

Belden invited Avanceon to be their authorized distributor across Pakistan. Avanceon has been selected to act as the sales agent for their cabling technology counterpart, ensuring that a broader spectrum of customers get easier access to essential connectivity products necessary for Discrete Automation, Process Automation and Energy solutions.

Belden Hirschmann, Lumberg Industrial, GarrettCom and Industrial Cables are some of the products included in this strategic partnership agreement.

NDC

Avanceon partnership with NDC Technologies goes back more than twenty years. NDC is an acknowledged leader in the development and manufacturing of a wide range of process measurement analyzers for a broad scope of manufacturing industries. Avanceon has provided measurement solution of NDC online & at line analyzers for process applications of Milk powder, Snacks/Chips, Tobacco, Detergent and Paper.

SCHAFFNER

Avanceon represents Schaffner in Pakistan, a global leader in providing solutions that ensure the efficient and reliable operation of power electronic systems by shaping electrical power. Schaffner portfolio includes EMI filters, power magnetic components and power quality filters. Avanceon perform SLD's study to provide power solutions based on power quality simulation to mitigate harmonics from power system which are generated by variable speed drives, ups, switch mode power supplies, inverter AC's and electronic ballasts of manufacturing industries.

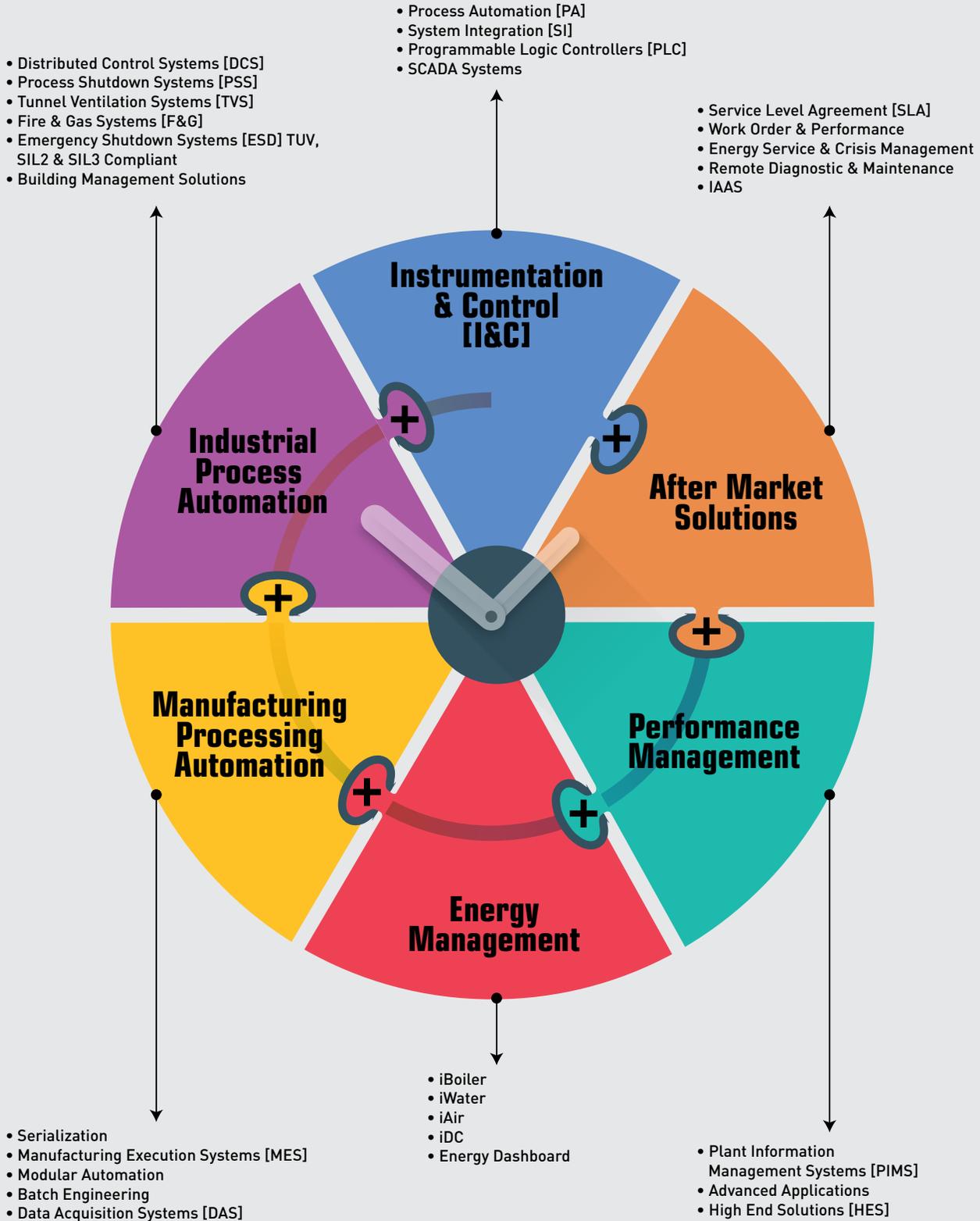


Strategic partnerships are always based on a shared set of values. I'm glad that all of Avanceon's partners share our passion for providing the next big solution to our clients.

Junaid Mushtaq Paracha
General Manager SEA

CORE COMPETENCIES

Avanceon core competencies revolve around automation, process control and system integration. The Company provides end-to-end solutions, which include Design, Supply, Engineering, Installation, Testing, Commissioning and Maintenance for:





CORE SERVICES

Automation – Avanceon provides a wide range of automation solutions by leveraging an extensive track record of execution in diverse application environments combined with an understanding of technology trends and industry standards. The automation solutions address client requirements such as complexity in handling multiple products, regulatory requirements and the need for safety, productivity and improved throughput. Avanceon's automation solutions span over several industries which include:

- **Oil & Gas:** Assist companies in implementation of Supervisory, Control and Data Acquisition ("SCADA") solutions
- **Food and Beverages:** Assist companies to standardize products and meet precise recipe formulas
- **Power:** Enable companies to achieve energy efficiencies and improve utilization
- **Chemicals:** Assist companies in design, development and improvement of process flows allowing them to increase profitability and sustain during periods of low economic growth
- **Cement:** Assist companies in optimizing and reducing energy costs

To successfully deliver a compelling value proposition, Avanceon has developed a set of pre-designed and pre-tested process standards, software codes and supporting documentation designed to address the client's technical requirements.

Process Control – Process Control services include consulting for automation planning and specification development, process equipment selection and Original Equipment Manufacturer ("OEM") management, electrical and mechanical systems engineering & design and long-term factory support. Avanceon provides the following services:

- **Batch Engineering:** Assist clients in application of the S88.01 standards which provide a template for meeting the standard of "best practices" based on their internal processes.
- **Distributed Control System:** Provide turnkey instrumentation and controls solutions for a manufacturing or process facility using Distributed Control Systems [DCS] or Programmable Logic Controller [PLC] systems with field integration on multiple protocols

System Integration – The Company offers a full-service, platform independent systems integration solution and has extensive experience of designing, developing and executing both process & manufacturing controls and automation

solutions, including enterprise level integration. Its solutions are designed to meet the specific manufacturing requirements of clients using a choice of "Best In Class" technology platforms such as Allen Bradley PLC, Honeywell DCS, Invensys Orchestra, Schneider and Microsoft technologies.

SPECIALIZED SOLUTIONS

Manufacturing Execution – The Company offers an extensive experience in designing, developing and implementing Manufacturing Execution Systems ("MES") that provide real-time monitoring of quality and productivity to operators, supervisors, managers and executives. MES solutions apply data collection and management capabilities to manufacturing processes which aid in improving productivity, quality and process visibility. MES solutions facilitate clients to unlock efficiency savings in areas such as scheduling, inventory control, product traceability, downtime, uptime, product specification management and key performance tracking. Key solutions offered under MES include:

- **Overall Equipment Effectiveness [OEE]:** Avanceon assists clients in closing the technology gap that exists between an enterprise's manufacturing floor and its Information and Enterprise Resource Planning (ERP) systems. These solutions span from strategic technology planning to the establishment of internal practices & standards, to managing and executing IT projects.
- **Mobile Solutions:** Mobile computing solutions allow clients to create, access, process, store and communicate information without being constrained to a single location.
- **Hazard Analysis Critical Control Point [HACCP]:** HACCP is a food industry safety program developed to help prevent food contamination and enable more efficient government oversight of the food production process.

The following solutions are in demand in Oil & Gas, both upstream and downstream, Petrochemicals, Chemicals, Pharmaceuticals, Pulp, Paper and Printing, Metals, Cement and Power. To ensure increased revenues, reduced operating costs, and improved efficiencies for manufacturers, Avanceon provides solutions in:

- Manufacturing Execution Systems
- Plant Information Management Systems
- Real-time process optimization through Advanced Process
- Control technologies
- Customized Software Development services for process and manufacturing industries

Avanceon supports manufacturers in the complete lifecycle implementation of an MES application from systems and requirements definition, technology selection, pilot phase, implementation and rollout. Avanceon supports all phases of the MES implementation and provides a superior project and change management methodology in-line with the initial MES vision and current implementation reality in concert. It has the ability to help manufacturers define MES standards and practices that provide the overall structure and strategy for corporate wide rollout and adoption

Plant Information Management System – Avanceon offers scalable and extensible software information management for decision-makers to visualize and analyze their processes faster and more effectively, which:

- Collects real-time data from multiple process control systems
- Archive for long term
- Delivers secure and reliable plant floor information

Our information management tools create custom displays for process and operations data, including schematics, animations, trends, alerts, notifications and custom reports. Advanced Process Control – The key challenge for operators of refining, chemical and petrochemical plants is to maintain processes at their optimal operating point while simultaneously maintaining multiple safety margins at acceptable levels. Our solutions helped customers achieve:

- Improved product yield
- Reduced specific energy consumption
- Increased throughput capacity
- Improved product quality and consistency
- Reduced environmental emissions

By implementing advanced process control, benefits ranging from 1 -2 years of return on investments can be achieved. These benefits are clearly enormous allowing plants to be operated to their designed capacity and increase customer bottom line.

Energy Management Solution [EMS] – EMS consists of turnkey energy management and optimization solutions. These are robust and certified solutions developed using best practices and enable significant improvements in monitoring controls and management of existing utility and process control systems. They also provide saving opportunities in steam, pneumatics, fluid movement, chilling and heating to reduce losses in production and carbon emission. The Company has developed proprietary EMS suites such as:

- **Energy Dashboard:** A complete service-offering platform for the monitoring of energy consumption in different business units of a plant remotely from anywhere in the world
- **iWater:** Water is a big energy cost centre in most industries. Through iWater, Avanceon offers a proprietary solution to reduce energy consumption
- **iBoiler:** Helps clients optimize their boiler performance. It measures and reduces fuel usage of boilers through optimized load sharing and reduced emission & steam distribution losses
- **iAir:** Measures and reduces electricity usage of air compressors through optimized load sharing, reduced header pressure, elimination of leaks and pressure drops and heat recovery
- **iDC:** An energy management package for District Cooling Systems

OUR AFTER-MARKET SUPPORT ARM

Since its inception in 2008, Avanceon's After-Market Support Arm has been at the forefront of providing unparalleled customer and technical client support.

Completing its ten-year anniversary in 2018, the AMS division has been able to maintain its viability in Avanceon's service portfolio by offering the following value propositions to its clients.

The AMS Value Proposition to its Clients – The highly developed team of trained professionals hold core competency in After Market Solutions for the automation installed base. They cater to the critical challenges of process and manufacturing industry by following these principals.

Maintainability – Guaranteed Support Guardianship for Emergency support services. Preventive & Predictive Maintenance Planning & Execution. Plant Start-up assistance and support.

Reliability & Availability - Upgrades, lifecycle extension & migrations solutions with risk identification, mitigation & elimination

Sustainability & Efficiency – Reduce manufacturing downtime risks, increase capacity utilization & process efficiency

Modernization to enhance productivity - Converting plant process/manufacturing related data into information with the help of smart technology to take informed decisions via Information dashboards

Trainings & Support – Bridge skills gap for smooth operations.



THE KEY INGREDIENT BEHIND AMS'S SUCCESS – THE AMS DECADE AT A GLANCE

In addition to the guiding principles, multitude of factors have been behind AMS's success over the past ten years.

1. A fully structured, dedicated After Market Support structure with almost a ten-year presence in the Pakistan and Middle-East region.
2. Servicing 40+ long term agreement & 60+ on-call contractual customers in Pakistan and in Middle East region. These include local + several blue chip & MNC. With an average response time of less than 2 hours.
3. 100% customer retention with an average contract age of 5 years.
4. More than 100,000 plus man-hours of field support service executed since 2008.
5. Guaranteed support guardianship and resource availability on demand with a structured remote support & field support engineer dispatch capability.

6. Highly competent & experienced technical resources specializing in customer's process & technology to offer solutions to the core industry challenges.
7. Staying up-to-date with the latest technological advancements, continuous evolving resource competency through knowledge upgrades, trainings and certifications.



My theory has always been to spend a lot of time talking to customers face to face. It helps me understand their expectations. You'd be amazed how many companies don't listen to their customers.

Adeel Khalid
Head of After Market Support

After Market Support – Contractual Guardianship

Avanceon provides a single point of contact for all its clients maintenance support needs. Our mandate is being there to protect client's assets and profits.

Teamwork

Continued Improvement

- Partner aligned account management
- Business return management & Executive level guidance
- Continuous program improvement & Staff augmentation support

Innovation

Support Program

- Integrated CMS
- Proactive reporting & Preventative management
- Predictive Management & Emergency response services

Quality

Monitoring, Management & Verification

- 24/7 - 365 Help Desk
- Remote & On-sight support programs
- After project training



Quickest response time is 1 hour (Phone Support)
 Immediate access to up-to-date Plant Information
 Maintenance Management Reporting & Back-up System
 Document Control and Technical Trainings
 Spare Parts availability on-time

CUSTOMER PORTFOLIO

Servicing clients over a span of two decades, Avanceon has completed numerous projects for major blue chip companies (names of few are given below) enabling it to earn strong credentials, move up the learning curve and develop a diverse client base. Having developed its footprint in the Middle East by setting up of offices in Qatar and Kingdom of Saudi Arabia in 2017, Avanceon intends to capitalized on its core strengths.

SECTOR

OVERVIEW

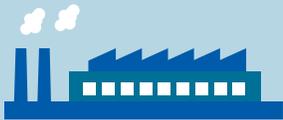
Oil & Gas



Abu Dhabi National Oil Company, UAE
 Engro ELNGY
 Schlumberger
 United Energy Pakistan Limited, Pakistan
 Hyundai, Pakistan
 Oil & Gas Development Company , Pakistan
 Pak Arab Refinery Limited, Pakistan
 Qatar Petroleum, Qatar
 Schlumberger, Pakistan & UAE
 Mari Petroleum

Attock Petroleum Pakistan
 British Petroleum, UAE
 Pakistan Oil Fields Limited, Pakistan
 Foster Wheeler, USA
 Kuwait National Petroleum Company, Kuwait
 Pakistan Refinery Limited, Pakistan
 Pakistan Petroleum Limited, Pakistan
 Saudi Aramco, KSA
 Takreer, UAE
 MOL

Utilities & Industries



Lalpir Power, Pakistan
 Babcock & Wilcox, USA
 EMICOOL, UAE
 EMPOWER, UAE
 Kot Addu Power Company Limited, Pakistan
 PAL Technologies, UAE
 Dubai Metro, UAE
 QDVC, Qatar

Serco
 Hamad Port
 Lusail City
 RTA
 Liberty Power Tech, Pakistan
 Palm Utilities, UAE
 State of Qatar, Qatar

FMCG



British American Tobacco, USA
 Engro Foods, Pakistan
 Kraft Foods, USA
 Nabisco Brands, USA
 Proctor & Gamble, USA & Pakistan
 Unilever
 Pepsico

Coca Cola, USA & UAE
 General Mills, USA
 Kellogg's, USA
 Nestle, USA, Netherland & Pakistan
 Sara Lee, USA
 PMI
 English Biscuits

Chemicals



Ciba, USA
 DuPont, UAE & USA
 Engro Polymer and Chemicals Limited, Pakistan
 Gatron, USA
 Saudi Basic Industries Company, Kingdom of Saudi Arabia

Clorox, USA
 Engro Fertilizer Limited, Pakistan
 Exxon Mobil, USA
 Lotte, USA
 Sherwin Williams, USA

Pharmaceuticals



Akzo Nobel, Pakistan
 Bayer Pharma, USA & Pakistan
 Johnson & Johnson, USA
 Merck, USA

Pfizer, USA
 Astra Zeneca, USA
 Boehringer Ingelheim, USA

CORPORATE GOVERNANCE

Corporate governance is a system of structures, rules, practices and processes for the direction and control of a Company. It is a process through which duties and responsibilities between members, management and the board are balanced and defined, enabling an organization to maintain the right balance of power and accountability, while striving to achieve its objective of enhancing shareholder value.

The Board of Directors of Avanceon Limited is committed to the principles and do comply with requirements of the Code of Corporate Governance included in the listing regulations of Pakistan Stock Exchange. The stakeholders expect that the Company is managed and supervised responsibly and proper internal controls and risk management policies and procedures are in place. This ensures efficient and effective operations of the Company, safeguarding of assets and shareholder wealth, compliance with the local laws, regulations and proper financial accounting and reporting in accordance with the International Accounting (IAS) and International Financial Reporting Standards (IFRS). The statement of compliance is enclosed.

ROLE OF THE BOARD OF DIRECTORS

The Board has a fiduciary responsibility for the proper direction and control of the activities of the Company. This responsibility includes such areas of stewardship as the identification and control of the Company's business risks, the integrity of management information systems and clear, transparent reporting to shareholders. The Board accepts its primary responsibility for the overall control architecture of the Company. However, it recognizes that the internal control system has to be cost effective and that no cost effective system will preclude all errors or irregularities. The system is based upon written procedures, policies, guidelines, an organogram that provides an appropriate division of responsibility, a program of internal audit, manning of all key functions by qualified personnel and constant training.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed in total by the Board in the light of the Company's overall objectives. The Board is committed to maintain the high standard of good corporate governance. The Company acts in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly amended listing rules of the Pakistan Stock Exchange. Following are the Statements on Corporate and Financial Reporting Framework:

a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows and changes in equity.

- b) Proper books of accounts have been maintained by the Company.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of the Corporate Governance, as detailed in the listing regulations.

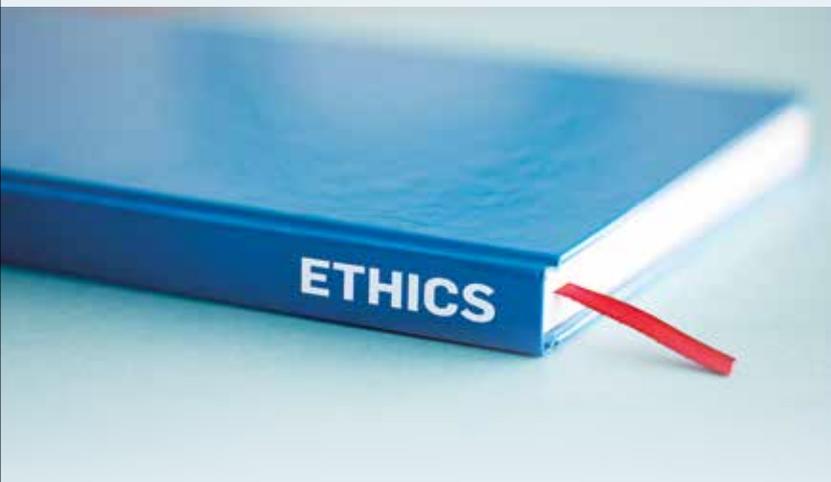
RESPECTIVE ROLE OF THE CHAIRMAN & THE CEO

Role of the Chairman of the Board

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of Avanceon. The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the Chief Executive Officer. The Chairman acts as the communicator for Board decisions where appropriate. By separating the role of Chairman from CEO it points to an independency and more objective judgment focusing primarily on shareholder value. Duties and responsibilities of the Chairman include: linking management and board, ensuring the Directors have sufficient information to form appropriate judgments, acting as Chair at meetings of the Board and shareholder, recommending an annual time plan of Board and Committee meetings, reviewing and signing Board meeting minutes, to ensure that regularly, upon completion of the ordinary business of a meeting of the Board, the Directors hold discussions without management present.

Role of the CEO

The roles and responsibilities of the CEO include: developing the Company strategy, supported by yearly business plans and budgets, for Board approval; running the business in accordance with Board decisions; achieving the Company's financial and operating goals and objectives; succession planning; information technology planning; monitoring and reporting the Company's performance and compliance



imperatives to the Board; ensuring that the Company complies with all relevant laws and corporate governance principles through adoption of best practices; serving as chief representative of the Company – ensuring that a long-term strategy is developed and recommended to the Board for added shareholder and company value.

The Chief Executive Officer must also: build the brand, reputation and franchise of Avanceon; diversify business evolve the company offering to bring more services and profitability; establish a company structure that optimizes execution of the Company’s adopted strategies; foster a corporate culture that promotes sustainable ethical practices, encourages individual integrity and fulfills social responsibility goals; ensure a positive and constructive working environment where employees are motivated and retained.

The Board comprises of two executive and five non-executive directors including two independent directors. All the directors keenly take interest in the proper stewardship of the Company’s affairs. The non-executive directors are independent of management of the Company, the existing directors tenure will complete the three year period on April 24, 2020. The Board has constituted the following committees:

1. Audit Committee
2. Human Resource and Remuneration Committee
3. Management Committee

Through its committees, the Board provides proactive oversight in some of the key areas of business and the performance of CEO. The Board regularly reviews the respective charters of these committees.

CEO Performance Review by the Board

The Board of Directors evaluates the chief executive officer annually in light of corporate goals and objectives including performance of the business, accomplishment of long-term

strategic objectives, development of management, etc., as established. The evaluation has been communicated to the chief executive officer and the chairman of the Board.

MANAGEMENT INITIATIVES ON CORPORATE GOVERNANCE

In order to orient the key management personnel of the corporate governance concepts and best practices, the company conducts periodical workshops on different moderators covered varied topics on corporate governance: the role, importance & structure of the board; strategic planning through various models and analysis matrices; succession planning; risk management and internal controls

ETHICS

Ethics are an integral part of the culture at Avanceon & guide the behavior and conduct of all employees enabling them to meet objectives efficiently, transparently and fairly. There is a comprehensive, well-structured ethics program, based on a code of conduct, which has been approved by the board and is applicable to all employees.

The ethics program includes:

- Code of ethics
- Training for employees
- Means of communicating
- Mechanism to report wrongdoing - Whistle Blower Policy
- System for detection and conducting inquiries
- Taking corrective action

The code of ethics is supplemented by various function specific codes, which include:

Financial code of ethics – This code defines the acts and omissions to be followed by senior executives, especially those responsible for public disclosure and financial information.

Principles of good promotional practices – Defines the fundamental promotional rules recommended by the consulting firms

Personal data protection charter – This charter outlines Avanceon corporate rules for the collection, processing, use, dissemination, transfer, and storage of personal data in order to secure an adequate level of protection within the Avanceon group.

Code for prevention on insider trading – Defines rules for prevention of insider trading with Avanceon.

Ethical charter for buyers – This document defines the rules applicable to and the behavior required from all Avanceon employees who are involved in the buying process.

BUSINESS GOVERNING PRINCIPLES AND VALUES

Avanceon [AVN] conducts its business in a responsible manner and with honesty and integrity. We also have the same expectations from all those with whom we have relationships. We insist on doing what is right which sets the tone of our actions and underpins the functioning of our employees. We also insist that all transactions be open, transparent and within the legal framework culminating in responsible and accurate financial reporting.

INTEGRITY

Avanceon does not use bribery as an instrument for any business or financial gain. Employees are not authorized to give or receive any gift or payment which may be construed as such. Employees are also required to avoid engaging in any personal activity or financial interests/gains which would conflict with their responsibility to the Company

CODE OF CONDUCT

The Board has adopted a code of conduct for its members, executives and staff, specifying the business standards and ethical considerations in conducting its business. The code includes:

- Corporate governance
- Relationship with employees, customers and regulators
- Confidentiality of information
- Trading in Company's shares
- Environmental responsibilities

SUSTAINABILITY

Corporate Social Responsibility

Avanceon takes corporate social responsibility seriously. Through giving back to the people that work with us and the communities where we operate, we create meaningful societal values and traits.

Avanceon, as a socially responsible organization, has persistently worked towards increasing our emphasis on giving back to the community where we operate. This year the company enrolled all the children of its support staff, 38 in total, to a wholly-funded education program that covers all aspects of their educational journey including school fees, books, uniforms, home tutors and transportation. Avanceon supports the children all the way from primary school up to University level, and not only that, but also work towards finding them a suitable job. This company initiative was recognized by the National Forum for Education and Health in January 2017. The Avanceoners pledged to donate very material amount which was doubled by the same contribution amount by the company for Army relief funds for the IDP's, to make a difference and volunteering support for the under privileged individuals in effort to better their lives.

The 4 pillar audit covers some or all labor standards, health & safety, environment, and business practices, and the progress is monitored with each division. HSE performance data is collected, validated and consolidated with the

Avanceon HSE data management system. The Company is dedicated and committed towards protection of the environment, energy conservation and welfare of all staff and broader society.

Environmental Protection

As a service-providing company, our activities do not directly harm the environment, but the Company appreciates and takes part in several "green" initiatives. The Company believes in paperless working processes to preserve nature and is reducing physical administrative forms by utilizing the company intranet, encouraging on-demand printing only. Avanceon also started a campaign across all offices to generate environmental awareness amongst employees and their family members.

Occupational Safety and Health

The Company always puts the safety and health of its employees as a priority and has invested significantly and committed to invest further in the future. The Company offers attractive health & safety policies such as periodic awareness sessions to promote preventative measures with the intention of ensuring safety and security of the employees.

The Company has established a safety department led by an experienced member of staff, equipped with sophisticated firefighting and safety equipment, at all locations. Similarly, we have established facilities of Nestle water and dispensaries and ambulances at all locations. The Company arranges office fumigation on a regular basis in order to prevent dengue and other diseases, as well as providing a nutritional lunch to employees without hierarchical discrimination.

Equal Opportunity Employer

The Company is proud to be an equal opportunity employer, offering employment to both genders, different ethnicities and people with disabilities without any discrimination. Key roles are taken by various nationalities: American, Egyptian, Filipino, French, Indian, Japanese and Pakistani, women are especially encouraged across the company. Avanceon's most valuable contribution to the Pakistan nation is providing a trained engineering workforce.



Keeping up with the constantly changing corporate world of governance laws, at Avanceon we strive to follow the best Corporate & Governance Practices. It is a known fact that companies with sound governance always perform better in reporting, management and commercial terms.

Ahsan Khalil
Company Secretary



AVANCEON'S WHISTLEBLOWER POLICY – "SPEAK OUT!"

The Board of Directors of Avanceon and its subsidiaries have adopted a number of policies related to ethics and responsible behavior which define the high standard of governance and business conduct to which we pledge ourselves as an organization. This has always been our core strength and is reinforced through voluntary reporting of irregularities and periodic reviews of business practices.

As an additional measure, a Whistleblower system has also been established. The Company expects employees, suppliers and contractors at all affiliated companies to not only abide by our standards of business conduct but also to **speak out** about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance.

They can use the independent **"Speak Out"** hotline **0092-42-37515129** or email to **speakout@avanceon.ae** to raise their concerns. They can also write to **Speak Out (PO Box 4012, Lahore - Pakistan.)**

Every effort is made to maintain the confidentiality of complainants and to protect them from any form of retaliation or victimization for genuinely held concerns that are raised in good faith.

Speak-outs are encouraged to report serious concerns that could have a significant impact on these organizations, such as actions that

- are unlawful or may damage the reputation of Avanceon or an affiliate
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct
- are in violation of Safety Health & Environmental standards applicable to the business
- give rise to harassment, discrimination or other unfair employment practices



SpeakOut
Make a difference



SpeakOut
Make a difference



SpeakOut
Make a difference



SpeakOut
Make a difference



SpeakOut
Make a difference





REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICE OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Avanceon Limited** (the Company) for the year ended **31 December 2017** to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24(b) of the Code of Corporate Governance, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code, for the year ended 31 December 2017.

Chartered Accountants
Engagement Partner: Farooq Hameed

Lahore: 09 April, 2018

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE 2017

Name of Company: **Avanceon Limited**
 For the year ended: **31 December, 2017**

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in Regulation No. 5.19 of Chapter 5 of the Listing Regulations of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As at December 31, 2017 the Board included the following members:

Category	Name
Independent Directors	Mr. Umar Ahsan Khan Mr. Tajammal Hussain
Executive Directors	Mr. Bakhtiar Hameed Wain Mr. Tanveer Karamat
Non-Executive Directors	Mr. Khalid Hameed Wain Mr. Naveed Ali Baig Mr. Amir Waheed Wain

The independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident Directors of the Companies are registered as Taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, or being a member of a stock exchange has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.

5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executives and non-executive directors, have been taken by the board/shareholders.
8. All meetings of the Board were presided over by the chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. During the year no director attended the directors training program.
10. The Board has approved appointment of the CFO, Company Secretary and Head of internal audit(Outsourced) including their remuneration and terms and conditions of employment/ appointment.
11. The Directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.



12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises 3 members of whom 2 are Non-Executive directors and the chairman of the committee is an Independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the Committee for Compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of 3 members of whom 2 are non-executive and 1 is independent director and the chairman of the committee is an independent director.
18. The Board has outsourced the internal audit function to Grant Thornton Anjum Rehman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "Closed period" prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material /price sensitive information has been disseminated among all market participants at once through the stock exchange(s).
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Mr. Bakhtiar Hameed Wain
Chief Executive Officer

CORPORATE POLICIES

DISCLOSURE OF POLICY FOR ACTUAL AND PERCEIVED CONFLICTS OF INTEREST

Avanceon's disclosure of policy for actual and perceived conflicts of interest is covered in the Conflict of Interest Policy, which requires employees to disclose relationships with a potential Guarantor or Vendor and provides guidance on managing conflicts. The purpose of this policy is to provide guidance in identifying and handling potential and actual conflicts of interest involving the organization, and is applicable to all permanent, contractual and daily wage employee. Any action by an employee, which deliberately or recklessly breaches this conflict of interest policy, may result in disciplinary action which may lead to termination of employment.

DISCLOSURE FOR IT GOVERNANCE POLICY

Information Security governing policy is covered in the Acceptable Use of IT Resources. The policy describes the acceptable use of IT resource for the Company. The purpose is to outline the usage of Avanceon IT resources by all its employees. This policy applies to the use of all Avanceon IT resources (e.g., desktop computers, laptops, printers, disk space storage, software, telecommunications equipment, networks, Internet, E-mail, etc.) and supporting infrastructure that is owned, leased, or controlled by Avanceon and used by its employees, contractors, interns, or other personnel at the Central, Regional, and Satellite office locations.

AVANCEON'S WHISTLEBLOWER POLICY – "SPEAK OUT!"

The BOD of Avanceon and its subsidiaries have adopted a number of policies related to ethics and responsible behavior which define the high standard of governance and business conduct to which we pledge ourselves as an organization. This has always been our core strength and is reinforced through voluntary reporting of irregularities and periodic reviews of business practices.

As an additional measure a Whistleblower system has also been established. The Company expects employees, suppliers and contractors at all affiliated companies to not only abide by our standards of business conduct but also to speak out about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance.

They can use the independent "Speak Out" hotline 0092-42-37515129 or email to speakout@avanceon.ae to raise their concerns. They can also write to Speak Out (PO Box 4012, Lahore - Pakistan.)

Every effort is made to maintain the confidentiality of complainants and to protect them from any form of retaliation or victimization for genuinely held concerns raised in good faith.

Speak-outs are encouraged to report serious concerns that could have a significant impact on the organization. Actions that:

- are unlawful or may damage the reputation of Avanceon or an affiliate
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct
- are in violation of Safety Health & Environmental standards applicable to the business
- give rise to harassment, discrimination or other unfair employment practices

HUMAN RESOURCE MANAGEMENT POLICIES INCLUDING PREPARATION OF SUCCESSION PLAN

Human Resource Management

Human Resource Management at Avanceon is covered across several policies, which serve as a comprehensive framework to managing people, workplace and culture. Hiring and confirmation provisions ensure that Avanceon reserves the right to assess prior work experience and skill levels, and to confirm applicants where applicable when considering full-time or part-time employment. Compensation encompasses 10 policies, the purpose of which is to ensure employee's wellbeing and growth. These include: Vehicle Benefit, Education Allowance, Employee Professional Accreditations, Performance Bonus, Sales Incentive, Technical Services Employee Incentive, Performance bonus, Variable Pay Plan for managers and support staff, Umrah as well as Employee Stock Option Plan amongst others. Human Resources management that encompasses Salaries, Attendance, Asset Utilization, Rewards, health and other guidelines such as Mobile Usage are covered across 11 policies. Human Resource management has introduced the Pay Continuation Plan; over and above to the current benefits, grieved family will receive 50% of monthly gross salary for the period of ten years.

Our Medical and Insurance Policy

One of the most important tasks in creating a high-performance culture is taking care of your employees.

When employees' needs are met, they feel aligned with the mission, vision and values of the organization. This results in high levels of engagement and commitment. They come to work with enthusiasm and are willing to go the extra mile to support the organization.

At Avanceon we ensure that the baseline rewards are fair and sufficient. These include some of the basic needs of an employee. One such need is medical and hospitalization cover. At Avanceon, we have hence, very carefully devised a medical policy to cover this criterion. With the best hospitals



on our panel, we provide extensive hospitalization cover to the employee and his/her family, and unlimited OPD coverage as well.

Life insurance is also available to our employees under which they are covered for permanent partial disability, temporary total disability, accidental death and extended death benefit.

Compassionate Leaves

All permanent and contractual employees are entitled to compassionate or bereavement leaves which is in addition to casual/sick and annual leaves.

Compassionate leaves can be taken when a member of an employee’s immediate family* or household passes away or suffers a life-threatening illness or injury and requires extensive medical care.

**Immediate family of an employee includes spouse, child, parent, sibling, grandparent and grand child.*

Pay Continuation Plan

All permanent and contractual employees are entitled to compassionate or bereavement leaves which is in addition to casual/sick and annual leaves.

Compassionate leaves can be taken when a member of an employee’s immediate family* or household passes away or suffers a life-threatening illness or injury and requires extensive medical care.

Education Allowance Policy

At Avanceon we believe education can be a means to a tolerant and prosperous society. To facilitate our employees’ children education in reputable institutes, we help in meeting associated costs. Avanceon has developed an education allowance policy which does not discriminate based on grades or cadres and is the same for all, across the board.

For our support staff, we have a separate CSR initiative in which we cover all the education expense of their children till graduation. From the initial admission to their tuition fee and pick n drop expenses, everything is covered by Avanceon.

SUCCESSION PLANNING POLICIES

Succession Planning Policy for Avanceon encompasses the Company’s best practice in terms of Human Resources Management. The purpose of the policy is to ensure replacement for key executive, management, and technical positions within the organization. This policy covers middle management positions and above in Avanceon Ltd. The point is to identify high-potential employees, ensure systematic and long term development and provide a continuous flow of talent. The business critical engineering skill set is being maintained through an engineering skill set matrix and managed for all engineering resources.

SOCIAL & ENVIRONMENTAL POLICY

Social & environmental policy is covered in Avanceon’s Quality, Health, Security and Environment [QHSE] policy. Avanceon’s unremitting growth and development is reliant on the very highest standards and best practices translated across the entire business. QHSE has the utmost importance in every activity Avanceon performs. This commitment allows us to exceed international and national standards. Avanceon

has a comprehensive set of procedures that ensures our solutions comply with international standards.

POLICY AND PROCEDURE FOR STAKEHOLDER ENGAGEMENT

Stakeholder engagement policies and procedures map out all aspects of outreach with the broader audience interested in Avanceon. The Company involves committees at regular points throughout the year both for specific projects and general insights. The policies ensure that different parties are aware of the conduct and the function of the Company including Institutional Investors, Customers & Suppliers, Banks and other lenders, Media, regulators and analysts. Business Conduct for Avanceon addresses Stakeholder Engagement through five key commitments: Ethics, Ownership, Customer Delight, Continuous Improvement and Community Care, which need to be translated across all its communications.

INVESTOR GRIEVANCE POLICY

Investor grievances are covered in the Securities & Exchange Commission of Pakistan rules as at May 11, 2001. These statutory rules have been published by the Government. The information pertaining to financial performance, shareholding pattern, compliance with Corporate Governance and announcements can be viewed or requested by the shareholders on <http://www.avanceon.ae>. Apart from this, www.avanceon.ae contains comprehensive information about the Company, its products, services, solutions, press releases and investor’s information.

SAFETY OF RECORD

Safety of Record is ensured by the Information Security Governing Policy, which provides a framework for Information privacy, accessibility and integrity to the operation and management of Avanceon, which are of great importance. Failure in any of these areas can result in disruption to the services, can hurt company business and can shake the confidence of existing and potential clients. Information and asset security therefore plays a critical role in the successful operation of the company. The purpose of the Information Security Policy is to guarantee business continuity and curtail business damage by minimizing information security incidents to an acceptable level. Superior information security provision for our customers and employees is Avanceon’s commitment to protect from internal or external information security threats, whether deliberate or accidental. Adherence to this policy is crucial to safeguarding these interests.

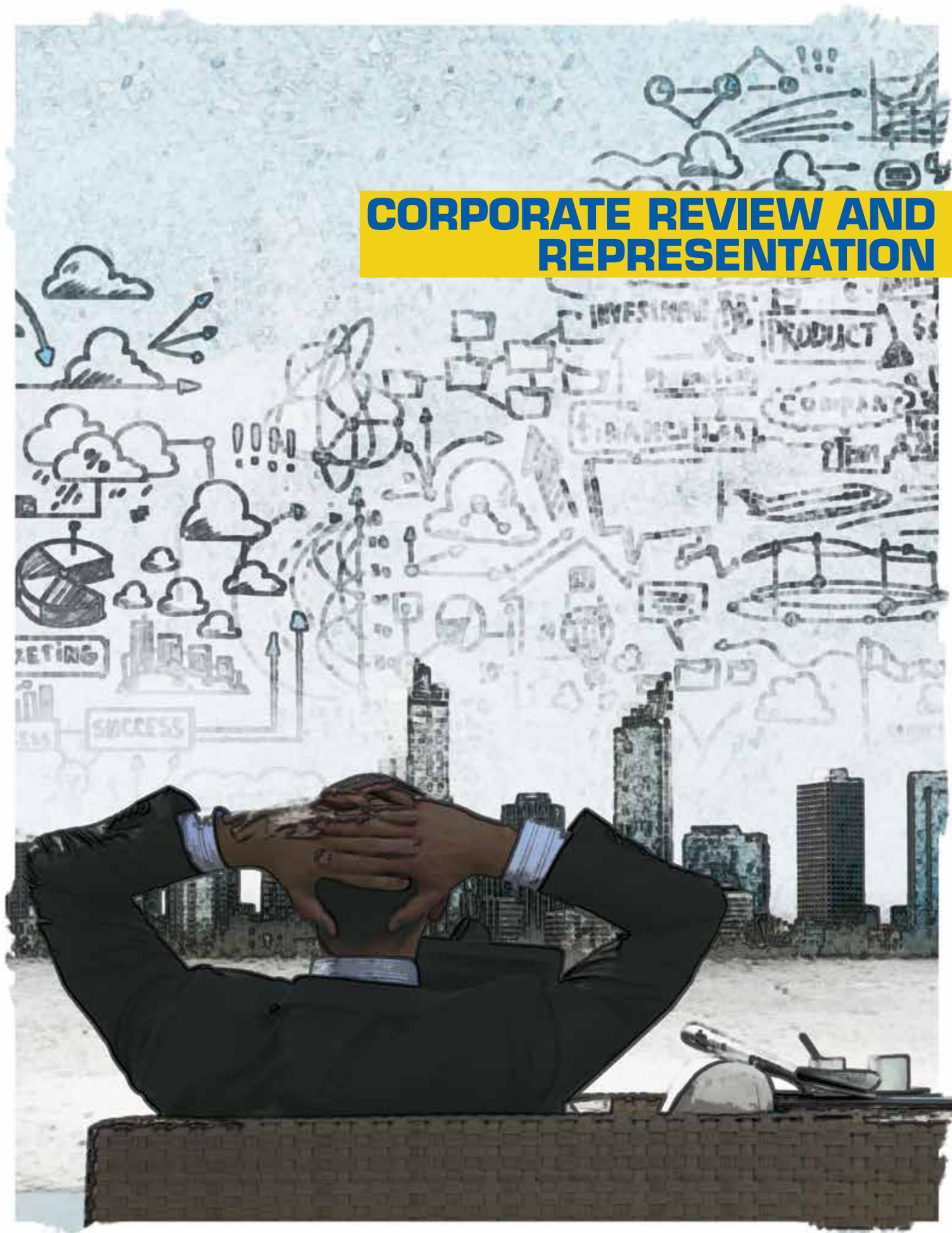


Once you shake hands with Avanceon, we take care of you and your family’s needs just as our own. You can tap into an abundantly rich source of loyalty and energy when you treat someone like a person instead of a worker. At Avanceon, we believe in training people so that they can leave, but treating them like valued family members so that they don’t want to.

Hussain Ahmad
Corporate HR Manager



CORPORATE REVIEW AND REPRESENTATION



ROLE OF THE BOARD COMMITTEES

RESPONSIBILITY TO STAKEHOLDERS

Our primary purpose is to run our business efficiently and profitably to enhance shareholders' value but we do it with responsibility to all stakeholders. Profitability is essential to discharge this responsibility and the corporate resources are primarily deployed in the achievement of this end. However, the Company does not operate in isolation with its environment and accordingly feels responsible to all stakeholders which are:

1. **Our Shareholders:** To protect shareholders' investments and provide an acceptable return to them.
2. **Our Customers:** To win and maintain customers by developing and providing products and services, which offer value in terms of price, quality, safety and environmental impact supported by requisite technological expertise.
3. **Our People:** To respect the human and legal rights of its employees with good and safe conditions of work and competitive terms of service.
4. **Our Business Partners:** To seek mutually beneficial relationships with contractors and suppliers of goods and services to the Company.
5. **Our Society:** To conduct business as a responsible member of society, to observe laws, express support for basic human rights and give proper regard to health, safety and environment not only at our various campuses but also beyond, extending it to society at large.

COMPOSITION OF THE AUDIT COMMITTEE

The composition of the Committee is as follows:

1. **Mr. Tajammal Hussain,**
FCA, Chairman, Independent Director
2. **Mr. Amir Waheed Wain,**
Member, Non-executive Director
3. **Mr. Naveed Ali Baig,**
Member, Non-Executive Director

The five meetings have been conducted during the year, with attendance noted as follows:

Sr. No.	Member Name	Attend.
1.	Mr. Tajammal Hussain, Chairman	5
2.	Mr. Amir Waheed Wain, Member	4
3.	Mr. Naveed Ali Baig, Member	5

Mr. Saeed Ullah Khan Niazi, Chief Financial Officer, Mr. Farooq Hameed, Partner EY Ford Rhodes (External Auditors), and Naeem Sarwar representing Partner Bilal Afzal Grand Thortan Anjum Rahman (Internal Auditor) also attend five, one-on-one meetings respectively on request of audit Committee as per requirement of Code of Corporate Governance.

Role of the Audit Committee

The Audit Committee was established by the Board to assist the Directors in discharging their responsibilities for Corporate Governance for Financial Reporting and Corporate Internal Control. The committee consists of three members. The majority of members including the Chairman of the Committee are independent and non-executive directors.

The Audit Committee operates under terms of reference approved by the Board. The terms of reference of the Audit Committee addresses the requirement of the code of corporate governance issued by the SECP and includes the requirements of best practices. The Committee is accountable to the Board for the recommendation of appointment of external auditors, directing and monitoring the audit function and reviewing the adequacy and quality of the audit process. The CEO and CFO are responsible for the accuracy of financial information for inclusion in the annual report; the Committee provides the Board with additional assurance.

This Committee reviews the financial and internal reporting process, the system of internal controls, management of risks and the internal and external audit processes. An independent internal audit function reports to the committee regarding risks and internal controls across the organization. The Audit Committee receives reports from the internal and external auditors on any accounting matter that might be regarded as critical. The detailed Charter of the Audit Committee developed in accordance with the Code of Corporate Governance is contained in the listing regulations of the Pakistan Stock Exchanges.





The Audit Committee has reviewed the quarterly, half yearly and annual financial statements along with notes to the financial statements standalone and consolidated, besides the internal audit plan, material audit findings and recommendations to the internal auditor. The Audit Committee is performing its duties in line with its terms of reference as defined and determined by the Board of Directors. The Committee also ensures that the Company has an effective internal control framework. These controls include safe-guarding of assets, maintaining of proper accounting records complying with legislation and ensuring the reliability of financial information.

