

ADVICE FOR GENERAL PUBLIC

THE INVESTORS ARE STRONGLY ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THE PROSPECTUS, **ESPECIALLY THE RISK FACTORS GIVEN AT PARA 5.2**, BEFORE MAKING ANY INVESTMENT DECISION.

SUBMISSION OF FICTITIOUS AND MULTIPLE APPLICATIONS (MORE THAN ONE APPLICATIONS BY SAME PERSON) IS PROHIBITED AND SUCH APPLICATIONS' MONEY IS LIABLE TO CONFISCATION UNDER SECTION 18A OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969.

ADVICE FOR INSTITUTIONAL INVESTORS AND HIGH NETWORTH INDIVIDUAL INVESTORS

A SINGLE INVESTOR CANNOT SUBMIT MORE THAN ONE BIDDING APPLICATION EXCEPT IN THE CASE OF REVISION OF BID. IF AN INVESTOR SUBMITS MORE THAN ONE BIDDING APPLICATION THEN ALL SUCH APPLICATIONS SHALL BE SUBJECT TO REJECTION.



AVANCEON LIMITED

PRELIMINARY PROSPECTUS

For issue of 25,166,000 Ordinary Shares (25% of the total Post-IPO Paid Up Capital) of Face Value of PKR 10/- each

Book Building Portion of the Issue comprises of 18,874,500 Ordinary Shares (75% of the Total Issue) at a Floor Price of PKR 14/- per share including premium of PKR 4/- per share

General Public Portion of the Issue comprises of 6,291,500 Ordinary Shares (25% of the Total Issue) at a price of PKR [●] per share including premium of PKR [●] per share

BIDDING PERIOD DATES: From NOVEMBER 27 to 28, 2013(BOTH DAYS INCLUSIVE)

FROM: 9:00 A.M. TO 5:00 P.M.

DATE OF PUBLIC SUBSCRIPTION: From DD/MM, 2013 to DD/MM, 2013(BOTH DAYS INCLUSIVE)

DURING BANKING HOURS

(Please note that **ONLINE APPLICATIONS** can be submitted 24 hours a day during the subscription period which will close at 12:00 midnight on [●], 2013)

FINANCIAL ADVISOR, LEAD MANAGER AND ARRANGER



Habib Bank Limited

BOOK RUNNER



Arif Habib Limited

BANKERS TO ISSUE

Askari Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
KASB Bank Limited

Meezan Bank Limited
MCB Bank Limited
NIB Bank Limited
Sindh Bank Limited
United Bank Limited

Book Building Portion Underwritten by:



General Public Portion Underwritten by:

(To be filled in within 10 working days of closing of Bidding Period i.e. before submission of application to the Exchange for allocation of dates for publication of the final Prospectus and subscription of shares by the general public as required under clause 6 of Appendix-4 of the listing regulations of Karachi & Lahore Stock Exchange Limited)

Date of Publication of this Prospectus: [--]

For further queries you may contact:

Avanceon Limited -Mr. Saeed Ullah Khan Niazi; P: +9242-111940940 Ext 316; E:sniazi@avanceon.com

Habib Bank Limited - Mr. Salman Virani; P: +9221-32418000 Ext 2284; E:salman.virani@hbl.com

Habib Bank Limited - Mr. Imran Sherani; P: +9221-32418000 Ext 2736; E:imran.sherani@hbl.com

STATEMENT ON ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for the disclosures made in this Prospectus and confirms that:

- this Prospectus contains all information with regards to the Issuer and the Issue, which is material in the context of the Issue and nothing has been concealed;
- the information contained in the Prospectus is true and correct to the best of our knowledge and belief;
- the opinions and intentions expressed herein are honestly held; and
- there are no other facts, the omission of which make this document as a whole or any part thereof misleading.