THE HUMAN RESOURCE & REMUNERATION COMMITTEE

The composition of the Committee is as follows:

1. **Mr. Umar Ahsan Khan**
Chairman/Member, Independent Director
2. **Mr. Bakhtiar H Wain,**
Member, Executive Director
3. **Mr. Naveed A. Baig,**
Non-Executive Director

The four meetings have been conducted during the year, with attendance noted as follows:

Sr. No.	Member Name	Attend.
1.	Mr. Umar Ahsan Khan, Chairman	4
2.	Mr. Bakhtiar H Wain, Member	4
3.	Mr. Naveed Ali Baig, Member	1

The Human Resource & Remuneration (HR&R) Committee performs its duties in line with its terms of reference as

determined by the Board of Directors. The Human Resource and Remuneration Committee was established by the Board to assist the Directors in discharging their responsibilities with regard to selection, evaluation, appraisal compensation and succession planning of key management personnel. It is also involved in recommending improvements in the Company's human resource policies and procedures and periodic review. The Committee consists of three members. The majority of members including the Chairman of the Committee are independent and non-executive members.

The HR & R Committee also reviews the human resource architecture of the Company and addresses the requirement of the Code of Corporate Governance. The Committee has been constituted to address and improve the crucial area of human resource development. Its aim is to assist the Board and guide the management in the formulation of the market driven HR policies regarding performance management, HR staffing, compensation and benefits. The expanded role of the Committee is to review CEO performance and recommend CEO compensation for the approval of the Board. Further, the selection, evaluation and compensation of CFO, Company Secretary and Internal Audit function is also reviewed and recommended to the Board by the Committee.

MANAGEMENT COMMITTEE

The Management Committee ensures that a proper system is developed and working that enables swift and appropriate decision making. It acts in an advisory capacity to the Chief Executive at the operating level, providing recommendations relating to business and other corporate affairs. It is responsible for reviewing and forwarding long-term plans, capital and expense budget development and stewardship of business plans. The Committee is organized on a functional basis and meets monthly to review the performance of each function against set targets.

CORPORATE STRATEGY

Our strategy setting and reviews are conducted annually by a designated Business Strategy Committee that drives and channels the process. The Committee, comprising of our executive team, conducts an extensive 'SWOT analysis' regarding the business, by assessing internal and external issues and dependencies, counter measures, new opportunities and strengths.

SWOT

STRENGTHS

- ✓ Clear leader for automation solutions in Pakistan
- ✓ Sole publicly listed company in Automation & Control
- ✓ 3 times revenues of closest competition
- ✓ Strong portfolio of clients with 39% being international blue chip clientele, 28% stock exchange customers
- ✓ Strong reputation for quality of our technology and systems amongst industry Pakistani leaders

WEAKNESSES

- ✓ Actual marketing presence to be increased within the next 4 years
- ✓ Key account management which is recently introduced, which has been growing at a steadfast speed
- ✓ Pricing perceived as higher than other solutions in Drives, market but aligned with quality and longevity of products
- ✓ Perceived as more focused on PLC than DCS in Oil & Gas

OPPORTUNITIES

- ✓ Existing plant automation systems are coming to maturity starting 2017 and need full up-gradation
- ✓ Infrastructure in the ME soaring because of growing demography thereby offsetting Oil & Gas downturn
- ✓ SMART technos IIoT, Big Data, Energy Management Solutions and after market support becoming critical
- ✓ Great potential in Oil & Gas needs to be moved to AMS for upgradation & maintenance
- ✓ Demand for efficiency and APC and Energy management based projects
- ✓ Event driven growth opportunities in key countries, including CPEC (Pak), W/Cup (Qatar) and EXPO 2020 (UAE) for BMS initiative.

THREATS

- ✓ Major OEMs and competitor in the O&G market trying to make the shift to infrastructure
- ✓ OEMs trying to find their way back on the automation market most specifically on the oil & gas as well as the energy sector
- ✓ Increase competition in O&G/F&B the two lucrative markets

Using a Balanced Scorecard approach, the Committee agrees on a strategic direction and objectives under the three defined perspectives:

1. Financial & Customer Perspective
2. Internal / Operational Perspective, and
3. Innovation / Learning Perspective

At the core of strategy review and development process is alignment with our mission, vision and values. The process of translating the vision helps the leadership team build a consensus around the organization's vision and strategy that guides action at the local and unit levels.

To enable our people to act on the vision and strategy, we close in on integrated sets of objectives and measures, agreed upon by all senior executives, which describe the long-term drivers of success for our business. The Business Strategy Committee ensures that everyone understands the long-term goal of the Company and that departmental and individual goals are aligned with them. We measure and realign performance at the individual, departmental and entity level through regular feedback enabling real time learning and calibration.

Enhancing shareholder value through cost and quality leadership lies at the core of our corporate strategic

objectives. We do this by ensuring that we hold strong to our mission and values by acting responsibly, maintaining cost, quality leadership and seeking to attract, develop and retain talent. Our operational strategy is centered on:

- Customer Focus
- Strong capital and financial position
- Conservative, sound risk management
- Operational agility: people development and process improvement to enhance quality and productivity
- Ethical behavior, observing the letter and the spirit of rules and regulations
- Leveraging our human capital alongside information systems infrastructure

MANAGEMENT'S OBJECTIVES AND STRATEGIES

Objectives of the management are well aligned and synchronized with the overall corporate short, medium and long term Company objectives which account for the needs of all stakeholders. Excellent corporate governance is the initial priority that we achieve by engaging and retaining the experienced team of management professionals.

Objectives for the previous year included not increasing fixed costs, growing revenue over the previous year, no reduction in margins and efficient management of liquidity & working



capital. Achieving these objectives has enabled the Company to remain profitable despite adverse local and international economic and political conditions, especially in Pakistan.

The management believes in achieving the objective of maximization of the shareholders' wealth along with an excellent market reputation and goodwill by delivering quality services. Efficient financial and non-financial management is one of the most important Company functions, with the management continuously evaluating and investing in new opportunities such as the new joint venture with ATCO in KSA, a project entirely aligned with long term corporate objectives.

In providing quality services as agreed and according to the needs of customers across the Middle East and USA, Avanceon has been able to build strong relationships with customers belonging to diversified business sectors in different regions. To achieve this objective, Avanceon consistently makes smart and timely investments in training and enhancing the capabilities of our local and internal engineering pools, encouraging and enabling the latest innovations and technologies.

Corporate Level Strategy

The basis and essence of Avanceon's corporate strategy is its long term goals under a very clear vision, which can be highlighted: To be the leader in the field of System Integration and Automation, by delivering sustainable and qualitative engineered solutions that is of value to all stakeholders.

To increase shareholder value and confidence through qualitative management lies at the core of the corporate strategic goals. The Company will achieve this by upholding core values and by acting sensibly, responsibly, maintaining cost, quality management and looking for and retaining talented highly trained human resources.

Within the volatile business environment in our markets of operation, most specifically the nature of political imperatives in Pakistan, the Company is focusing on short-term & medium-term strategy ranging from one year to three-year business objectives, aligned to longer-term objectives as set.

Business Level Strategy

The Annual meeting enables business review, renewal and repositioning of Business level strategic objectives for the next three financial years. The review process includes a review of the Company's strategic objectives and extensive business segment level. SWOT analysis that measure internal and external issues and dependencies, counter measures, new opportunities and strengths in existing and new areas. Avanceon's business strategy focuses on the growth and profitability of each business segment which will primarily entail expanding the core business base.

Avanceon has taken steps to proactively reshape and increase the portfolio of some new businesses in line with market demands. Avanceon's business level strategy is to fulfill the needs of customer segments in Pakistan across Oil & Gas, Power, Food & Beverage as well as FMCG where the Company has excelled and led for many years. There will be a focus on Sugar and Construction Material (Cement) segments, where Avanceon has a strong customer base. At the same time, the Company will refocus on capital and operational costs to improve competitiveness.

In UAE, KSA, Qatar and rest of the world, a strong focus on industrial related solutions are key. These markets are highly competitive and though Avanceon is clearly amongst the leading system integrators and engineering solutions providers, a renewed focus has been undertaken to grow and exhaust opportunities in automation and process control within these areas. Avanceon has been very active in supporting business development within the Middle East through successful prequalification and strategic partnerships with the main automation leaders.

Avanceon's Market Strategy

The market strategy calls to accelerate business development in Pakistan, UAE, KSA, Qatar and rest of the world by leveraging sales objectives to ensure sustainable growth by capturing business within the Oil & Gas, Power and Infrastructure for the Middle East, Sugar and Cement for South Asia, predominantly Pakistan.

Avanceon's Information Technology Strategy

The company IT strategy is strongly aligned with business goals and objectives, and is designed to continuously enhance company value and operational efficiency. We have plans to leverage more of our investments in enterprise resource planning systems and MS Share portal for business operational intelligence to support. This has enabled us to make accurate and timely business decisions and corrective actions backed up by data calculations and projections.

Avanceon's Human Resource Strategy

Our HR Strategy is designed to contribute and implement for providing our people with good jobs and attractive working environments that help to maximize their skills and realize the potential of both individual employees and teams for individual and collective goals and objectives. The HR strategy focuses on developing and introducing programs to supplement Company policies on quality and fair recruitment, training, performance evaluation, measurement and correct arm's length remuneration in a manner that builds confidence, loyalty and strengthens the organization's skilled and non-skilled human capital. It also helps to develop a friendly corporate culture, comfortable and hygienic working environment and upholds our values. The Human Resource strategy focuses on enhanced local and international training

of our human capital with measurable outcomes, promoting an interactive environment, improving succession readiness for future management and leadership, and developing a culture of innovation and accountability. We always listen to people and assess with fairness and liberty without any undue influence.

Operational Level Strategy

The operational strategy aims at continuous improvement through active strong supply chain management and ever-improving risk management. Our strategy-setting and accomplishment reviews are conducted to gauge on a quarterly basis for short-term objectives, and on an annual basis for medium-term objectives, which processes are driven and channeled by a designated Business Strategy Committee (the Committee). The Committee comprises the Company's executive core management team, which meets once every quarter to review progress on strategic short-term and long-term objectives.

To enable our management and technologically-trained human resources to act on the vision and strategy of the company, we have integrated an agreed set of objectives and measures by all senior executives, which describe the long-term drivers of success for our business. The Business Strategy Committee ensures that every stakeholder in the company understands the long-term goals of the Company and each business segment, department and individual goals & objectives are aligned with these.

We measure and readjust performance across the individual, departmental, entity and wholly-controlled subsidiary level, understanding through regular feedback sessions to enable real-time learning and optimized training sessions. Our operational corporate strategy is centered on:

- Adherence and compliance of local laws and regulations
- True and fair presentation of financial transactions, accounting and reporting under prevailing accounting and financial reporting standards
- Enhancing shareholders' confidence and value by generating reasonable and sustainable returns
- Conservative, sound risk profile management and monitoring
- Zero tolerance ethical behaviour, preserving the compliance and spirit of Company rules and regulations
- Sustainable organic growth including geographical expansions
- Functional & Operational agility
- Meeting international standards of quality for health, safety and environment (QHSE)
- Hiring, retaining, training, developing and leveraging quality human resource capital



Human Resources

Being the premier and pioneer automation company in Pakistan and having excellent standing in the Middle East and USA, the Company provides direct and indirect employment to talented engineers and supporting staff. As on 31 December 2017, the total number of employees directly employed by the Company were 281 and more were engaged in different activities of the Company. Being a technological services provider, the management considers its experienced, talented and highly trained technical human resource the main force behind the Company's profitability and growth.

Employees' motivation and satisfaction are stimulated through an attractive compensation package and work environment such as the best Employee Share Option Schemes, premium healthcare policies, well defined sales incentives and variable pay plans (VPP plans). Our human resource management is in line with the contemporary human resource practices which dovetail employees' growth needs with the corporate objectives of the Company.

The Company has implemented a very transparent electronic web-based mechanism for annual performance evaluation of its employees in accordance with its Human Resource Policies. Under this mechanism, department KPIs are defined collectively by the COO, HR Department, business heads and employees. Each employee KPI is derived from the operational objectives of the management.

Rewards for achieving KPIs is predetermined and well defined. At the end of each financial year, actual performance of the employee is measured, analyzed against predefined KPIs and the employee is awarded accordingly. The management of the Company believes this performance evaluation mechanism is the key reason behind the sustainable growth of the Company because employees act like partners and direct stakeholders, especially due to the Employee Share Option Scheme, playing a vital role in the future and growth of the Company. This performance evaluation mechanism is the key reason behind the company's sustainable growth, with employees behaving like partners and direct stakeholders.



CRITICAL PERFORMANCE INDICATORS

Objectives	CPIs	Analysis for the current year	Relevance for the future
Increase in revenue of the Company	25% net increase in revenue of the company over the corresponding year with minimum of 25% gross margins on each order	We achieved 36% net consolidated increase in revenues of the Company over the corresponding year which was satisfactory with respect to this CPI which is above the targeted revenue of Rs. 2.3 billion. The company also achieved 10% above the targeted CPI for gross margin i.e. 35%.	This Critical Performance Indicator (CPI) shall remain relevant in the future
Perseverance of net profit margins and increase in profitability of the Company	Perseverance of 20% net profit margins and minimum of 10% net growth in net profit and return on capital employed	The Company persevered net profit margins and observed 70% growth in net profit margins on group level.	This CPI shall remain relevant in the future
Control over fixed cost of the company	Maximum of 10% increase on every financial year	We observed 25% net increase in fixed cost mainly, which is mainly due to inflation, increase in salary & benefits and increase in cost of selling which is align with increase in earnings.	This CPI target has been revised from 10% to 15% for financial year 2018
Leading the market by outshining the competitors and introducing new improved quality of services by highly trained Engineers	Providing and delivering products & engineering services to customers which believe in no compromise on high quality	Due to retention and maintained a pool of highly trained engineers of different automation technologies have enabled us to increase the sales in the current year by delivering high end quality services to the customers as per their requirements which also helped us in retaining major customers in competitive environment.	This CPI shall remain relevant in the future
Broaden the customer portfolio	Increase in sales	Despite of financial depression in UAE and KSA markets, our revenues remained positive as compared to last year, but except for these two the rest of the business segments performed very well.	This CPI shall remain relevant in the future
Development and promotion of the Company image & presence in Middle East, Pakistan and rest of the world	Interaction and Relationship with the all stakeholders	Retention of the highly trained competitive employees, good reputation of the Company among its customers and suppliers, fulfilling all its obligations towards Government and regulators projects a good image of the Company.	This CPI shall remain relevant in the future
Promotion of environmental and corporate social responsibility	Awareness and continuous improvement in the approach of all level of management and employees	Throughout the year, we have not taken any activity or part of any activity which is against the protection of the environment and we have developed extra ways to save energy. As a social responsibility, we have opted to provide a clean environment to our society by disposing of old generators which were producing more smoke and have taken 100% responsibility of our low-income employees' children education by paying all direct and indirect expenses such as admission, books, uniforms, stationery, tuition, tutor, transportation etc.	This CPI shall remain relevant in the future
Adoption of technology trends to facilitate the overall efficiency and productivity of support and engineering staff	Availability of efficient ERP tools for timely and error free reporting and effective decision making	We have fully trained and developed accounting, finance and supply chain process which helps in error-free accounting as per IAS, accurate reporting as per IFRS with timely availability of reporting and effective decision making and cost effectiveness in a larger context. Our IT department updates and follows the latest IT technology that helps in increasing our efficiency of support and engineering staff.	This CPI shall remain relevant in the future
Highly trained certified staff on Company SOPS	Certification of support and engineering staff on company SOPs of Accounting, Finance, Supply Chain and Project Management	All Supply Chain Management staff have obtained 100% certification by obtaining full marks on company SOPS test.	This CPI shall remain relevant in the future

EMPLOYEES' SHARE OPTION SCHEMES (ESOS)



The Company successfully offered 5 million share options to key management personnel and highly technological trained engineers in FY 2013, FY 2014, FY 2016 & FY 2017 under the Avanceon Employee Share Options Scheme Issue-1 of the Company at minimum of Rs. 1, Rs. 1.20, Rs. 1.44 and Rs. 1.73 per option respectively at maximum of 90% discount to the face value, to make employees direct stakeholders in the Company for retention, motivation and to share the company wealth. ESOS first issue has been fully utilized and expired on 31st Dec 2017 with successfully achieving the objectives of the scheme in the shape of retention of key management and trained engineering staff. Options of 4.2million under this scheme has diluting effect of 3.18% of net earnings per share of the company in financial year 2018.

After successful offering and achieving the target as mentioned in ESOS first issue, the Board of Directors has approved the ESOS 2nd Issue of 5 million options under "Avanceon Employee Share Option Scheme 2nd Issuance" which will be offered at the exercise price of Rs. 16.80 to Rs. 34.84 from FY 2017 to FY 2020 with minimum of five-year exercise period from the year of offer. In this year, Company offered 2.965million options at Rs. 16.80 to Rs. 24.19 per option. The company is confident to achieve the objectives of 2nd Issue, including retention of key management and highly trained engineering staff following the success of the initial phase. Sharing the success and wealth as direct stakeholders along with ordinary shareholders, both schemes will play an important role in maximizing overall shareholder wealth.



ROLE OF SHAREHOLDERS



The Board aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to the shareholders in the annual report, interim quarterly reports and through the information portals of Pakistan Stock Exchange as and when required. The Board encourages the shareholders' participation at the Annual General Meetings to ensure a high level of accountability and participation, that is why we are arranging our AGM's in Lahore instead of Karachi because most of the retail investors that have invested company share belong to Punjab. The Company's financial statements are available on the Company's website www.avanceon.ae in investor tab. We have an officer, designated to answer all shareholder inquiries.

ANNUAL EVALUATION OF THE BOARD'S PERFORMANCE

The board has set the following broad criteria for evaluation of its performance, being the trustee of the shareholders:

- Review of the business risks, strategic plans, significant policies, financial structure, monitoring and approval
- Monitor company performance against the planned objectives and advise the management on strategic initiatives
- Ensuring maximum attendance at board meetings to enhance the quality of decision-making as well as effective discharge of its roles & responsibilities
- Compliance with the applicable laws & regulations including the Memorandum and Articles of Association of the company
- Ensuring orientation of the board of directors including new appointments so that each member is fully aware of his roles & responsibilities
- Establishing an adequate internal control system in the company and its regular assessment through internal audit activities

BUSINESS CONTINUITY PLAN

Operational continuity is of paramount importance for short, medium and long-term objectives and overall success and viability of any Company. Avanceon has developed business continuity plans, which also provide a mechanism for disaster recovery in all respective areas. The Company has arranged the security and complete comprehensive insurance (by A Class insurance company) of tangible and non-tangible assets (all office/sites, stock, vehicles, plant, generators, warehouses and work places) by hiring well-trained security personnel.

Backup of virtual assets such as IT programs, spreadsheets and software are regularly taken on clouds, arranged and monitored. Very efficient and effective firefighting systems are in place at all our offices and sites which is led by very experienced personnel, staff and volunteers. Standard Operating Procedures for all the processes have been devised and documented according to the best practices prevailing in the industry. All transactions and affairs of the Company are properly documented, stored and checked, with said documents appropriately preserved & safeguarded according to our Policy for safety of records at all locations in and outside Pakistan.

ENERGY CONSERVATION AND SAVING MEASURES TAKEN BY THE COMPANY

The ongoing energy crisis within our country has become a great concern of every individual living in and every organization operating in Pakistan. Energy is very important for our daily activities and the lifeline of each business. Although not a major electricity consumer, Avanceon is an environmentally aware and responsible company, and has taken initiatives that are ecologically favourable, such as upgrading all conventional tube lights with more energy efficient LED lights and solar panels at different locations within the Company. All employees are responsible for turning off the lights, AC and power switches when they are not around, during tea break, lunch or at day end.

RISK & OPPORTUNITY REPORT

The major risk and challenges faced by the company along with steps and measures taken to overcome these risks:

MAJOR BUSINESS RISKS	EXTENUATING FACTORS / ACTIONS IN PLACE
MACRO-ECONOMIC SITUATION AND POLITICAL INSTABILITY	
The overall current liquidity position in the economies like Pakistan, UAE, KSA and Qatar, especially fiscal deficit & political instability in Pakistan may adversely affect the business of our predominantly Pakistani customers, thereby indirectly having an impact on the Company's operations.	The Company operates through diversified business segments which are competing in different industries each with its distinct opportunities and risks in Pakistan, UAE, KSA and Qatar. The Company constantly seeks to increase its customer base and best quality services offering to maintain and grow its revenues.
MATERIAL/AUTOMATION EQUIPMENTS & SERVICES SOURCING / PRICING	
Inability to access materials and increase in cost of expenses and materials may adversely influence the operations; non-availability of materials may lead to liquidated damages. Furthermore, sensitivity in price movements of materials may lead to decrease of margins.	The Company believes in long-term relationships with suppliers to acquire materials and safeguard their constant delivery at the best terms and conditions and obviously at the best possible controlled price. The Company supplier base is constantly increased to ensure timely and uninterrupted procurement and reduction in lead times by not compromising quality of material, equipment and services.
SHORT TERM INVESTMENT RISK	
Decrease in discount rate by State Bank of Pakistan may affect the markup income of Term Deposits Receipts (TDRs).	To reduce this risk The Company does not invest in more than three month TDRs to avoid any risk of loss of any markup and actively manages its portfolio to match the required risk profiles.
FOREIGN CURRENCY RISK	
Exchange rate fluctuations may have an impact on financial results due to reliance on imports of material & equipment.	The Company uses various available means to hedge against currency fluctuations to minimize any resulting exchange losses by shifting the material portion of orders to UAE company in US Dollar to meet supplier payments in US Dollars with any exchange loss.
CREDIT RISK	
Credit risk is the risk of financial loss to the Company if a customer, intermediate party, bank or any counterparty to a financial instrument fails to meet their contractual & mutually agreed obligations, and ascends principally from trade receivables, bank balances/deposits, security deposits, accrued income & markup and investment in debt securities.	To manage exposure to credit risk in respect of trade receivables, management performs regular credit reviews taking into account the customer's financial position and credit history, past experience and other factors. The business approval committee as per Limits of Authority Manuals approves sales orders and credit terms. In almost all cases authorized officials considered necessary, advance payments are obtained without bank guarantee from certain parties whereas mostly sales made to major customers are secured through at-site letters of credit. Further, we limit our exposure to credit risk by investing in counterparties that have minimum of A+ credit ratings and sound financial health.
SAFETY AND SECURITY OF TANGIBLE AND INTANGIBLE ASSET	
There is a risk that operational demo equipment of the company may be lost, damaged or made redundant due to theft, fire or any other unforeseen events that will adversely affect operations.	The company has designed and applied very high quality standards for safety and security of all the operational demo equipment, maintaining a rigorous log of each piece of equipment and compliance with such safety standards is strictly ensured and monitored. Apart from safety and security policies, standards & procedures, the Company has fully insured all assets of the Company from A class Insurance companies to safeguard them from any unanticipated adverse event and to lessen the resulting financial and operational loss to a minimum level.



MAJOR BUSINESS RISKS	EXTENUATING FACTORS / ACTIONS IN PLACE
COST AND AVAILABILITY OF OPERATIONAL AND NON-OPERATIONAL FUNDS	
<p>Exhaustion in the steady & smooth availability of funds for operational and non-operational free funds and rise in markup rates may adversely affect liquidity and overall financial conditions & availabilities of running finance from banks.</p>	<p>Our company believes in running the operations with organic cash generated from business by getting advance payments from customers instead of working capital from banks, to mitigate these risks our company has been maintaining suitably sufficient banking facilities in Pakistan, KSA and UAE for project financing to meet any urgent and unexpected cash needs, the company has also been maintaining enough free cash balances to meet any cash needs.</p>
INTERNAL CONTROLS & COMPLIANCE	
<p>In the absence of effective internal controls and regulatory bodies, the Company may be exposed to financial irregularities as well as tarnishing a well-earned reputation in front of key stakeholders.</p>	<p>A very strong internal control system is in place in our company and all wholly-controlled subsidiaries that are being continuously monitored by the Company's Internal Audit Function and through other monitoring committees in light of very strict and zero tolerance policies and procedures. The process of monitoring internal controls is an ongoing process with the objective to further strengthen the controls and bring continuous improvements in the system. The controls in place also cover areas ranging from safeguarding of all tangible and intangible assets, very strict compliance with laws, regulations with accuracy and reliability of records and financial reporting as per Internal accounting and reporting standards as applicable and adopted voluntarily.</p>
EMPLOYEE RECRUITMENT, TECHNOLOGICAL & OTHER TRAININGS AND RETENTION	
<p>Failure to attract and retain the right and highly experienced and technologically trained human resources may adversely affect the achievement of the Company's growth plans and goals.</p>	<p>A strong emphasis is being placed on the Company's technologically trained and experienced human resource capital. We operate the best talent management, engineering and human resource instruments to attract, retain, motivate, educate and nurture personnel via a friendly working environment and strong incentive policies, such as the attractive Employee Share Option Schemes.</p>

DIRECTORS'

REPORT



The directors of the company take pleasure in presenting their report together with the Company's audited annual financial statements along with consolidated financials for the year ended December 31, 2017. All the financial statements and notes to the accounts have been prepared by the management of the Company as under:

1. They presented fairly its state of affairs, the result of its operations, cash flows and all changes in equity,
2. Proper books of account of the company have been maintained,
3. Appropriate accounting policies have been adopted and consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments,
4. All International Accounting Standards and Financial Reporting Standards as applicable in Pakistan have been followed
5. The system of internal control is sound in design and has been effectively implemented and monitored
6. There are no significant doubts upon the company's ability to continue as a going concern
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations of Pakistan Stock Exchange.
8. Where any statutory payment on account of taxes, duties, levies and changes is outstanding, the amount together with a brief description and reasons for the same has been disclosed

The Directors' Report, prepared under section 236 of the Companies Ordinance, 1984, will be put forward to the members at the 15th Annual General Meeting of the Company to be held on April 24, 2018 on 3pm at Fairways Hall, Country Golf Club, Sector-C, Bahria Town, Lahore, Punjab, Pakistan.



THE REPORT

The performance of the Company remained on the upswing in terms of order generation, control over fixed costs, excellent management of liquidity, maintenance of sufficient banking facilities at very competitive costs, timely repayments of working capital and commitments. All business segments performed well with order generation at an all-time high. Our joint venture with ATCO and Arkan Integrated Development LLC in the Kingdom of Saudi Arabia and Qatar kicked off very successfully. The revenues and net profits grew with predicted pace as highlighted in last year director report. The financial year 2017 ended with the highest ever backlog which bodes very well for revenues and net profit of FY 2018.

Operating results (standalone)

(Rupees in ,000)	2017	2016	Variation	%age Variation
Revenue	1,260,594	903,014	357,580	40%
Profit before tax	496,691	367,274	129,417	35%
Profit after taxation	462,108	313,038	149,070	48%

SUBSEQUENT APPROPRIATIONS

The Directors have recommended a cash dividend of 22.5% (Rs. 297million) 2016: 10% (Rs. 106million) per share along with nil bonus share (2016: 25%).

The following appropriations have been made:

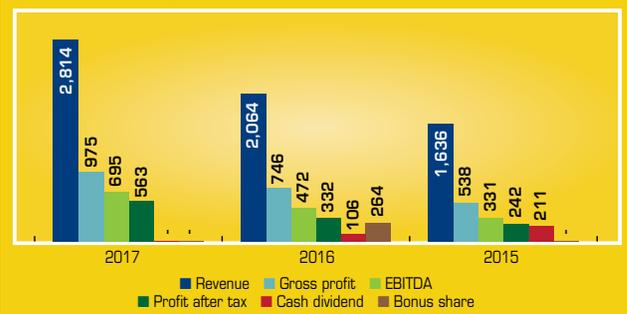
(Rupees in ,000)	2017	2016
Reserve available for appropriations (at standalone financials)	934,582	883,104
Appropriation:		
Proposed Dividend @ 22.5% (2016:10%)	(297,272)	(105,697)
Proposed Bonus @ Nil (2016:25%)	-	(264,242)
Unappropriated reserve carried forward	637,310	513,164

Operating results (consolidated)

(Rupees in ,000)	2017	2016	Variation	%age Variation
Revenue	2,813,898	2,063,627	750,271	36%
Profit before tax	598,054	395,783	202,271	51%
Profit after taxation	563,472	332,067	231,405	70%

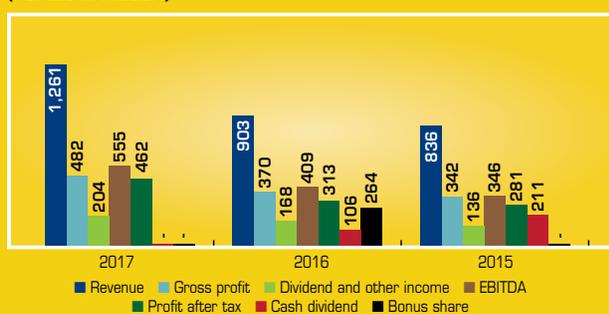
Group Profit and Loss Statements

FOR THE PERIOD ENDED 31 DECEMBER 2017 (RUPEES IN MILLION)



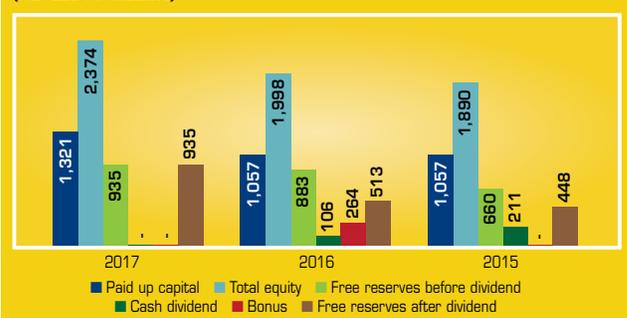
Profit and Loss Statement (Standalone)

FOR THE YEAR ENDED 31 DECEMBER, 2017 (RUPEES IN MILLION)



Capital, Total Equity, Free Reserve and Dividends

(AVN STANDALONE) (RUPEES IN MILLION)



Directors' Report

EARNINGS PER SHARE (EPS)

Earnings per share of the Company remained steady over the last five years except last year and improvement in this year due to reasons mentioned above which is indicative of consistent performance in all regions and meeting the expectations of the shareholders.

Standalone

The basic earnings per share after tax is Rs. 3.50 (2016: Rs.2.37).

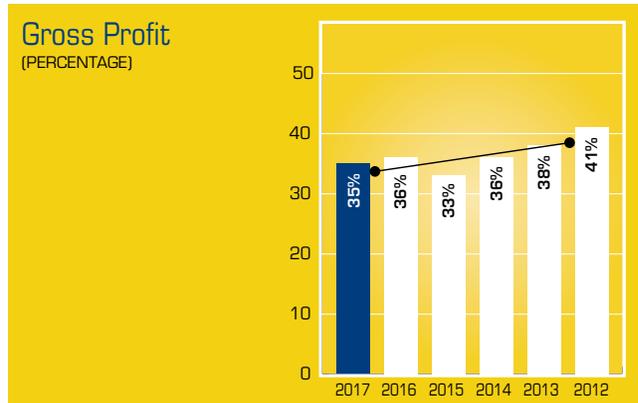
Consolidated

The basic earnings per share after tax is Rs. 4.26 (2016: Rs.2.51).

FINANCIAL PERFORMANCE (CONSOLIDATED)

Revenue

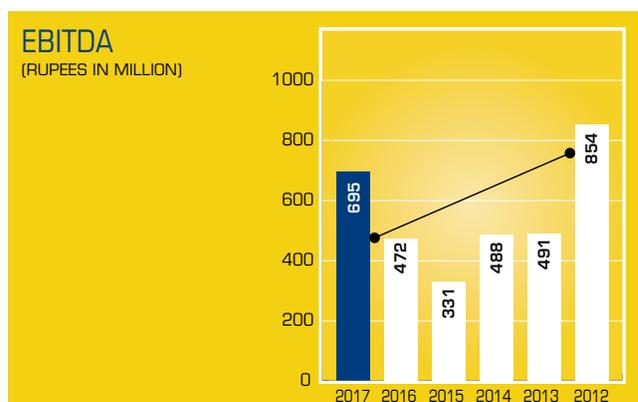
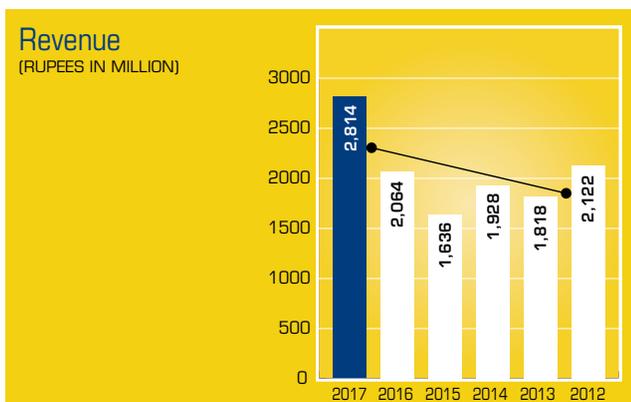
The Company revenue of Rs. 2.814billion has 36% increased as compared to last year whereas we observe very moderate growth of revenues over the financial year 2016 which was 26%. The number could have been much higher if some projects in the Kingdom of Saudi Arabia (KSA) and Qatar were not delayed in 2nd & 3rd Quarter 2017. However, the order generation in 4th Quarter of financial year 2017 and in current Quarter of financial year 2018 is above projected figure and we can forecast solid growth in the 2nd and 3rd Quarters of financial year 2018 as we seen excellent growth in same quarters of financial year 2017. The Company's revenues maintained a positive trajectory throughout the financial year with growth over financial year 2015 and 2016, only affected slightly by delays in order generation in early quarters of financial year 2017 but compensated in last quarter.



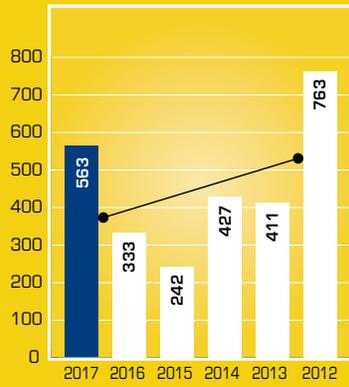
Gross Profits

We observed a 1% decrease in gross margins as compared to the last financial year due to competitive business environment in Pakistan. The management is very confident to maintain the current gross margin of 35% in financial year 2018 and 2019.

Earnings before Interest, Taxes, depreciation and amortization (EBITDA)



Profit after Tax
(RUPEES IN MILLION)



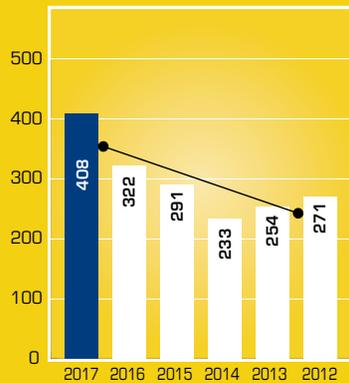
Profit after taxation

A 70% increase in net profit after taxation is very encouraging which include Rs. 88million unrealized exchange gain on translation of foreign receivables (43% increase in profit excluding exchange gain). The management is very confident to maintain gross & net profit margins in upcoming FY 2018 and 2019 due to a very strong pipeline of unrecognized business of over USD 41m (calculated) as of March 31, 2018. The management is also very much confident to achieve the targeted revenues in FY 2018.

Fixed Cost

We observed 27% (2016 12%) net increase in fixed cost, due to around 15% net increase in salaries and other administrative expenses due to inflation and remaining 12% increase in cost of selling is align with increase of sales growth. The management is trying to keep the incremental impact below 15% excluding impact of inflation.

Fixed Cost
(RUPEES IN MILLION)

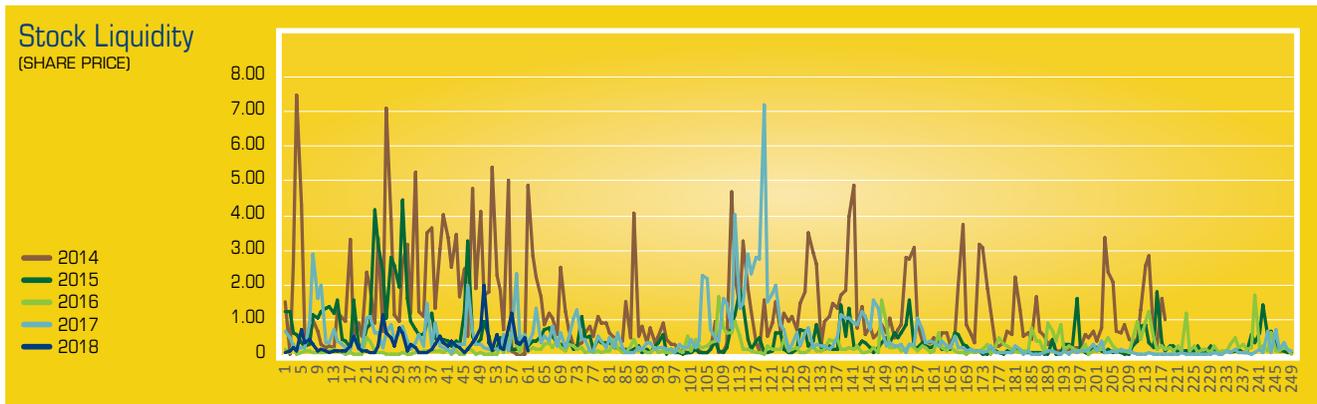


Directors' Report



STOCK LIQUIDITY

The company successfully offered 25.166 million ordinary shares by Initial Public offering (IPO) to achieve specific business objectives like profile uplifting, employee retention through Employee Share Option Scheme (ESOS), business expansion and capacity building. The Company completed the IPO in first quarter 2014 through two phases. Firstly: offered 18.875 million shares through book building process to high-end investors and 6.292 million shares to the general public at Rs. 14 each respectively. Both book building and the general public portions have been fully subscribed and successfully completed with over-subscriptions which reflects the investors' confidence on the Company's present and future growth. Since the date of listing, the company stock performed very well and provided liquidity and capital appreciation to shareholders, which has been highlighted as under:

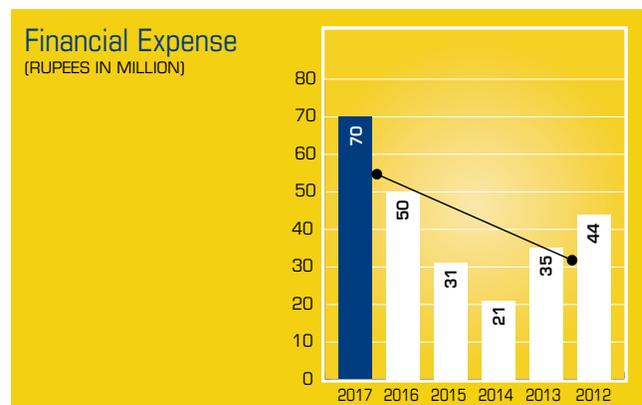
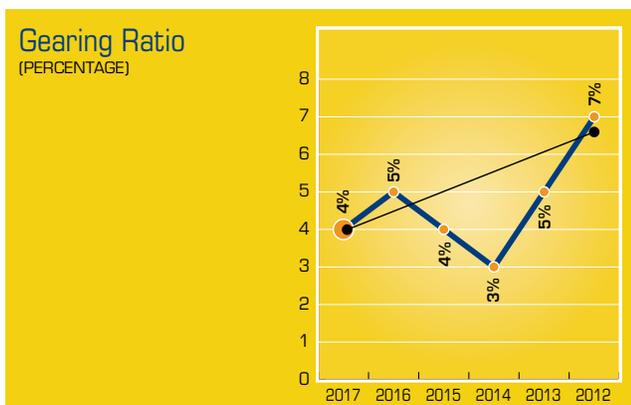


CAPITAL STRUCTURE

The Company is a very low geared business entity and maintains a balance capital structure which is evidence of its financial strength and excellent liquidity management. The company only utilized working capital lines to bridge the short-term cash needs. The Company successfully paying without any delay all of its short-term loan liabilities including finance and operating leases, the gearing ratio has improved materially over the previous two financial years. The Company has maintained enough banking facilities including short term, long term and project financing in Pakistan and the United Arab Emirates to meet any long-term loan needs.

WORKING CAPITAL MANAGEMENT

Based on current and quick ratios for the last five years, we can see solid liquidity improvement and strong short-term financial working capital position of the Company's operating activities. The company is managing all its working capital needs by negotiating best credit terms with customers by making every order cash positive and collectable within reasonable agreed timeframes. The company effectively managed its working capital requirement through very vigorous & strict financial discipline by maintaining all short-term loans at reasonable levels to avoid financial cost by generating positive cash inflow. In FY 2017, the company took out short term loans to finance two big value orders in Pakistan and UAE respectively; in FY 2018, the management has plans to keep working capital balances at FY 2016 levels.





STRATEGY TO OVERCOME LIQUIDITY ISSUES

The low stream of revenue in FY 2015 disturbed the positive increasing trend in liquidity that remained at a lower level to produce enough cash and strengthened the liquidity of the Company to finance its working capital requirements. This helped in curtailing financial implications at the previous year's levels (from 2011 to 2016) and the management has made a plan In FY 2017 to handle and restore the liquidity trend at FY 2014 levels; the management is very confident to achieve till June 30, 2018.



FUTURE PROSPECTS

A vision of the future is an important ingredient in the formation of our board and management strategy and plans.

Creating a permanent operational presence in Qatar has increasingly become a business requirement in the fossil fuel-rich country, in order to continue to maintain a high level of service on existing projects but also because large tenders up for bid tend to mandate this requirement. This latest joint venture increases Avanceon's Middle East presence to four permanent offices alongside Dubai, Dammam and Jeddah, with key partnership agreements in place in Abu Dhabi with Ali & Sons and ATCO.

The Company is very hopeful that the next year will bring full global economic recovery especially in the UAE, KSA, Qatar, Oman, USA and particularly the political and economic stability in Pakistan.

SERVICE TO SOCIETY

We are committed to being active and responsible corporate citizens. We believe in "giving something back" by helping address key issues such as education, healthcare, public safety and environmental health. This comes from our belief that individual entities when they work together can create powerful synergies and help to improve the conditions of the society in which they operate.

HEALTH, SAFETY AND ENVIRONMENT

At Avanceon we take maintenance of health and safety standards at our working sites and offices seriously. We are committed to actively managing health and safety risks associated with our business and are actively working towards improving our procedures to reduce, remove or control the risk of fire, accidents or injuries to employees and visitors.

All our activities at all our campuses are required to conform to international standards for health and safety certified by ISO14001:2004.

We also ensure that our products are shipped in a safe manner complying with safety standards and legal requirements.

ISSUES RAISED IN THE LAST AGM

During the Annual General Meeting 2016 No Major issues were raised.

Agenda #1: Consider the Audited Accounts for the year ended 31 December 2016 and the Directors' and Auditors' Reports thereon.

While the accounts were approved and adopted, a Question & Answer session was conducted, where a few members inquired as to the business nature of the company, outlook for the coming year, and business prospects.

The Director (Umar Ahsan Khan) and CFO (Saeed Ullah Khan Niazi) answered all queries, explaining the industrial automation business of the company. The future outlook was discussed as to



be prosperous and dependent on the growth of Pakistan Economy in line with the setting up of new industrial plants.

BOARD OF DIRECTORS' REMUNERATION

All directors of the Company are Non-Executive except for the Chief Executive Officer (CEO) and Chief Operating officer (COO). The CEO and COO are paid fixed salary and benefits as per Company's HR policies and salary levels. Performance of CEO & COO is evaluated against approved criteria by the Human Resource and Remuneration Committee and recommended to the Board for approval. No other directors are being paid for attending board meetings.

TRANSACTIONS WITH RELATED PARTIES

The transactions with related parties were carried out at arm's length prices and purely on commercial terms determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with best practices on "Transfer Pricing" as contained in the Listing Regulations of Pakistan Stock Exchange (Formerly Karachi and Lahore Stock Exchanges).

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of Avanceon Limited is committed to the company principles and complies with requirements of Code of Corporate Governance included in the listing regulations of the Pakistan Stock Exchange (PSX). The code of Corporate Governance has been disclosed and discussed in detail on Page 50, along with the Statement of Compliance.

BOARD OF DIRECTOR'S TRAINING

During the year, no training is conducted by any director.

Directors' Report

SHARES TRADED BY EXECUTIVES

During the year, the below mentioned executives have traded the stock of Avanceon and informed to Stock Exchange:

Name of Company	Employee Name	Designation	Transaction Type	No. of Shares	Price	Transaction Type	Date of Transaction	Date of Submission
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sale	299	42.10	CDC	11/01/2017	13/01/2017
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sale	20,013	44.26	CDC	12/01/2017	13/01/2017
Avanceon Ltd	Arif Shuja	Business Manager HES	Sale	8,000	53.5	CDC	08/02/2017	10/02/2017
Avanceon Ltd	Arif Shuja	Business Manager HES	Sale	7,000	54	CDC	09/02/2017	10/02/2017
Avanceon Ltd	Ahsan Khalil	Company Secretary	Sale	12,813	54	CDC	10/03/2017	13/03/2017
Avanceon Ltd	Masood Kareem	Manager Engineering Operations	Sale	1,000	48.10	CDC	09/06/2017	13/06/2017
Avanceon Ltd	Arif Shuja	Business Manager HES	Purchase	8,000	43.05	CDC	03/07/2017	05/07/2017
Avanceon Ltd	Arif Shuja	Business Manager HES	Purchase	2,000	43.39	CDC	03/07/2017	05/07/2017
Avanceon Ltd	Arif Shuja	Business Manager HES	Purchase	20,000	41.12	CDC	06/07/2017	10/07/2017
Avanceon Ltd	Tanveer Karamat	Director/ Chief Operating Officer	Purchase	5,000	40.67	CDC	06/07/2017	10/07/2017
Avanceon Ltd	Tanveer Karamat	Director/ Chief Operating Officer	Purchase	2,000	38.89	CDC	12/07/2017	17/07/2017
Avanceon Ltd	Tanveer Karamat	Director/ Chief Operating Officer	Purchase	3,500	37.64	CDC	13/07/2017	17/07/2017
Avanceon Ltd	Muhammad Saqib Rauf	Manager Commercial	Purchase	2,000	36.93	CDC	13/07/2017	17/07/2017
Avanceon Ltd	Muhammad Saqib Rauf	Manager Commercial	Purchase	3,000	37.50	CDC	13/07/2017	17/07/2017
Avanceon Ltd	Hussain Ahmad	Corporate Manager HR	Purchase	5,000	38.40	CDC	17/07/2017	17/07/2017
Avanceon Ltd	Muhammad Saqib Rauf	Manager Commercial	Purchase	2,000	39.36	CDC	17/07/2017	19/07/2017
Avanceon Ltd	Muhammad Saqib Rauf	Manager Commercial	Purchase	2,500	39.75	CDC	18/07/2017	19/07/2017
Avanceon Ltd	Muhammad Saqib Rauf	Manager Commercial	Sale	9,500	47.36	CDC	28/07/2017	01/08/2017
Avanceon Ltd	Arif Shuja	Business Manager HES	Sale	10,000	52.36	CDC	01/08/2017	02/08/2017
Avanceon Ltd	Hussain Ahmad	Corporate Manager HR	Purchase	5,000	46.00	CDC	08/08/2017	09/08/2017
Avanceon Ltd	Muhammad Saqib Rauf	Manager Commercial	Purchase	10,000	47.90	CDC	10/08/2017	11/08/2017
Avanceon Ltd	Masood Kareem	Manager Engineering Operations	Purchase	1,500	34.09	CDC	13/10/2017	17/10/2017
Avanceon Ltd	Saeed Ullah Khan Niazi	Chief Financial Officer	Purchase	12,000	42.00	CDC	24/10/2017	26/10/2017
Avanceon Ltd	Arif Shuja	Business Manager HES	Purchase	5,000	37.90	CDC	07/12/2017	11/12/2017
Avanceon Ltd	Arif Shuja	Business Manager HES	Purchase	1,500	38.28	CDC	07/12/2017	11/12/2017
Avanceon Ltd	Arif Shuja	Business Manager HES	Purchase	500	38.42	CDC	07/12/2017	11/12/2017
Avanceon Ltd	Arif Shuja	Business Manager HES	Purchase	1,000	38.49	CDC	07/12/2017	11/12/2017
Avanceon Ltd	Arif Shuja	Business Manager HES	Purchase	500	38.51	CDC	07/12/2017	11/12/2017
Avanceon Ltd	Arif Shuja	Business Manager HES	Purchase	2,500	38.53	CDC	07/12/2017	11/12/2017

BOARD OF DIRECTOR'S MEETINGS

During the year, the Board of Directors has conducted four board meetings (all conducted in Pakistan), the following honorable members participating:

Sr. No.	Name of Director	Present	Leave Granted
1.	Mr. Khalid H. Wain	4	0
2.	Mr. Bakhtiar H. Wain	4	0
3.	Mr. Amir W. Wain	4	0
4.	Mr. Tanveer Karamat	4	0
5.	Mr. Umer Ahsan Khana	4	0
6.	Mr. Tajammal Hussain	4	0
7.	Mr. Naveed Ali Baig	4	0

SEGMENTAL BUSINESS PERFORMANCE AND MARKET SHARE INFORMATION

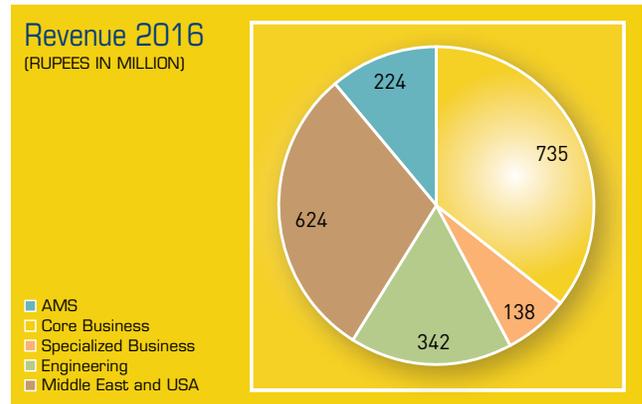
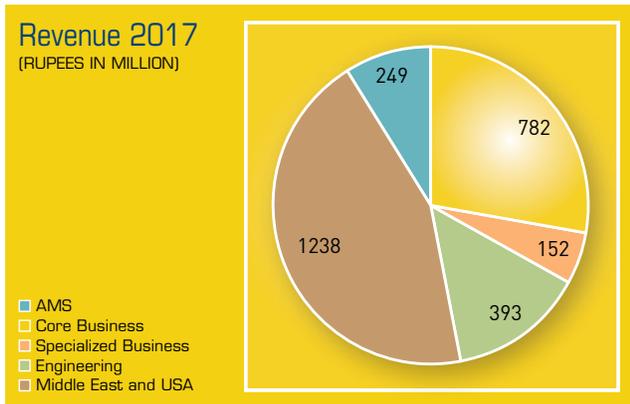
According to the Control Engineering Giants List 2014, Avanceon's market share nears 2% and ranks amongst the top 15 system integrators worldwide, the current market leader taking 9% of the market. The main objective of Avanceon resides in maintaining market leadership in Pakistan whilst increasing market share by developing untapped markets and growing the portfolio of customers to other verticals such as infrastructure & transportation based on common success in the Middle East; in other words, pioneering in fields that understand the relevancy of the solutions but have not yet ventured into implementing them. Based on our current knowledge of the automation and process control market in Pakistan, market share for Avanceon is leading with 63% of the existing market share, which represents roughly threefold the revenues of its closest competition.



PROCEDURES ADOPTED FOR QUALITY ASSURANCE

The HSE data management system, data collection process and transparent reporting are essential elements of corporate responsibility at Avanceon. The Company reports its HSE performance in accordance with the SMETA 4 pillar guidelines for sustainability reporting as well as ISO standards.

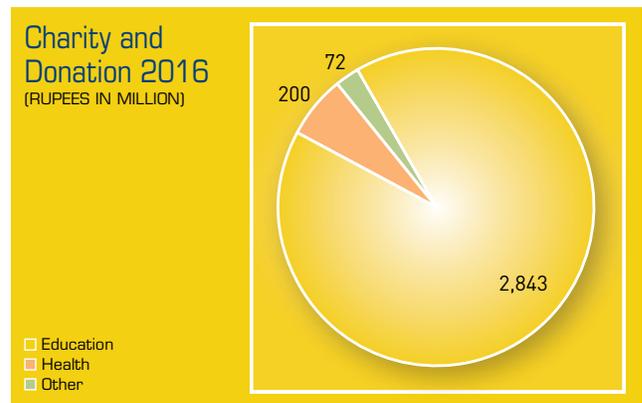
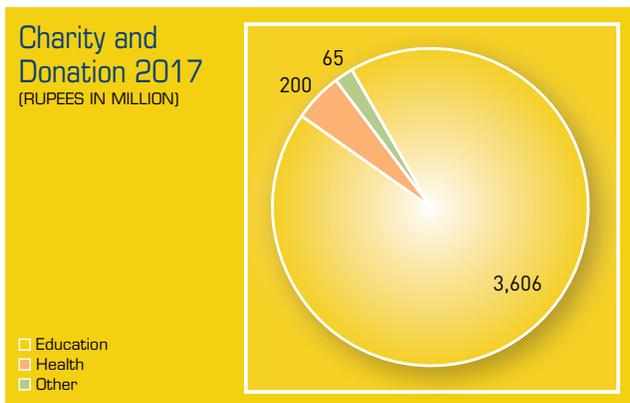
This system provides all management levels throughout with necessary information to take early action if deviation from targets occurs. Systems and processes are reviewed by third parties – in addition to corporate and divisional HSE audits.



DONATION & CHARITY

The Company has a policy to donate maximum of up to 1% of prior year's profit before tax to a charitable institution. During the last year the Company donated as follows:

(Rupees in '000)	2017	2016
Health	200	281
Education	2,571	1,923
Other	72	20
Total	2,843	2,224

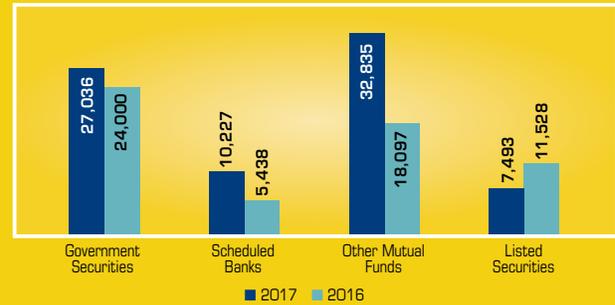


Directors' Report



Employee retirement Benefits

(RUPEES IN MILLION)



EMPLOYEES' RETIREMENT BENEFITS

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2017		2016	
	Investments (Rupees in '000)	Investment as % of size of the fund	Investments (Rupees in '000)	Investment as % of size of the fund
Government Securities	27,036	31%	24,000	34%
Scheduled Banks	10,227	12%	5,438	8%
Other Mutual Funds	32,835	37%	18,097	25%
Listed Securities	7,493	9%	11,528	16%
	<u>77591</u>		<u>59063</u>	

Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. Financial year of the provident fund trust is 30 June.

OPERATING FINANCIAL DATA

Operating, financial data and key ratios of the Company for the last six years as disclosed are annexed on subsequent pages in the Management part of this Report.

PATTERN OF SHAREHOLDING

The pattern of shareholding as at December 31, 2017 is annexed on subsequent pages in the Management section of this Report. The Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouse and minor children have made no transactions of the Company's shares during the year, except those reported in the pattern of shareholding.

STATUTORY AUDITORS OF THE COMPANY

The present Auditors, M/s. EY Ford Rhodes, Chartered Accountants retire and, being eligible, offer themselves for re-appointment. The Audit Committee

of the Company has been recommended their re-appointment as Auditors of the Company for the year ending December 31, 2017.

COMMUNICATIONS

Communication with the shareholders is given a high priority. Financial results including quarterly, half yearly and annual results & reports are distributed to them within the time specified in the Companies Ordinance, 1984. The company communicates all material information which fall under the material information category under listing regulations to Pakistan Stock Exchange (formerly Karachi & Lahore Stock Exchanges) and SECP (if any). The Company also has a website, www.avanceon.ae, which contains updated information on the Company's activities and financial reports.

ACKNOWLEDGEMENT

The Board is pleased with the continued dedication and efforts of the employees of the Company.

For and on behalf of the
Board of Directors

Lahore:
March 21, 2018

Mr. Bakhtiar H. Wain
Director,
Chief Executive Officer



FORWARD-LOOKING STATEMENT

Depending on our current financial strength, operational ability and excellent liquidity, we have maintained a positive growth trend in revenues, gross profits, controlled over fixed costs, decreased financial costs and increased net profits. Distribution of shareholder earnings via dividends and bonus shares as per expectation of the Company shareholders, the Company successfully maintained the leading position as best system integrator/automation company of Pakistan along with excellent standing in the Middle East and American markets. Our equity and cash reserves also provide us with great support to invest further in projects/joint ventures which will further enhance the prospects of future earnings for the Company.

PERFORMANCE IN FINANCIAL YEAR 2017

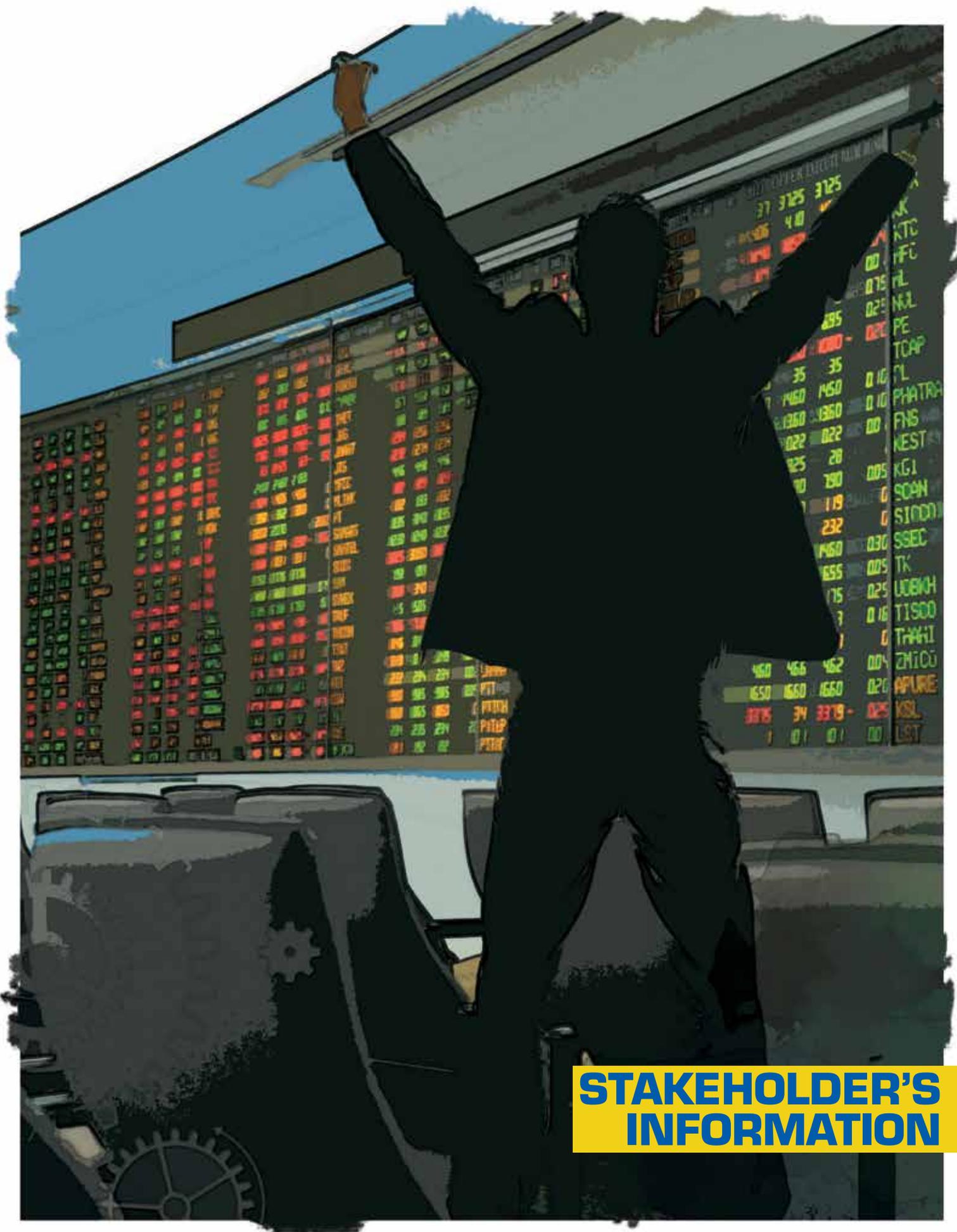
The Company has maintained a positive growth trend in revenues, gross profits, other incomes, net profits but couldn't achieve the targeted increase in fixed cost due to inflation and reduction in financial cost, increased net profits and distributions of sustainable earnings amounts to shareholders via dividends and bonuses due to reasons as mentioned in the early part of this report but maintained the leading position as best system integrator/automation Company of Pakistan along with excellent standing in the Middle East and American markets, whilst successfully achieving the retention of trained staff.

FORWARD-LOOKING STATEMENT FOR FINANCIAL YEAR 2018

Avanceon is expecting to maintain its leading position as Best System Integrator and Automation Company of Pakistan with excellent standing in the Middle Eastern and American markets. The Company can expect positive increases in revenue, gross profit and controlled fixed costs. This assessment is largely based on a strong pipeline of unrecognized orders as a backlog from the 2017 financial year, as well as continued excellent management of financial & liquidity needs and an overall increase in net profits. The distribution of sustainable earnings will remain as per history of the Company and a minimum of 80% retention of our most experienced and highly-trained staff.







**STAKEHOLDER'S
INFORMATION**

PERFORMANCE INDICATORS

RATIOS FOR 6 YEARS

Years	2017	2016	2015	2014	2013	2012
PROFITABILITY RATIOS						
Gross profit ratio	35%	36%	33%	36%	38%	41%
Operating result ratio	24%	22%	19%	24%	26%	39%
Profit before tax	21%	19%	17%	23%	24%	37%
Profit after tax	20%	16%	15%	22%	23%	36%
Return on capital employed	23%	19%	14%	22%	30%	78%
Interest coverage ratio (Times)	9.5	8.9	9.8	22.1	13.5	18.8
EBITDA (Rs. in million)	695	472	331	488	491	854
EBITDA Margin	25%	23%	20%	25%	27%	40%
GROWTH RATIOS						
Net sales	36%	26%	-15%	6%	-14%	67%
Operating results	49%	48%	-35%	-2%	-44%	-1329%
EBITDA	47%	43%	-32%	-1%	-43%	-2330%
Profit after tax	69%	38%	-43%	4%	-46%	-482%
COST RATIOS						
Cost of sales (% of sales)	65%	64%	67%	64%	62%	59%
Administrative & selling cost (% of sales)	14%	16%	18%	12%	14%	13%
Financial cost (% of sales)	2%	2%	2%	1%	2%	2%
RETURN TO SHAREHOLDERS						
Return on equity-before tax	23%	19%	14%	23%	31%	84%
Return on equity-after tax	22%	16%	12%	22%	29%	81%
Earning per share (basic) (Rs.)	4.26	2.51	2.29	4.09	5.19	10.10
Earning per share (diluted) (Rs.)	4.02	2.39	2.19	3.92	5.19	10.10
Break up value per share without surplus on revaluation (Rs.)	19.62	19.68	18.48	18.19	18.65	23.44
Break up value per share with surplus on revaluation (Rs.)	20.73	20.74	19.52	19.04	19.76	25.17



Years	2017	2016	2015	2014	2013	2012
EQUITY RATIOS						
Price earning ratio	8.12	13.88	17.82	8.28	N/A	N/A
Dividend per share	22.5%	10%	20%	22.5%	20%	N/A
Dividend payout ratio	53%	40%	87%	55%	39%	N/A
Market value at the end of the year	34.60	34.85	40.80	33.85	N/A	N/A
Market value at the start of the year	34.85	40.80	33.85	14.00	N/A	N/A
Highest value during year	59.44	40.03	45.23	39.24	N/A	N/A
Lowest value during year	32.64	28.19	30.77	30.77	N/A	N/A
Dividend yield ratio	0.65%	0.29%	0.49%	0.66%	N/A	N/A
Dividend cover ratio	2.67	1.57	1.14	1.02	2.04	N/A
ASSET UTILIZATION						
Total asset turnover (Times)	0.61	0.63	0.57	0.75	0.75	1.01
Fixed asset turnover (Times)	10.16	8.86	7.08	9.31	9.31	12.59
Inventory turnover (Times)	29.94	20.44	27.27	38.56	32.70	37.43
Trade debts turnover (Times)	0.97	1.12	1.09	1.43	2.01	2.25
Trade creditors turnover (Times)	1.36	1.89	2.12	2.82	2.41	1.38
Capital employed turnover (Times)	0.98	0.90	0.77	0.93	1.16	1.97
OPERATING CYCLE						
Inventory holding period (No. of days)	12	18	13	9	11	10
Trade debt collection period (No. of days)	375	325	334	256	182	162
Trade creditors payment period (No. of days)	269	193	172	130	152	264
LIQUIDITY/LEVERAGE						
Current ratio (Times)	2.12	2.49	2.81	3.62	1.91	1.36
Quick ratio (Times)	2.07	2.39	2.72	3.52	1.84	1.30
Cash to current liabilities (Times)	0.21	0.28	0.43	0.48	0.64	0.24
Financial leverage ratio (Times)	0.05	0.05	0.04	0.03	0.05	0.08
Total liabilities to equity (Times)	0.72	0.53	0.41	0.29	0.66	1.17

ANALYSIS OF FINANCIAL STATEMENTS

GROUP BALANCE SHEET

ASSETS

(Rupees in million)

Particulars	2017	2016	2015	2014	2013	2012
Non-Current Assets						
Property plant and equipment	277	233	231	207	195	169
Intangible assets	0	0	-	-	0	0
Goodwill	-	-	-	-	-	-
Long term investments	599	567	569	546	571	527
Capital work in progress	-	-	-	-	-	-
Long term deposits	33	31	27	23	20	17
Deferred taxation	-	-	-	-	-	-
Total non-current assets	909	831	827	776	787	713
Current Assets						
Stock in trade	94	101	60	50	56	57
Current portion of deferred employee compensation	-	-	-	-	-	-
Trade debts - Billed	1,019	650	752	760	553	795
Trade debts - Earning in excess of billing	1,874	1,188	747	592	351	146
Short term investments	195	156	181	200	140	3
Advances, deposits, prepayments and other receivables	337	243	163	157	123	140
Cash and bank balances	169	116	134	40	407	245
Non current assets attributable to discontinued operations	-	-	-	-	-	-
Total current assets	3,688	2,454	2,037	1,799	1,630	1,386
Total assets	4,597	3,285	2,864	2,575	2,417	2,099



GROUP BALANCE SHEET

EQUITY AND LIABILITIES

(Rupees in million)

Particulars	2017	2016	2015	2014	2013	2012
Share Capital and Reserves						
Issued, subscribed and paid up capital	1,321	1,057	1,057	1,057	755	400
Employees' share compensation reserve	70	52	45	45	45	-
Exchange revaluation reserve	245	209	210	185	211	153
Share premium	62	62	62	62	-	-
Un-appropriated profit	894	700	579	574	397	385
	2,592	2,080	1,953	1,922	1,408	938
Non controlling interest	-	-	-	-	-	-
	2,592	2,080	1,953	1,922	1,408	938
Surplus on revaluation of property, plant and equipment	146	112	110	90	84	69
Non-current liabilities						
Long term finances	20	-	-	-	7	19
Liabilities against assets subject to finance lease	52	45	35	34	33	31
Deferred liabilities	49	65	40	31	31	21
Total non-current liabilities	121	109	75	65	71	71
Current Liabilities						
Current portion of long-term liabilities	26	22	18	19	15	11
Finances under mark up arrangements and other credit facilities - secured	340	266	190	39	50	1
Short term loan from directors - unsecured	-	-	-	-	55	48
Cash received against IPO	-	-	-	-	264	-
Creditors, accrued and other liabilities	1,354	697	518	439	467	907
Current portion of long term loan	18	-	-	-	3	55
Liabilities directly associated with assets classified as Disc. Operations	-	-	-	-	-	-
Total current liabilities	1,738	984	726	497	854	1,022
Total equity and liabilities	4,597	3,285	2,864	2,574	2,417	2,099

Analysis of Financial Statements (Contd...)

GROUP PROFIT AND LOSS

(Rupees in million)

Particulars	2017	2016	2015	2014	2013	2012
Sales	2,814	2,064	1,636	1,928	1,818	2,122
Cost of sales	(1,839)	(1,317)	(1,098)	(1,237)	(1,125)	(1,255)
Gross profit	975	747	538	691	694	867
Administrative and selling expenses	(408)	(322)	(291)	(233)	(254)	(271)
Other charges	(4)	(10)	(5)	(25)	(0)	(0)
Other operating income	105	32	61	31	32	240
	(307)	(300)	(235)	(227)	(222)	(31)
Profit/(loss) from operations	668	447	303	464	471	836
Finance cost	(70)	(50)	(31)	(21)	(35)	(44)
Profit/(loss) before tax	598	397	272	443	436	791
Taxation	(35)	(64)	(31)	(16)	(25)	(29)
Profit/(loss) after tax	563	333	242	427	411	763
Loss for the year from disc. Operations	-	-	-	-	-	-
Profit/(loss) after disc. Operations	563	333	242	427	411	763
Combined earnings/(loss) per share						
Basic in Rs.	4.26	2.51	2.29	4.09	5.19	10.10
Diluted in Rs.	4.02	2.39	2.19	3.92	5.19	10.10

CASH FLOW STATEMENT

(Rupees in million)

Particulars	2017	2016	2015	2014	2013	2012
Cash flow from operating activities	135	(23)	181	(76)	62	501
Cash flow from investing activities	(29)	40	27	(45)	(140)	(131)
Cash flow from financing activities	(52)	(34)	(113)	(197)	191	90
Increase/(decrease) in cash & cash equivalent	54	(17)	95	(318)	113	459

**CONSOLIDATED CASH FLOW STATEMENT**

(Rupees in million)

Particulars	2017	2016	2015	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash generated from continuing operations	255	53	225	(41)	86	647
Finance costs paid	(49)	(27)	(16)	(12)	(20)	(141)
Retirement benefits paid	(0)	(0)	(2)	(7)	(3)	(6)
Taxes paid	(71)	(50)	(27)	(15)	(1)	0
Net cash (used in) / generated from operating activities	134	(23)	181	(75)	62	501
Purchase of property, plant and equipment and capital work in progress	(7)	(7)	(11)	(5)	(8)	(4)
Purchase of intangible asset	-	(0)	-	-	-	-
Proceeds from disposal of property, plant and equipment	5	11	11	6	7	5
Income on bank deposits received	15	13	14	16	0	0
Short term investment	(39)	25	19	(60)	(136)	(3)
Long Term investment	-	0	-	0	-	(123)
Net increase in long term deposits	(3)	(3)	(5)	(2)	(4)	(6)
Net cash generated from investing activities	(29)	39	27	(45)	(140)	(131)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of long term finances	-	-	-	(10)	(64)	68
Issue of share capital	-	-	0	49	264	-
Dividend paid	(146)	(98)	(238)	(201)	-	-
Finances under markup arrangements	74	75	151	39	-	-
Repayment of loan from directors	-	-	-	(55)	7	30
Long term loan received	38	-	-	-	-	-
Repayment of finance lease liabilities	(18)	(11)	(26)	(19)	(16)	(8)
Net cash used in financing activities	(52)	(34)	(113)	(197)	191	90
Net (decrease) / increase in cash and cash equivalents	54	(19)	94	(317)	113	459
Cash and cash equivalents at the beginning of the year	116	134	40	358	245	(238)
Effect of cash and Cash equivalents of subsidiary disposed off	-	-	-	-	-	24
Cash and cash equivalents at the end of the year	169	116	134	40	358	245

6 YEARS

VERTICAL AND HORIZONTAL ANALYSIS

BALANCE SHEET

ASSETS	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
Particulars	2017	2016	2015	2014	2013	2012	2017	2016	2015	2014	2013	2012
Non-Current Assets												
Property plant and equipment	6%	7%	8%	8%	8%	8%	119%	101%	112%	106%	116%	106%
Intangible assets	0%	0%	0%	0%	0%	0%	-	-	-	0%	16%	1%
GoodWill	0%	0%	0%	0%	0%	0%	-	-	-	-	-	0%
Long term investments	13%	17%	20%	21%	24%	25%	106%	100%	104%	96%	108%	-
Capital work in progress	-	-	-	-	-	-	-	-	-	-	-	-
Long term deposits	1%	1%	1%	1%	1%	1%	106%	115%	117%	113%	121%	122%
Deferred taxation	0%	0%	0%	0%	0%	0%	-	-	-	-	-	0%
Deferred employee compensation	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	20%	25%	29%	30%	33%	34%	109%	100%	107%	98%	110%	112%
Current Assets												
Stock in trade	2%	3%	2%	2%	2%	3%	92%	168%	120%	90%	98%	92%
Current portion of deferred employee compensation	0%	0%	0%	0%	0%	0%	-	-	-	-	-	-
Trade debts - Billed	22%	20%	26%	30%	23%	38%	157%	86%	99%	137%	70%	587%
Trade debts - Earning in excess of billing	41%	36%	26%	23%	15%	7%	158%	159%	126%	169%	240%	384%
Short term investments	4%	5%	6%	8%	6%	0%	124%	86%	91%	143%	4058%	-
Advances, deposits, prepayments and other receivables	7%	7%	6%	6%	5%	7%	139%	149%	104%	127%	88%	241%
Cash and bank balances	4%	4%	5%	2%	17%	12%	146%	87%	335%	10%	166%	2821%
Non current assets attributable to discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	80%	75%	71%	70%	67%	66%	150%	120%	113%	110%	118%	459%
Total Assets	100%	100%	100%	100%	100%	100%	140%	115%	111%	106%	115%	224%

EQUITIES AND LIABILITIES	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
Particulars	2017	2016	2015	2014	2013	2012	2017	2016	2015	2014	2013	2012
Share Capital and reserves												
Issued, subscribed and paid up capital	29%	32%	37%	41%	31%	19%	125%	100%	100%	140%	189%	100%
Employees' share compensation reserve	2%	2%	2%	2%	2%	0%	135%	116%	100%	100%	-	0%
Exchange revaluation reserve	5%	6%	7%	7%	9%	7%	117%	100%	114%	88%	138%	326%
Share premium	1%	2%	2%	2%	0%	0%	100%	100%	100%	-	-	-
Un-appropriated profit	20%	21%	20%	22%	16%	18%	128%	121%	101%	145%	103%	-63%
	57%	63%	68%	75%	58%	45%	125%	107%	102%	137%	150%	-595%
Non controlling interest	0%	0%	0%	0%	0%	0%	-	-	-	-	-	0%
Surplus on revaluation of property, plant and equipment	3%	3%	4%	3%	3%	3%	130%	102%	122%	137%	150%	-497%
Non-Current Liabilities												
Long term finances	0%	0%	0%	0%	0%	1%	-	-	-	-	37%	53%
Liabilities against assets subject to finance lease	1%	1%	1%	1%	1%	1%	116%	129%	103%	102%	108%	134%
Deferred liabilities	1%	2%	1%	1%	1%	1%	75%	163%	129%	100%	150%	127%
Total Non-Current Liabilities	3%	3%	3%	3%	3%	3%	111%	145%	115%	91%	101%	94%
Current liabilities												
Current portion of long-term liabilities	1%	1%	1%	1%	1%	3%	118%	122%	95%	106%	27%	19%
Finances under mark up arrangements and other credit facilities - secured	7%	8%	7%	2%	2%	0%	128%	140%	487%	79%	8267%	0%
Short term loan from directors - unsecured	0%	0%	0%	0%	2%	2%	-	-	-	0%	114%	260%
Cash received against IPO	0%	0%	0%	0%	11%	0%	-	-	-	-	-	-
Creditors, accrued and other liabilities	30%	21%	18%	17%	19%	43%	194%	135%	118%	94%	51%	229%
Liabilities directly associated with assets classified as disc. Operations	-	-	-	-	-	-	-	-	-	-	-	0%
Total current liabilities	38%	30%	25%	19%	35%	49%	175%	136%	146%	58%	83%	101%
Total equity and liabilities	100%	100%	100%	100%	100%	100%	139%	115%	111%	106%	115%	224%

6 Years Vertical and Horizontal Analysis (Contd...)

PROFIT AND LOSS STATEMENTS

Particulars	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
	2017	2016	2015	2014	2013	2012	2017	2016	2015	2014	2013	2012
Sales	100%	100%	100%	100%	100%	100%	136%	126%	85%	106%	86%	167%
Cost of sales	-65%	-64%	-67%	-64%	-62%	-59%	140%	120%	89%	110%	90%	136%
Gross profit	35%	36%	33%	36%	38%	41%	130%	139%	78%	100%	80%	249%
Administrative and selling expenses	-15%	-16%	-18%	-12%	-14%	-13%	127%	111%	125%	92%	94%	54%
Other charges	0%	0%	0%	-1%	0%	0%	40%	200%	20%	13855%	87%	1382%
Other operating income	4%	2%	4%	2%	2%	11%	328%	52%	197%	96%	13%	276%
	-11%	-15%	-14%	-12%	-12%	-1%	102%	128%	104%	102%	713%	7%
Profit/(loss) from operations	24%	22%	19%	24%	26%	39%	150%	147%	65%	98%	56%	-1228%
Finance cost	-2%	-2%	-2%	-1%	-2%	-2%	140%	161%	148%	60%	79%	34%
Profit/(loss) before tax	21%	19%	17%	23%	24%	37%	151%	146%	61%	102%	55%	-400%
Taxation	-1%	-3%	-2%	-1%	-1%	-1%	53%	206%	194%	64%	87%	1692%
Profit/(loss) for the year	20%	16%	15%	22%	23%	36%	170%	137%	57%	104%	54%	-382%
Loss for the year from disc. operations	-	-	-	-	-	-	-	-	-	-	-	-
	20%	16%	15%	22%	23%	36%	170%	137%	57%	104%	54%	-382%
Combined earnings/(loss) per share												
Basic	0.15%	0.15%	0.14%	0.21%	0.29%	0.91%	136%	137%	56%	79%	27%	-454%
Diluted	0.14%	0.14%	0.13%	0.21%	0.29%	0.91%	136%	135%	56%	75%	27%	-454%

CONSOLIDATED CASH FLOW STATEMENT

Particulars	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
	2017	2016	2015	2014	2013	2012	2017	2016	2015	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES												
Cash generated from continuing operations	476%	-283%	239%	13%	76%	141%	480%	24%	-555%	-47%	13%	1030%
Finance costs paid	-91%	141%	-17%	4%	-18%	-31%	183%	169%	128%	61%	14%	177%
Retirement benefits paid	0%	2%	-2%	2%	-3%	-1%	45%	24%	22%	255%	48%	-130%
Taxes paid	-134%	264%	-29%	5%	-1%	0%	144%	185%	176%	1520%	-260%	-3%
Net cash (used in) / generated from operating activities	251%	124%	192%	24%	55%	109%	-578%	-13%	-240%	-122%	12%	-2148%
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchase of property, plant and equipment and capital work in progress	-14%	35%	-12%	1%	-7%	-1%	113%	58%	248%	61%	195%	25%
Purchase of intangible asset	0%	1%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	0%
Proceeds from disposal of property, plant and equipment	10%	-58%	12%	-2%	6%	1%	48%	99%	196%	77%	149%	490%
Income on bank deposits received	29%	-67%	14%	-5%	0%	0%	121%	94%	85%	12344%	73%	207%
Short term investment	-73%	-135%	20%	19%	-121%	-1%	-155%	137%	-31%	44%	4006%	N/A
Long Term investment	0%	0%	0%	0%	0%	-27%	N/A	N/A	N/A	N/A	0%	N/A
Net increase in long term deposits	-5%	18%	-5%	1%	-3%	-1%	80%	67%	223%	63%	58%	58%
Net cash generated from investing activities	-54%	-207%	28%	14%	-124%	-29%	-74%	145%	-59%	32%	107%	362%
CASH FLOWS FROM FINANCING ACTIVITIES												
Repayment of long term finances	0%	0%	0%	3%	-57%	15%	0%	0%	0%	16%	-95%	-4422%
Issue of share capital	0%	0%	0%	-16%	235%	0%	0%	0%	0%	19%	N/A	N/A
Dividend paid	-273%	524%	-253%	63%	0%	0%	149%	41%	118%	N/A	N/A	N/A
Finances under markup arrangements	138%	-400%	161%	-12%	0%	0%	99%	50%	387%	N/A	N/A	N/A
Repayment of loan from directors	0%	0%	0%	17%	6%	6%	0%	0%	0%	-818%	23%	161%
Repayment of finance lease liabilities	-34%	59%	-28%	6%	-14%	-2%	164%	42%	140%	120%	203%	69%
Net cash used in financing activities	-168%	183%	-121%	62%	169%	20%	152%	30%	58%	-103%	212%	1606%
Net (decrease) / increase in cash and cash equivalents	29%	100%	100%	100%	100%	100%	-285%	-20%	-30%	-282%	25%	-850%

CONSOLIDATED CASH FLOW STATEMENT BY INDIRECT METHOD

(Rupees in million)

Particulars	2017	2016	2015	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash flows from Customers	(1,078)	(342)	(168)	(449)	37	(815)
Cash flows from Creditors	696	65	76	(25)	(437)	916
Cash flows from Stocks	8	(42)	(9)	5	1	5
Other cash flows from operations	629	372	326	429	485	541
Cash generated from continuing operations	255	53	225	(41)	86	647
Finance costs paid	(49)	(27)	(16)	(12)	(20)	(141)
Retirement benefits paid	(0)	(0)	(2)	(7)	(3)	(6)
Taxes paid	(71)	(50)	(27)	(15)	(1)	0
Net cash (used in) / generated from operating activities	134	(23)	181	(75)	62	501
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment and capital work in progress	(7)	(7)	(11)	(5)	(8)	(4)
Purchase of intangible asset	-	(0)	-	-	-	-
Proceeds from disposal of property, plant and equipment	5	11	11	6	7	5
Income on bank deposits received	15	13	14	16	0	0
Short term investment	(39)	25	19	(60)	(136)	(3)
Long Term investment	-	0	-	0	-	(123)
Net increase in long term deposits	(3)	(3)	(5)	(2)	(4)	(6)
Net cash generated from investing activities	(29)	39	27	(45)	(140)	(131)
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of long term finances	-	-	-	(10)	(64)	68
Issue of share capital	-	-	0	49	264	-
Dividend paid	(146)	(98)	(238)	(201)	-	-
Finances under markup arrangements	74	75	151	39	-	-
Repayment of loan from directors	-	-	-	(55)	7	30
Long term loan received	38	-	-	-	-	-
Repayment of finance lease liabilities	(18)	(11)	(26)	(19)	(16)	(8)
Net cash used in financing activities	(52)	(34)	(113)	(197)	191	90
Net (decrease) / increase in cash and cash equivalents	54	(19)	94	(317)	113	459
Cash and cash equivalents at the beginning of the year	116	134	40	358	245	(238)
Effect of cash and Cash equivalents of subsidiary disposed off	-	-	-	-	-	24
Cash and cash equivalents at the end of the year	169	116	134	40	358	245



DUPONT ANALYSIS

2017 2016



Avanceon showed excellent all-round performance in terms of PO generation, year on year growth of revenues, gross profits, other income and net profits in financial year 2017. Avanceon stock performed exceptionally well in terms of capital gains, distribution of profits/dividends since financial year 2014 with satisfactory stock liquidity. We are confident of our current business plan in financial year 2018. Well done team and thank you for your confidence in our capabilities.