For and on behalf of Issuer,

-sd-

Mr. Saeed Ullah Khan Niazi
C.F.O & Company Secretary

GLOSSARY OF TECHNICAL TERMS

ASQ	American Society for Quality
CDA	Central Depositories Act, 1997
CDCPL	The Central Depository Company of Pakistan Limited
CDS	Central Depository System
CNIC	Computerized National Identity Card
Commission / SECP	Securities and Exchange Commission of Pakistan
Company / AVL	Avanceon Limited
EMS	Energy Management Solutions
FDI	Foreign Direct Investment
FX	Foreign Exchange
GOP	Government of Pakistan
HBL	Habib Bank Limited
HNWI	High Net Worth Individual
HSE	Health, Safety and Environment
IEEE	Institute of Electric and Electronics Engineers
IET	Institute of Engineering and Technology
IPO	Initial Public Offer
ISA	The International Society of Automation
Issue	Issue of 25.166 Million ordinary shares by Avanceon Limited
Issuer/Issuing Company	Avanceon Limited
ITO	Income Tax Ordinance, 2001
KIBOR	Karachi Inter Bank Offer Rate
KSE	Karachi Stock Exchange Limited
LSE	Lahore Stock Exchange Limited
MEA	Middle East and Africa
NOC	No Objection Certificate
Ordinance	The Companies Ordinance, 1984
PMI	Project Management Institute
PKR	Pakistan Rupee(s)
SEA	South East Asia
SCRA	Special Convertible Rupee Account
SLA	Service Level Agreements
TREC	Trading Right Entitlement Certificate holder
USD	US Dollar(s)
WHT	Withholding Tax

DEFINITIONS

Application Money	In case of bidding for shares out of the Book Building portion, the total amount of money payable by a successful Bidder which is equivalent to the product of the Strike Price and the number of shares to be allotted.
	AND
	In case of application for subscription of shares out of the General Public portion, the amount of money paid along with application for subscription of shares which is equivalent to the product of the Issue Price and the number of shares applied for.
Bid	An indication to make an offer during the Bidding Period by a Bidder to subscribe to the Ordinary Shares of Avanceon Limited at or above the Floor Price, including all the revisions thereto.
Bidder	Any eligible prospective investor who makes a Bid pursuant to the terms of the Preliminary Prospectus and the Bidding Form.
Bid Amount	The total amount of the Bid which is equivalent to the product of the Bid price and the number of shares bid for.
Bid Collection Centre	Pre-determined places where applications for bidding of shares are collected by the Book Runner on behalf of the Issuer and may include offices of Corporate Brokerage Houses, Schedule Banks, Development Financial Institutions and Investment Finance Companies, subject to appointment of these institutions as agent by the Book Runner through an agreement in writing for the purpose, with the consent of the Issuer. For this issue, addresses of the Bid Collection Centers are provided at paragraph 2.5(b)(xv).
Bidding Form	The form prepared by the Issuer on the format mentioned in the Listing Regulations of the Exchanges for the purpose of making Bids which will be considered as the application for subscription of Ordinary Shares out of the Book Building portion.
Bidding Period	The period during which Bids for shares of the Company shall be made by Institutional Investors and HNWI Investors. The Bidding Period commences on 27 th and ends on 28 th of November 2013 (daily from 9:00 a.m. to 5:00 p.m.) both days inclusive.
Bidding Process Ending Date	The date after which Book Runner will not accept any Bid for the book building portion of the Issue.
Bidding Process Starting Date	The date on which Book Runner shall start accepting Bids for the book building portion of the Issue.
Book Building	A mechanism of price determination through which indication of interest for subscription of shares issued by the Issuer is collected from Institutional Investors and HNWI Investors. Through this process a book is built which gives an idea of demand for the shares at different price levels. The Strike Price is determined based on the price at which demand for shares at the end of Book Building period is sufficient to raise the required amount.
Book Building Account	An account opened by the Issuer with the Collection Bank(s). The Bidder will pay the Margin Money/Bid Amount through demand draft, pay order or cheque in favor of this account and the balance of the Application Money, if any, shall be paid through this account after successful allocation of shares.
Book Runner	Arif Habib Limited.