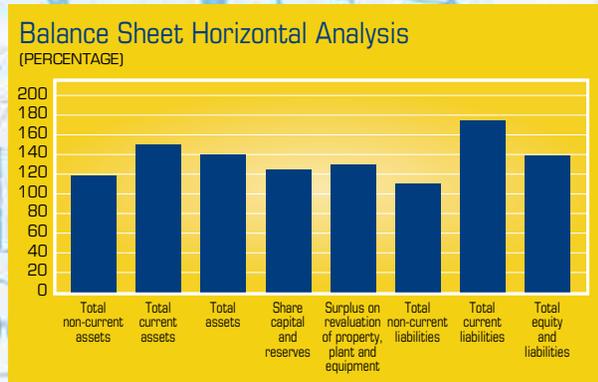
Saeed Ullah Khan Niazi
Chief Financial Officer

GRAPHIC REPRESENTATION

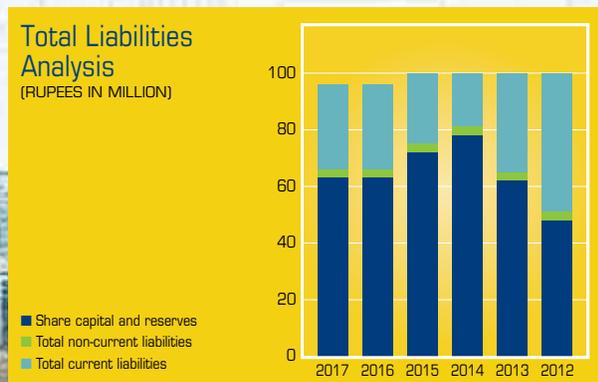
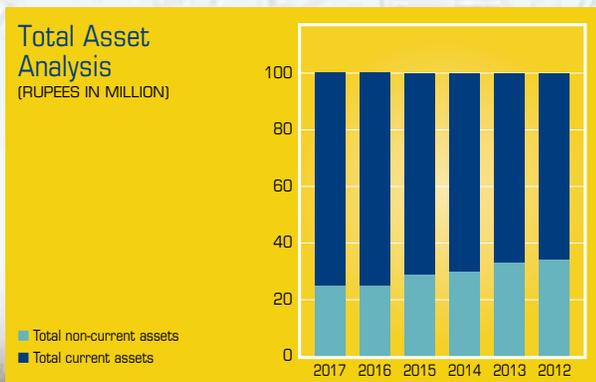
2012-2017



PROFIT AND LOSS

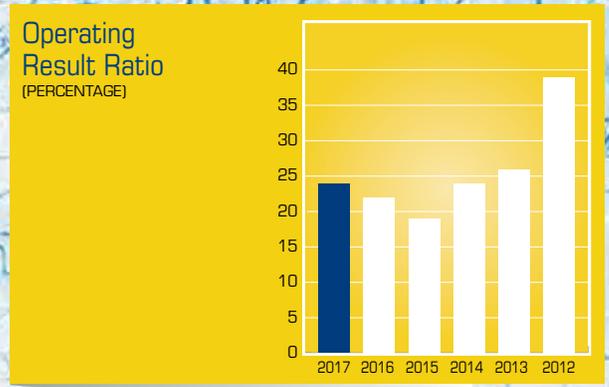
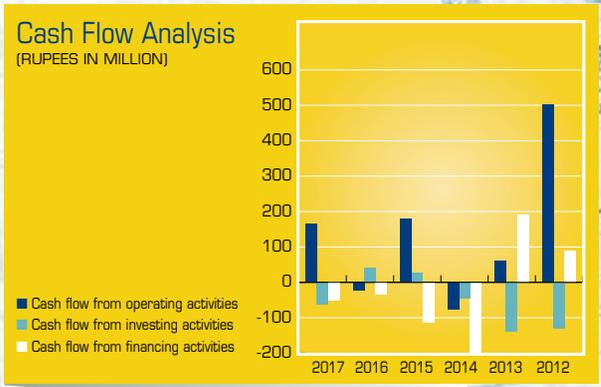


BALANCE SHEET

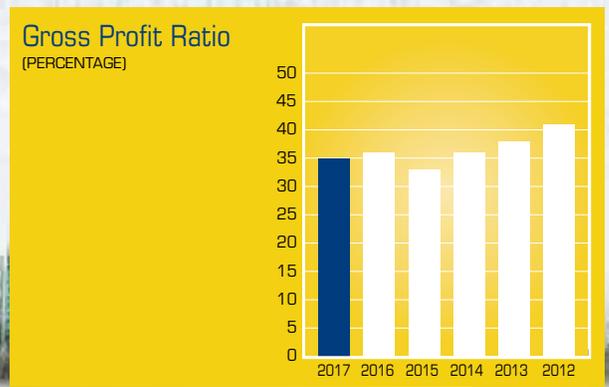
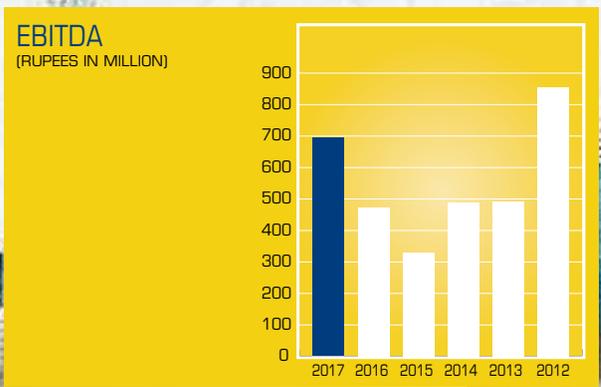




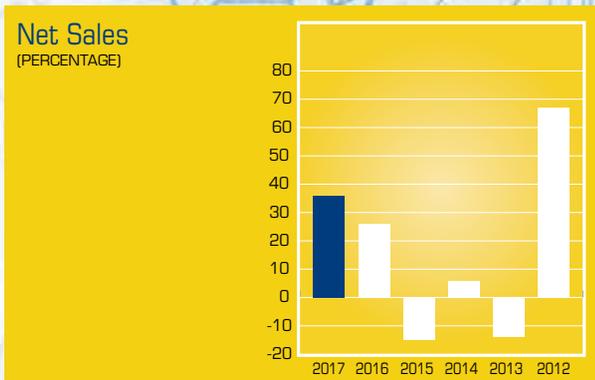
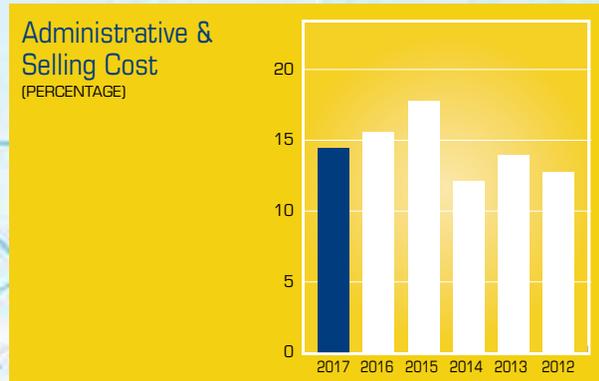
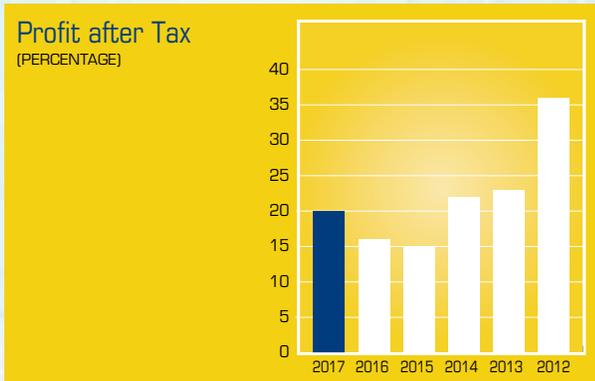
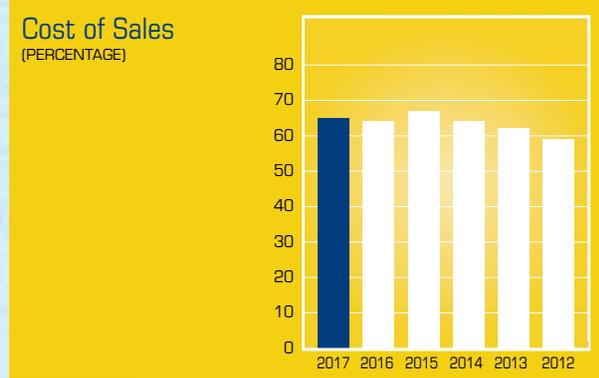
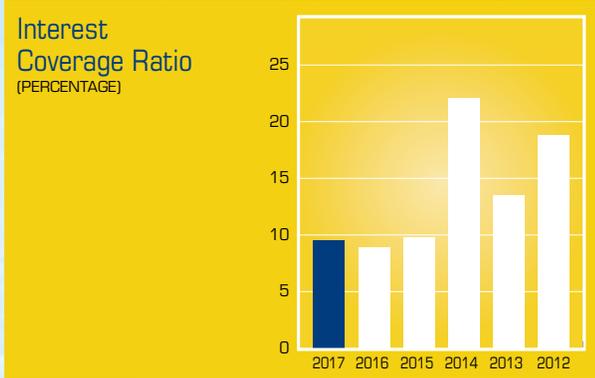
CASH FLOW STATEMENT

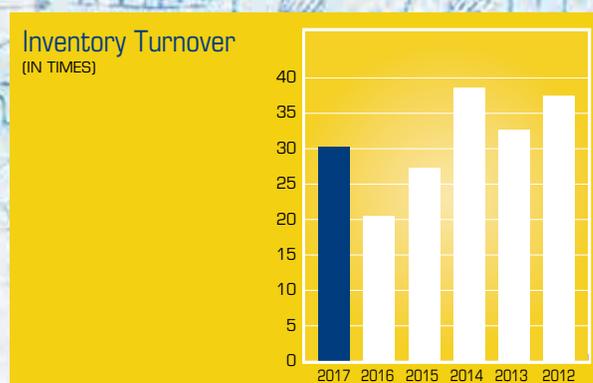
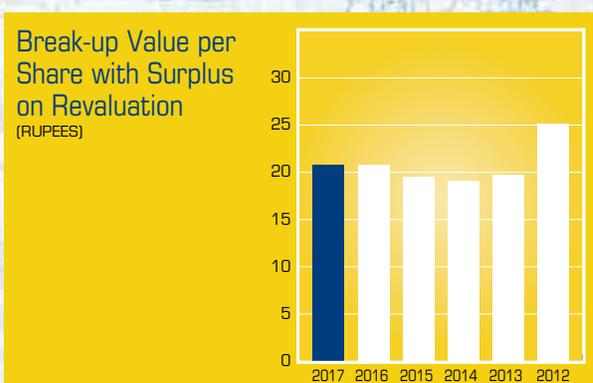
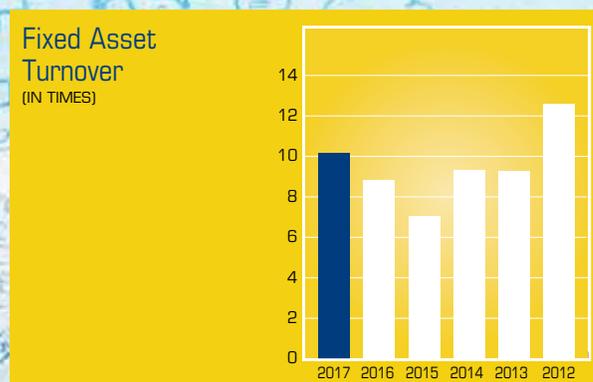
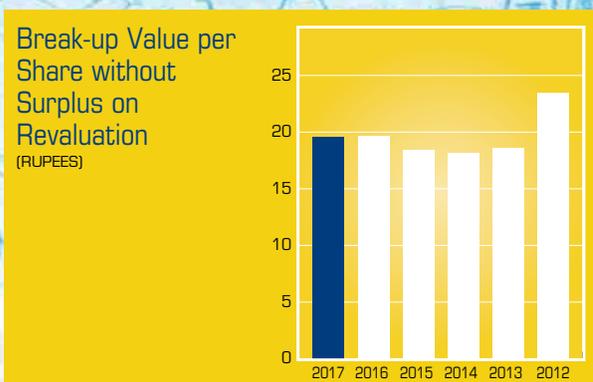
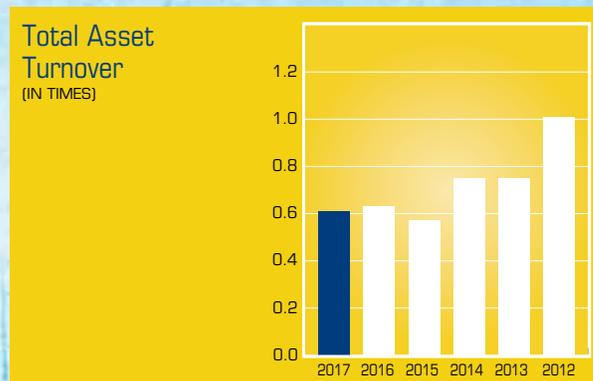
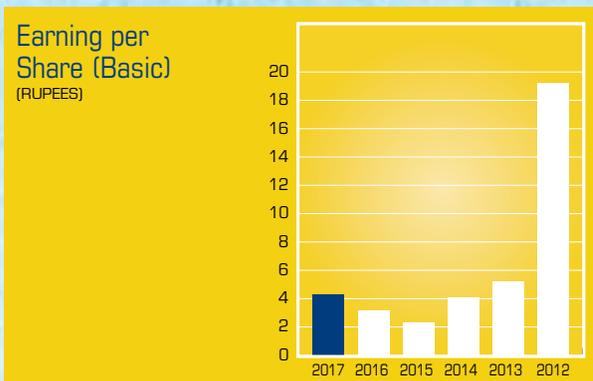


RATIOS

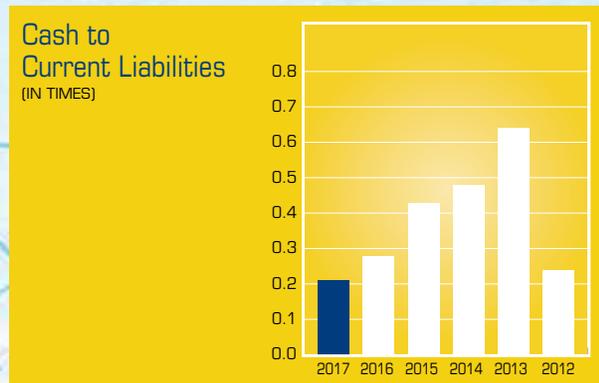
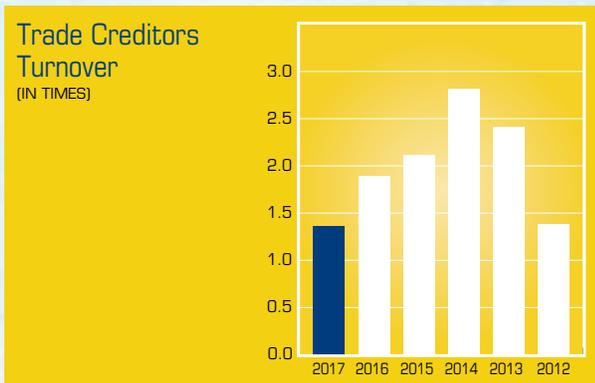
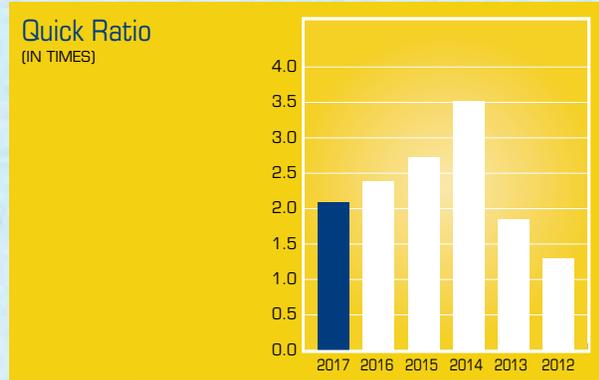
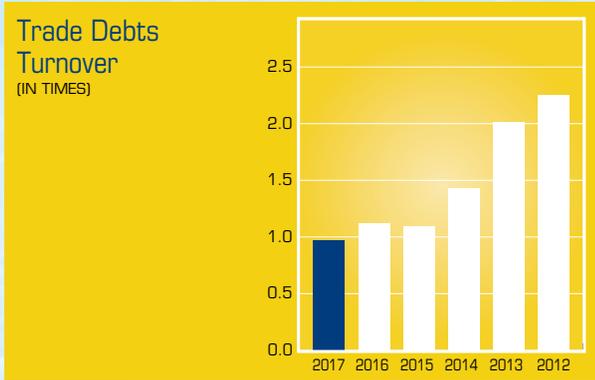


Graphic Representation 2012-2017 (Contd...)





Graphic Representation 2012-2017 (Contd...)





COMMENTS ON RESULTS FOR THE PAST 6 YEARS



HORIZONTAL ANALYSIS (CONSOLIDATED)

Balance Sheet

We observed 40% (Rs. 1,312m) increase in the balance sheet footing as compared to last year from amounting Rs. 3.285 Billion to Rs. 4.597 billion in positive trend due to accumulated increasing assets of the company specifically in cash and bank balances, receivables and fixed assets. We observed 25% (Rs. 513m) increased in net asset of the company which shows excellent growth in retained earnings and profitability as compared to last year and we can also see a positive trend from last six years as well. The company observed 50% (Rs. 1,234m) increased in current assets also depict increasing trends which is an evidence of effective use of the Company's earnings in further investment on human resource trainings, retention and growth of the company as compare to previous year and we observed 76% (Rs. 755) increase in current Liabilities of company as compared to FY 2016 to avail cheaper way of financing by excellent renegotiations of credit terms with creditors and banks. The Company maintaining year on year positive growth in current and non-current assets of the company as compared to less/ even negative trend in current and non-current liabilities from FY 2012 to FY 2018, which is also a valid evidence of use of company resources.

Profit and Loss

We observed 36% (Rs. 749m) increased in revenues as compared to FY 2016: 26% due to excellent performance of Core segments in Pakistan and Qatar, we observed 27% increase in fixed cost as compared to last year is justified due to increased cost of selling expenses (which is grouped in administrating and selling expenses) which are align with the increased revenues, we observed 15% net increase in salaries and benefits due to annual increments and performance bonuses which are very much justified with the increased revenue and profits. The observed a huge increase in other incomes from Rs. 32m to Rs. 105m due to at sudden devaluation of PKR currency vs. US dollar which contributed exchange gain amounting Rs. 88m on translation of foreign receivables. The company observed 38% increase in finance cost as compared to FY 2016 which is align with increased working capital as required for increased execution of projects and revenues which depict the better position of company liquidity and repayment of long term & short term working capital before maturity and effective use of company assets. Currently Company withdrawn short terms working capital to finance big values orders in Pakistan and Middle East to meet on time deliveries.

Comments on Results for the Past 6 Years (Contd...)



Cash Flows

- **Operating Activities:**

We observed a positive cash flow from operating activities amounting to Rs. 255m which is 381% increase over the last year, we normally do billing in last quarter of each financial year and collect cash in early quarters of each upcoming financial year, we can have positive trend in cash flows from Q1 and Q2. We observed Year on Year change in cash flow from net operating activities like 46%, -13%, -240%, -122%, 12%, -2148% and -14% for 2017, 2016, 2014, 2013, 2012 and 2011 respectively. We also observed Year on Year growth in Cash and bank balances (Closing Balance) as compared to 2010 for 2017 except FY 2016 and FY 2017 due to use of bank balances in operations and paying out cash dividends.

- **Investing Activities**

A glance of cash flows from investing activities reveals that the Company is always engaged in making investment in fixed capital expenditure, short term and long term investment in subsidiaries and associated company in order to ensure future cash flows.

- **Financing Activities**

One of the certain cash outflow from the financing activities is the payment of dividend and repayments of all long and short term loans to avoid financial cost.

VERTICAL ANALYSIS (CONSOLIDATED)

Balance Sheet

Because of regular consistent net profits and effective debt management (long term and short term) has continuously improved the debt equity ratio on the Company over the last six years. The composition of current and non-current assets has provided attractive liquidity position and effective potential for growth.

Profit and Loss

The Company revenue, gross profit margin, fixed cost, net profits remains reasonable throughout the last six years due to consistent growth in revenue and reduction in fixed cost, tremendous reduction in financial cost and consistency of net profits, All these factors have contributed towards growth in the profit after tax over the last six years.

Cash Flows

- **Operating Activities:**

We observed a positive cash flow from operating activities in FY 2017 and FY 2014 because of net increase in receivable (considered good) due to billing and Earning is excess of billing recognition in last quarter, subsequently we generated a positive inflow in net cash from operating activities in Q1 and Q2 of each FYs, we generated positive cash flow from 2011 to 2017 except 2011, 201 and 2017 an which generated enough cash for investing and financing activities.

- **Investing Activities**

A glance of cash flows from investing activities reveals that the Company is always engaged in making investment in fixed capital expenditure, short term and long term investment in subsidiaries and associated company in order to ensure future cash flows.

- **Financing Activities**

One of the certain cash outflow from the financing activities is the payment of dividend and repayments of all long and short term loans to avoid financial cost.



ANALYSIS OF VARIATION



RESULTS REPORTED IN INTERIM REPORTS

Quarterly Analysis

Rs. In millions

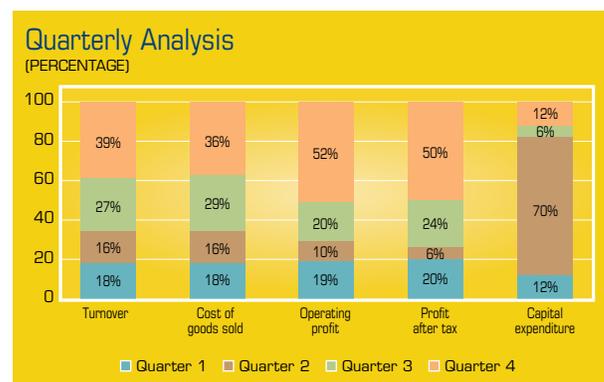
	Turnover	Cost of goods sold	Operating Profit	Profit after tax	Capital Expenditures
Quarter 1	514	333	125	114	5
Quarter 2	451	303	65	35	27
Quarter 3	747	536	131	134	2
Quarter 4	1,102	667	347	280	5
	2,814	1,839	668	563	39

REVENUE, COST OF GOODS SOLD, GROSS PROFITS, OPERATING PROFIT AND NET PROFITS

Historically, our revenue, cost and profits remain lower in early quarters and get start momentum in 2nd quarter and major portions of revenues of orders start getting recognition in 3rd and 4th quarter due to business cycle which is being observed from last many years and current year is also repeating the history, because, most of our major customers financial year start from January which enable us to approach for orders soon after their budget approvals, our sales team react accordingly for orders in 1st and 2nd quarter and revenue recognition/order execution in last quarters of FY 2017 but materially in 4th quarter.

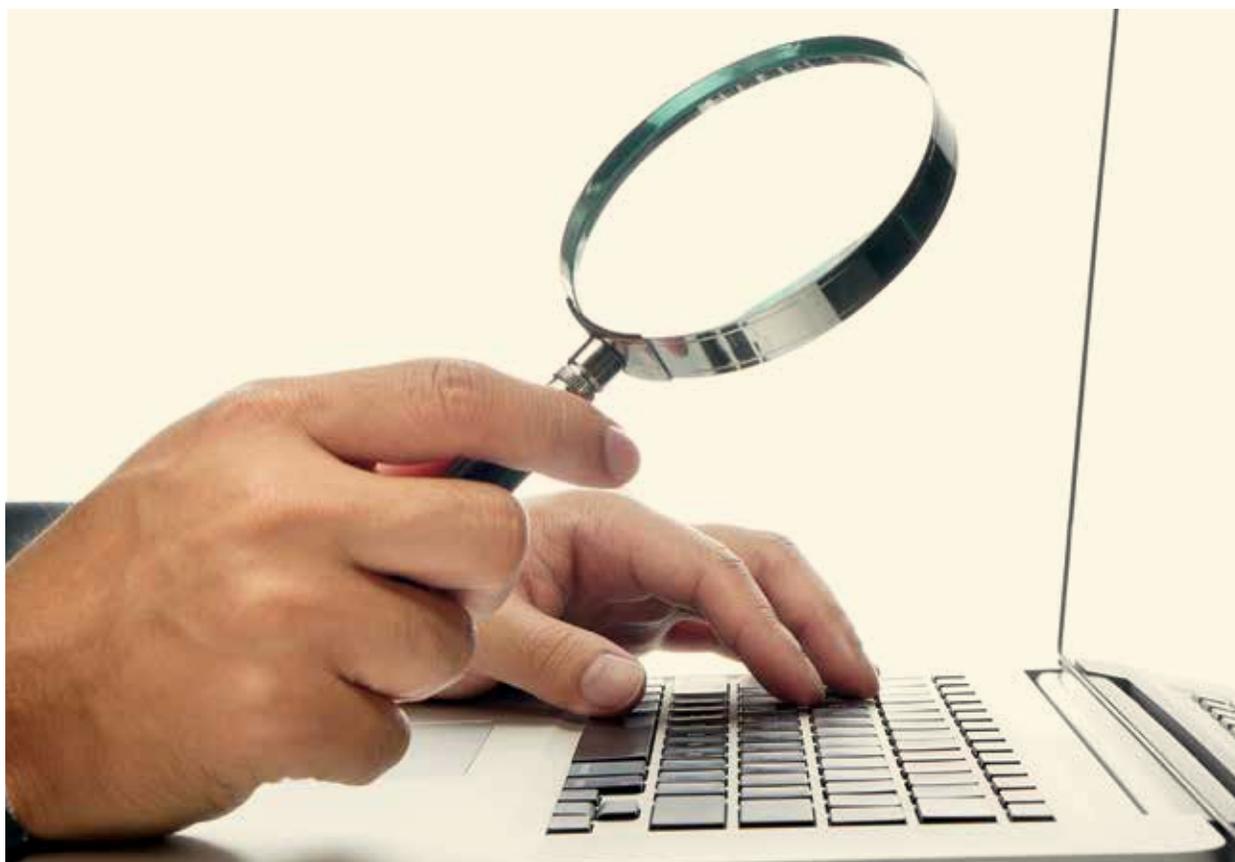
CAPITAL EXPENDITURES

Rs. 37 million which is 19% increased as compared to last year, the total expenditure has been incurred in third quarter mainly included Rs. 30 million for purchase of vehicles for official office use and for certain executives as per company policy.



SHARE PRICE SENSITIVITY ANALYSIS

	Max trade per day	Min trade per day	Total monthly	High price	Low price
Jan-17	2,887,000	126,500	14,688,000	50.69	35.05
Feb-17	1,475,000	68,000	9,753,000	59.00	46.71
Mar-17	2,316,500	94,000	1,204,500	61.00	49.50
Apr-17	105,000	1,273,000	9,264,000	56.88	35.33
May-17	2,257,000	42,000	8,880,500	44.15	37.25
Jun-17	7,184,500	409,000	36,271,500	53.79	39.59
Jul-17	1,220,000	166,000	12,624,000	52.50	36.67
Aug-17	1,571,500	72,000	10,295,500	54.25	41.00
Sep-17	254,000	4,000	1,804,500	45.25	40.02
Oct-17	388,500	19,000	2,344,000	43.25	34.00
Nov-17	83,000	2,000	546,500	42.98	38.35
Dec-17	716,500	6,500	2,974,000	40.85	32.00



TRADE PRICE

Year	High Rate	Low Rate	High Volume	Low Volume
2014	41.19	15.00	7,489,000	4,500
2015	46.50	29.95	4,475,000	12,000
2016	41.40	28.00	1,714,000	9,500
2017	61.00	32.00	7,184,500	2,000
2018	57.10	34.30	1,999,000	25,000



SENSITIVITY ANALYSIS

Avanceon holds a variety of businesses segments and operating in various regions including Pakistan, United Arab Emirate (UAE), Qatar, Kingdom of Saudi Arabia (KSA) and United State of America (USA) with a variety of external and internal factors that can affect the company's financial and non-financial performance. We observed very stable and upward performance of AVN stock which more or less as positive trend in PSX (formerly KSE) 100index, we observed decreasing trend in trading volumes which it not coincide with PSX 100index total trade volumes, but we are very much confident to restore trading volumes at financial year 2014 level, in this connection we have plan to conduct a series of investors awareness sessions along with redevelopment of investor relating function, redesign of investor webpage to provide true and accurate understanding of our nature of business and our existing and future plans of Avanceon Limited and its subsidiaries in foreign countries.

The AVN stock performed satisfactory in term of price appreciation as new entrant at PSX (formerly KSE and LSE) after listing in early month of financial year 2014 and delivered excellent results and payouts to its shareholders, we are very much confident that AVN stock will further improve its performance in financial year 2017 and try to maintain its history of excellent payouts, following are the factors that affected the share price and trading volumes:

1. Business Segment

All of our business segments performed excellently except KSA and High End Solutions (HES) segments in Kingdom of Saudi Arabia and Pakistan, we posted lower EPS in Q1, Q2 and Q3 which affected share price and volumes due to nature of orders and business cycle but restored in Q1 of FY 2017.

2. Revenue Recognition

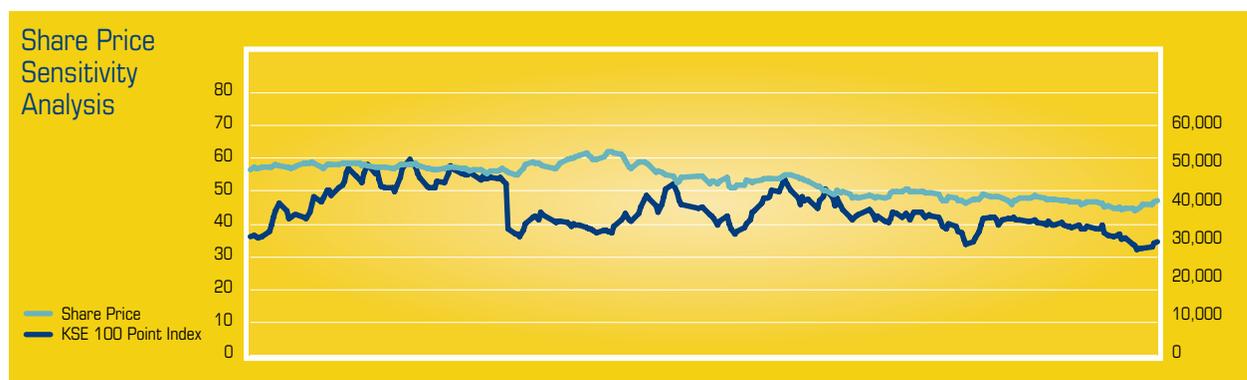
We have entered in financial year 2017 with very material value of orders as backlog for FY 2017 because we obtained major orders in 3rd and 4th quarter instead of 1st and 2nd quarter of FY 2017 that's why we could not recognized major portion of revenue in last quarter of FY 2017 but still we couldn't recognized all backlog orders due to issues at customers end that affected share price and we observed very low trading volumes as compared to early years of listing which also resulted but we observed a positive trend in share price and trading volumes from last quarters and excellent recovery and trading volumes in Q1 of FY 2017.

3. Complex business structure

Due to complex business and segmental structure, we observed, a majority of the investor couldn't understand the company, nature of business, operations and revenue stream that also impacted share price and trading volumes below PSX (formerly KSE) 100 index performance, recently we have taken a number of steps to resolve the understanding issues as stated above in first paragraph.

4. First Engineering Technology Company

Avanceon was a first engineering technology company which was listed at Pakistan Stock Exchange (formerly Karachi and Lahore Stock Exchanges), we observed investor remained not fully successful to understand the company way of working and execution that also affected the investor confidence which resulted low increasing price and trading volumes trend in early quarters of FY 2017 that recovered in last quarters specially in Q-1 of FY 2017.



PATTERN OF SHAREHOLDING

PATTERN

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
678	1	100	21,403	0.02
445	101	500	153,289	0.12
765	501	1,000	551,593	0.42
954	1,001	5,000	2,141,502	1.62
144	5,001	10,000	1,088,007	0.82
59	10,001	15,000	730,713	0.55
18	15,001	20,000	314,590	0.24
18	20,001	25,000	416,066	0.31
10	25,001	30,000	277,586	0.21
7	30,001	35,000	234,124	0.18
11	35,001	40,000	421,340	0.32
3	40,001	45,000	130,218	0.10
5	45,001	50,000	245,088	0.19
1	50,001	55,000	54,061	0.04
1	55,001	60,000	59,000	0.04
6	60,001	65,000	377,500	0.29
1	65,001	70,000	66,249	0.05
6	70,001	75,000	441,536	0.33
1	75,001	80,000	77,962	0.06
3	90,001	95,000	279,812	0.21
1	95,001	100,000	97,500	0.07
3	100,001	105,000	304,225	0.23
1	105,001	110,000	108,500	0.08
3	110,001	115,000	340,362	0.26
1	115,001	120,000	118,950	0.09
4	120,001	125,000	496,750	0.38
2	140,001	145,000	284,684	0.22
2	155,001	160,000	314,063	0.24
1	165,001	170,000	167,000	0.13
2	170,001	175,000	345,156	0.26
1	175,001	180,000	178,200	0.13
2	205,001	210,000	416,249	0.32
1	215,001	220,000	219,662	0.17
1	250,001	255,000	254,925	0.19
1	255,001	260,000	259,374	0.20
1	305,001	310,000	309,375	0.23
1	330,001	335,000	331,000	0.25
1	360,001	365,000	364,443	0.28
1	370,001	375,000	374,000	0.28
1	540,001	545,000	543,431	0.41
1	615,001	620,000	617,243	0.47
1	625,001	630,000	626,250	0.47
1	630,001	635,000	631,874	0.48
1	665,001	670,000	667,950	0.51
1	940,001	945,000	943,587	0.71
1	6,800,001	6,805,000	6,802,500	5.15
1	8,830,001	8,835,000	8,831,500	6.68
1	14,860,001	14,865,000	14,864,180	11.25
1	84,225,001	84,230,000	84,229,553	63.75
3,176			132,124,125	100.00

CATEGORY WISE SHAREHOLDING

Sr. No.	Particulars	No. of Folio	No. of Shares	Percentage
01	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	7	99,093,743	75.00
02	Associated Companies, Undertakings and related Parties (to be confirm by Company)	1	114,000	0.09
03	NIT and ICP	-	-	0.00
04	Banks, Development Financial Institutions, Non Banking Financial Institutions	-	-	0.00
05	Insurance Companies	3	1,116,249	0.84
06	Modarabas and Mutual Funds	6	2,348,530	1.78
07	Share holders holding 10%	2	99,093,733	75.00
08	General Public:			
	a. local	3,098	25,246,724	19.11
	b .Foreign	-	-	-
09	Others	61	4,204,879	3.18
	Total (excluding : share holders holding 10%)	3,176	132,124,125	100.00

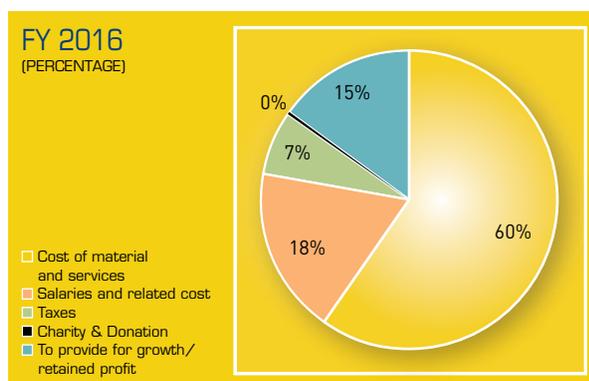
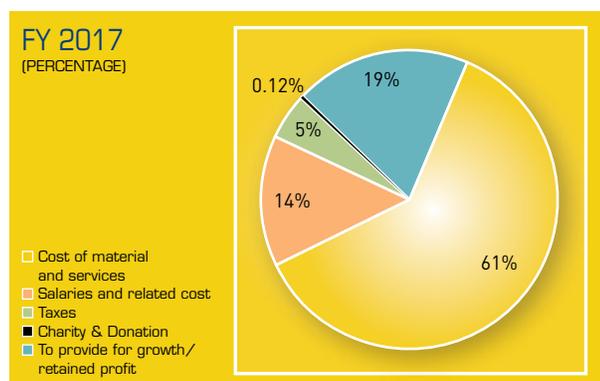
INFORMATION AS REQUIRED UNDER CODE OF CORPORATE GOVERNANCE

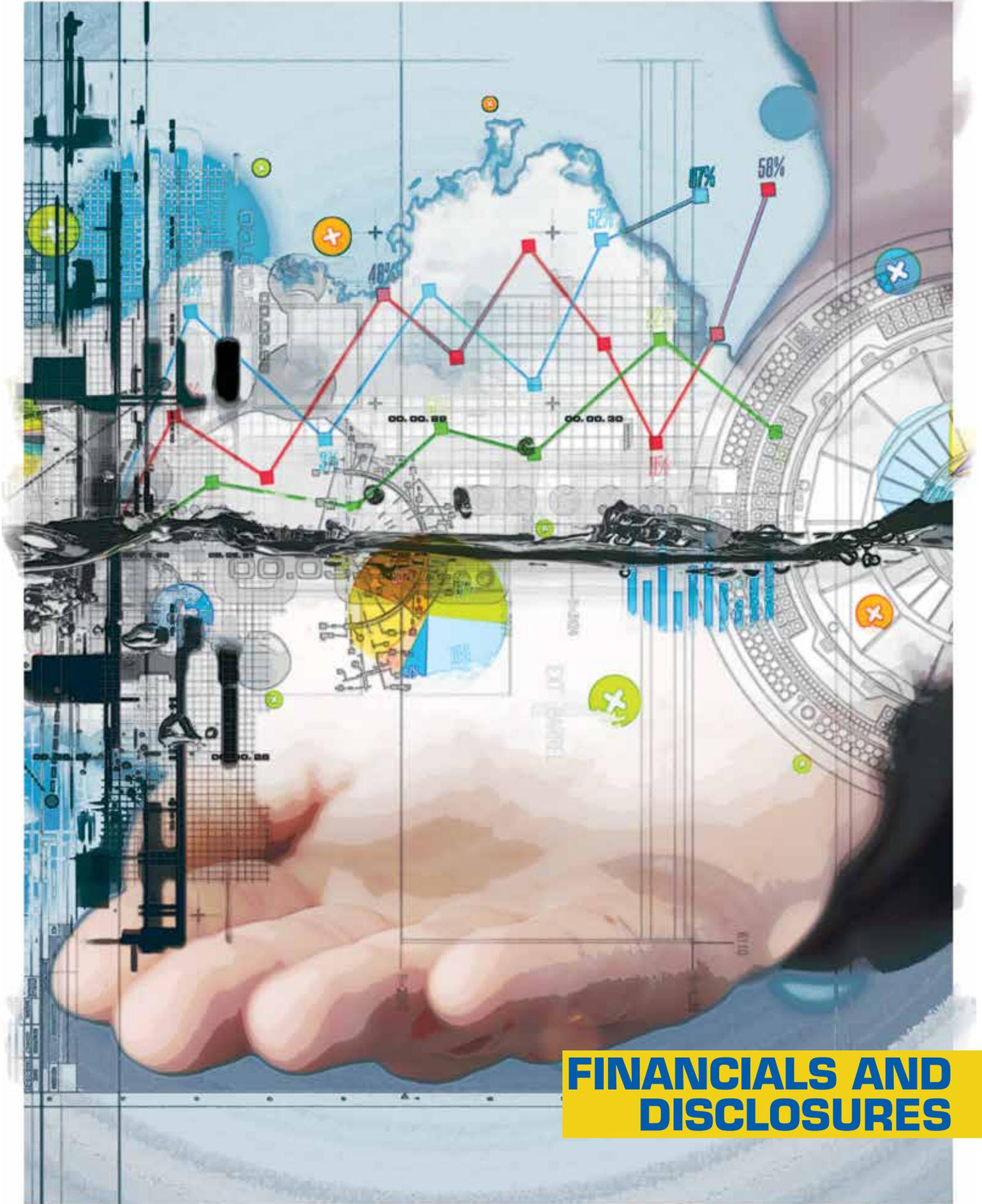
	Number of Shareholders	Number of Shares Held
1. Associated Companies, Undertaking and Related Parties (name wise details)		
Trustee Avanceon Ltd. Employees Provident Fund	1	114,000
Total	1	114,000
2. Mutual Funds (name wise details)		
CDC - Trustee Al-Ameen Islamic Asset Allocation Fund	1	118,950
CDC - Trustee Askari Equity Fund	1	8,000
CDC - Trustee Nafa Islamic Asset Allocation Fund	1	626,250
CDC - Trustee Nafa Islamic Stock Fund	1	617,243
CDC - Trustee Nafa Stock Fund	1	943,587
CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund - Equity Sub Fund	1	34,500
Total	6	2,348,530
3. Directors and their spouse (to be confirmed by company)		
Mr. Bakhtiar Hameed Wain	1	84,229,553
Mr. Khalid Wain	1	2
Mr. Amir Wain	1	14,864,180
Mr. Tanveer Karamat	1	10,502
Mr. Umar Ahsan Khan	1	2
Mr. Naveed A Baig	1	2
Mr. Tajammal Hussain	1	2
Total	7	99,093,743
4. Executives (To be filled by company)		
Mir Usman Amjad	1	3,280
Armaghan Yusuf	1	9,618
Muhammad Akmal	1	1,237
Arif Shuja	1	33,000
Sarmad Mahmood Qureshi	1	22,500
Masood Kareem	1	1,749
Muhammad Saqib Rauf Chaudhary	1	10,000
Saeed Ullah Khan Niazi	1	12,000
Hussain Ahmad	1	10,000
Total	9	103,384
5. Public Sector Companies and Corporations		
Total	-	-
6. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
Total	7	1,740,110
7. Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)		
Mr. Amir Wain	1	14,864,180
Mr. Bakhtiar Hameed Wain	1	84,229,553
Munaf Ibrahim	1	8,831,500
Umair Amanullah	1	6,802,500
Total	4	114,727,733

STATEMENT OF VALUE ADDITION



	FOR THE YEAR ENDED			
	31 December, 2017		31 December, 2016	
	(Rs. in '000)	%age	(Rs. in '000)	%age
Wealth generated				
Sales included sales tax	2,967,189	97%	2,144,419	99%
Other operating income	104,646	3.4%	31,636	1.5%
	3,071,835		2,176,055	
Wealth distributed				
Cost of material and services	1,886,049	61%	1,298,184	60%
To Employees				
Salaries and other related cost	430,936	14%	398,453	18%
To Government				
Taxes	167,772	5%	144,508	7%
To Society				
Donation	3,606	0.12%	2,843	0.13%
Retained in the business				
To provide for growth: Retained profits	583,472	19%	332,067	15%
	3,071,835		2,176,055	





FINANCIALS AND DISCLOSURES



FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Avanceon Limited (the Company) as at 31 December 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Ernst & Young Ford Rhodes
Chartered Accountants
Audit Engagement Partner: Farooq Hameed

Lahore: 29 March, 2018

BALANCE SHEET

AS AT DECEMBER 31, 2017

(Rupees in '000)	Note	2017	2016
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized capital			
150,000,000 (2016: 150,000,000) ordinary shares of Rs 10 each		1,500,000	1,500,000
Issued, subscribed and paid up capital			
132,121,128 (2016: 105,696,903) ordinary shares of Rs 10 each	5	1,321,211	1,056,969
Capital Reserve			
Share premium	6	61,894	61,894
Employees' share compensation reserve	7	69,825	51,597
		131,719	113,491
Revenue Reserve			
Un-appropriated profit		920,870	828,009
		2,373,800	1,998,469
Surplus On Revaluation Of Property, Plant And Equipment	8	146,115	112,461
Non Current Liabilities			
Liabilities against assets subject to finance lease	9	52,517	44,567
Long term loan	10	19,697	-
Deferred tax-net	11	11,995	36,270
		84,209	80,837
Current Liabilities			
Current portion of liabilities against assets subject to finance lease	9	25,608	20,960
Current portion of long term loan	10	18,182	-
Finances under mark up arrangements and other credit facilities - secured	12	221,311	200,339
Creditors, accrued and other liabilities	13	553,962	539,761
		819,063	761,060
Contingencies and Commitments	14		
		3,423,187	2,952,827

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director



(Rupees in '000)	Note	2017	2016
Assets			
Non Current Assets			
Property, plant and equipment	15	274,202	230,232
Intangible assets	16	79	124
Long term investments	17	473,671	473,671
Long term loans and deposits	18	18,116	16,850
		766,068	720,877
Current Assets			
Stock in trade	19	47,953	48,416
Trade debts	20	1,622,192	1,214,804
Advances, deposits, prepayments and other receivables	21	932,129	952,849
Cash and bank balances	22	54,846	15,881
		2,657,120	2,231,950
		3,423,187	2,952,827

Chief Executive

Chief Financial Officer

Director

PROFIT & LOSS STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2017

(Rupees in '000)	Note	2017	2016
Sales	23	1,260,594	903,014
Cost of sales	24	(779,006)	(533,478)
Gross profit		481,588	369,536
Administrative and selling expenses	25	(152,454)	(145,173)
Other operating expenses	26	(3,890)	(7,350)
Other operating income	27	204,091	168,336
		47,747	15,813
Profit from operations		529,335	385,349
Finance costs	28	(32,644)	(18,075)
Profit before tax		496,691	367,274
Taxation	29	(34,583)	(54,236)
Profit for the year		462,108	313,038
			Restated
Earnings per share - basic	30.1	3.50	2.37
Earnings per share - diluted	30.2	3.30	2.25

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

(Rupees in '000)	Note	2017	2016
Profit for the year		462,108	313,038
Other comprehensive income			
Items not to be reclassified to profit and loss in subsequent periods			
Transfer from revaluation surplus on account of incremental depreciation net of tax	8	692	695
Items to be reclassified to profit or loss in subsequent periods			
		-	-
Total comprehensive income for the year		462,800	313,733

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2017

(Rupees in '000)	Note	2017	2016
Cash flows from operating activities			
Cash generated from operations	31	267,009	25,042
Finance cost paid		(27,595)	(14,616)
Taxes paid		(71,449)	(29,957)
Net cash generated from / (used in) operating activities	A	167,965	(19,531)
Cash flows from investing activities			
Purchase of property, plant and equipment and capital work in progress		(6,597)	(6,175)
Purchase of intangible assets		-	(140)
Proceeds from sale of property, plant and equipment		5,254	10,232
Profit on bank deposit		240	
Short term investment		-	5,000
Net increase in long term deposits		(1,266)	(1,553)
Net cash (used in) / generated from investing activities	B	(2,369)	7,653
Cash flows from financing activities			
Net cash received against share issued		-	1
Dividend paid		(145,847)	(98,260)
Finances under mark up arrangements and other credit facilities		20,972	89,567
Long term loan received		37,879	
Repayment of finance lease liabilities		(39,636)	(7,625)
Net cash used in financing activities	C	(126,632)	(16,317)
Net increase / (decrease) in cash and cash equivalents	A + B + C	38,965	(28,195)
Cash and cash equivalents at the beginning of the year		15,881	44,076
Cash and cash equivalents at the end of the year	22	54,846	15,881

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED DECEMBER 31, 2017

(Rupees in '000)	Capital reserve		Revenue reserves		Total
	Share capital	Share premium	Employee's share compensation reserve	Un-appropriated profit / (loss)	
Balance as on 01 January 2016	1,056,968	61,894	45,000	725,670	1,889,532
Profit for the year	-	-	-	313,038	313,038
Other comprehensive income	-	-	-	695	695
	-	-	-	313,733	313,733
Final dividend for the year ended 31 December 2015 at the rate of Rs. 2 per share	-	-	-	(211,394)	(211,394)
Issue of 99 share of Rs. 10 each fully paid in cash at premium of Rs. 4 each	1	-	-	-	1
Employees share option reserve	-	-	6,597	-	6,597
	1	-	6,597	(211,394)	(204,796)
Balance as on 31 December 2016	1,056,969	61,894	51,597	828,009	1,998,469
Profit for the year	-	-	-	462,108	462,108
Other comprehensive income	-	-	-	692	692
	-	-	-	462,800	462,800
Final dividend for the year ended 31 December 2016 at the rate of Rs. 1 per share	-	-	-	(105,697)	(105,697)
Bonus Shares for the year ended 31 December 2016 at the rate of 25%	264,242	-	-	(264,242)	-
Employees share option reserve	-	-	18,228	-	18,228
	264,242	-	18,228	(369,939)	(87,469)
Balance as on 31 December 2017	1,321,211	61,894	69,825	920,870	2,373,800

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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 changed to a public company on March 31, 2008 under the Companies Ordinance, 1984 (repealed). 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. The Company is listed on Pakistan Stock Exchange Limited.

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 (repealed), provisions of and directives issued under the Companies Ordinance, 1984 (repealed). In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 (repealed) shall prevail.

2.1.1 The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its Circular No. 23 dated 04 October 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984. The Company intends to prepare its annual financial statements for the year ending 31 December 2018 in accordance with the provisions of the Companies Act, 2017.

2.2 Standards, Interpretations and amendments to published approved accounting standards effective in 2017:

New and amended standards and interpretations

The accounting policies adopted in the preparation of these financial statements 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 year:

IAS 7	- Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)
IFRS 12	- Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB in December 2016

IFRS 12	- Disclosure of Interests in Other Entities-Clarification of scope of the disclosure requirements in IFRS 12
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The adoption of the above amendments and improvements did not have any material effect on the financial statements.

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

The following new standards, amendments and interpretations to new standards 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 2	- Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10	- Consolidated Financial Statements and IAS 28: Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 4	- Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	01 January 2018
IFRS 9	- Financial Instruments: Classification and Measurement	01 July 2018
IFRS 9	- Prepayment Features with Negative Compensation –(Amendments)	01 January 2019
IFRS 15	- Revenue from Contracts with Customers	01 January 2018



IFRIC 22	- Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23	- Uncertainty over Income Tax Treatments	01 January 2019

The Company expects that the adoption of the above revisions and amendments of the standards will not materially affect the Company's financial statements in the period of initial application or later periods except for IFRS 15. The management is in the process of determining the effect of application of IFRS 15.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019. The Company expects that such improvements to the standards will not have any 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 14	- Regulatory Deferred Accounts	01 January 2016
IFRS 16	- Leases	01 January 2019
IFRS 17	- Insurance Contracts	01 January 2021

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application, except for IFRS 16. The management is in the process of determining the effect of application of IFRS 16.

3. BASIS OF MEASUREMENT

3.1 These financial statements have been prepared under the historical cost convention, except for revaluation of certain items of property, plant and equipment at revalued amounts as referred to in note 15.

3.2 Functional and presentation currency

These financial statements have been prepared in Pak Rupee, which is the functional currency of the company. Figures have been rounded off to the nearest thousand of Pak Rupee.

3.3 Significant accounting judgments and critical accounting estimates / assumptions

The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for taxation

Provision for taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income and the decisions taken by appellate authorities. The charge for tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

b) Recoverable amount of property, plant and equipment

The Company bases its valuation of operating assets suspect to impairment upon valuation performed by an independent valuation expert. The valuation is based on fair value less costs to sell as mentioned in note 15.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

c) Cost to complete the projects

As part of application of percentage of completion method on contract accounting, the Company estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized. These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods.

d) Stock in trade

Stock-in-trade is carried at the lower of cost and net realizable value. The net realizable value is assessed by the Company having regard to the budgeted cost of completion, estimated selling price and knowledge of recent comparable transactions.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented.

4.1 Staff retirement benefits

The Company operates a defined contribution provident fund for its employees. Monthly contributions are made both by the Company and the employees to the fund at the rate of 10% (2016:10%) of the basic salary.

4.2 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except for freehold land and building which are stated at revalued amount less accumulated depreciation and any identified impairment loss, however, freehold land is stated at revalued amount.

Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income. Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to other comprehensive income. All transfers to/from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation.

Depreciation is charged to income using the straight line method whereby the cost less residual value of an operating asset is written off over its estimated useful life. Depreciation is charged on additions from the month of its acquisition whereas no depreciation is charged on assets disposed off during the month. The rates of depreciation are stated in note 15 to the financial statements. The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant.



The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the period in which it is incurred.

4.4 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss.

4.5 Investments

Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments in equity instruments of subsidiaries

Investments in equity instruments of subsidiaries are measured at cost in the Company's financial statements. Cost in relation to investments made in foreign currency is determined by translating the consideration paid in foreign currency into rupees at exchange rates prevailing on the date of transactions.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27 "Consolidated and Separate Financial Statements".

4.6 Leases

The Company is the lessee.

4.6.1 Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception assets subject to finance lease are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment losses.

The related rental obligations, net of finance charge, are included in liabilities against assets subject to finance lease as referred to in note 9. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit and loss account over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on straight line method so as to write off the cost of an asset over its estimated useful life at the annual rates given in note 15. Depreciation of leased assets is charged to profit and loss account.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

4.6.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term.

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FOR THE YEAR ENDED DECEMBER 31, 2017

4.7 Stock in trade

Stock of raw materials and finished goods, except for those in transit are valued principally at the lower of weighted average cost and net realizable value. Cost of finished goods comprises cost of direct materials, labour and appropriate overheads.

Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make a sale.

4.8 Financial instruments

4.8.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.



The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.11.

4.8.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.

4.9 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.10 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the period end. Bad debts are written off when identified.

Due against construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized to date less progress billing and recognized losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the balance sheet, finances under mark-up arrangements are included in current liabilities.

4.12 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.13 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for the goods and/or services received, whether or not billed to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

4.14 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the balance sheet date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair

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values are determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

4.15 Borrowing costs

Mark up, interest and other charges on long term borrowings are capitalized up to the date of commissioning of the respective plant and machinery, acquired out of the proceeds of such long term borrowings. All other mark-up, interest and other charges are charged to income.

4.16 Revenue recognition

Revenue from sale of goods are recognized when significant risks and rewards of ownership are transferred to the buyer.

Service revenue is recognized over the contractual period or as and when services are rendered to customers.

Financial income is recognized as it accrues on a time proportion basis by reference to the principal outstanding, using the effective mark-up rates.

Contract revenue and contract costs relating to long-term construction contracts are recognized as revenue and expenses respectively by reference to stage of completion of contract activity at the balance sheet date. Stage of completion of a contract is determined by applying 'cost-to-cost method'. Under cost-to-cost method, stage of completion of a contract is determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. When the outcome of a construction contract can not be estimated reliably, revenue is recognized only to the extent of contract costs incurred that it is probable will be recoverable.

4.17 Dividend income

Dividend on equity investments is recognized as income when the right of receipt is established.

4.18 Share based payment transactions

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made. That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest because service conditions have not been met.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

4.19 Operating segments disclosure

Disclosure of operating segments has been made in consolidated financial statements of the Company.

4.20 Related party transactions

All transaction with related parties and associated undertakings are entered into at normal commercial terms as maturity agreed between the parties.

Parties are said to be related if they are able to influence the operating and financial decisions of the Company and vice versa.

**5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

2017 (Number of Shares)	2016 (Number of Shares)		2017 (Rupees in '000)	2016 (Rupees in '000)
57,163,853	57,163,853	Ordinary shares of Rs. 10 each fully paid in cash	571,639	571,639
74,957,275	48,533,050	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	749,573	485,330
132,121,128	105,696,903		1,321,211	1,056,969

		2017 (Number of Shares)	2016 (Number of Shares)
5.1	Movement during the year is as follows:		
	Balance as at 01 January	105,696,903	105,696,804
	Ordinary shares issued during the year	-	99
	Bonus shares issued during the year	5.1.1 26,424,225	-
	Balance as at 31 December	132,121,128	105,696,903

5.1.1 This represents bonus shares issued to shareholders as declared and approved by Board of Directors in AGM held on 25 April 2017 based on financial results of 2016. These shares were issued in proportion of 25 shares for every 100 shares held i.e. at the rate of 25%.

5.2 Wain Family holds 75% (2016: 75%) share capital of the Company.

6. SHARE PREMIUM

This represents premium on 25,163,853 (2016: 25,163,853) shares at the rate of Rs. 4 each. Cost incurred on Initial Public Offering amounting to Rs. 38,761,352 have been written off against this.

(Rupees in '000)	Note	2017	2016
7. EMPLOYEES' SHARE COMPENSATION RESERVE			
Share options scheme I	7.1	52,700	45,000
Share options scheme II	7.2	17,124	6,597
		69,825	51,597

7.1 Employee Stock Option Scheme, 2013 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 18 September 2013 which comprises of an entitlement pool of 5 million shares. Under the scheme, share options of the Company are granted to employees of level MT3 and above. The share options can be exercised up to one year after the five year vesting period and therefore, the contractual term of each option granted is six years. A reserve amounting to Rs. 45 million was created by the Board of Directors on 26 September 2013 in order to set aside amount for issuance of shares under the scheme out of un-appropriated profit of the Company.

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(Rupees in '000)	Note	2017	2016
7.1.1 Movement in the amount of options granted against the reserve is as follows:			
Balance as at January 1		38,289	26,866
Adjustment for correction of error	7.3	497	-
Balance as at January 1 (restated)		38,786	26,866
Options issued during the year recognized at grant date fair value		13,915	11,423
Balance as at December 31		52,700	38,289

Number of options)	Note	2017	2016
7.1.2 Movement in share options outstanding at end of the year is as follows:			
Balance as at January 1		4,760,629	4,600,000
Adjustment for correction of error	7.3	(40,000)	-
Balance as at January 1 (restated)		4,720,629	4,600,000
Options issued during the year		275,000	160,629
Balance as at December 31		4,995,629	4,760,629

The fair value of options granted during the year was Rs. 34.96 (2016: Rs. 30.58).

All options have been issued at Rs. 1 in 2013, Rs. 1.20 in 2014, Rs. 1.44 in 2015, Rs. 1.73 in 2016 and Rs. 2.07 in 2017 and with five year vesting period and can be exercised after 2018, 2019, 2020, 2021 and 2022 respectively except for options granted to Chief Operating Officer of the Company during years 2014, 2015 and 2016 which have been issued at Rs.1 with exercise period from 01 July 2018 to 31 December 2018.

- 7.2** Employee Stock Option Scheme, 2016 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 01 September 2016 which comprises of an entitlement pool of 5 million shares. Under the scheme, share options of the Company are granted to employees of level MT 1 and 2 (with minimum seven years regular service) and MT 3 and above. The share options can be exercised up to one year after the five year vesting period and therefore, the contractual term of each option granted is six years. The exercise price of the share options is equal to weighted average market price of the underlying shares for 90 days prior to the date of grant with maximum discount of 60%.

(Rupees in '000)	Note	2017	2016
7.2.1 Movement in the amount of options granted against the reserve is as follows:			
Balance as at January 1		6,597	-
Adjustment for correction of error	7.3	(216)	-
Balance as at January 1 (restated)		6,381	-
Options issued during the year recognized at grant date fair value		10,743	6,597
Balance as at December 31		17,124	6,597

Number of options)	Note	2017	2016
7.2.2 Movement in share options outstanding at end of the year is as follows:			
Balance as at January 1		1,950,683	-
Adjustment for correction of error	7.3	(63,800)	-
Balance as at January 1 (restated)		1,886,883	-
Options issued during the year recognized at grant date fair value		1,077,979	1,950,683
Balance as at December 31		2,964,862	1,950,683

The fair value of options granted during the year was Rs. 20.23 (2016: Rs. 16.91).



All options have been issued at Rs.16.80 in 2016 and 2017 with five year vesting period and can be exercised after 2021 and 2022 respectively. The share options vest if the executive remains employed by the Company at that time.

- 7.3** During the year, management discovered an error in accounting for share options issued to employees on reconciliation of number of options granted and lapsed as per accounting records with employee wise records of options maintained by the Human Resources Department. The error has been corrected by adjusting the opening balances of amount and number of options granted, as follows:

	Number of options		Amount of options granted (Rupees in thousand)	
	2016	2016	2016	2016
	ESOS I	Restated ESOS II	ESOS I	Restated ESOS II
Balance as at January 1	4,550,331	-	26,794	-
Options issued during the year recognized at offer value	225,298	1,972,768	12,328	6,672
Adjustment of reserve for option holders resigning during the year	(55,000)	(85,885)	(336)	(290,463)
Balance as at December 31	4,720,629	1,886,883	38,786	6,381
Balance as at January 01 as disclosed in prior year financial statements	(4,760,629)	(1,950,683)	(38,289)	(6,597)
Adjustment for correction of error	(40,000)	(63,800)	497	(216)

8. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents the surplus over book values resulting from revaluation of land and building adjusted by incremental depreciation arising out of revaluation of building. Freehold land and buildings are revalued at each year end by an independent valuer based on fair market value. The revaluation surplus is net of applicable deferred income taxes. Incremental depreciation represents the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

(Rupees in '000)	2017	2016
Opening balance of surplus on revaluation of property, plant and equipment	112,461	110,384
Revaluation surplus arising during the year - net of tax	34,345	2,772
Surplus transferred to other comprehensive income for the year on account of incremental depreciation	(692)	(695)
Closing balance of surplus on revaluation of property, plant and equipment - net of tax	146,115	112,461

9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The interest rates used as the discounting factor (i.e. implicit in the lease) ranges from 7.98% to 11.18% (2016: 8.06% to 11.47%) per annum. The amount of future payments and the period during which they will become due are:

(Rupees in '000)		2017	2016
Year ended 31 December			
Due not later than 1 year		30,026	24,856
Due later than 1 year but not later than 5 years		56,043	47,639
Minimum lease payments	9.1	86,069	72,495
Less: Future finance charges		(7,943)	(6,968)
Current portion		78,125	65,527
		(25,608)	(20,960)
		52,517	44,567

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9.1 Minimum lease payments (MLP) and their present value (PV) are regrouped as below:

(Rupees in '000)	2017		2016	
	MLP	PV of MLP	MLP	PV of MLP
Due not later than 1 year	30,026	25,608	24,856	20,960
Due later than 1 year but not later than 5 years	56,043	52,517	47,639	44,567
	86,069	78,125	72,495	65,527

(Rupees in '000)	2017	2016
10. LONG TERM LOAN		
Long term loan	37,879	-
Less: current portion of long term loan	(18,182)	-
	19,697	-

The Company has obtained long term loan for three years from a commercial bank amounting to Rs. 50 million (31 December 2016: nil) bearing mark-up at the rate of 3 months KIBOR plus 200 bps repayable in equal monthly installments. This loan is secured against token mortgage of Rs. 100,000 alongwith equitable mortgage over fixed assets (land and building) of the Company, first charge over land and building for Rs. 165 million duly registered with Securities and Exchange Commission of Pakistan, pari passu charge of Rs. 300 million over current assets of the Company registered with Securities and Exchange Commission of Pakistan to be enhanced to Rs. 375 million and personal guarantee of sponsor directors of the Company, covering total security package.

(Rupees in '000)	Note	2017	2016
11. DEFERRED TAX- NET			
The net liability for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation / amortization		(2,274)	(915)
Unused tax losses		(45,000)	(45,000)
Surplus on revaluation of property, plant and equipment		4,702	3,956
Income taxable on receipt basis		55,285	78,229
Export sales		(718)	-
		11,995	36,270
12. FINANCES UNDER MARKUP ARRANGEMENTS AND OTHER CREDIT FACILITIES-SECURED			
Running finance	12.1	96,311	106,904
Inland bill purchase	12.2	125,000	93,435
		221,311	200,339

12.1 The Company has obtained running finance facility from a commercial bank with a limit of Rs.120 million (2016: Rs.120 million) bearing mark-up at the rate of 3 months KIBOR plus 2.25% (2016: 3 months KIBOR plus 2.25%). The facility is secured against first mortgage charge of Rs. 165 million (2016: Rs.165 million) created through equitable mortgage with legal mortgage of notional value of Rs. 0.1 million over fixed assets (land & building) of the Company, ranking hypothecation charge of Rs. 300 million (2016: Rs. 300 million) over all present and future current assets of the Company registered with Securities and Exchange Commission of Pakistan and personal guarantees of sponsor directors of the Company, covering total security package.

12.2 This facility has a limit of Rs. 125 million (2016 Rs. 100 million) and carries mark-up at the rate of 3 months KIBOR plus 2% (2016: 3 months KIBOR plus 2%) per annum. The facility is secured against 5% margin on invoices / bills, parri passu charge of Rs.334 million on present and future current assets of the Company with 25% margin, assignment of project specific receivables in favor of the bank and personal guarantees of sponsor directors of the Company.



(Rupees in '000)	Note	2017	2016
13. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors		237,949	176,719
Accrued expenses		23,036	28,763
Advances from customers		183,226	22,250
Payable to related parties	13.1	6,003	171,827
Social security payable		25	45
Mark up accrued on:			
- Long term finances		817	-
- Finances under mark up arrangements and other credit facilities - secured		4,699	3,681
Dividend payable	13.2	73,999	114,149
Other liabilities		24,209	22,327
		553,962	539,761
13.1 This represents amount due to related parties which are non-interest bearing.			
Avanceon FZE		4,888	171,202
Avanceon LP		625	625
Innovative Travels (Private) Limited		490	-
		6,003	171,827

13.2 This amount relates to dividend payable to the Chief Executive Officer of the Company Mr. Bakhtiyar H Wain.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

- (i) Bank guarantees issued amounting to Rs. 22.262 million (2016: Rs. 6.01 million) against the performance of various contracts.
- (ii) During the year the Company received notice under section 122 (9) of the Income Tax Ordinance, 2001 for the tax year 2015 under which additions were made to its taxable income on various accounts. The Company replied to the notice and an amended assessment order was passed under which tax losses have been reduced by Rs. 8,814,739. An appeal has been filed by the Company against this order. In view of tax advisor's opinion, management is confident of favorable outcome of the case, therefore no adjustment has been made to these financial statements.
- (iii) The Company has preferred appeals before the Commissioner Inland Revenue (Appeals) against the orders of the Additional Commissioner Inland Revenue u/s 122 (1) read with section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years 2010 and 2011 raising demands of Rs. 17,157,240 and Rs. 21,702,929 respectively. As a result of this, the office of the Commissioner Inland Revenue (Appeals), Lahore disposed of the both appeals partially in favor of the Company. The Company has filed appeal before the Appellate Tribunal Inland Revenue against the order of the CIR (A) decision for both of the years, which is pending for hearing.

14.2 Commitments

- (i) Letters of credit includes Rs. 25.920 million (2016: 0.757) which relates to import acceptance bills.

(Rupees in '000)	Note	2017	2016
15. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	274,202	230,232

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15.1 Operating fixed assets

2017

(Rupees in '000)	Cost / Revalued Amount as at 01 January 2017	Additions/ Transfers	Deletions	Effect of Revaluation as at 31 December 2017	Cost/revalued amount as at 31 December 2017	Accumulated depreciation as at 01 January 2017	Depreciation charge for the year / (Deletions)	Effect of revaluation / transfers	Accumulated depreciation as at 31 December 2017	Netbook value as at 31 December 2017	Rate %
Owned Assets											
Freehold land	96,850	-	-	29,800	126,650	-	-	-	-	126,650	-
Buildings on freehold land	68,960	-	-	4,411	73,371	1	2,126	(2,126)	-	73,371	5
Furniture and fixture	12,600	-	-	-	12,600	10,925	449	-	11,374	1,227	20
Vehicles	19,454	1,326 7,379	(13,361)	-	14,798	16,442	1,930 (9,934)	- 4,442	12,881	1,917	20
Office equipment and appliances	24,962	988 4,415	-	-	30,365	20,601	1,707	-	25,840	4,525	20
Computers	14,666	4,283	-	-	18,948	11,963	1,999	-	13,963	4,985	33.33
	237,492	6,597 11,794	(13,361)	34,211	276,733	59,932	8,210 (9,934)	(2,126) 7,974	64,058	212,676	
Assets subject to Finance Lease											
Vehicles	69,366	30,107 (7,379)	-	-	92,095	19,101	16,393	- (4,442)	31,052	61,043	20
Office equipment and appliances	5,940	- (4,415)	-	-	1,525	3,533	1,041	- (3,532)	1,042	483	20
	75,306	30,107 (11,794)	-	-	93,620	22,634	17,434	- (7,974)	32,094	61,526	
	312,798	36,704	(13,361)	34,211	370,353	82,566	25,644 (9,934)	(2,126) -	96,152	274,202	

2016

	Cost / Revalued Amount as at 01 January 2016	Additions/ Transfers	Deletions	Effect of Revaluation as at 31 December 2016	Cost/revalued amount as at 31 December 2016	Accumulated depreciation as at 01 January 2016	Depreciation charge for the year / (Deletions)	Effect of revaluation/ transfers	Accumulated depreciation as at 31 December 2016	Net book value as at 31 December 2016	Rate %
Owned Assets											
Freehold land	96,850	-	-	-	96,850	-	-	-	-	96,850	-
Buildings on freehold land	72,926	1,506	-	(5,472)	68,960	7,386	2,105	(9,490)	1	68,959	5
Furniture and fixture	11,674	926	-	-	12,600	10,364	561	-	10,925	1,675	20
Vehicles	25,831	127	(16,785)	-	19,454	17,130	4,362	-	16,442	3,012	20
		10,281					(11,538)	6,488			
Office equipment and appliances	23,855	1,269	(162)	-	24,962	19,283	1,465	-	20,601	4,361	20
		-					(147)	-			
Computers	12,521	2,347	(202)	-	14,666	10,693	1,400	-	11,963	2,703	33.33
		-					(130)	-			
	243,657	6,175	(17,149)	(5,472)	237,492	64,856	9,893	(9,490)	59,932	177,560	
		10,281					(11,538)	6,488			
Assets subject to finance lease											
Vehicles	56,640	23,723	(716)	-	69,366	13,756	12,084	-	19,101	50,265	20
		(10,281)					(251)	(6,488)			
Office equipment and Appliances	5,940	-	-	-	5,940	2,345	1,188	-	3,533	2,407	20
		-					-	-			
	62,580	23,723	(716)	-	75,306	16,101	13,272	-	22,634	52,672	
		(10,281)					(251)	(6,488)			
	306,237	29,898	(17,865)	(5,472)	312,798	80,957	23,166	(9,490)	82,566	230,232	
		-					(12,278)	-			

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15.1.1 The depreciation charge has been allocated as follows:

(Rupees in '000)	Note	2017	2016
Cost of goods sold	24.1	12,822	11,583
Administrative and selling expenses	25	12,822	11,583
		25,644	23,166

15.1.2 Freehold land and building thereon have been valued by an independent valuer 'Harvester' based on fair market value as on 31 December 2017. This revaluation resulted in Rs.29.8 million surplus (2016: Rs. Nil) on land and Rs.6.5 million surplus (2016: Rs. 4 million loss) in respect of building. Detailed particulars are as follows:

(Rupees in '000)	Depreciated cost	Revalued amount
Freehold land	96,850	126,650
Buildings on freehold land	66,833	73,371
	163,683	200,021

15.1.3 Had the freehold land and building on freehold land not been revalued, their carrying amount would have been as follows:

(Rupees in '000)	2017	2016
Freehold land	8,647	8,647
Buildings on freehold land	37,642	39,076
	46,289	47,723

15.1.4 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

(Rupees in '000)							
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale Proceeds	Gain	Mode of Disposal
Owned Vehicles							
Cultus LEB-09 1701	External person (Athar Jamal)	979	979	1	520	520	Bidding
Toyota Gli 1.6 LEC-7591	Employee (Masood Kareem)	1,906	1,652	254	451	196	As per Policy
Toyota Corolla GLI LEC-7673	Employee (Nasir Ali)	1,745	1,541	204	451	247	As per Policy
Toyota Corolla GLI LEC-7689	Employee (Imran Ashraf)	1,745	1,599	145	408	263	As per Policy
Honda Civic Reborn	Employee (Ahsan Khalil)	1,868	1,681	187	614	427	As per Policy
Suzuki Swift DLX Lec 7601	Employee (Mir Usman)	1,258	1,111	147	264	117	As per Policy
Suzuki Swift DL	Employee (Salahuddin)	1,198	1,017	180	240	59	As per Policy
Civic i-VTEC Oriel 1799 CC	Employee (Hussain Ahmed)	2,663	354	2,310	2,307	(2)	As per Policy
		13,361	9,934	3,427	5,254	1,827	



(Rupees in '000)	Note	2017	2016
16. INTANGIBLE ASSETS			
Cost	16.1	17,677	17,677
Less: Accumulated amortization	16.2	(17,599)	(17,553)
Net book value as at 31 December		79	124
16.1 Cost			
As at January 01		17,677	17,537
Additions during the year		-	140
As at December 31		17,677	17,677
16.2 Amortization			
As at January 01		17,553	17,537
For the year	16.2.1	46	16
As at December 31		17,599	17,553
16.2.1 The amortization charge has been allocated as follows:			
Cost of goods sold	24.1	23	8
Administrative and selling expenses	25	23	8
		46	16

Intangibles have been amortized at a rate of 33.33%.

17. LONG TERM INVESTMENTS

(Rupees in '000)	2017		2016	
	Equity % held	Investment at cost	Equity % held	Investment at cost
Wholly owned subsidiary - unquoted - Avanceon FZE 26 (2016 : 26) fully paid ordinary shares of AED 1 million each	100	473,671	100	473,671

AFZE is a Free Zone Establishment with limited liability formed pursuant to Law No.9 of 1992 of H.H. Sheikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai and Implementing Regulations issued thereunder by the Jebel Ali Free Zone Authority and was registered with the Jebel Ali Free Zone Authority under Registration No. 816 on 28 February 2004, and its registered office is situated in the Jebel Ali Free Zone, Dubai, United Arab Emirates.

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

(Rupees in '000)	Note	2017	2016
18. LONG TERM LOANS AND DEPOSITS			
Security deposits	18.1	16,055	21,141
Loan to employees	18.2	4,128	4,100
		20,183	25,241
Less: Current portion of loan to employees		(2,067)	(8,391)
		18,116	16,850

18.1 These are interest free deposits against utilities and lease facilities, in the normal course of business.

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(Rupees in '000)		2017	2016
18.2	Reconciliation of carrying amount of loans to employees:		
	Opening balance	4,100	-
	Add: Disbursements during the year	2,000	5,000
	Less: Repayments during the year	(1,972)	(900)
	Closing balance	4,128	4,100

These represent interest free loans (as per company policy) provided to executives for purchase of vehicles in accordance with the terms of employment. These loans are secured against retirement benefits payable to the executives on resignation / retirement. These are recoverable in equal monthly installments. The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of long term loans is not considered material and hence not recognized.

(Rupees in '000)	Note	2017	2016
19. STOCK IN TRADE			
Finished goods	24	47,953	48,416
20. TRADE DEBTS			
Considered good - due from related parties	20.1	1,017,183	780,979
Considered good - due from others	20.2	320,000	202,263
Due against construction work in progress and accrued revenue	20.3	285,010	231,562
		1,622,192	1,214,804
Considered doubtful - due from others		764	804
		1,622,956	1,215,608
Less: Provision for doubtful debts - specific	20.4	(764)	(804)
		1,622,192	1,214,804

These are in the normal course of business and are interest free.

20.1 This represents amount due from Avanceon FZE (wholly owned subsidiary). Ageing of this balance is as follows:

(Rupees in '000)		2017	2016
	Less than one year	434,407	146,576
	One to two years	170,545	171,066
	Two to three years	256,644	263,859
	More than three years	155,587	199,478
		1,017,183	780,979
20.2 Ageing of due from others			
	The ageing analysis of these trade debts due from others is as follows:		
	Less than one year	305,754	190,249
	One to two years	6,378	11,617
	Two to three years	7,470	-
	More than three years	397	397
		320,000	202,263

**20.3 Ageing of construction work in progress and accrued revenue**

The ageing analysis of these construction work in progress and accrued revenue is as follows:

(Rupees in '000)	Note	2017	2016
Less than one year		206,057	185,091
One to two years		78,953	46,471
Two to three years		-	-
More than three years		-	-
		285,010	231,562
20.4 Provision for doubtful debts and doubtful earnings			
Opening balance		804	4,308
Add: Provision for the year	25	764	804
Less: Write off during the year		(804)	(4,308)
Closing balance		764	804
21. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
- To employees		11,257	16,990
- To suppliers		15,940	9,833
		27,197	26,823
Prepayments		24,170	12,362
Bank guarantee / LC cash margin		50,255	13,122
Receivable from income tax department - considered good		56,702	46,102
Retention money - considered good		21,111	220
Earnest money - considered good		408	336
Due from subsidiaries - unsecured			
- Dividend receivable	21.1	415,199	603,318
- Others		335,968	247,640
		751,167	850,957
Other receivables - considered good		1,120	2,926
		932,129	952,849

21.1 This represents dividend receivable from Avanceon FZE, a wholly owned subsidiary.

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FOR THE YEAR ENDED DECEMBER 31, 2017

(Rupees in '000)	Note	2017	2016
22. CASH AND BANK BALANCES			
Cash in hand		92	128
Cash with banks:			
Current accounts			
Local currency		21,978	15,303
Foreign currency		66	67
Saving accounts			
Local currency	22.1	32,709	383
		54,754	15,753
		54,846	15,881

22.1 Profit on balances in saving accounts ranges from 3.75 % to 4.5 % [2016: 4.25% to 4.5%] per annum.

(Rupees in '000)	Note	2017	2016
23. SALES - net			
Local sales and services	23.1	842,165	604,610
Export sales and services	23.2	418,430	298,404
		1,260,594	903,014
23.1 Local sales and services			
Sale of goods		771,111	515,055
Less: Sales tax		(105,937)	(62,803)
		665,174	452,252
Services rendered		204,243	170,346
Less: Sales tax		(27,252)	(17,989)
		176,991	152,357
Net sales		842,165	604,610
23.2 Export sales and services			
Agency commission		11,438	6,865
Project revenue - export		71,797	126,152
Other engineering / support services		207,772	70,321
Back office support		127,423	95,066
		418,430	298,404
24. COST OF SALES			
Opening stock		48,416	55,454
Purchases and direct expenses		778,543	526,440
Closing stock	19	(47,953)	(48,416)
	24.1	779,006	533,478



(Rupees in '000)	Note	2017	2016
24.1 Cost of goods sold and services rendered			
Materials consumed		521,050	332,233
Salaries, wages, allowances and other benefits	24.2	116,085	104,185
Employees' share option expense		7,291	2,639
Telephone, postage and telex		5,466	4,039
Utilities		2,299	2,695
Travelling and conveyance relating to engineering services		32,751	21,003
Installation charges relating to engineering services		34,083	27,489
Entertainment relating to engineering services		5,701	3,833
Repairs and maintenance		902	453
Printing and stationery		760	589
Import cost		23,965	17,730
Insurance		2,233	3,056
Rent, rates and taxes		2,036	1,531
Training and tuition		1,050	-
Fee and subscription		399	412
Depreciation on property, plant and equipment	15.1	12,822	11,583
Amortization on intangible assets	16.2.1	23	8
Other expenses		10,090	-
		779,006	533,478

24.2 Salaries, wages and benefits include Rs.4.9 million (2016: Rs 5.83 million) and Rs. 0.5million (2016: Rs 0.42 million) representing provident fund contribution by the Company and accumulating compensated absences respectively. Amount of Rs. 99.607 million (2016: Rs. 80.368 million) related to project services.

24.3 Expenses of travelling and conveyance, installation charges and entertainment have been incurred against engineering services revenue.

(Rupees in '000)	Note	2017	2016
25. ADMINISTRATIVE AND SELLING EXPENSES			
Director's remuneration		7,173	6,447
Salaries, wages, allowances and other benefits	25.1	66,657	63,086
Employees' share option expense		10,937	3,958
Telephone, postage and telex		4,781	3,457
Utilities		2,299	2,684
Entertainment		4,911	3,477
Repairs and maintenance		2,299	1,342
Sales promotion expenses		306	6,994
Bad debts write-off expense		421	3,270
Printing, stationery and periodicals		752	577
Vehicle running and maintenance		1,746	1,052
Travelling and conveyance		10,098	11,991
Rent, rates and taxes		2,036	1,531
Training and tuition		1,042	1,329
Insurance		2,233	3,056
Legal and professional charges		2,493	1,731
Auditors' remuneration	25.2	1,603	1,199
Fee and subscription		2,053	2,639
Corporate and Listing expense		4,835	2,556
Late delivery charges		-	110
Depreciation on property, plant and equipment	15.1.1	12,822	11,583
Amortization of intangible assets	16.2.1	23	8
Provision for doubtful receivables and earnings (local)	20.4	764	899
Other expenses		10,170	10,197
		152,454	145,173

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- 25.1** Salaries, wages and benefits include Rs. 4.1 million (2016: Rs 2.5 million) and Rs 0.3million (2016: Rs 0.182 million) representing provident fund contribution by the Company and accumulating compensated absences respectively.

(Rupees in '000)	Note	2017	2016
25.2 Auditors' remuneration			
Statutory audit		900	800
Half yearly review		400	350
Out of pocket expenses		303	49
		1,603	1,199
26. OTHER OPERATING EXPENSES			
Social security		284	273
Donations	26.1	3,606	2,843
Exchange loss		-	4,234
		3,890	7,350
26.1 Directors and their spouses have no interest in the donees.			
27. OTHER OPERATING INCOME			
Income from financial assets	27.1	88,645	289
Income from non-financial assets	27.2	115,446	168,047
		204,091	168,336
27.1 Income from financial assets			
Income on bank deposits		240	289
Exchange gain		88,405	-
		88,645	289
27.2 Income from non-financial assets			
Gain on disposal of property, plant and equipment	14.4	1,827	4,432
Dividend income	27.2.1	100,000	160,174
Others		13,619	3,441
		115,446	168,046

- 27.2.1** This represents dividend declared by Avanceon FZE (a wholly owned subsidiary) during the year.

(Rupees in '000)	2017	2016
28. FINANCE COSTS		
Mark-up and interest on:		
- Long term loan	3,586	-
- Finances under mark up arrangements and other credit facilities - secured	20,035	11,207
- Finance lease	5,206	4,185
- Other financial arrangements	603	462
Bank charges	821	834
Late penalty charges	-	20
Guarantee commission	2,393	1,367
	32,644	18,075



(Rupees in '000)	2017	2016
29. TAXATION		
Current		
- for the year	60,849	40,368
Deferred		
- for the year	(26,266)	14,261
- due to reduction in tax rate		-
	(26,266)	14,261
Prior year		(393)
	34,583	54,236

Due to the available income tax losses, the provision for current taxation represents tax under 'Final Tax Regime' and tax on minimum turnover under Income Tax Ordinance, 2001. Reconciliation of tax expense and accounting profit is not meaningful in view of presumptive taxation and minimum tax.

		2017	2016
30. EARNINGS PER SHARE			
30.1 Basic earnings per share			
Net profit for the year	Rupees in thousand	462,108	313,038
Weighted average number of ordinary shares	Numbers in thousand	132,121	132,121
Earnings per share	Rupees	3.50	2.37

30.2 Diluted earnings per share

Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has granted the share options to employees as explained in note 7.

		2017	2016
Net profit for the year	Rupees in thousand	462,108	313,038
Weighted average number of ordinary shares	Numbers in thousand	132,121	132,121
Adjustment for share options	Numbers in thousand	7,960	6,711
Weighted average number of ordinary shares for diluted earnings per share	Numbers in thousand	140,082	138,832
Diluted earnings per share	Rupees	3.30	2.25

30.2.1 Share options issued by the Company have a dilutive effect on the earnings per share since the fair value of the ordinary shares during the year exceed the exercise price of the options.

NOTES TO THE FINANCIAL STATEMENTS

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(Rupees in '000)	2017	2016
31. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	496,691	367,274
Adjustments for:		
Depreciation on property, plant and equipment	8,210	9,893
Depreciation on assets subject to finance lease	17,434	13,272
Provision for doubtful debts and advances	764	899
Employees' share option expense	18,228	6,597
Bad debts write-off expense	1,224	3,270
Amortization of intangible assets	46	16
Exchange (gain) / loss	(88,405)	4,234
Gain on disposal of property, plant and equipment	(1,827)	(4,432)
Finance cost	29,430	15,854
Income on bank deposits	(240)	(289)
Dividend income	(100,000)	(160,174)
	(115,136)	(110,860)
Profit before working capital changes	381,555	256,414
Effect on cash flow due to working capital changes:		
(Increase) / decrease in current assets		
- Stock in trade	463	7,038
- Trade debts	(320,972)	(298,800)
- Advances, deposits, prepayments and other receivables	153,448	168,475
Increase / (decrease) in current liabilities		
- Creditors, accrued and other liabilities	52,516	(108,085)
	(114,546)	(231,372)
Cash generated from operations	267,009	25,042

32. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise 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 35. Other significant transactions with related parties are as follows:

(Rupees in '000)	2017	2016
i. Subsidiaries		
Avanceon FZE- UAE		
Agency commission	11,438	6,865
Fee for technical services	207,772	95,066
Business process outsourcing	127,423	70,321
Revenue recognized on the project based on the stage of completion	71,797	126,152
Dividend Income	100,000	160,174
ii. Associated undertakings		
Innovative Travels		
Other charges and reimbursement of expenses	16,771	7,892
iii. Post employment benefit plans		
Expense charged in respect of retirements benefit plans	8,663	8,334
Payment for provident fund audit	116	-

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



(Rupees in '000)	2017 Audited	2016 Audited
33. PROVIDENT FUND		
Size of fund	87,594	71,172
Fair value of investments made	77,591	59,064
Cost of investment made	82,637	60,799
Percentage of investments made	89%	83%

33.1 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	30 June 2017		30 June 2016	
	Investments (Rupees in '000)	Investment as % of size of the fund	Investments (Rupees in '000)	Investment as % of size of the fund
Government Securities	27,036	31%	24,000	34%
Scheduled Banks	10,227	12%	5,438	8%
Other Mutual Funds	32,835	37%	18,097	25%
Listed Securities	7,493	9%	11,528	16%
	77,591		59,064	

Investments out of provident fund have been made in accordance with the provisions of the section 218 of the Companies Act 2017 and the rules formulated for this purpose. Financial year of the provident fund trust is 30 June.

34. FINANCIAL RISK MANAGEMENT

34.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Company's finance and planning department under guidelines approved by the Corporate Center of the Company.

The Company's overall risk management procedures to minimize the potential adverse effects of financial markets on the Company's performance are as follows:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to three types of market risk: currency risk, interest rate risk and other price risk .

(i) Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate in case of changes in foreign exchange rates.

This exists due to the Company's exposure resulting from outstanding import payments or foreign creditors and in respect of export Revenue. A foreign exchange risk management guideline has been provided by the Corporate Center. The policy allows the Company to take currency exposure within predefined limits while open exposures are monitored. The Company aims to protect itself against adverse currency movements by either linking the price of its products to foreign currency.

The Company is exposed to currency risk arising primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to foreign currency creditors, debtors and investment in foreign subsidiaries. The Company's exposure to foreign currency changes for all other currencies is not material.

NOTES TO THE FINANCIAL STATEMENTS

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The following significant exchange rates were applied during the year:

	2017	2016
Rupees per USD		
Average rate	105.29	104.49
Reporting date rate	110.29	104.38
Rupees per GBP		
Average rate	134.75	141.46
Reporting date rate	149.38	127.88
Rupees per Euro		
Average rate	119.06	111.7
Reporting date rate	132.97	109.08
Rupees per AED		
Average rate	28.67	28.45
Reporting date rate	30.02	28.42

At 31 December 2017, if the Pakistan Rupee had weakened/strengthened by 5% against the US Dollar with all other variables held constant, post tax profit/ (loss) for the year would have been higher/lower as under, mainly as a result of foreign exchange losses/gains on translation of US Dollars-denominated liabilities.

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Company's profit before tax and equity. The Company's exposure to foreign currency changes for all other currencies is not material.

(Rupees in '000)	Change in exchange rate	Effect on profit / (loss) before tax	Effect on equity
2017	5%	61,877	43,314
	-5%	(61,877)	(43,314)
2016	5%	4,666	3,219
	-5%	(4,666)	(3,219)

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from liabilities against finances under mark-up arrangements. These liabilities are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

The Company's Rupee based loans have a prepayment option, which can be exercised upon any adverse movement. Rates of short term loans vary as per market movement of KIBOR.

At the balance sheet date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

(Rupees in '000)	2017	2016
Floating rate instruments		
Financial assets		
Bank balances	32,709	383
Financial liabilities		
Long term loan	37,879	-
Liabilities against assets subject to finance lease	78,125	65,527
Finances under mark-up arrangements and other credit facilities - secured	221,311	200,339
Total exposure	304,607	266,249

**Interest rate sensitivity analysis**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate borrowings and balances, with all other variables held constant, of the Company's profit before tax:

(Rupees in '000)	Increase/decrease in basis points	Effect on profit / (loss) before tax	Effect on equity
2017	+100	(3,046)	(2,132)
	-100	3,046	2,132
2016	+100	2,994	2,066
	-100	(2,994)	(2,066)

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Company is not exposed to equity securities price risk as its entire investment is in wholly owned subsidiary company and is stated at cost.

(b) Credit risk

Credit risk represents the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss for the other party by failing to discharge an obligation.

Company's credit risk is primarily attributable to its trade and other receivables. However, this risk is mitigated by a credit control policy and applying individual credit limits.

Credit risk also arises from deposits with banks and financial institutions, long term deposits, advances, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with Company maintaining finance lease and short term loan facilities. The Company maintains an internal policy to monitor all outstanding receivables.

The maximum exposure to credit risk is equal to the carrying amount of financial assets. The maximum exposure to credit risk at reporting date is as follows:

(Rupees in '000)	2017	2016
Long term advances and deposits	18,116	16,850
Trade debts	1,622,192	1,214,804
Advances, deposits, prepayments and other receivables	824,060	884,552
Bank balances	54,754	15,753
	2,519,122	1,892,643

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as the trade debts / advances and other receivables of the Company relate to sales / purchase of equipments/services under binding contract terms.

As at 31 December 2017, the Company has 38 (2016: 35) customers owing more than Rs. 1 million (2016: Rs. 1 million) each which account for 82% (2016: 80%) of total debtors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

The credit quality of receivables can be assessed with reference to Company credit control policy and their historical performance with negligible default rate. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating Short Term	Rating Long Term	Rating Agency	Balances at banks	
				2017 (Rupees in '000)	2016
Bank Islami Limited	A1	A+	PACRA	10	
Faysal Bank limited	A1+	AA	PACRA	3	216
Habib Bank limited	A-1+	AAA	JCR-VIS	46	2,482
KASB Bank	C	B	PACRA	66	12
National Bank of Pakistan	A1+	AAA	PACRA	484	1,858
NIB Bank limited	A1+	AA-	PACRA	9,669	93
United Bank limited	A-1+	AAA	JCR-VIS	27,181	11
Muslim Commercial Bank	A1+	AAA	PACRA	121	1
JS Bank Limited	A1+	AA-	PACRA	133	8,722
Deutsche bank AG	P-1	A2	MOODY'S	-	102
Standard chartered	A1+	AAA	PACRA	17,050	2,245
Finca Microfinance Bank	A-2	A-	JCR-VIS	-	
				54,754	15,753

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk faced by the Company is minimal.

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash due to the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Company maintains flexibility in funding by maintaining committed credit lines available.

The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

The following are the contractual maturities of financial liabilities:

(Rupees in '000)	Carrying amount	Less than one year	One to five years
2017			
Long term loan	37,879	18,182	19,697
Finances under mark up arrangements	221,311	221,311	-
Liabilities against assets subject to finance lease	86,069	30,026	56,043
Creditors, accrued and other liabilities	370,712	370,712	-
	678,092	622,049	56,043
2016			
Finances under mark up arrangements	200,339	200,339	-
Liabilities against assets subject to finance lease	72,495	24,856	47,639
Creditors, accrued and other liabilities	517,466	517,466	-
	790,300	742,661	47,639



The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

(Rupees in '000)	Loans and receivables	
	2017	2016
34.2 Financial instruments by categories		
Assets as per balance sheet		
Long term advances and deposits	18,116	16,850
Trade debts	1,622,192	1,214,804
Advances, deposits, prepayments and other receivables		
- Bank guarantee margin	50,255	13,122
- Earnest money	408	336
- Retention money	21,111	220
- Due from associated companies	751,167	850,958
- Others	1,120	2,926
Cash and bank balances	54,846	15,881
	2,519,214	2,115,097

(Rupees in '000)	Financial liabilities at amortized cost	
	2017	2016
Liabilities as per balance sheet		
Long term loan	37,879	-
Liabilities against assets subject to finance lease	78,125	65,527
Finances under mark up arrangements and other credit facilities - secured	221,311	200,339
Creditors, accrued and other liabilities	370,712	517,466
	708,027	657,243

34.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares or sell assets to reduce debt. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Consistent with others in the industry and the requirements of the lenders the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The Group's strategy, which was unchanged from last year, was to maintain a target gearing ratio of 60% debt and 40% equity. The gearing ratio as at year ended 31 December 2017 and 2016 are as follows:

(Rupees in '000)	2017	2016
Borrowings	337,316	265,866
Less: Cash and bank balances	(54,846)	(15,881)
Net debt	282,470	249,985
Total equity	1,998,469	
Total capital	282,470	2,248,454
Gearing ratio	100%	11%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

35. REMUNERATION OF DIRECTORS AND OTHER EXECUTIVES

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

(Rupees in '000)	Director		Other Executives	
	2017	2016	2017	2016
Managerial remuneration	4,421	3,991	34,650	28,172
House rent	1,768	1,596	13,860	11,269
Utilities	442	399	3,465	2,817
Contribution to provident fund	442	399	3,465	2,817
Others	99	62	729	878
	7,173	6,447	56,170	45,953
Number of persons	1	1	18	16

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

No remuneration has been paid non-executive directors of the Company.

(Rupees in '000)	2017	2016
36. NUMBER OF EMPLOYEES		
Average number of employees	145	131
Closing number of employees	151	134

37. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However no significant re-arrangements have been made.

38. EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in its meeting held on 21 March, 2018 has proposed a cash dividend in respect of the year ended 31 December, 2017 of Rupees 2.25 per share and Nil bonus shares (2016: Cash Dividend of Re. 1 per share and bonus shares at a rate of 25%). The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

39. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 21 March, 2018 by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director



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**CONSOLIDATED
FINANCIAL STATEMENTS**
FOR THE YEAR ENDED DECEMBER 31, 2017



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Avanceon Limited (the Holding Company) and its subsidiary companies as at 31 December 2017 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Cash Flow Statement and consolidated Statement of Changes in Equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Avanceon Limited. Financial statements of Avanceon FZE, subsidiary company, have been audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such auditors. The results of Innovative Automation Inc. USA (formerly Engro Innovative Inc.) and Avanceon Automation and Control WLL (AVAC) have been consolidated based on the unaudited financial information prepared by management. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the consolidated financial statements present fairly the financial position of Avanceon Limited and its subsidiary companies as at 31 December 2017 and the results of its operations for the year then ended.