Dutch Auction Method	The method through which the Strike Price is determined. Under this method, all the bids are arranged in descending order along with the number of shares bid for at each price level and the cumulative number of shares bid for. The strike price is determined by lowering the price to the extent that the total shares the Issuer intends to issue through the Book Building process are subscribed.
Employees	Employees of Avanceon Limited.
Prospectus	A document containing all the information and disclosures as required under the Companies Ordinance, 1984 together with disclosure of the Strike Price, results of the Book Building process, the date of publication of Prospectus and, the date(s) for subscription of shares out of the General Public portion.
Financial Advisor	Habib Bank Limited.
Floor Price	The minimum price set by the Issuer for the IPO which is PKR 14/- per share. A Bid placed below the Floor Price will not be entertained by the Book Runner.
General Public	All Individual and Institutional Investors including both Pakistani (residents & non-residents) and foreign investors.
Issuer	Avanceon Limited or the Company.
Issue	Initial Public Offer of shares by the Issuer.
Issue Price	The price at which Ordinary Shares of the Company are issued to the General Public. The Issue Price is the Strike Price i.e. PKR [●]/- per share.
High Net worth Individual (HNWI)	Individual investor who bids for shares of the value of PKR 1,000,000/- or above.
Institutional Investors	Both local and foreign Institutional Investors.
Lead Manager	Habib Bank Limited.
Limit Price	The maximum price a prospective Institutional Investor or HNWI Investor is willing to pay for a share under the Book Building process.
Margin Money	The partial or total amount, as the case may be, paid by a Bidder at the time of making a Bid.
Ordinary Shares	Ordinary Shares of Avanceon Limited having face value of PKR10 each, unless otherwise specified in the context thereof.
Preliminary Prospectus	The preliminary prospectus containing all the information and disclosures as required under the Companies Ordinance, 1984, and Listing Regulation of the Stock Exchanges approved by the Commission under section 57 (1) of the Companies Ordinance, 1984 and circulated to the Institutional Investors and HNWIs for the Book Building Process.
Step Bid	A series of limit bids at increasing prices.
Strike Order	A Bid for a specified number of shares at the Strike Price to be determined through the Book Building process.
Strike Price	The price of share determined/discovered on the basis of Book Building process in the manner provided in the Listing Regulations of KSE and LSE at which the shares are issued to the successful Bidders. The Strike Price determined through the Book Building process is PKR [●]/- per share.

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PART 1

1 APPROVAL AND LISTING ON THE STOCK EXCHANGE

1.1. APPROVAL OF THE SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Approval of the Securities & Exchange Commission of Pakistan (“SECP” or the “Commission”) as required under, Section 57(1) of the Companies Ordinance, 1984 (the “Ordinance”) has been obtained by the Issuer for the issue, circulation and publication of this Document (“Prospectus”).

DISCLAIMER:

IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS APPROVAL, SECP DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE COMPANY AND ANY OF ITS SCHEMES STATED HEREIN OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED WITH REGARDS TO THEM BY THE COMPANY IN THIS PROSPECTUS.

SECP HAS NOT EVALUATED QUALITY OF THE ISSUE AND ITS APPROVAL FOR ISSUE, CIRCULATION AND PUBLICATION OF PROSPECTUS SHOULD NOT BE CONSTRUED AS ANY COMMITMENT OF THE SAME. THE PUBLIC/INVESTORS SHOULD CONDUCT THEIR OWN INDEPENDENT DUE DILIGENCE AND ANALYSIS REGARDING THE QUALITY OF THE ISSUE BEFORE BIDDING / SUBSCRIBING.

1.2. CLEARANCE OF THE PROSPECTUS BY THE KARACHI STOCK EXCHANGE LIMITED AND LAHORE STOCK EXCHANGE LIMITED

The Prospectus has been cleared by the Karachi Stock Exchange Limited (“KSE”) and the Lahore Stock Exchange (“LSE”), (collectively referred to as the “Stock Exchanges”), in accordance with the requirements of its respective Listing Regulations.