Ernst & Young Ford Rhodes
Chartered Accountants
Audit Engagement Partner: Farooq Hameed

Lahore: 29 March, 2018

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2017

(Rupees in '000)	Note	2017	2016
Equity and Liabilities			
Share Capital and Reserves			
Authorized capital			
150,000,000 (2016: 150,000,000) ordinary shares of Rs 10 each		1,500,000	1,500,000
Issued, Subscribed and Paid up Capital			
132,121,128 (2016: 105,696,903) ordinary shares of Rs 10 each	5	1,321,211	1,056,969
Capital Reserve			
Share premium	6	61,894	61,894
Employees' share compensation reserve	7	69,825	51,597
Exchange revaluation reserve		244,839	209,034
		376,558	322,525
Revenue Reserve			
Un-appropriated profit		894,265	700,040
		2,592,034	2,079,534
Surplus on Revaluation of Property, Plant and Equipment			
	8	146,115	112,461
Non Current Liabilities			
Liabilities against assets subject to finance lease	9	52,517	44,567
Long term loan	10	19,697	-
Deferred liabilities	11	48,941	64,516
		121,155	109,083
Current portion of liabilities against assets subject to finance lease	9	25,608	21,522
Current portion of long term loan	10	18,182	-
Finances under mark up arrangements and other credit facilities - secured	12	339,604	265,637
Creditors, accrued and other liabilities	13	1,354,264	696,659
		1,737,658	983,818
CONTINGENCIES AND COMMITMENTS	14		
		4,596,962	3,284,896

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director



(Rupees in '000)	Note	2017	2016
Assets			
Non Current Assets			
Property, plant and equipment	15	277,105	233,107
Intangible assets	16	78	124
Long term investments	17	599,345	567,349
Long term loans and deposits	18	33,262	30,624
		909,790	831,204
Current Assets			
Stock in trade	19	93,387	101,234
Trade debts	20	2,892,596	1,837,932
Advances, deposits, prepayments and other receivables	21	337,090	243,154
Term deposits with banks	22	194,769	155,554
Cash and bank balances	23	169,330	115,818
		3,687,172	2,453,692
		4,596,962	3,284,896

Chief Executive

Chief Financial Officer

Director

CONSOLIDATED PROFIT & LOSS ACCOUNT

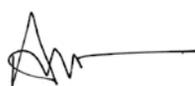
FOR THE YEAR ENDED DECEMBER 31, 2017

(Rupees in '000)	Note	2017	2016
Revenue	24	2,813,898	2,063,627
Cost of sales	25	(1,839,168)	(1,317,408)
Gross profit		974,730	746,219
Administrative and selling expenses	26	(407,773)	(321,685)
Other operating expenses	27	(3,890)	(9,932)
Other operating income	28	104,646	31,636
		(307,016)	(299,981)
Profit from operations		667,714	446,238
Finance costs	29	(69,660)	(50,455)
Profit before tax		598,054	395,783
Taxation	30	(34,583)	(63,716)
Profit for the year		563,472	332,067
			Restated
Earnings per share - basic	35.1	4.26	2.51
Earnings per share - diluted	35.2	4.02	2.39

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

(Rupees in '000)	2017	2016
Profit for the year	563,472	332,067
Other comprehensive income		
Items to be reclassified to profit or loss in subsequent periods		
Exchange difference on translating foreign operations	35,805	(976)
Items not to be reclassified to profit or loss in subsequent periods		
Transfer from revaluation surplus on account of incremental depreciation net of tax	8	692
Total comprehensive income for the year	599,969	331,785

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

Chief Executive

Chief Financial Officer

Director

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2017

(Rupees in '000)	Note	2017	2016
Cash flows from operating activities			
Cash generated from continuing operations	34	254,665	53,107
Finance costs paid		(48,521)	(26,466)
Retirement benefits paid		(173)	(383)
Taxes paid		(71,482)	(49,457)
Net cash (used in) / generated from operating activities		134,490	(23,199)
Cash flows from investing activities			
Purchase of property, plant and equipment and capital work in progress		(7,491)	(6,604)
Purchase of intangible asset		-	(140)
Proceeds from disposal of property, plant and equipment		5,254	10,927
Income on bank deposits received		15,343	12,631
Short term investment		(39,215)	25,382
Net increase in long term deposits		(2,638)	(3,291)
Net cash (used in) / generated from investing activities		(28,748)	38,905
Cash flows from financing activities			
Issue of share capital		-	1
Dividend paid		(146,003)	(98,259)
Long term loan received		37,879	-
Finances under markup arrangements		73,967	75,092
Repayment of finance lease liabilities		(18,073)	(11,004)
Net cash used in financing activities		(52,230)	(34,170)
Net (decrease) / increase in cash and cash equivalents		53,513	(18,464)
Cash and cash equivalents at the beginning of the year		115,818	134,282
Cash and cash equivalents at the end of the year	23	169,331	115,818

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED DECEMBER 31, 2017

(Rupees in '000)	Share capital	Share premium reserve	Employee's share compensation reserve	Exchange revaluation reserve	Un-appropriated profit / (loss)	Total
Balance as on 01 January 2016	1,056,968	61,894	45,000	210,010	578,673	1,952,545
Profit for the period	-	-	-	-	332,067	332,067
Other comprehensive income	-	-	-	(976)	694	(282)
	-	-	-	(976)	332,761	331,785
Final dividend for the year ended 31 December 2015 at the rate of Rs. 2 per share	-	-	-	-	(211,394)	(211,394)
Issue of 99 shares of Rs. 10 each fully paid in cash @ premium of Rs. 4 each	1	-	-	-	-	1
Employee share option	-	-	6,597	-	-	6,597
	1	-	6,597	-	(211,394)	(204,796)
Balance as on 31 December 2016	1,056,969	61,894	51,597	209,034	700,040	2,079,534
Profit for the period	-	-	-	-	563,472	563,472
Other comprehensive income	-	-	-	35,805	692	36,497
	-	-	-	35,805	564,164	599,969
Final dividend for the year ended 31 December 2016 at the rate of Rs. 1 per share	-	-	-	-	(105,697)	(105,697)
Bonus Shares for the year ended 31 December 2016 at the rate of 25%	264,242	-	-	-	(264,242)	
Employees share option reserve	-	-	18,228	-	-	18,228
	264,242	-	18,228	-	(369,939)	(87,469)
Balance as on 31 December 2017	1,321,211	61,894	69,825	244,839	894,265	2,952,034

The annexed notes 1 to 42 form an integral part of these consolidated financial statements.

Chief Executive

Chief Financial Officer

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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 changed to public limited company on 31 March 2008 under the Companies Ordinance, 1984. The principal activity of the Holding Company is to trade in products of automation and control equipments and provide related technical services. The registered office of the Holding Company is situated at 19 km, Multan Road, Lahore. Subsequent to the year end, the holding company has been listed on Pakistan Stock Exchange Limited.

1.1 The "Group" consists of:

Holding Company

Avanceon Limited (AVN)

Subsidiary companies;

% age of holding

- Avanceon, Free Zone Establishment, UAE (AFZE);	100%
- Innovative Automation and Engineering Inc. (formerly Engro Innovative Inc.) USA (IA);	100%
- Avanceon Automation and Control WLL (AVAC)	49%

AFZE is a Free Zone Establishment with limited liability formed pursuant to Law No.9 of 1992 of H.H. Sheikh Maktoum Bin Rashid Al Maktoum, Ruler of Dubai and Implementing Regulations issued thereunder by the Jebel Ali Free Zone Authority and was registered with the Jebel Ali Free Zone Authority under Registration No. 816 on 28 February 2004, and its registered office is situated in the Jebel Ali Free Zone, Dubai, United Arab Emirates.

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

IA's registered office is 1800 John F. Kennedy Boulevard, Suite 1601, Philadelphia, PA. The Company holds 26.11% (2016: 26.11%) equity interest in Avanceon Limited Partnership (ALP) directly and through Avanceon GP LLC, The General Partner.

AVAC is an Establishment with limited liability registered under the Ministry of Economy and Commerce, state of Qatar on 22 May 2017 with Registration No. 99027. Its registered office is situated in Al Jaber Engg. HO Building, PO Box: 15976, Fox Hills, Lusail, Doha - Qatar. The principal activities of the Establishment are to trade in products of automation and control equipment and provide related engineering and technical support. The Establishment is a subsidiary of the Group as Avanceon FZE has control over financial and operating decision making.

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 (repealed), provisions of and directives issued under the Companies Ordinance, 1984 (repealed). In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 (repealed) shall prevail.

2.1.1 The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its Circular No. 23 dated 04 October 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.2 Standards, Interpretations and amendments to published approved accounting standards effective in 2017:

New and amended standards and interpretations

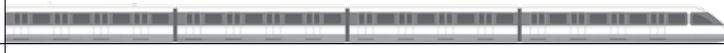
The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

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

IAS 7	- Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)
IFRS 12	- Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB in December 2016

IFRS 12	- Disclosure of Interests in Other Entities-Clarification of scope of the disclosure requirements in IFRS 12
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The adoption of the above amendments, interpretations and improvements did not have any material effect on the financial statements.

2.3 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)
IFRS 2	- Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10	- Consolidated Financial Statements and IAS 28: Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 4	- Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	01 January 2018
IFRS 9	- Financial Instruments: Classification and Measurement	01 July 2018
IFRS 9	- Prepayment Features with Negative Compensation – (Amendments)	01 January 2019
IFRS 15	- Revenue from Contracts with Customers	01 January 2018
IFRIC 22	- Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23	- Uncertainty over Income Tax Treatments	01 January 2019

The Group expects that the adoption of the above revisions and amendments of the standards will not materially affect the Group's financial statements in the period of initial application or later periods except for IFRS 15. The management is in the process of determining the effect of application of IFRS 15.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019. The Group expects that such improvements to the standards will not have any impact on the Group'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 14	- Regulatory Deferred Accounts	01 January 2016
IFRS 16	- Leases	01 January 2019
IFRS 17	- Insurance Contracts	01 January 2021

The Group expects that the adoption of the above standards will have no material effect on the Group's financial statements, in the period of initial application, except for IFRS 16. The management is in the process of determining the effect of application of IFRS 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

3 BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention, except for revaluation of certain items of property, plant and equipment at revalued amounts as referred to in note 8.

3.2 The Group's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Provision for taxation

Provision for taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income and the decisions taken by appellate authorities. The charge for tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its views on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

b) Recoverable amount of property, plant and equipment

The Group basis its valuation of operating assets suspect to impairment upon valuation performed by an independent valuation expert. The valuation is based on fair value less costs to sell as mentioned in note 8.

c) Cost to complete the projects

As part of application of percentage of completion method on contract accounting, the Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized. These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods.

d) Stock in trade

Stock-in-trade is carried at the lower of cost and net realisable value. The net realisable value is assessed by the Group having regard to the budgeted cost of completion, estimated selling price and knowledge of recent comparable transactions.

3.3 Functional and presentation currency

These financial statements are presented in Pak Rupee, which is the functional and presentation currency of the Holding Company. Figures have been rounded off to the nearest thousand rupees.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Holding Company and major entities controlled by the Holding Company (its subsidiaries).

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identified assets acquired and liabilities and contingent liabilities



assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any non-controlling interest.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative values of the operation disposed off and the portion of the cash-generating unit retained.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the parent obtains control, and continue to be consolidated until the date that such control ceases. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interest consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

All intra-group balances, income and expenses and unrealized gain and losses resulting from intra-group transactions are eliminated in full.

4.2 Staff retirement benefits

Defined contribution plan

The Holding Company operates a defined contribution provident fund for its employees. Monthly contributions are made both by the Company and the employees to the fund at the rate of 10% (2016:10%) of the basic salary.

Defined benefit plan

The Group operates an unfunded gratuity scheme for all of its permanent employees of Avanceon FZE, Dubai. Provision for employee gratuity is made annually to cover liability under the scheme in accordance with the regulation of Jebel Ali Free Zone Authority, UAE.

4.3 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

Provision is not made for taxation which would become payable if retained profits of subsidiaries were distributed to the Holding Company, as it is not the intention to distribute more than the dividends, the tax on which is included in the financial statements.

4.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any identified impairment loss except for freehold land and building which are stated at revalued amount less accumulated depreciation and any identified impairment loss, however, freehold land is stated at revalued amount.

Increase in the carrying amount arising on revaluation of property, plant and equipment are credited to surplus on revaluation of property, plant and equipment. Decreases that offset previous increases of the same assets are charged against this surplus, all other decreases are charged to income.

Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to the income) and depreciation based on the assets' original cost is transferred from surplus on revaluation of property, plant and equipment to other comprehensive income. All transfers to/from surplus on revaluation of property, plant and equipment are net of applicable deferred taxation.

Depreciation is charged to income using the straight line method whereby the cost less residual value of an operating asset is written off over its estimated useful life. Depreciation is charged on additions from the month of its acquisition whereas no depreciation is charged on assets disposed off during the month. The rates of depreciation are stated in note 15 to the financial statements. The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant.

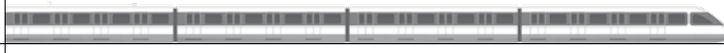
The group assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in income currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the period in which it is incurred.

4.5 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss.



4.6 Leases

The Group is the lessee.

4.6.1 Finance leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At inception finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment losses.

The related rental obligations, net of finance charge, are included in liabilities against assets subject to finance lease as referred to in note 9. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charge so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit and loss account over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on straight line method so as to write off the cost of an asset over its estimated useful life at the annual rates given in note 15. Depreciation of leased assets is charged to profit and loss account.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

4.6.2 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit on a straight line basis over the lease term.

4.7 Stock in trade

Stock of raw materials and finished goods, except for those in transit are valued principally at the lower of weighted average cost and net realisable value. Cost of finished goods comprises cost of direct materials, labour and appropriate overheads.

Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make a sale.

4.8 Financial instruments

4.8.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise loans, advances, deposits and other receivables and cash and cash equivalents in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date.

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held to maturity and are stated at amortized cost.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognized in the profit and loss account. Dividends on available-for-sale equity instruments are recognized in the profit and loss account when the Company's right to receive payments is established.

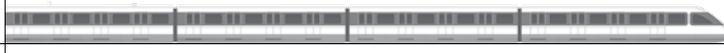
The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognized in the profit and loss account. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.8.2 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the profit and loss account.



4.9 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amount and the Group intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.10 Trade debts

Trade debts are carried at original invoice amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the period end. Bad debts are written off when identified.

Due against construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred.

4.11 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the balance sheet, finances under mark-up arrangements are included in current liabilities.

4.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

4.13 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in future for the goods and/or services received, whether or not billed to the Group.

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

4.14 Foreign currency transactions and translation

The Group's consolidated financial statements are presented in Pak Rupee, which is also the Holding Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

i) Transactions and balances

Transactions in foreign currency are converted in functional currency at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into functional currency at the rate of exchange prevailing on the reporting date. Net exchange differences are recognized as income or expense in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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ii) Group companies

The assets and liabilities of foreign operations are translated into Pak Rupee at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the income statement.

4.15 Borrowing costs

Mark up, interest and other charges on long term borrowings are capitalised upto the date of commissioning of the respective plant and machinery, acquired out of the proceeds of such long term borrowings. All other mark-up, interest and other charges are charged to income.

4.16 Revenue recognition

Revenue from sale of goods are recognised when significant risks and rewards of ownership are transferred to the buyer. Service revenue is recognised over the contractual period or as and when services are rendered to customers. Financial income is recognised as it accrues on a time proportion basis by reference to the principal outstanding, using the effective mark-up rates.

Contract revenue and contract costs relating to long-term construction contracts are recognised as revenue and expenses respectively by reference to stage of completion of contract activity at the balance sheet date. Stage of completion of a contract is determined by applying 'cost-to-cost method'. Under cost-to-cost method, stage of completion of a contract is determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost. When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract can not be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

4.17 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, is a committee comprising of the chief executive officer, general manager marketing and chief financial officer.

4.18 Share based payment transactions

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made. That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest because service conditions have not been met.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

**4.19 Provision**

A provision is recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. However, provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

4.20 Related party transactions

All transactions with related parties and associated undertakings are entered into at normal commercial terms as mutually agreed between the parties.

Parties are said to be related if they are able to influence the operating and financial decisions of the Parent Company and vice versa.

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2017 (Number of Shares)	2016 (Number of Shares)		2017 (Rupees in '000)	2016 (Rupees in '000)
57,163,853	57,163,853	Ordinary shares of Rs. 10 each fully paid in cash	571,639	571,639
74,957,275	48,533,050	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	749,573	485,330
132,121,128	105,696,903		1,321,211	1,056,969

(Number of Shares)	Note	2017	2016
5.1 Movement during the year is as follows:			
Balance as at 01 January		105,696,903	105,696,804
Ordinary shares issued during the year	5.1.1	-	99
Bonus shares issued during the year		26,424,225	-
Balance as at 31 December		132,121,128	105,696,903

5.1.1 This represents bonus shares issued to shareholders as declared and approved by Board of Directors in AGM held on 25 April 2017 based on financial results of 2016. These shares were issued in proportion of 25 shares for every 100 shares held i.e. at the rate of 25%.

5.2 Wain Family holds 75% (2016: 75%) share capital of the Company.

6. SHARE PREMIUM

This represents premium on 25,163,853 (2016: 25,163,853) shares at the rate of Rs. 4 each. Cost incurred on Initial Public Offering amounting to Rs. 38,761,352 have been written off against this.

(Rupees in '000)	Note	2017	2016
7. EMPLOYEES' SHARE COMPENSATION RESERVE			
Share options scheme I	7.1	52,700	45,000
Share options scheme II	7.2	17,124	6,597
		69,825	51,597

7.1 Employee Stock Option Scheme, 2013 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 18 September 2013 which comprises of an entitlement pool of 5 million shares. Under the scheme, share options of the Holding Company are granted to employees of level MT3 and above. The share options can be exercised up to one year after the five year vesting period and therefore, the contractual term of each option granted is six years. A

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

reserve amounting to Rs. 45 million was created by the Board of Directors on 26 September 2013 in order to set aside amount for issuance of shares under the scheme out of un-appropriated profit of the Holding Company.

(Rupees in '000)		2017	2016
7.1.1	Movement in the amount of options granted against the reserve is as follows:		
	Balance as at January 1	38,289	26,866
	Adjustment for correction of error 7.3	497	-
	Balance as at January 1 (restated)	38,786	26,866
	Options issued during the year recognized at grant date fair value	13,915	11,423
	Balance as at December 31	52,700	38,289

(Number of options)		2017	2016
7.1.2	Movement in share options outstanding at end of the year is as follows:	2017	2016
	Balance as at January 1	4,760,629	4,600,000
	Adjustment for correction of error 7.3	(40,000)	-
	Balance as at January 1 (restated)	4,720,629	4,600,000
	Options issued during the year	275,000	160,629
	Balance as at December 31	4,995,629	4,760,629

The fair value of options granted during the year was Rs. 34.96 (2016: Rs. 30.58).

All options have been issued at Rs. 1 in 2013, Rs. 1.20 in 2014, Rs. 1.44 in 2015, Rs. 1.73 in 2016 and Rs. 2.07 in 2017 and with five year vesting period and can be exercised after 2018, 2019, 2020, 2021 and 2022 respectively except for options granted to Chief Operating Officer of the Company during years 2014, 2015 and 2016 which have been issued at Rs.1 with exercise period from 01 July 2018 to 31 December 2018.

- 7.2** Employee Stock Option Scheme, 2016 was approved by the Securities and Exchange Commission of Pakistan (SECP) on 01 September 2016 which comprises of an entitlement pool of 5 million shares. Under the scheme, share options of the Company are granted to employees of level MT 1 and 2 (with minimum seven years regular service) and MT 3 and above. The share options can be exercised up to one year after the five year vesting period and therefore, the contractual term of each option granted is six years. The exercise price of the share options is equal to weighted average market price of the underlying shares for 90 days prior to the date of grant with maximum discount of 60%.

(Rupees in '000)		2017	2016
7.2.1	Movement in the amount of options granted against the reserve is as follows:		
	Balance as at January 1	6,597	-
	Adjustment for correction of error 7.3	(216)	-
	Balance as at January 1 (restated)	6,381	-
	Options issued during the year recognized at grant date fair value	10,743	6,597
	Balance as at December 31	17,124	6,597

(Number of options)		2017	2016
7.2.2	Movement in share options outstanding at end of the year is as follows:		
	Balance as at January 1	1,950,683	-
	Adjustment for correction of error 7.3	(63,800)	-
	Balance as at January 1 (restated)	1,886,883	-
	Options issued during the year recognized at grant date fair value	1,077,979	1,950,683
	Balance as at December 31	2,964,862	1,950,683

The fair value of options granted during the year was Rs. 20.23 (2016: Rs. 16.91).



All options have been issued at Rs.16.80 in 2016 and 2017 with five year vesting period and can be exercised after 2021 and 2022 respectively. The share options vest if the executive remains employed by the Company at that time.

- 7.3** During the year, management discovered an error in accounting for share options issued to employees on reconciliation of number of options granted and lapsed as per accounting records with employee wise records of options maintained by the Human Resources Department. The error has been corrected by adjusting the opening balances of amount and number of options granted, as follows:

	Number of options		Amount of options granted (Rupees in '000)	
	2016	2016	2016	2016
	ESOS I	Restated ESOS II	ESOS I	Restated ESOS II
Balance as at January 1	4,550,331	-	26,794	-
Options issued during the year recognized at offer value	225,298	1,972,768	12,328	6,672
Adjustment of reserve for option holders resigning during the year	(55,000)	(85,885)	(336)	(290,463)
Balance as at December 31	4,720,629	1,886,883	38,786	6,381
Balance as at January 01 as disclosed in prior year financial statements	(4,760,629)	(1,950,683)	(38,289)	(6,597)
Adjustment for correction of error	(40,000)	(63,800)	497	(216)

8. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

This represents the surplus over book values resulting from revaluation of land and building adjusted by incremental depreciation arising out of revaluation of building. Freehold land and buildings are revalued at each year end by an independent valuer based on fair market value. The revaluation surplus is net of applicable deferred income taxes. Incremental depreciation represents the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

(Rupees in '000)	2017	2016
Opening balance of surplus on revaluation of property, plant and equipment	112,461	110,384
Revaluation surplus arising during the year - net of tax	34,345	2,772
Surplus transferred to unappropriated profit on account of incremental depreciation	(692)	(694)
Closing balance of surplus on revaluation of property, plant and equipment - net of tax	146,115	112,461

9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The interest rates used as the discounting factor (i.e. implicit in the lease) ranges from 7.98% to 11.18% (2016: 5.66% to 11.47%) per annum. The amount of future payments and the period during which they will become due are:

(Rupees in '000)	Note	2017	2016
Year ended 31 December			
Due not later than 1 year		30,026	25,431
Due later than 1 year but not later than 5 years		56,043	47,639
Minimum lease payments		86,069	73,070
Less: Future finance charges		(7,943)	(6,981)
Current portion	9.1	78,125	66,089
		(25,608)	(21,522)
		52,517	44,567

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

9.1 Minimum lease payments (MLP) and their present value (PV) are regrouped as below:

(Rupees in '000)	2017		2016	
	MLP	PV of MLP	MLP	PV of MLP
Due not later than 1 year	30,026	25,608	25,431	21,522
Due later than 1 year but not later than 5 years	56,043	52,517	47,639	44,567
	86,069	78,125	73,070	66,089

9.2 There are no financial restrictions imposed by the leasing companies and the Group has the option to purchase the leased assets at the end of lease term.

(Rupees in '000)	2017	2016
10. LONG TERM LOAN		
Long term loan	37,879	-
Less: current portion of long term loan	(18,182)	-
	19,697	-

The Company has obtained long term loan for three years from a commercial bank amounting to Rs. 50 million (31 December 2016: nil) bearing mark-up at the rate of 3 months KIBOR plus 200 bps repayable in equal monthly installments. This loan is secured against token mortgage of Rs. 100,000 alongwith equitable mortgage over fixed assets (land and building) of the Company, first charge over land and building for Rs. 165 million duly registered with Securities and Exchange Commission of Pakistan, pari passu charge of Rs. 300 million over current assets of the Company registered with Securities and Exchange Commission of Pakistan to be enhanced to Rs. 375 million and personal guarantee of sponsor directors of the Company, covering total security package.

(Rupees in '000)	2017	2016
11. DEFERRED LIABILITIES		
Retirement and other service benefits	36,946	28,246
Deferred taxation	11.1	36,270
	48,941	64,516
11.1 Deferred Taxation		
The liability for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation / amortization	(2,274)	(915)
Unused tax losses	(45,000)	(45,000)
Surplus on revaluation of property, plant and equipment	4,702	3,956
Income taxable on receipt basis	55,285	78,229
Export sales	(718)	-
	11,995	36,270
12. FINANCES UNDER MARK UP ARRANGEMENTS AND OTHER CREDIT FACILITIES		
Running finance	12.1	96,311
Inland bill	12.2	125,000
United Bank Limited	12.3	88,544
JS Bank Limited Bahrain - bank overdraft	12.4	29,749
		339,604
		265,637

12.1 The parent Company has obtained running finance facility from a commercial bank with a limit of Rs.120 million (2016: Rs.120 million) bearing mark-up at the rate of 3 months KIBOR plus 2.25% (2016: 3 months KIBOR plus 2.25%). The facility is secured against first mortgage charge of Rs. 165.065 million (2016: Rs.165.065 million) created through



equitable mortgage with legal mortgage of notional value of Rs. 0.1 million over fixed assets (land & building) of the Company, ranking hypothecation charge of Rs. 300 million (2016: Rs. 300 million) over all present and future current assets of the Company registered with Securities and Exchange Commission of Pakistan and personal guarantees of sponsor directors of the Company.

- 12.2** This facility has been obtained by parent Company having a limit of Rs. 125 million (2016: Rs. 100 million) and carries mark-up at the rate of 3 months KIBOR plus 2% (2016: 3 months KIBOR plus 2%) per annum. The facility is secured against 5% margin on invoices / bills, parri passu charge on all present and future current assets of the company with 25% margin, assignment of project specific receivables in favor of the bank and personal guarantees of sponsor directors of the Company.

(Rupees in '000)	Maturity Months	Limit	2017	2016
12.3 United Bank Limited				
Short term loan	90	30,020	30,020	14,210
Trust Receipt Loans	180	60,040	22,270	16,766
Invoice discounting	180	150,100	36,254	34,321
			88,544	65,297

These finance facilities have been obtained by Avanceon FZE and bear mark-up at the rate of 4.5% over three months EIBOR with a floor of 9 percent and are secured by way of undated cheque of AED 1,025,000, assignment of receivables from respective projects, personal guarantees of Mr. Bakhtiar H Wain, Khalid Wain and Amir Waheed Wain and cross corporate guarantee of Avanceon Limited.

- 12.4** Avanceon FZE has secured a facility of overdraft from JS Bank Limited, Bahrain at rate of 6% per annum.

(Rupees in '000)	Note	2017	2016
13. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Trade creditors		535,866	408,046
Accrued expenses		25,540	30,193
Advances from customers		364,932	46,108
Social security payable		25	45
Mark up accrued on:			
- Long term finances		817	-
- Finances under mark up arrangements and other credit facilities - secured		4,699	3,681
Payable to related parties		1,406	537
Billing in excess of cost and estimated earning		278,468	43,829
Other liabilities		68,669	50,071
Dividend payable	13.1	73,843	114,149
		1,354,264	696,659

- 13.1** This represents dividend payable to the CEO of the Group Mr. Bakhtiar H Wain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

14. CONTINGENCIES AND COMMITMENTS

14.1 Holding Company

14.1.1 Contingencies

- (i) Bank guarantees issued amounting to Rs. 22.262 million (2016: Rs. 6.01 million) against the performance of various contracts
- (ii) During the year the Holding Company received notice under section 122 (9) of the Income Tax Ordinance, 2001 for the tax year 2016 under which additions were made to its taxable income on various accounts. The Company replied to the notice and an amended assessment order was passed under which tax losses have been reduced by Rs. 8,814,739. An appeal has been filed by the Company against this order. In view of tax advisor's opinion, management is confident of favorable outcome of the case, therefore no adjustment has been made to these financial statements.
- (iii) The Holding Company has preferred appeals before the Commissioner Inland Revenue (Appeals) against the orders of the Additional Commissioner Inland Revenue u/s 122 (1) read with section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years 2010 and 2011 raising demands of Rs. 17,157,240 and Rs. 21,702,929 respectively. As a result of this, the office of the Commissioner Inland Revenue (Appeals), Lahore disposed of the both appeals partially in favor of the company.

Then, Company has filed appeal before the Appellate Tribunal Inland Revenue against the order of the CIR (A) decision for both of the years, which is pending for hearing.

14.1.2 Commitments

- (i) Letters of credit includes Rs. 25.920 million (2016: 0.757) which relates to import acceptance bills

14.2 Subsidiaries

- (i) Avanceon FZE has provided the following guarantees at 31 December:

(Rupees in '000)	Note	2017	2016
Letters of guarantee		250,218	36,244
Letters of credit		-	22,211
Post dated cheques issued to JAFZA against payment of rent		6,525	5,533
		256,743	63,988
15. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	277,105	233,107
		277,105	233,107

15.1 Operating fixed assets

	2017											
	Cost / Revalued Amount as at 01 January 2017	Exchange adjustment on cost	Additions/ *Transfers/ (Deletions)	Effect of revaluation	Cost as on 31 December 2017	Accumulated Depreciation as on 01 January 2017	Exchange adjustment on accumulated depreciation	*Transfer adjustments/ (Deletions)	Depreciation charge for the year/ *Effect of revaluation	Accumulated depreciation as on 31 December 2017	Net Book value as on 31 December 2017	Rate %
Owned Assets												
Freehold land	96,850	-	-	29,800	126,650	-	-	-	-	-	126,650	-
Building on freehold land	68,961	-	-	4,411	73,371	-	-	-	2,126 (2,126)	-	73,371	5
Vehicles	21,232	101	1,326 10,212* (13,361)	-	19,511	17,984	101	6,331* (9,934)	2,215	16,696	2,815	20
Furniture and fittings	19,036	363	- (529)	-	18,870	16,956	348	(515)	610	17,398	1,471	20
Office equipment and appliances	29,923	699	1,406 4,415* (1,374)	-	35,069	25,246	273	3,532* (1,363)	1,947	29,636	5,433	20
Plant and machinery	3,945	222	254 (99)	-	4,322	3,945	223	(99)	10	4,079	244	20
Computers	19,906	447	4,506 (1,100)	-	23,760	16,674	280	(1,100)	2,311	18,164	5,595	33.33
	259,853	1,832	7,491 14,627* (16,463)	34,211	301,553	80,805	1,225	9,863* (13,011)	9,219 (2,126)	85,973	215,579	
Assets subject to Finance Lease												
Motor vehicles	72,049	150	30,107 (10,212)*	-	92,095	20,397	97	(6,331)*	16,889	31,052	61,043	20
Office equipment and appliances	5,940	-	(4,415)*	-	1,525	3,533	1	(3,532)*	1,041	1,042	483	20
	77,989	150	30,107 (14,627)*	-	93,620	23,930	98	(9,863)*	17,930	32,094	61,526	
	337,842	1,983	37,599 (16,463)	34,211	395,173	104,736	1,323	(13,011)	27,149 (2,126)	118,067	277,105	



(Rupees in '000)	Note	2017	2016
15.1.1 The depreciation charge has been allocated as follows:			
Cost of goods sold	25.1	13,574	12,731
Administrative and selling expenses	26	13,574	12,731
		27,149	25,462

15.1.2 Freehold land and building thereon have been valued by an independent valuer 'Harvester' based on fair market value as on 31 December 2017. This revaluation resulted in Rs.29.8 million surplus (2016: Rs. Nil) on land and Rs.6.5 million surplus (2016: Rs. 4 million loss) in respect of building. Detailed particulars are as follows:

(Rupees in '000)	Depreciated cost 2017	Revalued amount 2016
Freehold land	96,850	126,650
Buildings on freehold land	66,833	73,371
	163,683	200,021

15.1.3 Had the freehold land and building not been revalued, their carrying amount would have been as follows:

(Rupees in '000)	2017	2016
Freehold land	8,647	8,647
Buildings on freehold land	37,642	39,076
	46,289	47,723

15.1.4 Disposal of property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

(Rupees in '000)	Cost	Accumulated depreciation	Book value	Sale Proceeds	Gain/(loss)	Mode of Disposal
Owned Vehicles						
Cultus LEB-09 1701	979	979	-	520	520	Bidding
Toyota Gli 1.6 LEC-7591	1,906	1,652	254	451	196	As per Policy
Toyota Corolla GLI LEC-7673	1,745	1,541	204	451	247	As per Policy
Toyota Corolla GLI LEC-7689	1,745	1,599	145	408	263	As per Policy
Honda Civic Reborn	1,868	1,681	187	614	427	As per Policy
Suzuki Swift DLX Lec 7601	1,258	1,111	147	264	117	As per Policy
Suzuki Swift DL	1,198	1,017	180	240	59	As per Policy
Civic i-VTEC Oriel 1799 CC	2,663	354	2,310	2,307	(2)	As per Policy
	13,361	9,934	3,427	5,254	1,827	
Furniture and Fixture	529	515	14	-	(14)	Scrap sale
Office Equipment	1,374	1,363	11	-	(11)	Scrap sale
Computers	1,100	1,100	-	-	-	Scrap sale
Plant & Machinery	99	99	-	-	-	Scrap sale
	3,102	3,077	25	-	(25)	
Total	16,463	13,011	3,452	5,254	1,802	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Rupees in '000)	Note	2017	2016
16. INTANGIBLE ASSETS			
Cost	16.1	17,677	17,677
Less: Accumulated amortization	16.2	(17,599)	(17,553)
Net book value as at 31 December		78	124
16.1 Cost			
As at January 01		17,677	17,537
Additions during the year		-	140
As at December 31		17,677	17,677
16.2 Amortization			
As at January 01		17,553	17,537
For the year	16.2.1	46	16
As at December 31		17,599	17,553
16.2.1 The amortization charge has been allocated as follows:			
Cost of goods sold	25.1	23	8
Administrative and selling expenses	26	23	8
		46	16

Intangibles have been amortized at a rate of 33.33%.

17. LONG TERM INVESTMENTS

Unquoted

Avanceon GP LLC		55	37
Avanceon LP		599,290	567,313
		599,345	567,350

Innovative Automation and Engineering Inc., USA (formerly Engro Innovative Inc.) has a 26.11% (2016: 26.11%) interest in Avanceon LP and Avanceon GP LLC. Avanceon LP is engaged in providing innovative technology solutions to clients in various industries. The partnership designs, develops, implements and provides support of automated manufacturing processes for its customers.

Due to absence of significant influence, Avanceon GP LLC and Avanceon LP are not considered associates for the purpose of consolidation.

(Rupees in '000)	Note	2017	2016
18. LONG TERM LOANS AND DEPOSITS			
Security deposits	18.1	31,201	34,915
Loan to employees	18.2	4,128	4,100
		35,329	39,015
Less: Current portion		(2,067)	(8,391)
		33,262	30,624

18.1 These are interest free deposits against utilities and lease facilities, in the normal course of business.



(Rupees in '000)	2017	2016
18.2 Reconciliation of carrying amount of loan to employees:		
Opening balance	-	-
Add: Disbursements during the year	4,100	5,000
Less : Repayments during the year	2,000	(900)
	(1,972)	-
Closing balance	4,128	4,100

These represent interest free loans (as per company policy) provided to executives of the Holding Company for purchase of vehicles in accordance with the terms of employment. These loans are secured against retirement benefits payable to the executives on resignation / retirement. These are recoverable in equal monthly installments. The fair value adjustment in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' arising in respect of long term loans is not considered material and hence not recognized.

(Rupees in '000)	Note	2017	2016
19. STOCK IN TRADE			
Finished goods		93,387	101,234
20. TRADE DEBTS			
Considered good - due from others	20.1	1,019,073	650,239
Due against construction work in progress and accrued revenue	20.2	1,873,523	1,187,693
Considered doubtful- due from others		24,496	2,802
		2,917,092	1,840,734
Less: Provision for doubtful debts - specific	20.3	(24,496)	(2,802)
		2,892,596	1,837,932

These are in the normal course of business and are interest free.

(Rupees in '000)	2017	2016
20.1 Ageing of trade debts due from others		
The ageing analysis of these trade debts due from others is as follows:		
Less than one year	825,575	495,612
One to two years	167,698	132,688
Two to three years	22,740	21,197
More than three years	3,060	741
	1,019,073	650,238

20.2 Ageing of construction work in progress and accrued revenue

The ageing analysis of these construction work in progress and accrued revenue is as follows:

(Rupees in '000)	2017	2016
Less than one year	1,696,313	1,141,222
One to two years	177,209	46,471
Two to three years	-	-
More than three years	-	-
	1,873,523	1,187,693

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Rupees in '000)	Note	2017	2016
20.3 Provision for doubtful debts			
Opening balance		2,802	4,564
Add: Provision for the year-net of reversals	26	23,636	2,801
Less: Amount written off during the year		(1,942)	(4,563)
		24,496	2,802

21. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances - considered good			
- To employees		42,394	27,317
- To suppliers		54,775	54,637
		97,169	81,954
Prepayments		28,601	17,331
Bank guarantee/ LC cash margin		103,082	70,106
Receivable from income tax authorities - considered good		57,323	46,690
Earnest money- considered good		408	336
Retention money		21,967	220
Due from subsidiaries - unsecured		7,083	-
Due from associated concern- unsecured			
- Dividend receivable		20,339	19,255
Other receivables- considered good		1,120	7,262
		337,090	243,154

22. SHORT TERM INVESTMENT

Held to maturity			
Deposits under lien	22.1	15,742	14,652
Other deposits	22.2	179,027	140,902
		194,769	155,554

22.1 This represents term deposits receipts of National Bank of Fujairah PSC having maturities of 3 months (2016: 6 months) carrying markup at a rate of 1.31% to 1.33% (2016: 0.51% to 0.56%) per annum. These deposits are under lien for facilities granted by the bank.

22.2 This represents term deposits receipt of ABN AMRO having maturity of more than 3 months from the date of deposit and carrying markup at a rate of 5.25-6.75% (2016: 10.08%) per annum. The deposits are not under lien.

(Rupees in '000)	Note	2017	2016
23. CASH AND BANK BALANCES			
Cash in hand		2,624	223
Cash with banks:			
Current accounts			
Local currency		133,930	15,303
Foreign currency		66	99,909
Saving accounts			
Local currency	23.1	32,709	383
		166,706	115,595
		169,330	115,818

23.1 Profit on balances in saving accounts ranges from 3.75% to 4.5% (2016: 4.25% to 4.5%) per annum.



(Rupees in '000)	Note	2017	2016
24. REVENUE			
Local sales and services	24.1	2,507,883	1,780,014
Export sales and services		306,015	254,885
Investment Income		-	28,728
		2,813,898	2,063,627
24.1 Local sales and services			
Local sales and services		2,641,072	1,860,806
Less: Sales tax		(133,189)	(80,792)
Net sales		2,507,883	1,780,014
25. COST OF SALES			
Opening stock		101,234	59,465
Purchases and direct expenses		1,831,321	1,359,177
Closing stock	19	(93,387)	(101,234)
	25.1	1,839,168	1,317,408
25.1 Cost of goods sold and services rendered			
Materials consumed		1,275,471	793,357
Salaries, wages, allowances and other benefits	25.1.1	162,674	184,687
Employee share option expense		7,291	2,639
Telephone, postage and telex		10,025	8,394
Utilities		2,299	2,695
Travelling and conveyance		94,720	100,731
Installation charges		174,989	151,620
Entertainment		6,028	4,909
Repairs and maintenance		2,259	1,695
Printing and stationary		760	589
Import cost		24,591	18,358
Insurance		3,428	4,381
Rent, rates and taxes		9,406	7,303
Project financial cost		-	687
Training and tuition		1,050	-
Fee and subscription		399	412
Depreciation on property, plant and equipment	15.1.1	13,574	12,731
Amortization on intangible assets	16.2.1	23	8
Miscellaneous expenses		50,180	22,212
		1,839,168	1,317,407

25.1.1 Salaries, wages and benefits include Rs. 4.9 million (2016: 5.83 million), Rs. 0.5 million (2016: Rs. 0.42 million) and Rs. 2.662 million (2016: Rs. 4.923 million) representing provident fund contribution by the Holding Company, accumulated compensated absences and gratuity contribution respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

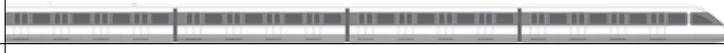
FOR THE YEAR ENDED DECEMBER 31, 2017

(Rupees in '000)	Note	2017	2016
26. ADMINISTRATIVE AND SELLING EXPENSES			
Director's remuneration	38	58,203	56,783
Salaries, wages, allowances and other benefits	26.1	191,831	150,386
Employee share option expense		10,937	3,958
Telephone, fax and internet		9,339	7,812
Electricity and water		2,299	2,684
Entertainment		4,911	3,477
Repairs and maintenance		3,657	2,584
Sales promotion		19,748	5,985
Late delivery charges		-	110
Printing, stationery and photocopies		752	577
Travelling, conveyance and vehicle maintenance		22,283	19,109
Rent, rates and taxes		7,489	6,254
Insurance		2,634	3,497
Legal and professional charges		5,476	2,661
Training and tuition		1,042	1,329
Auditors' remuneration	26.2	2,919	2,503
Fee and subscription		7,597	3,893
Corporate expenses		4,835	2,556
Depreciation on property, plant and equipment	15.1.1	13,574	12,731
Amortization of intangible assets	16.2.1	23	8
Miscellaneous expenses		14,168	14,396
Receivables written off		421	15,496
Provision for doubtful receivables and earnings	20.3	23,636	2,896
		407,773	321,685

26.1 Salaries, wages and benefits include Rs. 4.1 million (2016: Rs 2.5 million), Rs. 0.3 million (2016: Rs 0.182 million) and Rs. 6.211 million (2016: Rs. 4.923 million) for provident fund contribution, accumulating compensated absences and gratuity contribution respectively.

(Rupees in '000)	Note	2017	2016
26.2 Auditors' remuneration			
Avanceon Limited			
EY Ford Rhodes			
Statutory audit		900	800
Half yearly review		400	350
Out of pocket expenses		303	49
		1,603	1,199
Avanceon, FZE			
BDO Ibrahim & Co.			
Audit Fee		1,316	1,304
		2,919	2,503
27. OTHER OPERATING EXPENSES			
Social Security		284	273
Donations	27.1	3,606	2,843
Exchange loss		-	6,816
		3,890	9,932

27.1 The Directors or their spouses have no interest in the donees.



(Rupees in '000)	Note	2017	2016
28. OTHER OPERATING INCOME			
Income from financial assets	28.1	102,844	27,668
Income from non-financial assets	28.2	1,802	3,968
		104,646	31,637
28.1 Income from financial assets			
Income on bank deposits		15,343	13,187
Other income	28.1.1	15,139	14,481
Exchange gain		72,362	-
		102,844	27,668

28.1.1 This includes interest income amounting to Rs. 1.58 million on short term investments as mentioned in note 22.

(Rupees in '000)	2017	2016
28.2 Income from non-financial assets		
Gain on disposal of property, plant and equipment	1,802	3,968
29. FINANCE COSTS		
Mark-up and interest on:		
- Long term loan	3,586	-
- Finances under mark up arrangements and other credit facilities - secured	26,985	16,729
- Finance lease	5,218	4,357
- Other financial arrangements	14,566	6,618
Bank charges	12,783	16,689
Late penalty charges	-	20
Guarantee commission	6,521	6,042
	69,660	50,455
30. TAXATION		
Current		
- for the year	60,849	49,848
Deferred		
- for the year	(26,266)	14,261
- due to reduction in tax rate	-	-
	(26,266)	14,261
Prior Year		
- Current	-	(393)
	34,583	63,716

Due to the available income tax losses, the provision for current taxation represents tax under 'Final Tax Regime' and tax on minimum turnover under Income Tax Ordinance, 2001. Reconciliation of tax expense and accounting profit is not meaningful in view of presumptive taxation and minimum tax.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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31. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, post employment benefit plans, other related companies and key management personnel. The Group 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 38. Other significant transactions with related parties are as follows:

(Rupees in '000)		2017	2016
i. Associated undertakings			
Innovative Travels and Innovative (Private) Limited	Other charges and reimbursement of expenses	16,771	7,892
ii. Post employment benefit plans			
	Expense charged in respect of retirements benefit plans	8,663	8,334
	Payment for provident fund audit	116	-
iii. Receivable from Arkan Integrated			
		102	-

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

32. RATES OF EXCHANGE

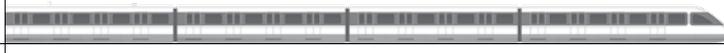
Foreign currency assets and liabilities have been translated at conversion rate of Rs.110.29 (2016: Rs.104.38) and Rs.30.02 (2016: Rs. 28.42) for USD and AED respectively.

(Rupees in '000)		2017	2016
33. PROVIDENT FUND			
Size of fund		87,594	71,172
Fair value of investments made		77,591	59,064
Cost of investment made		82,637	60,799
Percentage of investments made		89%	83%

33.1 Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2017		2016	
	Investments (Rupees in '000)	Investment as % of size of the fund	Investments (Rupees in '000)	Investment as % of size of the fund
Government Securities	27,036	31%	24,000	34%
Scheduled Banks	10,227	12%	5,438	8%
Other Mutual Funds	32,835	37%	18,097	25%
Listed Securities	7,493	9%	11,528	16%
	77,591		59,064	

Investments out of provident fund have been made in accordance with the provisions of the section 218 of the Companies Act 2017 and the rules formulated for this purpose. Financial year of the provident fund trust is 30 June.



(Rupees in '000)

	2017	2016
34. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	598,054	395,783
Adjustments for:		
Depreciation on property, plant and equipment	9,219	10,605
Depreciation on asset subject to finance lease	17,930	14,857
Amortization on intangible asset	46	16
Exchange loss/ (gain)	3,148	236
Employee benefits expense	8,873	9,846
Share option expense	18,228	6,597
Provision for doubtful debts and advances	23,636	2,896
Gain on disposal of property, plant and equipment	(1,802)	(3,968)
Finance cost	50,356	27,704
Income on bank deposits	(15,343)	(13,187)
Profit before working capital	712,346	451,385
Effect on cash flow due to working capital changes:		
(Increase) in current assets		
- Stock in trade	7,847	(41,760)
- Trade debts	(1,078,300)	(341,765)
- Advances, deposits, prepayments and other receivables	(83,303)	(79,408)
Decrease in current liabilities		
- Creditors, accrued and other liabilities	696,076	64,655
	(457,680)	(398,278)
Cash generated from operating activities	254,665	53,107

		2017	2016
35. EARNINGS PER SHARE - BASIC AND DILUTED			
35.1 Basic earnings per share			
Net profit for the year	Rupees in thousand	563,472	332,067
Weighted average number of ordinary shares	Numbers in thousand	132,121	132,121
Earnings per share	Rupees	4.26	2.51

35.2 Diluted earnings per share

Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has granted the share options to employees as explained in note 7.

		2017	2016
Net profit for the year	Rupees in thousand	563,472	332,067
Weighted average number of ordinary shares	Numbers in thousand	132,121	132,121
Adjustment for share options	Numbers in thousand	7,960	6,711
Weighted average number of ordinary shares for diluted earnings per share	Numbers in thousand	140,082	138,832
Diluted earnings per share	Rupees	4.02	2.39

35.2.1 Share options issued by the Company have a dilutive effect on the earnings per share since the fair value of the ordinary shares during the year exceed the exercise price of the options.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

36. OPERATING SEGMENTS

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit and reduction in operating costs.

CODM considers the business from the perspective of nature of products and business segments. Systems, engineering and export segments are also viewed in the geographic perspective by segregation of sales made to Middle Eastern countries and USA.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. CODM assesses the performance of the operating segments based on a measure of gross profit and segment assets (stocks and receivables only). Unallocated items comprise mainly of group corporate assets and liabilities. The Group management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic and business decisions.

35.1 Consolidated operating segment results

(Rupees in '000)	2017						
	AMS	Core Business	Specialized Business	Engineering	Middle East and USA	Elimination	Total
SEGMENT PROFIT AND LOSS ACCOUNT							
Revenue from external customers	285,612	898,251	175,112	451,333	1,422,020	(418,430)	2,813,898
Cost of sales	(142,968)	(617,946)	(121,851)	(243,075)	(1,065,871)	352,543	(1,839,168)
Gross Profit	142,644	280,305	53,261	208,258	356,149	(65,887)	974,730
SEGMENT ASSETS							
Debtors	75,590	608,186	133,088	267,537	2,837,825	(1,017,183)	2,892,596
- Considered good - others	64,266	356,312	86,453	265,223	1,264,001	(1,017,183)	1,019,073
- Due against work-in-progress	11,323	251,874	46,635	2,314	1,561,377	-	1,873,523
Others	-	-	-	-	-	-	-
Stock in Trade	7,021	35,930	5,002	-	45,434	-	93,387
Segment total assets	82,611	644,116	138,090	267,537	2,883,259	(1,017,183)	2,985,984
2016							
(Rupees in '000)	AMS	Core Business	Specialized Business	Engineering	Middle East and USA	Elimination	Total
SEGMENT PROFIT AND LOSS ACCOUNT							
Revenue from external customers	255,843	842,133	158,355	391,824	713,876	(298,404)	2,063,627
Cost of sales	(128,968)	(594,946)	(111,851)	(196,306)	(535,871)	250,534	(1,317,408)
Gross Profit	126,875	247,187	46,504	195,518	178,005	(47,870)	746,219
SEGMENT ASSETS							
Debtors	76,646	365,816	143,057	119,751	1,913,107	(780,444)	1,837,932
- Considered good-due from related parties	61,214	233,942	101,421	107,130	926,976	(780,444)	650,239
- Due against work-in-progress	15,431	131,874	41,635	12,621	986,132	-	1,187,693
Others	-	-	-	-	-	-	-
Stock in Trade	4,073	33,024	3,302	8,016	52,819	-	101,234
Segment total assets	80,719	398,840	146,359	127,767	1,965,926	(780,444)	1,939,166



36.2 For management purposes, the activities of the Group are organised into business units based on the nature of products and expertise required with four groups containing eight reportable operating segments.

(i) After Marketing Support (AMS)

AMS segment is the provision of services as technical supports and service level agreements (SLAs) and related spares.

(ii) Core Business

(a) Application Based Solutions (ABS)

ABS sales include the supply of patented systems, power products, softwares, Variable Speed Drives (VSDs) and Variable Frequency Drives (VFDs) procured mainly from Honeywell Systems and Rockwell Automation. Avanceon Limited acts as a sole distributor of Honeywell Systems and Rockwell Automation in Pakistan.

(b) Systems

Systems sales are embedded solutions of multiple Original Equipment Manufacturers (OEM) equipments, comprising Honeywell, Kobold, Samson and Weg products, along with engineering services to implement them. These solution sales fall in the domain of System Integration (SI) as defined globally.

(c) Products

Products segment includes sales of motors, analysers and other specialised products of OEMs. Major suppliers of products are Amatek Inc., Hyperwave solutions and Kobold Messrings.

(iii) Specialized Business

(a) Energy Management Systems (EMS)

EMS segment is turnkey project implementation for optimising energy usage of plants leading to efficiency of operations and cost savings.

(b) High End Solutions (HES)

(iv) Engineering services

Engineering services business includes revenues from:

- man-hours charged to Avanceon LP and Avanceon FZE for in-house engineering and development of Human Machine Interfaces (HMI), logic design, and development of engineering control mechanisms; and
- secondment of Avanceon Limited's engineers to Avanceon LP and Avanceon FZE project sites for installation, commissioning and post implementation support of systems.

(v) Middle East and USA

Middle East and USA segment consists of core business, specialized business, and engineering services (as stated above) to UAE, Qatar, US, Pakistan and European Union countries.

36.3 Reconciliation of segment profit and loss

Reportable segments gross profit is reconciled to profit after tax as follows:

(Rupees in '000)	Note	2017	2016
Gross Profit for reportable segments	36.1	974,730	746,219
Administrative and selling expenses		(407,773)	(321,685)
Other Charges		(3,890)	(9,932)
Other operating Income		104,646	31,636
Profit from operations		(307,016)	(299,981)
Finance costs		(69,660)	(50,455)
Profit before tax		598,054	395,783
Taxation		(34,583)	(63,716)
Profit for the year		563,472	332,067

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

(Rupees in '000)	Note	2017	2016
36.4 Reconciliation of segment assets			
Reportable segments assets are reconciled to total assets as follows:			
Assets			
Segment assets for reportable segments	36.1	2,985,984	1,939,166
Corporate tangible and intangible assets		310,445	263,855
Other corporate assets		599,345	567,349
		3,895,774	2,770,370
Unallocated portion of current assets			
Advances, deposits, prepayments and other receivables		337,090	243,154
Term deposits with banks		194,769	155,554
Cash and bank balances		169,330	115,818
		701,187	514,526
Total assets as per balance sheet		4,596,961	3,284,896

Segment assets include the operating assets used by each segment and consist of stocks and receivables (net of provisions). Liabilities are not allocated to operating segments as such information is not presented separately for each segment for the purposes of management decision making.

Finance costs are not allocated to segments, as this is driven by the central treasury function, which manages the cash position of the group.

37. FINANCIAL RISK MANAGEMENT

37.1 Financial risk factors

The Avanceon Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

Risk management is carried out by the Group's finance and planning department under the guidelines approved by the Corporate Centre of the Holding Company.

The Group's overall risk management procedures to minimize the potential adverse effects of financial markets on the Group's performance are as follows:

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to three types of market risk: currency risk, interest rate risk and other price risk.

(i) Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate in case of changes in foreign exchange rates.

This exists due to the Group's exposure resulting from outstanding import payments or foreign creditors and in respect of export revenue. A foreign exchange risk management guideline has been provided by the Corporate Centre. The policy allows the Group to take currency exposure within predefined limits while open exposures are monitored. The Group aims to protect itself against adverse currency movements by either linking the price of its products to foreign currency or hedge any exposure, either through forward contracts, options or prepayments, etc.

The Group is exposed to currency risk arising primarily with respect to the United States Dollar (USD). Currently, the Group's foreign exchange risk exposure is restricted to foreign currency interest bearing loans and borrowings, creditors and debtors. The Group's exposure to foreign currency changes for all other currencies is not material.



The following significant exchange rates were applied during the year:

(Rupees in '000)	2017	2016
Rupees per USD		
Average rate	105.29	104.49
Reporting date rate	110.29	104.38
Rupees per GBP		
Average rate	134.75	141.46
Reporting date rate	149.38	127.88
Rupees per Euro		
Average rate	119.06	111.70
Reporting date rate	132.97	109.08
Rupees per AED		
Average rate	28.67	28.45
Reporting date rate	30.02	28.42

At 31 December 2017, if the Pakistan Rupee had weakened/strengthened by 5% against the US Dollar with all other variables held constant, post tax profit/ (loss) for the year would have been higher/lower as under, mainly as a result of foreign exchange losses/gains on translation of US Dollars-denominated liabilities.

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's profit before tax and equity. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in exchange rate	Effect on profit before tax (Rupees in '000)	Effect on equity (Rupees in '000)
2017	5%	61,877	43,314
	-5%	(61,877)	(43,314)
2016	5%	4,666	3,219
	-5%	(4,666)	(3,219)

The Group management believes that its foreign subsidiaries Avanceon FZE and Engro Inc. are not materially exposed to foreign currency risk as the currencies for both United States (USD) and United Arab Emirates (AED) are pegged.

(ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from long-term finances and running finance facilities. Long term and short term running finances obtained are benchmarked to variable rates which expose the Group to cash flow interest rate risk.

The Group's Rupee based loans have a prepayment option, which can be exercised upon any adverse movement. Rates of short term loans vary as per market movement of 6-month KIBOR. The Group further manages its exposure to interest rate risk by managing and maintaining a mix of fixed and floating rate borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

At the balance sheet date, the interest rate profile of the Group's interest bearing financial instruments was:

(Rupees in '000)	2017	2016
Floating rate instruments		
Financial assets		
Bank balances	32,709	383
Financial liabilities		
Long term loan	37,879	-
Liabilities against assets subject to finance lease	78,125	66,089
Finances under mark-up arrangements and other credit facilities - secured	339,604	265,637
	455,608	331,726
Total Exposure	422,899	331,343

Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rate on loans and borrowings, with all other variables held constant, of the Group's profit before tax is affected through the impact on floating rate borrowings and cash balances as follows:

	Increase/decrease in basis points	Effect on profit / (loss) before tax (Rupees in '000)	Effect on equity (Rupees in '000)
2017	+500	(21,145)	(14,801)
	-500	21,145	14,801
2016	+500	(16,567)	(12,452)
	-500	16,567	12,452

(iii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Group does not hold any investments which exposes it to other price risk.

(b) Credit risk

Credit risk represents the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss for the other party by failing to discharge an obligation. The Group is exposed to credit risk from trade and other receivables, other assets and prepayments and cash and cash equivalents.

Group's credit risk is primarily attributable to its trade and other receivables amounting to Rs. 2.892 million (2016: Rs. 1.837 million). However, this risk is mitigated by a credit control policy and applying individual credit limits.

Credit risk arises from deposits with banks and financial institutions, trade debts, long term deposits, advances, deposits, prepayments and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with the Group maintaining long term and short term loan facilities. The Group maintains an internal policy to monitor all of debts and other receivables. The Group is also exposed to the credit risk of commercial banks on account of acceptance of bank guarantees as security against trade debts. The Group accepts bank guarantees of banks of reasonably high credit ratings as approved by the management.



The maximum exposure to credit risk is equal to the carrying amount of financial assets. The maximum exposure to credit risk at reporting date is as follows:

(Rupees in '000)	2017	2016
Long term advances and deposits	33,262	30,624
Long term investments	599,345	567,349
Advances, deposits and other receivables	153,997	124,496
Term deposits with banks	194,769	155,554
Trade debts	2,892,596	1,837,932
Bank balances	166,706	115,595
	4,040,676	2,831,550

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The customer credit risk is managed by using established policies and procedures relating to customer credit risk management including frequent review of aging of accounts and setting up of credit limits where considered necessary. The credit quality of receivables can be assessed with reference to Group's Credit Control policy and their historical performance with negligible default rate.

(c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash due to the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business the Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The tables below analyses how management monitors net liquidity based on details of the remaining contractual maturities of financial assets and liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

The following are the contractual maturities of financial liabilities as at 31 December 2017:

(Rupees in '000)	Total	Less than one year	One to five years
Long term loan	37,879	18,182	19,697
Liabilities against assets subject to finance lease	86,069	30,026	56,043
Finances under mark up arrangements	339,604	339,604	-
Creditors, accrued and other liabilities	989,307	989,307	-
	1,452,859	1,377,119	75,740

The following are the contractual maturities of financial liabilities as at 31 December 2016:

(Rupees in '000)	Total	Less than one year	One to five years
Long term loan	-	-	-
Liabilities against assets subject to finance lease	73,070	25,431	47,639
Finances under mark up arrangements	265,637	265,637	-
Creditors, accrued and other liabilities	650,506	650,506	-
	989,213	941,574	47,639

37.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

37.3 Financial instruments by categories

(Rupees in '000)	2017	2016
Long term investments	599,345	567,349
	Held to maturity	
(Rupees in '000)	2017	2016
Term deposits with banks	194,769	155,554
	Loans and receivables	
(Rupees in '000)	2017	2016
Long term advances and deposits	33,262	30,624
Trade debts	2,892,596	1,837,932
Advances, deposits and other receivables	153,997	124,496
Cash and bank balances	169,330	115,818
	3,249,185	2,108,870
	Financial liabilities at amortized cost	
(Rupees in '000)	2017	2016
Liabilities as per balance sheet		
Long term loan	37,879	-
Liabilities against assets subject to finance lease	78,125	66,089
Finances under mark up arrangements and other credit facilities - secured	339,604	265,637
Creditors, accrued and other liabilities	989,307	606,677
	1,444,915	938,403

37.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares or sell assets to reduce debt. The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. Consistent with others in the industry and the requirements of the lenders the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt. The Group's strategy, which was unchanged from last year, was to maintain a target gearing ratio of 60% debt and 40% equity. As at the year end, the Group's cash and cash equivalents exceed its borrowings, therefore it is not geared. The gearing ratio as at year ended 31 December 2017 and 2016 are as follows:

(Rupees in '000)	2017	2016
Borrowings	455,608	331,726
Less: Cash and cash equivalents	(169,330)	(115,818)
Net debt	286,279	215,908
Total equity	2,592,034	2,079,534
Total capital	2,878,313	2,295,442
Gearing ratio	Percentage	10%
		9%

**38. REMUNERATION OF DIRECTORS AND OTHER EXECUTIVES**

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

(Rupees in '000)	Director / Chief Executive		Other Executives	
	2017	2016	2017	2016
Managerial remuneration	35,435	34,523	77,747	73,896
House rent	12,778	12,509	30,226	26,752
Utilities	6,635	399	8,125	2,817
Contribution to provident fund	2,224	2,383	6,608	5,540
Others	1,131	6,987	3,113	6,570
	58,203	56,800	125,820	115,575
Number of persons	2	2	25	20

The Group also provides executives and director with company maintained cars.

No remuneration has been paid non-executive directors of the Company.

(Rupees in '000)	2017	2016
39. NUMBER OF EMPLOYEES		
Average number of employees	171	157
Closing number of employees	177	160

40. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However no significant re-arrangements have been made.

41. EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in its meeting held on 21 March, 2018 has proposed a cash dividend in respect of the year ended 31 December, 2017 of Rupees 2.25 per share and Nil bonus shares (2016: Cash Dividend of Re. 1 per share and bonus shares at a rate of 25%). The appropriation will be approved by the members in the forthcoming Annual General Meeting. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue on 21 March, 2018 by the Board of Directors of the Holding Company.

Chief Executive

Chief Financial Officer

Director



ANNEXURES

FOR THE YEAR ENDED DECEMBER 31, 2017



DEFINITIONS AND GLOSSARY OF TERMS

Capital employed

The value of all resources available to the company, typically comprising share capital, retained profits and reserves, long-term loans and deferred taxation. Viewed from the other side of the balance sheet, capital employed comprises fixed assets, investments and the net investment in working capital (current assets less current liabilities). In other words: the total long-term funds invested in or lent to the business and used by it in carrying out its operations.

Liabilities

General term for what the business owes. Liabilities are long-term loans of the type used to finance the business and short-term debts or money owing as a result of trading activities to date. Long term liabilities, along with Share Capital and Reserves make up one side of the balance sheet equation showing where the money came from. The other side of the balance sheet will show Current Liabilities along with various Assets, showing where the money is now.

Current Liabilities

Money owed by the business that is generally due for payment within 12 months of balance sheet date. Examples: creditors, current portion of long term loans and lease liabilities, taxation etc.

Current Assets

Cash and anything that is expected to be converted into cash within twelve months of the balance sheet date.

Fixed assets

Assets held for use by the business rather than for sale or conversion into cash, eg, fixtures and fittings, equipment, buildings.

Cost of goods sold (COGS)

The directly attributable costs of products or services sold, (like materials, installations, direct labour & wages etc.)

Gross Profit Ratio

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net Profit Ratio

Net profit ratio is the ratio of net profit (after taxes) to net sales or revenue.

Operating Profit Ratio

The operating profit margin ratio indicates how much profit a company makes after paying for variable costs of production.

Current Asset Ratio

The key indicator of whether you can pay your creditors on time. The relationship between current assets like cash, book debts, stock and work in progress and current liabilities like overdraft, trade and expense creditors and other current debt.

Current Ratio

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Debt-Equity Ratio

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For comparative purposes, debt-equity ratio is most useful for companies within the same industry.

Dividend

A dividend is a payment made per share, to a company's shareholders by a company, based on the profits of the year, but not necessarily all of the profits, arrived at by the directors and voted at the company's annual general meeting.

Earnings per Share (EPS)

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Profit Margin

Determined by dividing net income by net sales during a time period and is expressed as a percentage. Net profit margin is a measure of efficiency and the higher the margin, the better. Trends in margin can be attributed to rising/falling production costs or rising/falling price of the goods sold.

Return on Assets

The amount of profits earned (before interest and taxes), expressed as a percentage of total assets. This is a widely followed measure of profitability, thus the higher the number the better. As long as a company's ROA exceeds its interest rate on borrowing, it's said to have positive financial leverage.

Return on Equity (ROE)

A percentage that indicates how well common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

Return on Investment (ROI)

Also known as return on invested capital (ROIC). ROI is a measure of how well management has used the company's resources. ROI is calculated by dividing earnings by total assets. It is a broader measure than return on equity (ROE) because assets include debt as well as equity. It is useful to compare a company's ROI with others in the same industry.

EVENT CALENDAR OF THE COMPANY

FOLLOWS THE PERIOD OF JANUARY 1, 2017 TO DECEMBER 31, 2017

FINANCIALS:

Financial Results will be announced as per the following tentative schedule:

Annual General Meeting	25th April 2017
Analysis Briefing	6th April 2017
1st Quarter ending 31 March 2017	27th April 2017
Half year ending 30 June 2017	25th August 2017
3rd Quarter ending 30 September 2017	26th October 2017
Financial year ending 31 December 2017	21st March 2018

ڈائریکٹرز رپورٹ

بنیادی سرمایہ داروں کی تفصیل

(Pattern of share holding)

بنیادی سرمایہ داروں کی تفصیل جو کہ مالی سال 31 دسمبر 2017 پر مشتمل ہے جو کہ پچھلے صفحات پر تفصیل سے بیان کی گئی ہے۔ کمپنی کے ڈائریکٹر حضرات، چیف ایگزیکٹو چیف فنانشل آفیسر، کمپنی سیکرٹری اور ان کے بیوی، بچوں نے اس سال کے دوران کمپنی کے حصص میں کوئی بھی خریداری نہیں کی سوائے ان کے جو کہ اس بنیادی سرمایہ کے شیڈول میں دیے گئے ہیں۔

کمپنی کے بیرونی آڈیٹر

(Statutory Auditors of Company)

کمپنی کے موجودہ آڈیٹر میسرز ای وائی فورڈ روڈز (M/s. EY Ford Rhodes) نے سبکدوش ہونے کیلئے اور دوبارہ منتخب کرنے کیلئے اپنے آپ کو پیش کیا۔ آڈٹ کمیٹی کی سفارش پر کمپنی نے انکو سبکدوش ہونے کے بعد دوبارہ مالی سال 2018ء کے آڈٹ کیلئے منتخب کرنے کا فیصلہ کیا ہے۔

(Communication) مواصلات

ہم اپنے بنیادی حصہ داروں کے ساتھ مواصلات کو بہت اہمیت دیتے ہیں، کمپنی نے تمام نتائج جو کہ سہ ماہی، ششماہی، نو ماہی اور سالانہ پر مشتمل ہیں اپنے حصہ داروں کو کمپنیز آرڈیننس 1984 کے قواعد و ضوابط کے مطابق پہنچائے۔ کمپنی نے تمام معلومات جو کہ اہم تھیں وقت مقررہ پر پاکستانی تجارتی منڈی اور SECP کے قواعد و ضوابط کے مطابق پہنچائیں۔ کمپنی نے تجارتی اور مالیاتی خبریں اور رپورٹس اپنی ویب سائٹ www.avanceon.ae پر بھی رکھ دی ہیں۔

(Acknowledgement) تسلیم کرنا

بورڈ آف ڈائریکٹران بڑے پرمسرت طریقے سے اپنے تمام ملازمین کی مسلسل لگن کے ساتھ خدمات کو سراہتا ہے۔

منجانب: بورڈ آف ڈائریکٹرز



بختیار حمید وائس

چیف ایگزیکٹو آفیسر

لاہور،

تاریخ: 21 مارچ 2018ء



ملازمین کی ریٹائرمنٹ اور سہولیات :

کمپنی نے اپنے مستقل ملازمین کیلئے ایک منظور شدہ پروویڈنٹ فنڈ اسکیم کے ذریعے حصد داری منصوبہ پیش کیا ہے۔ پروویڈنٹ فنڈ کی سرمایہ کاری اور دیگر تفصیلات نیچے دی گئی ہیں۔

30 جون 2016ء		30 جون 2017ء		
سرمایہ داری فیصد میں	سرمایہ داری (روپے ہزاروں میں)	سرمایہ داری فیصد میں	سرمایہ داری (روپے ہزاروں میں)	
34%	24,000	31%	27,036	گورنمنٹ سکیورٹیز
8%	5,438	12%	10,227	شیدولڈ بینکنگ
25%	18,097	37%	32,835	میوہیل فنڈز
16%	11,528	9%	7,493	لسٹڈ سکیورٹیز
	59,063		77,591	ٹوٹل

یہ تمام سرمایہ داری پروویڈنٹ فنڈ سے ان اصول و ضوابط کے تحت کی گئی ہے جو کمیٹی آف ڈائریکٹرز نے 1984 کے سیکشن 227 میں دیے گئے ہیں۔

نوٹ :-

پروویڈنٹ فنڈ کے تمام اعداد و شمار جو کہ 30 جون 2017 اور 2016ء پر مشتمل ہیں یہ سب جانچ پڑتال شدہ (Audited) ہیں۔

روزمرہ کاروباری اعداد و شمار

:(Operating Financial Data)

تمام روزمرہ کاروباری اور مالیاتی شماریات اور تناسب جو کہ پچھلے 6 سالوں پر مشتمل ہیں اس رپورٹ کا حصہ ہیں اور آگے دیے ہوئے صفحات پر بیان کیے گئے ہیں۔

ہے۔ اپنی بہترین کام کرنے کی خوبی اور آٹومیشن اینڈ پراسیس کنٹرول کرنے کی سوجھ بوجھ ہے، جو کہ اوپنسیو ان لیڈنگ دوسری مارکیٹوں میں متنازع کرتی ہے۔ اس وقت اوپنسیو ان لیڈنگ جو کہ ٹوٹل مارکیٹ کا 63 فیصد حصہ رکھتی ہے۔ جو اپنے مقابلے کی کمپنیوں سے زیادہ آمدنی کماتی ہے۔

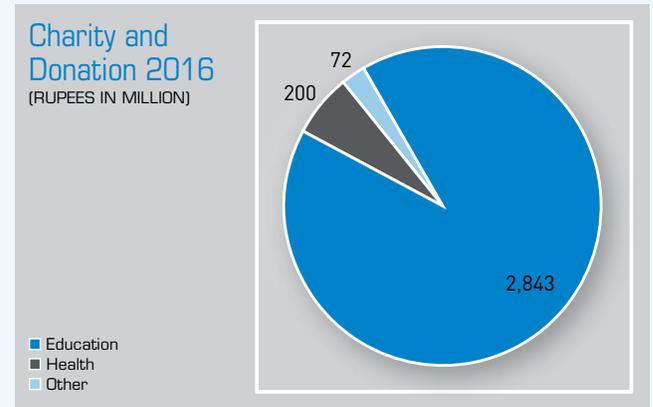
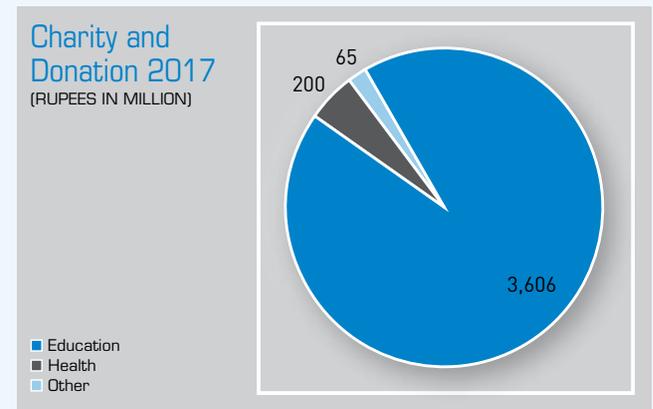
امور برائے یقینی معیار

:(Procedures Adopted for Quality Assurance)

صحت، حفاظت اور ماحولیات کے اعداد و شمار کے انتظامی امور کے معاملات کا انتظام اعداد و شمار کے اکٹھے کرنے کا طریقہ اور شفاف رپورٹنگ جو کہ کمپنی کی کاروباری ذمہ داری کا بنیادی جزو ہے۔ کمپنی SMETA 4 کی قواعد و ضوابط جو کہ ISO کے معیار پر پورا اترتے ہیں۔ صحت، حفاظت اور ماحولیات کے معاملات کو پورا کرتی ہے۔ یہ طریقہ کار انتظامیہ کو بہت ہی ضروری معلومات فراہم کرتا ہے جو کہ مقرر کردہ امور کی انجام دہی میں ضروری ہوتے ہیں۔ یہ نظام اور طریقہ کار ایک تیسری پارٹی سے جانچ پڑتال بھی کروایا جاتا ہے جو کہ کاروباری اور علاقائی جانچ پڑتال پر مشتمل ہوتا ہے۔

:(Donation & Charity) اور رفاہی کام

کمپنی اپنی ٹوٹل آمدنی کا زیادہ سے زیادہ 1 فیصد صدقات اور رفاہی کاموں کے اداروں کیلئے مختص کرتی ہے۔ اس سال کے عرصے میں کمپنی نے مندرجہ ذیل صدقات اور خیرات کی ہیں جنکی تفصیل نیچے دی گئی ہے۔



ڈائریکٹرز رپورٹ

افسران کی طرف سے حصص کی خرید و فروخت (Shares Traded by Executives):

ڈائریکٹرز، ایگزیکٹو اور ان کے بیوی یا بچوں کی جانب سے حصص کی خریداری

کمپنی کا نام	ملازم کا نام	عہدہ	طریقہ ہائے خرید و فروخت	حصص کی تعداد	قیمت	قسم	تاریخ	تاریخ اطلاع
اویسیوں لمیٹڈ	احسن ظلیل	کمپنی سیکرٹری	فروخت	299	42.10	سی ڈی سی	11/01/2017	13/01/2017
اویسیوں لمیٹڈ	احسن ظلیل	کمپنی سیکرٹری	فروخت	20,013	44.26	سی ڈی سی	12/01/2017	13/01/2017
اویسیوں لمیٹڈ	عارف شجاع	برنس میجر (ایچ ای ایس)	فروخت	8,000	53.5	سی ڈی سی	08/02/2017	10/02/2017
اویسیوں لمیٹڈ	عارف شجاع	برنس میجر (ایچ ای ایس)	فروخت	7,000	54	سی ڈی سی	09/02/2017	10/02/2017
اویسیوں لمیٹڈ	احسن ظلیل	کمپنی سیکرٹری	فروخت	12,813	54	سی ڈی سی	10/03/2017	13/03/2017
اویسیوں لمیٹڈ	مسعود کریم	میجر انجینئرنگ آپریشن	فروخت	1,000	48.10	سی ڈی سی	09/06/2017	13/06/2017
اویسیوں لمیٹڈ	عارف شجاع	برنس میجر (ایچ ای ایس)	خرید	8,000	43.05	سی ڈی سی	03/07/2017	05/07/2017
اویسیوں لمیٹڈ	عارف شجاع	برنس میجر (ایچ ای ایس)	خرید	2,000	43.39	سی ڈی سی	03/07/2017	05/07/2017
اویسیوں لمیٹڈ	عارف شجاع	برنس میجر (ایچ ای ایس)	خرید	20,000	41.12	سی ڈی سی	06/07/2017	10/07/2017
اویسیوں لمیٹڈ	تویر کر امت	ڈائریکٹر / چیف آپریٹنگ آفیسر	خرید	5,000	40.67	سی ڈی سی	06/07/2017	10/07/2017
اویسیوں لمیٹڈ	تویر کر امت	ڈائریکٹر / چیف آپریٹنگ آفیسر	خرید	2,000	38.89	سی ڈی سی	12/07/2017	17/07/2017
اویسیوں لمیٹڈ	تویر کر امت	ڈائریکٹر / چیف آپریٹنگ آفیسر	خرید	3,500	37.64	سی ڈی سی	13/07/2017	17/07/2017
اویسیوں لمیٹڈ	محمد ثاقب روف	میجر کمرشل	خرید	2,000	36.93	سی ڈی سی	13/07/2017	17/07/2017
اویسیوں لمیٹڈ	محمد ثاقب روف	میجر کمرشل	خرید	3,000	37.50	سی ڈی سی	13/07/2017	17/07/2017
اویسیوں لمیٹڈ	حسین احمد	HR کارپوریٹ میجر	خرید	5,000	38.40	سی ڈی سی	17/07/2017	17/07/2017
اویسیوں لمیٹڈ	محمد ثاقب روف	میجر کمرشل	خرید	2,000	39.36	سی ڈی سی	17/07/2017	19/07/2017
اویسیوں لمیٹڈ	محمد ثاقب روف	میجر کمرشل	خرید	2,500	39.75	سی ڈی سی	18/07/2017	19/07/2017
اویسیوں لمیٹڈ	محمد ثاقب روف	میجر کمرشل	فروخت	9,500	47.36	سی ڈی سی	28/07/2017	01/08/2017
اویسیوں لمیٹڈ	عارف شجاع	برنس میجر (ایچ ای ایس)	فروخت	10,000	52.36	سی ڈی سی	01/08/2017	02/08/2017
اویسیوں لمیٹڈ	حسین احمد	کارپوریٹ میجر HR	خرید	5,000	46.00	سی ڈی سی	08/08/2017	09/08/2017
اویسیوں لمیٹڈ	محمد ثاقب روف	میجر کمرشل	خرید	10,000	47.90	سی ڈی سی	10/08/2017	11/08/2017
اویسیوں لمیٹڈ	مسعود کریم	میجر انجینئرنگ آپریشن	خرید	1,500	34.09	سی ڈی سی	13/10/2017	17/10/2017
اویسیوں لمیٹڈ	سعید اللہ خان نیازی	چیف فنانس آفیسر	خرید	12,000	42.00	سی ڈی سی	24/10/2017	26/10/2017
اویسیوں لمیٹڈ	عارف شجاع	برنس میجر (ایچ ای ایس)	خرید	5,000	37.90	سی ڈی سی	07/12/2017	11/12/2017
اویسیوں لمیٹڈ	عارف شجاع	برنس میجر (ایچ ای ایس)	خرید	1,500	38.28	سی ڈی سی	07/12/2017	11/12/2017
اویسیوں لمیٹڈ	عارف شجاع	برنس میجر (ایچ ای ایس)	خرید	500	38.42	سی ڈی سی	07/12/2017	11/12/2017
اویسیوں لمیٹڈ	عارف شجاع	برنس میجر (ایچ ای ایس)	خرید	1,000	38.49	سی ڈی سی	07/12/2017	11/12/2017
اویسیوں لمیٹڈ	عارف شجاع	برنس میجر (ایچ ای ایس)	خرید	500	38.51	سی ڈی سی	07/12/2017	11/12/2017
اویسیوں لمیٹڈ	عارف شجاع	برنس میجر (ایچ ای ایس)	خرید	2,500	38.53	سی ڈی سی	07/12/2017	11/12/2017

مارکیٹ شیئر کی معلومات اور کاروباری حصوں کی کارکردگی
(Segmental Business Performance & Market Share Information)

کنٹرول انجینئرنگ جی اینٹ لسٹ 2014ء کے مطابق اویسیوں کا مارکیٹ شیئر 2% کے نزدیک ہے جو کہ عالمی درجہ بندی میں 15 ویں نمبر پر بہترین سسٹمز انٹیگریٹرز (Systems Integrators) کے طور پر شامل کیا جاتا ہے۔ موجود مارکیٹ لیڈر 9 فیصد کے ساتھ سب سے آگے ہے۔ بنیادی وجوہات جو اویسیوں کو پاکستان میں مارکیٹ کا لیڈر رکھنے میں کارگر ثابت ہوئی ہیں یہ ہیں کہ کسٹمرز کی تعداد میں اضافے اور مواصلات اور ٹرانسپورٹ سے متعلقہ بہت سارے منصوبے مارکیٹ میں آ رہے ہیں جو کہ کمپنی کی ڈیل ایسٹ کی کامیابی کا موجب بنے دوسرے الفاظ میں ہم یہ کہہ سکتے ہیں؛ کیونکہ ہم اس کاروباری فیلڈ میں پہل کرنے والوں میں شامل ہیں اور جسکو دوسروں پر سبقت حاصل

بورڈ آف ڈائریکٹرز کا اجلاس (Board of Director's Meeting):

سال کے دوران بورڈ آف ڈائریکٹرز نے چار (4) بورڈ کی میٹنگز منعقد کیں (تمام پاکستان میں منعقد کی گئیں) مندرجہ ذیل عزت مآب ممبران نے شمولیت اختیار کی:-

نمبر شمار	ڈائریکٹر کا نام	حاضری	منظور شدہ چھٹی
1	جناب خالد حمید وائیں	4	0
2	جناب یحیٰ رحید وائیں	4	0
3	جناب عامر وحید وائیں	4	0
4	جناب تویر کر امت	4	0
5	جناب عمر احسن خان	4	0
6	جناب نجل حسین	4	0
7	جناب نوید علی بیگ	4	0

بورڈ آف ڈائریکٹران کے معاوضے (Board of Directors' Remuneration):

چیف ایگزیکٹو آفیسر اور چیف آپریٹنگ آفیسر کے علاوہ کمپنی کے تمام ڈائریکٹر صاحبان نان ایگزیکٹو ڈائریکٹرز ہیں۔ کمپنی چیف ایگزیکٹو آفیسر اور چیف آپریٹنگ آفیسر کو کمپنی کی ہیومن ریسورس کے منظور شدہ قواعد و ضوابط کے مطابق تنخواہیں اور دیگر مراعات دیتی ہے۔ جو کہ سالانہ بنیادوں پر ہیومن ریسورس ریونیویشن کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز منظور کرتے ہیں۔ اسکے علاوہ کسی اور ڈائریکٹر کو کوئی بھی رقم مینٹنگ میں حاضری کیلئے نہیں دی جاتی۔



اپنے مشترکہ کاروباری اداروں کے ساتھ لین دین (Transaction with Related Party):

کمپنی مروجہ کاروباری قواعد و ضوابط کے مطابق اپنے مشترکہ کاروباری اداروں کے ساتھ کاروباری لین دین کرتی ہے جو کہ Arm Length Pricing اور Mechanism پر مشتمل ہے۔ کمپنی Transfer Pricing جو کہ پاکستان اسٹاک ایکسچینج کے لسٹنگ کے قواعد و ضوابط کے مطابق سرانجام دیتی ہے۔

بورڈ آف ڈائریکٹرز کی ٹریننگ (Board of Director's Training):

اس سال کے دوران کسی بھی ڈائریکٹر صاحب نے کوئی بھی ٹریننگ حاصل نہیں کی۔

بالخصوص پاکستان میں بھی معاشی اور سیاسی سرگرمیوں میں بھی مستقل بنیادوں پر پٹھراؤ کارخانہ ہو جائے گا۔

معاشرے کی خدمت (Service to Society):

کاروباری معاشرے کی بہت ہی فعال اور ذمہ دار کمپنی ہونے کے ناطے سے ہم وعدہ کرتے ہیں اور یقین رکھتے ہیں کہ ہم اس معاشرے کی بہتری کیلئے ضرور کچھ بہتر ادا کریں گے۔ جیسا کہ تعلیم، صحت، عامہ عوام کی حفاظت اور ماحولیاتی اچھائی میں اہم معاملات میں مدد کر سکیں۔

ہمیں اس بات کی سمجھ آئی ہے کہ تمام کاروباری اکائیاں اگر مل جل کر کام کریں گی تو وہ بہتر طریقے سے معاملات کو سمجھتے ہوئے معاشرے کی بہتری میں اہم کردار ادا کر سکتے ہیں کیونکہ یہ تمام کاروباری ادارے اس معاشرے کا حصہ ہیں۔

صحت، حفاظت اور ماحولیات (Health, Safety & Environment):

اوبنسیون انتہائی سنجیدگی کے ساتھ صحت کے معاملات کی دیکھ بھال اور حفاظتی معاملات کے رجحانات کے مطابق کام کی جگہوں اور دفاتر کے اندر صحت کے معاملات اور ماحولیات کو یقینی بناتی ہے۔ ہم وعدہ کرتے ہیں کہ صحت اور حفاظتی امور اس سے متعلقہ دیگر امور جو کہ کاروباری سرگرمیوں کے ساتھ منسلک ہیں ہم ان میں بہتری لائیں گے اور آگ لگنے کے خدشات، حادثات یا اس سے ہونے والے نقصانات جو کہ ملازمین یا مہمانوں پر ہو سکتے ہیں، ہم اس کا سدباب کریں گے۔

ہم تمام کاروباری معاملات جو کہ بہت ساری جگہوں پر انجام دیے جا رہے ہیں۔ ان کے معیار کو بین الاقوامی صحت اور حفاظتی امور کے معیار کے مطابق سرانجام دیں گے جو کہ ISO 14001:2004 میں درج ہے۔

ہم یہ بھی یقین دلاتے ہیں کہ ہماری مصنوعات، حفاظتی اور قانونی ضروریات کے مطابق بھیجی جائیں گی۔

پچھلے سالانہ اجلاس عام میں اٹھائے گئے معاملات (Issues Raised in Last AGM):

2016ء کے سالانہ اجلاس عام میں کوئی بھی خاص معاملہ نہیں اٹھایا گیا تھا۔

ایجنڈا نمبر 1:-

بورڈ آف ڈائریکٹرز اور ممبران نے 31 دسمبر 2016ء کی ڈائریکٹر رپورٹ اور آڈیٹر رپورٹ کو پڑھا اور منظور کیا۔

ممبران نے اکاؤنٹس دیکھے اور منظور کیے اسکے بعد سوال و جواب کا تفصیلی مرحلہ منعقد کیا گیا جس میں چند ممبران نے کمپنی کے کاروباری معاملات مستقبل کی منصوبہ بندی اور انتظامی امور کے بارے میں سوالات کیے۔

ڈائریکٹر کمپنی جناب عمر احسن خان اور چیف فنانشل آفیسر جناب سعید اللہ خان نیازی نے سوالوں کے جوابات دیے اور کمپنی کے کاروباری معاملات آٹومیشن کے کاروبار کے بارے میں آگاہی دی کمپنی کا مینٹنگ کے دوران کمپنی کے مستقبل کی مالیاتی منصوبہ بندی، کاروبار کی بڑھوتری اور نئی انڈسٹریل پلانٹ کے بارے میں تبادلہ خیال کیا گیا۔

ڈائریکٹرز رپورٹ

کے ادا کیے تاکہ سود کے خرچے سے بچا جاسکے۔ کمپنی نے پچھلے دو سال سے بڑی کامیابی کے ساتھ موجودہ دولت اور ادائیگیوں کے توازن کو برقرار رکھا اسکے ساتھ ساتھ کمپنی نے بینکوں سے عارضی اور لمبے عرصے کے سرمایہ کو بھی یقینی بنایا تاکہ پاکستان اور متحدہ عرب امارات میں کاروباری ضروریات کو پورا کر سکیں۔

عارضی سرمائے کے انتظامی امور (Working Capital Management):

پچھلے پانچ سالہ موجودہ اثاثہ جات اور بہت ہی کم عرصے میں پیسے میں منتقل ہونے والے اثاثہ جات کو بہتر کیا، جو کہ کمپنی کی بہتر ہوتی ہوئی سرمایہ کی صورت حال اور لمبے عرصے کیلئے سرمایہ کے حصول کے تعلقات جو کہ کمپنی کی روزمرہ کی کاروباری صورتحال کیلئے ضروری ہیں، کمپنی اپنے روزمرہ کی کاروباری ضروریات کیلئے عارضی سرمایہ کے حصول کو بہتر طریقے سے بحال رکھے ہوئے ہے۔ جو کہ ہمارے خریداروں کے آرڈرز کو مکمل کرنے کیلئے بہت ضروری ہے۔ ہم نے اپنے خریداروں سے ایک متعین عرصے کے اندر پیسے کی وصولی کو یقینی بنایا، کمپنی بہت بہتر طریقے سے عارضی سرمایہ کی ضروریات کو سامنے رکھتے ہوئے بہت ہی سمجھداری سے اور انتہائی نظم و ضبط کے ساتھ اپنے تمام چھوٹے عرصے کے قرضوں کو ایک خاص حد سے زیادہ بڑھنے نہیں دیا۔ اور اپنی ضروریات کیلئے سرمایہ کے حصول کو اپنے ذرائع سے اہتمام کیا تاکہ سود کے خرچے کو کم سے کم رکھا جاسکے۔ 2017ء میں کمپنی نے درمیانی درجے کے دو قرضے لیتے تاکہ کمپنی اپنے دو بڑے منصوبے جو کہ متحدہ عرب امارات اور پاکستان میں ہیں کو مکمل کر سکے۔ 2018ء میں کمپنی کو بہت زیادہ یقین ہے کہ وہ اپنے قرضوں کو 2016ء کے برابر لے کر آئے۔

سرمایہ کی صورتحال کو بہتر بنانے کی حکمت عملی

(Strategy to Overcome Liquidity Issues):

2016ء میں متحدہ عرب امارات کی وجہ سے ہماری آمدن کم رہی، ہم یوں بھی کہہ سکتے ہیں کیونکہ ہم اس فیلڈ میں پہل کرنے والوں میں شامل ہیں ہمارے خریداروں کو ہم پر اعتماد ہے اور ہم ان کو اپنا پناہ گاہ سمجھتے ہیں اور ہم ان کے آٹومیشن اینڈ پرائیس کنٹرول کے علم میں اضافہ کا موجب بنیں گے۔ ہم 63% فیصد حصص کے ساتھ پاکستان کی تجارتی منڈی میں باقی کمپنیوں سے آگے ہیں جو کہ ثابت کرتا ہے کہ ہم اپنی آمدنی انتہائی مقابلے کی فضا میں بھی برقرار رکھ سکتے ہیں۔

مستقبل کی کاروباری منصوبہ بندی (Future Prospects):

کاروباری معاملات کے مستقبل کی منصوبہ بندی جو کہ ہمارے بورڈ آف ڈائریکٹرز اور مینجمنٹ کی منصوبہ بندی اور پلان کا حصہ ہے۔ قطر جو کہ تیل اور گیس کے وسیع ذخائر رکھتا ہے جو کہ ایک کاروباری ادارے کیلئے بہت ضروری ہو گیا ہے کہ وہ وہاں پر ایک مستقل کاروباری سرگرمیوں کو رکھے تاکہ اس خطرے میں روزروزی بڑھتی ہوئی کاروباری سرگرمیوں سے فائدہ اٹھا سکے اور اپنی بہت ہی اعلیٰ پیمانے کی خدمات کی وجہ سے بڑے کاروباری اداروں کے ساتھ مسابقت کی فضا میں کاروباری معاملات کو انجام دے سکے۔ ہمارا موجودہ کاروباری شرکت داری جو کہ مشرق وسطیٰ میں بڑھتے ہوئے کاروباری معاملات کو دیکھنے کیلئے چار مستقل کاروباری مراکز (دبی، دامام، جدہ، دوبہ اور بونٹھہ) میں کاروباری شرکت دار علی اینڈ سنز اور سعودی عرب میں علی التری کمپنی (ATCO) کے ساتھ ہیں۔ کمپنی بہت ہی پرامید ہے کہ بالخصوص متحدہ عرب امارات، سعودی عرب، قطر، اومان، امریکہ میں کاروباری سرگرمیاں بحال ہو جائیں گی۔ اور

مستقل بحالی اور ملازمین کو حصہ دار بنانے کی سکیم (Employees Share Option Scheme) کے تحت جو کہ کاروبار کیلئے کافی کامیاب رہا ہے۔

کمپنی نے سال 2014 کی پہلی سہ ماہی میں دومرحل کے ذریعے، پہلے مرحلے میں کمپنی نے 18.875 ملین عام حصص بک بلڈنگ (Book Building) کے ذریعے بڑے سرمایہ داروں کو اور دوسرے مرحلے میں 6.292 ملین عام حصص عام عوام کو 14 روپے فی حصص کے حساب سے دیے۔ دونوں مرحلے بک بلڈنگ (Building Book) اور عام عوام حصص میں بڑی کامیابی کیساتھ اور ضرورت سے زیادہ حصص خریدنے کی دلچسپی ظاہر کی گئی جو کہ کمپنی پر سرمایہ داروں کے مکمل اعتماد کو ظاہر کرتی ہے۔ کمپنی نے بڑی کامیابی کے ساتھ اپنے آپ کو ثابت کیا، پیسے کے بہاؤ کو یقینی بنا یا اور بنیادی سرمایہ میں اضافے کے ساتھ حصص داروں کی دولت میں اضافہ کیا۔

ملازمین کو حصہ دار بنانے کی سکیم

(Employee Share Option Scheme):

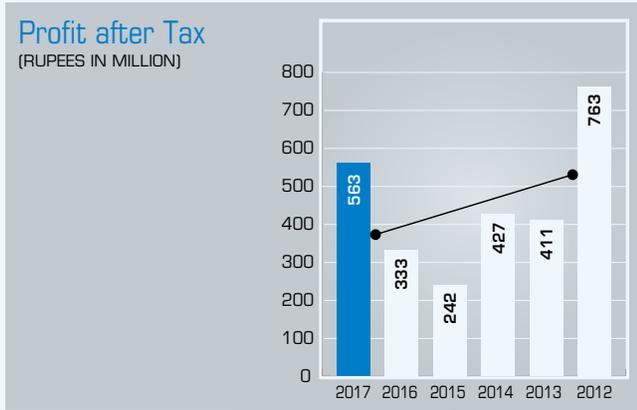
کمپنی نے اپنے ملازمین کو حصہ داری سکیم کے ذریعے بڑی کامیابی کے ساتھ پانچ (5) ملین عام حصص 2013ء اور 2014ء میں اپنے انتہائی اہم، سختی اور تجربہ کار انجینئرز اور ملازمین کو 1 روپیہ 1.2 اور 1.44 روپیہ اور 1.73 روپیہ جو کہ کم از کم 90 فیصد رعایت کے ساتھ پیش کیے تاکہ اپنے انتہائی اہم اور سختی ملازمین کو کمپنی اپنا حصہ دار بنا سکے اور کمپنی کے ملازمین زیادہ عرصے تک کمپنی میں کام کریں ان کی کام کی طرف توجہ مرکوز کرنے کیلئے اس سکیم نے بہت اچھا کام سر انجام دیا۔ جو کہ کمپنی کی دولت میں اضافے کا موجب بنا۔ ہماری کمپنی نے بڑی کامیابی کے ساتھ مقاصد کے حصول کیلئے اور اپنے انتہائی اہم، سختی اور تجربہ کار انجینئرز کو زیادہ عرصہ کمپنی میں کام کرنے کیلئے اہل بنایا۔ اس سکیم کے 2018 میں نفاذ کے بعد بقیہ تمام حصص داران کی دولت میں 4.72 فیصد کے حساب سے کمی ہوگی۔ پہلی سکیم کی کامیابی اور حصول مقاصد کے بعد بورڈ آف ڈائریکٹرز نے مزید پانچ (5) ملین دوسری سکیم (ESOS-II) کے تحت پیش کیے جو کہ بحساب 16.80 روپے سے لیکر 34.84 روپے کی قیمت پر جو کہ 2016ء سے لیکر 2020ء تک پیش کیے جائیں گے اور ان حصص کا دورانیہ مذکورہ حصص کا مالک بننے کیلئے کم از کم پانچ سال کا عرصہ درکار ہوگا۔ کمپنی نے 2016ء میں اس نئی سکیم کے ذریعے 16.80 روپے کے حساب سے 1.951 ملین حصص جاری کیے جو کہ 2021ء میں مکمل حصص داری میں تبدیل ہو جائیں گے۔ کمپنی پر اعتماد ہے کہ وہ مقاصد جو کہ دوسری سکیم کے تحت خیال کیے گئے ہیں جن میں تجربہ کار اور انتہائی سختی ملازمین کی زیادہ عرصے تک کمپنی میں ملازمت اور انکا اپنے آپ کو کمپنی میں حصہ دار محسوس کرنا ہے۔ کمپنی اپنی کامیابیوں اور دولت میں تمام ملازمین کو برابر شامل کرنا چاہتی ہے جس طرح ہمارے باقی حصص دار ہیں، دونوں سکیمیں ہماری نظر میں بہت اہم کردار ادا کر رہی ہیں جو کہ آخر میں تمام حصص داروں کی دولت میں اضافہ کریں گی۔

منصوبہ سرمایہ کاری (Capital Structure):

کمپنی قرضوں پر بہت کم یقین رکھتی ہے زیادہ تر کمپنی نے اپنے بنیادی سرمایہ پر انحصار کرتے ہوئے معاشی صورتحال کو بہتر بنایا، پیسے کی روانی کو مستقل کیا اور اپنی روزمرہ کی منصوبہ بندی کو مضبوط سے مضبوط تر کیا۔ کمپنی عام طور پر عارضی قرضے لیتی ہے۔ تاکہ وہ روزمرہ کی کاروباری ضروریات کو پورا کر سکے، کمپنی نے بڑی کامیابی کے ساتھ تمام قرضے اور اس سے متعلقہ سود اور گاڑیوں کے کرائے بغیر کسی دیر

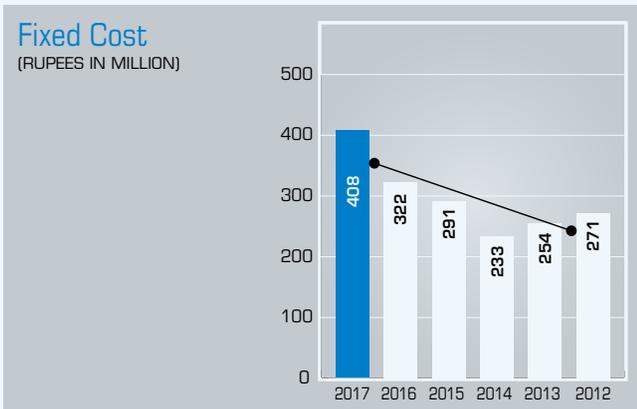
منافع بعد از ٹیکس (Profit After Taxation):

خالص منافع (بعد از ٹیکس کوٹتی) میں 70 فیصد اضافہ ہوا۔ اس خالص منافع میں 88 ملین روپے غیر ملکی کرنسی کی شرح تبادلہ (Unrealized Exchange Gain) کی وجہ سے جو کہ ہماری غیر ملکی کرنسی میں وصولیوں پر ہے۔ اگر غیر ملکی کرنسی کی شرح تبدیلی کی آمدنی کو منہا کر دیں تو منافع بعد از ٹیکس 43 فیصد ہے۔ کمپنی کی انتظامیہ بہت ہی پر امید ہے کہ اس مجموعی آمدنی اور خالص منافع کو مالیاتی سال 2018ء اور سال 2019ء میں بھی برقرار رکھے گی۔ جو کہ مستقبل کے کاروباری سودے اور موجودہ سرگرمیوں جن کی موجودہ مالیت 41 ملین امریکی ڈالر سے بھی زیادہ ہے۔ انتظامیہ مالی سال 2018ء کے مقرر کردہ اہداف کو حاصل کرنے میں پُر امید ہے۔



مقررہ اخراجات (Fixed Cost):

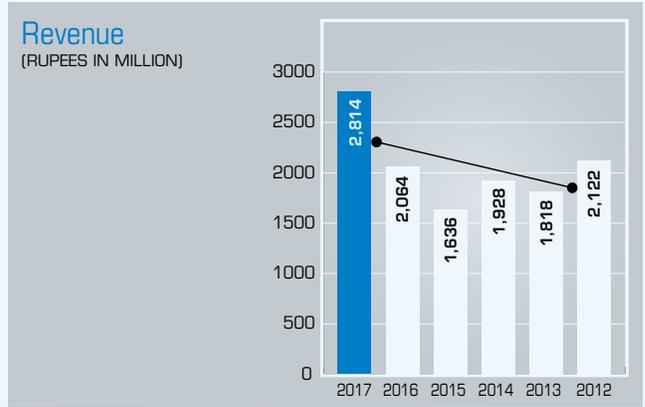
کمپنی کے مقررہ اخراجات میں 27 فیصد اضافہ ہوا ہے جو کہ سال 2016ء میں 12 فیصد رہا تھا اس مجموعی اضافہ میں 15 فیصد تنخواہوں میں اضافہ اور دیگر انتظامی اخراجات جو کہ کرنسی کے بہاؤ میں اضافہ کی وجہ سے ہوئے اور باقی 12 فیصد اضافہ کاروباری سودوں کے انتظامات اور اس سے متعلقہ خرچے شامل ہیں۔ جو کہ آمدنی میں اضافہ کی شرح کے مطابق ہوئے ہیں۔ کمپنی انتظامیہ اس کوشش میں ہے کہ اس اضافے کو 15 فیصد سے اوپر نہ جانے دے اس میں کرنسی کی شرح میں ردوبدل کا اثر شامل نہ ہوگا۔



حصص کارمجان (Stock Liquidity):

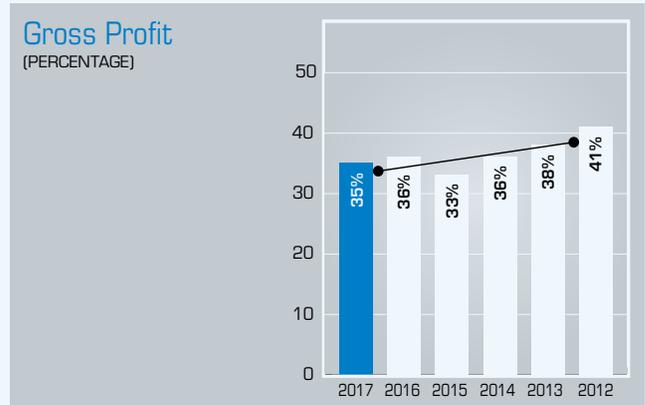
کمپنی نے بڑی کامیابی کیساتھ 25.166 ملین عام حصص کی پیشکش بذریعہ ابتدائی عوامی پیشکش (IPO) کے تحت کی، مخصوص مقاصد حاصل کرنے کیلئے جیسا کہ حصول کوائف، ملازمت کی

میں اضافہ کریں گے اور اس کا اثر سال 2018ء کی دوسری اور تیسری سہ ماہی پر بھی پڑے گا۔ جو کہ ہم گذشتہ ادوار کی سہ ماہیوں میں اور سال 2017ء میں بھی دیکھ چکے ہیں۔ کمپنی کی آمدن جو کہ پہلے سے مقرر کردہ اہداف کے مطابق سال 2015ء اور سال 2016ء کے مقابلے میں زیادہ رہی۔ کمپنی کی آمدنی مالیاتی سال 2017ء کی پہلی سہ ماہی میں کاروباری سرگرمیوں میں تاخیر کی وجہ سے مندی کا شکار رہی۔ جس کا آخری سہ ماہی میں اضافی آمدنی سے مددوا ہو گیا۔

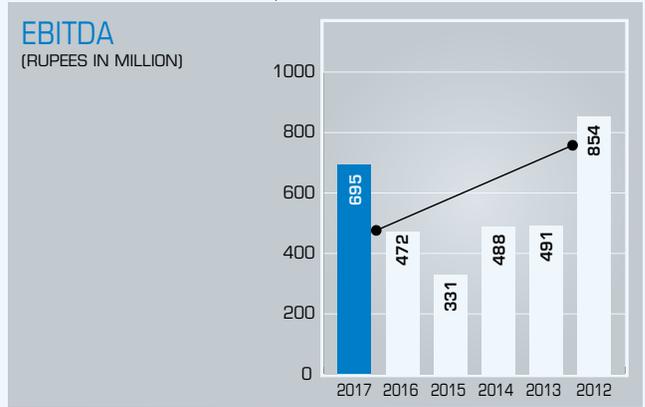


مجموعی منافع (Gross Profit):

ہم نے پاکستان میں کاروباری مسابقت کی وجہ سے اس مالیاتی سال میں پچھلے مالیاتی سال کے مقابلے میں 1 فیصد مجموعی آمدنی کم رہی۔ کمپنی کی انتظامیہ بڑے اعتماد کے ساتھ موجودہ آمدنی جو کہ 35 فیصد ہے اس کو سال 2018ء اور سال 2019ء میں برقرار رکھے گی۔



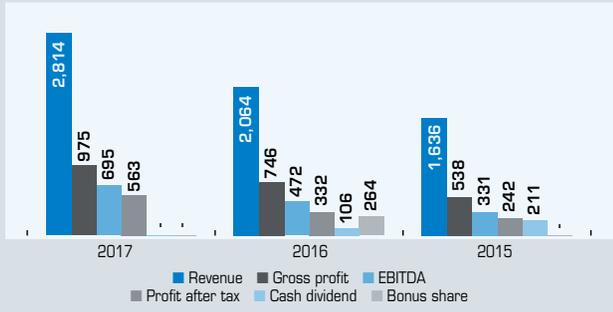
منافع جات سود، ٹیکس کوٹتی، فرسودگی اور کساد بازاری سے پہلے (EBITDA):



ڈائریکٹرز رپورٹ

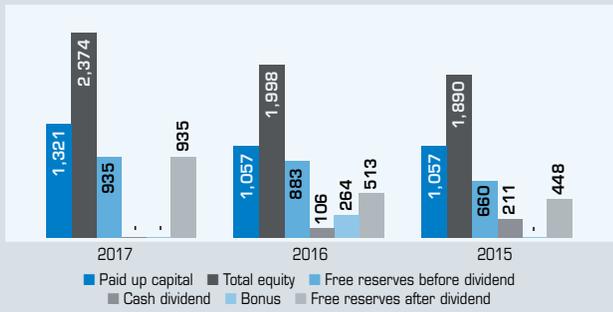
Group Profit and Loss Statements

FOR THE PERIOD ENDED 31 DECEMBER 2017
(RUPEES IN MILLION)



Capital, Total Equity, Free Reserve and Dividends

(AVN STANDALONE)
(RUPEES IN MILLION)



آمدنی فی حصص (Earning Per Share):

آخری پانچ سال سے کمپنی کی فی حصص آمدنی کارجمان اوپر کی طرف رہا سوائے سال 2015ء کے اور اس سال کے اوپر کے کارجمان کی وجوہات جو کہ اوپر دی گئی ہیں ثابت کرتی ہیں کہ کمپنی نے مسلسل کیساتھ اپنے تمام کاروباری علاقوں میں کارگردگی دکھائی اور کمپنی کے حصہ داران کی توقعات پر پورا اتری۔

آمدنی فی حصص (Standalone):

بنیادی کمائی فی حصص بعد از ٹیکس کوٹنی 3.50 روپے (2.37 روپے: 2016) فی حصص ہے۔

آمدنی فی حصص (Consolidated):

بنیادی کمائی فی حصص بعد از ٹیکس کوٹنی 4.26 روپے (2.51 روپے: 2016) فی حصص ہے۔

مالیاتی کارگردگی (Consolidated):

آمدنی (Revenue):

کمپنی کی آمدنی 36 فیصد (2.814 ارب روپے) جو کہ گذشتہ سال کے مطابق بہتر رہی اسکے علاوہ کمپنی کے نتائج میں بہت حوصلہ افزا اضافہ ہوا جو کہ اس سال سے بھی پچھلے سال کے مقابلے میں 26 فیصد زیادہ تھا۔ یہ آمدن پیش کی گئی آمدن سے بھی زیادہ ہو سکتی تھی۔ اگر دوسری اور تیسری سہ ماہی میں سعودی عرب اور قطر میں موجودہ حالات کے پیش نظر کاروباری سرگرمیاں تاخیر کا شکار نہ رہیں۔ باوجود اسکے 2017ء کی چوتھی سہ ماہی میں اور موجودہ مالی سال 2018ء کی پہلی سہ ماہی میں مقررہ اہداف

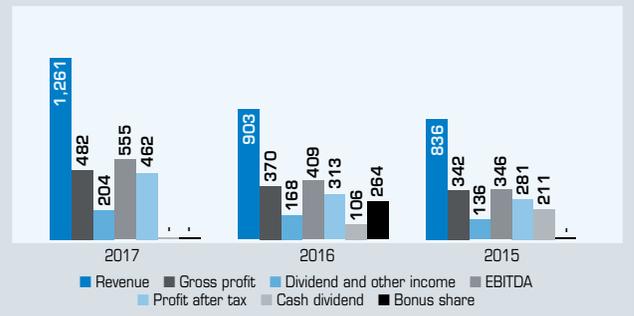
ارکان انٹیگریٹڈ ڈویلپمنٹ (Arkan Integrated Development LLC) کیساتھ شراکت داری بہت کامیاب رہی۔ ہماری آمدنی اور خالص منافع میں ہماری توقعات کے مطابق جبکہ ہم نے گذشتہ سال کی ڈائریکٹرز رپورٹ میں بالخصوص ذکر کیا۔ مالیاتی سال جو کہ دسمبر 2017ء کو ختم ہوا تھا جس نے سب سے زیادہ Backlog کے ساتھ 2018ء کی آمدنی اور خالص منافع میں بہت زیادہ اضافہ کرے گا۔

کاروباری نتائج (Operation Result):

تقابلی جائزہ فیصد	تقابلی جائزہ (روپے ہزاروں میں)	2016 (روپے ہزاروں میں)	2017 (روپے ہزاروں میں)	
40%	357,580	903,014	1,260,594	آمدن
35%	129,417	367,274	496,691	منافع قبل از ٹیکس
48%	149,070	313,038	462,108	منافع بعد از ٹیکس

Profit and Loss Statement (Standalone)

FOR THE YEAR ENDED 31 DECEMBER, 2017
(RUPEES IN MILLION)



بعد از نتائج منافع کی تقسیم:-

ڈائریکٹرز نے 22.50 فیصد (297 ملین روپے) 2016: 10 فیصد (106 ملین روپے) فی شیئر کیش ڈیویڈنڈ تجویز کیا ہے۔ بمعہ صفرا اضافی شیئر 2016ء میں 25 فیصد اضافی شیئر دیے تھے۔ تقسیم کاری کی تفصیل درج ذیل ہے۔

منافع تقسیم کاری کیلئے (Standalone):

2016 (روپے ہزاروں میں)	2017 (روپے ہزاروں میں)	
883,000	883,000	منافع کے ذخائر تقسیم کاری کیلئے۔
(105,697)	(297,272)	تقسیم کاری @ 22.5% (2016: 10%)
(264,242)	-	اضافی شیئر تجویز کردہ @ Nil (2016: 25%)
513,303	858,728	منافع کے ذخائر تقسیم کاری کیلئے (اگلے سال میں منتقلی)

کاروباری نتائج (Consolidated):

تقابلی جائزہ فیصد	تقابلی جائزہ (روپے ہزاروں میں)	2016 (روپے ہزاروں میں)	2017 (روپے ہزاروں میں)	
36%	750,271	2,063,627	2,813,898	آمدن
51%	202,271	395,783	598,054	منافع قبل از ٹیکس
70%	231,405	332,067	563,472	منافع بعد از ٹیکس

ڈائریکٹرز رپورٹ



- 6- کمپنی کی قابلیت پر اسی طرح جاری رکھنے پر کوئی بھی شبہ نہیں ہے۔
- 7- کارپوریٹ گورننس کے بہترین اصولوں کے مطابق جو کہ پاکستان اسٹاک ایکسچینج کے لسٹنگ کے اصول و ضوابط میں دی گئی ہیں ان سے انحراف نہیں کیا گیا ہے۔
- 8- تمام سرکاری واجبات ڈیوٹی، ٹیکسز اور ان قوانین میں تبدیلی کی وجہ سے جو بھی رقم بنی وہ باضابطہ طریقے سے کمپنی کی کاروباری معاملات میں بیان کی گئی ہے۔

یہ ڈائریکٹرز رپورٹ کمپنیز آرڈیننس 1984ء زیر دفعہ 236 کے تحت تیار کی گئی ہے، جو کہ 15 واں سالانہ اجلاس عام پر نمبر ان کو بھجوائی جائے گی، جو کہ بروز منگل 24 اپریل 2018ء کو بوقت 3:00 بجے سہ پہر بمقام فیروز ہال، کنٹری کلب، سیکلنر، سی، بحریہ ٹاؤن، لاہور پنجاب، پاکستان میں منعقد ہوگی۔

رپورٹ :-

کمپنی کی کارکردگی انتہائی تسلی بخش اور رجحان ترقی کی طرف رہا ہے آرڈر جزیشن، مقررہ اخراجات پر قابو بہترین انتظامی امور، کیش کے بجاؤ کا انتظام اور مناسب بینکنگ سہولیات کی موجودگی جو کہ بہت ہی مناسب خرچوں پر مشتمل رہی، تمام قرضوں اور وعدوں کی بروقت ادائیگی جو کہ کمپنی کی بہت بڑی کامیابی ہے۔ کمپنی کے تمام ڈیپارٹمنٹ نے بہت اچھا کردار ادا کیا اسکے ساتھ کمپنی نے آرڈر جزیشن کا اب تک کاسب سے بڑا ہدف عبور کیا۔ ہماری سعودی عرب میں علی الترتیب کمپنی (ATCO) اور قطر میں

کمپنی کے ڈائریکٹران انتہائی مسرت کے ساتھ کمپنی کے (Consolidated) اور (Standalone) آڈٹ کیے گئے اکاؤنٹس (آڈیٹر سے جانچ پڑتال شدہ اور آڈیٹر کی رپورٹ کے ساتھ) جو کہ مالی سال 31 دسمبر 2017 پر مشتمل ہیں پیش کرتے ہیں یہ تمام مالیاتی اعداد و شمار اور اس سے متعلقہ مالیاتی گوشوارے جنہیں کمپنی کی انتظامیہ نے مندرجہ ذیل اصول و ضوابط کے تحت تیار کیا ہے۔ تفصیلات اکاؤنٹس کو تمام مالی سٹیٹمنٹس نوٹس کمپنی کی انتظامیہ نے تیار کر لیے ہیں جو کہ مندرجہ ذیل ہیں:-

- 1- انہوں نے کمپنی کے روزمرہ کاروباری اور کیش کے معاملات اور بنیادی سرمائے کی تبدیلی کے تمام معاملات کو منصفانہ بیان کیا ہے۔
- 2- اصول و ضوابط کے مطابق تمام حسابات کاریکارڈ رکھا جا رہا ہے۔
- 3- مناسب حساب کی پالیسیاں اختیار کی گئی ہیں اور یہ مالی سٹیٹمنٹس کی تیاری میں لاگو کی گئی ہیں جو کہ حساب کتاب کے مناسب اصول و ضوابط اور دانشمندی پر مبنی ہیں۔
- 4- تمام بین الاقوامی اکاؤنٹنگ کے اصولوں اور بیان کرنے کے ضابطوں کے مطابق جو کہ پاکستان میں بھی قابل اطلاق ہے انکی پیروی مالی سٹیٹمنٹس کو تیار کرنے میں کی گئی اور چھٹا اسے شائستگی سے پورا کیا گیا۔
- 5- کمپنی کے اندرونی معاملات کا جانچ پڑتال کا اصول صحت مندانہ ہے جو کہ بہت ہی اچھے طریقے سے موثر انداز میں لاگو کیا اور چلایا جا رہا ہے۔

اجلاس عام اور سالانہ مالیاتی گوشواروں کی اطلاعات کی تریبل:-

2014/1(787) SRO مورخہ 08 ستمبر 2014 کے مطابق SECP نے کمپنی کے شیئرز ہولڈرز کو سالانہ مالیاتی گوشوارے اور اطلاعات بذریعہ الیکٹرانک میل (E-mail) موصول کرنے کی سہولت دینے کی ہدایت کی ہے۔ ہمیں اپنے شیئرز ہولڈرز کو جو مستقبل میں سالانہ مالیاتی گوشوارے اور اطلاعات ای میل کے ذریعے موصول کرنے کے خواہشمند ہیں کو یہ سہولت پیش کرتے ہوئے مسرت ہے۔ خواہشمند شیئرز ہولڈرز سے گزارش کی جاتی ہے کہ وہ اپنی رضامندی کا فارم ای میل کے ذریعے ارسال کریں جو کہ کمپنی کی ویب سائٹ www.avanceon.ae پر موجود ہے۔ برائے مہربانی اس امر کو یقینی بنائیں کہ آپ کی ای میل بالکل درست ہے اور اس میں اس طرح کی ای میل بھی موصول کرنے کے حقوق اچکے ہو چکا سائز 2MB مگیاٹ سے بھی زیادہ ہے۔ مزید یہ کہ شیئرز ہولڈرز کی ذمہ داری ہے کہ وہ رجسٹرڈ ای میل پتے میں تبدیلی کی صورت میں شیئرز ہولڈرز کے پاس بروقت تبدیل کروائے۔ 31 دسمبر 2017 میں ختم ہونے والے سال کے لیے کمپنی کے سالانہ آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب سائٹ www.avanceon.ae پر دستیاب ہیں۔

فاکس اور نان فاکس کی قانون وضع:-
حکومت پاکستان نے بذریعہ فیئس ایکٹ 2014 کے آئٹم 150 میں بعض مخصوص ترامیم کی ہیں جہاں پر وہ ہولڈنگ ٹیکس کی کوئی کیلئے مختلف شرح پمپل سے ہی مقرر کی گئی ہیں اس خاطر نقد منافع کی رقم ٹیکس کی درست کوئی کی جاسکے۔ تمام شیئرز ہولڈرز کا نام فعال ٹیکس ادا کرنے والوں کی فہرست (Active Tax Payers List) میں درج نہیں کیے گئے۔ اس حقیقت کے باوجود کہ وہ فاکس ہیں انکو مشورہ دیا جاتا ہے کہ وہ اس امر کو یقینی بنائیں کہ نقد منافع کے استحقاق کے شیئرز کی منتقلی کے سبب کی بندش سے پمپل اپنا نام فعال ٹیکس ادا کرنے والوں کی فہرست (Active Tax Payers List) میں درج ہونے کے پورے پڑھ لیا ہے۔ کمپنی قانون کے مطابق 15% فیصد وہ ہولڈنگ ٹیکس کی شرح کا اطلاق کرے گی اگر ممبر کا نام متعلقہ تفصیل فعال ٹیکس ادا کرنے والوں کی فہرست (Active Tax Payers List) پر مذکورہ تاریخ سے پہلے نام نہیں ہوتا تو کمپنی قانون کے مطابق 20% فیصد وہ ہولڈنگ ٹیکس کی شرح کا اطلاق کرے گی کیونکہ وقت پر گورنمنٹ کے خزانے میں ٹیکس کو جمع کرایا جانا ضروری ہے۔ تمام ممبران جو اس حصہ داران ہیں انکو گزارش کی جاتی ہے کہ وہ مندرجہ ذیل کے مطابق شیئرز ہولڈنگ مہیا کریں:-

فولیو ایس ڈی ایس	کل شیئرز	پرنسپل شیئرز ہولڈرز	جو انٹ شیئرز ہولڈرز
		نام اور قومی شناختی کارڈ نمبر	نام اور قومی شناختی کارڈ نمبر
		شیئرز ہولڈنگ کا تناسب (شیئرز کی تعداد)	شیئرز ہولڈنگ کا تناسب (شیئرز کی تعداد)

مطلوبہ معلومات مورخہ 16 اپریل 2018 کو ہمارے شیئرز رجسٹر اراکو کاروبار بند ہونے سے پہلے ضروری جمع کروا دیں بصورت دیگر یہ فرض کیا جائے گا کہ شیئرز ہولڈرز مساوی طور پر شیئرز کے حامل ہیں۔
کارپوریشن شیئرز ہولڈرز جسکے پاس ICDC کا ڈونٹ ہیں ان سے گزارش کی جاتی ہے کہ وہ اپنے قومی شناختی کارڈ نمبر (این۔ٹی۔این) بعد اسکے متعلقہ شرکت کنندگان کو درست کروائیں جبکہ کارپوریشن اصالتاً شیئرز ہولڈرز کو چاہیے وہ اپنے NTN حقیقت کی ایک کاپی کمپنی کو یا اسکے شیئرز رجسٹر اراکو بھیجے۔ شیئرز ہولڈرز کو NTN یا NTN حقیقت بھیجئے ہوئے اس صورت میں کمپنی کا نام اور اسکے متعلقہ فولیو نمبر لکھنے چاہئے۔
وڈ پوکا ٹرنس کی سہولت کیلئے رضامندی:-
شیئرز ہولڈرز اگرچہ میں وڈ پوکا ٹرنس کی سہولت سے بھی فائدہ اٹھا سکتے ہیں خواہشمند شیئرز ہولڈرز جو کہ مجموعی طور پر 10% فیصد سے زائد کے مالک ہوں اور اگرچہ میں رہائش درج ذیل معلومات کو فراہم کریں اور اسے کمپنی کے رجسٹرڈ پتے پر سالانہ اجلاس عام کے انعقاد سے دس دن پہلے جمع کروائیں۔

اجمہ:- از..... اے او بیسیون لمیٹڈ کے ایک ممبر ہونے کے ناٹے حامل..... عمومی حصص رجسٹرڈ فولیو نمبر..... کے مطابق..... مقام پر وڈ پوکا ٹرنس کی سہولت کا انتخاب کرتا کرتی ہوں۔

کسی بھی معلومات یا شکایات کیلئے ممبران ہمارے شیئرز رجسٹر اراکو ایس ایم ایس 8- ایف زدہ ہونے فاران نرسری 'بلاک نمبر 6' PECHS، شاہراہ فیصل کراچی پر رابطہ کر سکتے ہیں۔
بیانات زبردفعہ 134(3) کمپنی ایکٹ 2017۔ یہ بیانات ان حقائق کی نشاندہی کرتے ہیں جو کہ سالانہ اجلاس عام 24 اپریل 2018 میں 'اہم کاروباری امور' کی منظوری کیلئے پیش کیا جائے گا۔
کارروائی کی 6 ویں شق:-
شیئرز آڈیٹرز کی کل تعداد 1,750,000" (ستہ لاکھ پچاس ہزار) عمومی شیئرز آڈیٹرز ہیں ملازمین کی نکاسمز: بیجنٹ کیڈر 3-MT ایس سے زائد
نفاذی مدت اور لوازم: نفاذی مدت کی میندا ایک سال ہے یہ میندا آڈیٹرز کے دینے جانے سے لیکر متعلقہ آڈیٹرز سے بیڑے کے آڈیٹنگ سے
زیادہ سے زیادہ نفاذی مدت ایک سال
انتخابی قیمت مبلغ 1 روپے برائے 2018، 1.20 روپے برائے 2019، 1.44 روپے برائے 2020، 1.73 روپے برائے 2021 اور 2.08 روپے برائے 2022
ملازمین کی اہلیت کو جانچنے کا طریقہ کار: کمپنی کا HR&R اپنے اختیارات کو کمپنی کی COED کیلئے کو مینٹی ہے کہ وہ کمپنی کے ملازمین کی اہلیت کو سالانہ مردہ طریقہ کار سے جانچے
زیادہ سے زیادہ آڈیٹرز (مجموعی فی ملازم) 2,50,000 (دو لاکھ پچاس ہزار)، آڈیٹرز فی ملازم بشمول مجموعی طور پر 1,750,000 شیئرز آڈیٹرز تمام ملازمین کیلئے ہیں
آڈیٹنگ پالیسی سے مطابقت کے بیان:- یہ بیان ایسی شیئرز آڈیٹرز کے شیئرز 2018 سے لے کر اس بیان کا مقصد یہ ہے کہ آڈیٹنگ پالیسی پبلک کمپنیز (ایپلائیڈ سٹاک ایکسچینج رولز 2001) کی شق 13 سے مطابقت رکھتی ہیں

The grant date fair value of equity settled share based payment to employees is initially recognized in the balance sheet as deferred employee compensation with a corresponding credit to equity as employees' share compensation reserve. The fair value determined at the grant date of the equity settled share based payments is recognized as an employee compensation expense on a straight-line basis over the vesting period.

When an unvested option lapses by virtue of an employee not conforming to the vesting conditions after recognition of an employee compensation expense in profit and loss account, employee compensation expense in profit and loss account and deferred employee Compensation in balance sheet will be reversed equal to the amortized and unamortized portion respectively, with a corresponding effect to the employees' share compensation reserve.

When a vested option lapses on expiry of the exercise period, employee compensation expense already recognized in the profit and loss account is reduced with a corresponding reduction to employee compensation reserve in the balance sheet.

When the options are exercised, employees' compensation reserve relating to these options is transferred to share capital and share premium account. An amount equivalent to the face value of related shares is transferred to share capital. Any amount over and above the share capital is transferred to share premium account.

کارروائی کی 7 ویں شق

کمپنی کے ڈائریکٹران نے اپنی میٹنگ جو کہ 21 مارچ 2018 کو منعقد ہوئی تھی کمپنی کے آڈیٹرز ڈیٹیل کو 1,500,000,000 روپے سے بڑھا کر 2,000,000,000 روپے کرنے کی منظوری دی ہے
کمپنی کے آڈیٹرز ڈیٹیل میں یہ اضافہ انداز سے سے مطابقت رکھتا ہے کہ کمپنی کا موجودہ آڈیٹرز ڈیٹیل 88% (فیصد) ٹیک ایڈجسٹسٹریٹس اور بیڈ اپ ہے



ELECTRONIC TRANSMISSION CONSENT FORM

The securities & Exchange Commission of Pakistan through SRO 787(I)/2014 of September 8, 2014 allowed the Company to circulate its annual balance sheet and profit & loss accounts, auditor's report and director's report etc. (Audited Financial Statements) along with the Company's Notice of Annual General Meeting to its shareholders through email. Those shareholders who wish to receive the Company's Annual Report through email are requested to complete the requisite form below.

CDC Shareholders are requested to submit their Electronic Transmission Consent Form along with their CNIC directly to their broker (participant)/CDC; while shareholders having physical shares are to send the forms and a copy of their CNIC to the Company's Registrar, FAMCO Associates (Pvt) Ltd. 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shakra-e-Faisal, Karachi.

Electronic Transmission Consent Form

Pursuant to the directions given by the Securities and Exchange Commission of the Pakistan though its S.R.O 787(1)/2014 of the September 08, 2014, I, Mr./Ms. _____

S/o, D/o., w/o _____ hereby consent to have the Avanceon Limited Audited Financial Statement and Notice of Annual General Meeting delivered to me via email on my address provided below:

Name of Member / Shareholder _____

Folio/ CDC Account Number _____

CNIC _____

Email Address _____

It is stated that the above mentioned information is true and correct and that I shall notify the company and its share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statement and Notice of Annual General Meeting.

Date: _____

Signature of Member/Shareholder



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The Company Secretary
AVANCEON LIMITED
Avanceon Building,
19 km, Main Multan Road,
Lahore - 54660
Pakistan

ای ڈیوڈینڈ

مینڈیٹ خط

تاریخ

محترم / محترمہ

موضوع: ڈیوڈینڈ کی الیکٹرانک طریقے سے ادائیگی کیلئے بینک اکاؤنٹ کی تفصیلات

جناب عالی!

میں / ہم / میسرز _____ اویسیون لمیٹڈ کے شیئر ہولڈر ہونے کے ناطے کمپنی کو اختیار دیتے ہیں کہ وہ اعلان کردہ ڈیوڈینڈ براہ راست میرے ذیل میں دیے گئے بینک اکاؤنٹ میں جمع کروادے۔

شیئر ہولڈر کی تفصیلات

شیئر ہولڈر کا نام
سی ڈی سی شرکت کنندہ کی ID سب اکاؤنٹ نمبر / CDCIAS
CNIC / NICOP / پاسپورٹ / NTN نمبر (برائے مہربانی کاپی منسلک کریں)
رابطہ (لینڈ لائن اور موبائل)

شیئر ہولڈر کا پتہ

شیئر ہولڈر کے بینک اکاؤنٹ کی تفصیلات

بینک اکاؤنٹ کا عنوان
IBAN (درج بالا نوٹ 1 ملاحظہ فرمائیں)
بینک کا نام
برانچ کا نام اور کوڈ نمبر
برانچ کا ایڈریس

یہ تصدیق کی جاتی ہے کہ میری طرف سے فراہم کردہ درج بالا معلومات درست ہیں اور میں کمپنی کو مستقبل میں ان میں ہونے والی کسی بھی تبدیلی سے آگاہ رکھوں گا۔ آپ کا خیر خواہ

دستخط شیئر ہولڈر

(برائے مہربانی کارپوریٹ اسٹمپ کی صورت میں کمپنی کی اسٹیمپ لگائیں)

نوٹس

- 1- برائے مہربانی الیکٹرانک کریڈٹ کی سہولت حاصل کرنے کے لیے اپنی متعلقہ برانچ سے چیک کرنے کے بعد IBAN فراہم کریں۔
- 2- یہ لینڈ شیئر ہولڈرز شرکت کنندگان / سی ڈی سی انوسٹر اکاؤنٹ سروسز جو کمپنی کی طرف سے وقتاً فوقتاً دیے جانے والے منافع منقسمہ کے براہ راست کریڈٹ کے لیے اپنے سی ڈی سی اکاؤنٹ بینک اکاؤنٹ کی تفصیلات شامل کرنے کے لیے تین تین کرتے ہیں۔



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Lahore - 54660
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E-DIVIDEND MANDATE LETTER

To: _____

Date: _____

Subject: Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/We/Messrs, _____, being a/the shareholder(s) of Avanceon Limited (the "Company"), hereby, authorise the Company, to directly credit cash dividends declared by it, in my bank account as detailed below:

(i) Shareholder's details:

Name of the Shareholder
CDC Participant ID & Sub-Account No./CDC IAS
CNIC/NICOP/Passport/NTN No. (please attach copy)
Contact Number (Landline & Cell Nos.)

Shareholder's Address

(ii) Shareholder's Bank account details:

Title of Bank Account
IBAN (See Note 1 below)
Bank's Name
Branch Name & Code No.
Branch Address

It is stated that the above particulars given by me are correct and I shall keep the Company informed in case of any changes in the said particulars in future.

Yours truly,

Signature of Shareholder
(Please affix company stamp in case of corporate entity)

Notes:

1. Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.
2. This letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company from time to time.



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ویڈیو کانفرنس کی سہولت

SECP کے سرکلر نمبر 10 بتاریخ 21 مئی 2014ء اور کمپنیز ایکٹ 2017ء کے مطابق کمپنی کسی خاص جغرافیائی مقام پر رہنے والے 10 فیصد یا اس سے زائد شیئرز ہولڈنگ کے حامل ممبر سے اجلاس سے 10 دن قبل اجلاس میں ویڈیو کانفرنس کے ذریعے شرکت کی رضامندی حاصل کرتی ہے تو کمپنی اس شہر میں ایسی سہولت کی دستیابی کی صورت میں ویڈیو کانفرنس کی سہولت فراہم کرے گی۔ اس حوالے سے برائے مہربانی درج ذیل فارم پر کریں اور کمپنی کے رجسٹرڈ پتہ پر سالانہ اجلاس عام سے 10 روز قبل جمع کروائیں۔ کمپنی تمام تضروری معلومات کے ساتھ ممبرز کو سالانہ اجلاس عام سے کم از کم 5 روز قبل ویڈیو کانفرنس کی سہولت کے مقام سے آگاہ کرے گی تاکہ وہ اس سہولت تک رسائی حاصل کر سکیں۔

ممبران ویڈیو کانفرنس کی سہولت کراچی میں حاصل کر سکتے ہیں۔ کمپنی ویڈیو کانفرنس کی سہولت شہر میں دینے کی مجاز ہوگی؛ اگر ایسے تمام ممبران جو مجموعی طور پر 10% یا زائد کے شیئرز ہولڈر ہوں اور کراچی میں رہائش پذیر ہوں۔ وہ سالانہ اجلاس کی تاریخ سے کم از کم 10 دن قبل رضامندی ظاہر کریں گے۔ اس حوالے سے نیچے دیے گئے فارم کو پر کر کے کمپنی کے رجسٹرڈ پتہ پر سالانہ اجلاس کی تاریخ سے کم از کم 10 دن قبل ارسال کریں۔

میں / ہم _____ کے _____
 اوبنسیون لمیٹڈ کے ممبر اور رجسٹرڈ فولیو نمبر یا سی ڈی سی اکاؤنٹ نمبر _____
 کے مطابق _____ عمومی شیئرز کے حامل ہونے کے ناطے
 پروڈیو کانفرنس سہولت کا انتخاب کرتے ہیں۔

مورخہ _____

ممبر کے دستخط _____



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REQUEST FOR VIDEO CONFERENCING FACILITY FORM

Members can also avail video conference facility in Karachi. If the Company receives consent at least 10 days prior to date of meeting 24 April 2018, from members holding in aggregate 10% or more shareholding and residing at Karachi to participate in the meeting through video conference, the company may arrange video conference facility in that city.

In this regard please fill up the following form and submit it to registered address of the Company 10 days before holding of the annual general meeting scheduled on Tuesday, 24 April 2018.

I/We _____
of _____
being a member of Avanceon Limited and holder of _____
_____ Ordinary Share(s) as per Register Folio
No/CDC A/C No. _____ hereby Opt for video conference facility at _____

Date: _____

Signature of Member/Shareholder



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Lahore - 54660
Pakistan

پراکسی فارم

نوٹس برائے سالانہ پندرھواں اجلاس عام

میں / ہم _____ ساکن _____ بطور اوبنسیون لمیٹڈ
 رکن و حامل _____ عام حصص بمطابق شیئر رجسٹرڈ
 فولیو نمبر _____ اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور
 ذیلی کھاتہ نمبر _____ ساکن _____ یا بصورت دیگر
 _____ ساکن _____ کو اپنی جگہ مورخہ 24 اپریل
 2018ء منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط بتاریخ _____ 2018ء

گواہان :-

براہ کرم پانچ روپے
 مالیت کے ریونیوٹکٹ
 چسپاں کریں

دستخط

دستخط کمپنی میں درج نمونہ کے
 مطابق ہونے چاہئیں

- 1 دستخط: _____
 نام: _____
 پتہ: _____
 قومی شناختی کارڈ یا پاسپورٹ نمبر: _____
- 2 دستخط: _____
 نام: _____
 پتہ: _____
 قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

نوٹ: پراکسیز کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کا کمپنی کارکن ہونا ضروری نہیں ہے۔ سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کروائیں۔



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Lahore - 54660
Pakistan



FORM OF PROXY

15th Annual General Meeting of Avanceon Limited

I/We _____
of _____
being a member of Avanceon Limited and holder of _____
_____ Ordinary Shares as per Share Register Folio
(Number of Shares)
No. _____ and / or CDC Participant I.D. No. _____
and Sub Account No. _____ hereby appoint _____
of _____
or failing him _____ of _____
as my/our proxy to vote for me/us and on my/our behalf at the 15th Annual General Meeting of the Company to be held on
Tuesday, April 24, 2018 and at any adjournment thereof.

Signed this _____ day of _____ 2018.

Witnesses:

1. Signature _____
Name _____
Address _____
NIC or _____
Passport No. _____

Signature on
Rs. 5/-
Revenue stamp

2. Signature _____
Name _____
Address _____
NIC or _____
Passport No. _____

[Signature should agree with the
specimen
signature registered with the
Company]

Note:

- Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.
- CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.



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INVESTORS' EDUCATION

To comply with the Securities and Exchange Commission of Pakistan's SRO 924(1)/2015 dated September 9, 2015, Investors' attention is invited to the following information message:

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jamapunji.pk

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices

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Toll Free
(From Landline Only)
0800-88008

Complaints
<http://sims.gov.pk>
complaints@secp.gov.pk

Queries
queries@secp.gov.pk



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan



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