DISCLAIMER:

- **THE STOCK EXCHANGES HAVE NOT EVALUATED THE QUALITY OF THE ISSUE, AND ITS CLEARANCE SHOULD NOT BE CONSTRUED AS ANY COMMITMENT OF THE SAME. THE PUBLIC / INVESTORS SHOULD CONDUCT THEIR OWN INDEPENDENT INVESTIGATION AND ANALYSIS REGARDING THE QUALITY OF THE ISSUE BEFORE SUBSCRIBING.**
- **THE PUBLICATION OF THIS DOCUMENT DOES NOT REPRESENT SOLICITATION BY THE STOCK EXCHANGES.**
- **THE CONTENTS OF THIS DOCUMENT DO NOT CONSTITUTE AN INVITATION TO INVEST IN SHARES OR SUBSCRIBE FOR ANY SECURITIES OR OTHER FINANCIAL INSTRUMENT BY THE STOCK EXCHANGES, NOR SHOULD IT OR ANY PART OF IT FORM THE BASIS OF, OR BE RELIED UPON IN ANY CONNECTION WITH ANY CONTRACT OR COMMITMENT WHATSOEVER OF THE STOCK EXCHANGES.**
- **IT IS CLARIFIED THAT INFORMATION IN THIS PROSPECTUS SHOULD NOT BE CONSTRUED AS ADVICE ON ANY PARTICULAR MATTER BY THE STOCK EXCHANGES AND MUST NOT BE TREATED AS A SUBSTITUTE FOR SPECIFIC ADVICE.**
- **THE STOCK EXCHANGES DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWEVER ARISING FROM OR IN RELIANCE UPON THIS DOCUMENT TO ANY ONE, ARISING FROM ANY REASON, INCLUDING, BUT NOT LIMITED TO, INACCURACIES, INCOMPLETENESS AND/OR MISTAKES, FOR DECISIONS AND/OR ACTIONS TAKEN, BASED ON THIS DOCUMENT.**

- **THE STOCK EXCHANGES NEITHER TAKE RESPONSIBILITY FOR THE CORRECTNESS OF CONTENTS OF THIS DOCUMENT NOR THE ABILITY OF THE COMPANY TO FULFILL ITS OBLIGATIONS THERE UNDER.**
- **ADVICE FROM A SUITABLY QUALIFIED PROFESSIONAL SHOULD ALWAYS BE SOUGHT BY INVESTORS IN RELATION TO ANY PARTICULAR INVESTMENT.**

1.3. FILING OF PROSPECTUS AND OTHER DOCUMENTS WITH THE REGISTRAR OF COMPANIES

The Company has filed with the Registrar of Companies, Companies Registration Office (“CRO”) situated in Lahore, as required under Sections 57(3) and (4) of the Ordinance, a copy of this Prospectus signed by all the directors of Avanceon Limited, together with the following documents attached thereto:

- a) Letter dated 17th July 2013 from the Auditors of the Company, M/s. Ernst & Young Ford Rhodes Sidat Hyder – Chartered Accountants consenting to the publication of their names in the Prospectus, which contains in Part 6 certain statements and reports issued by them as experts (which consent has not been withdrawn), as required under Section 57(5) of the Companies Ordinance, 1984.
- b) Copies of material contracts and agreements mentioned in Part 8 of this Prospectus as required under Section 57(4) of the Ordinance.
- c) Written confirmations of the Legal Advisor to this Issue and Bankers to this Issue, mentioned in this Prospectus consenting to act in their respective capacities, as required under Section 57(5) of the Companies Ordinance, 1984.
- d) Written consents of the Directors, the Chief Executive and the Company Secretary of the Company who have consented to their respective appointments being made and their having been named or described as such Directors, Chief Executive and Company Secretary in this Prospectus, as required under Section 57(3) of the Ordinance, read with sub-clause (1) of clause (4) of Section 1 of Part 1 of the Second Schedule to the Ordinance.

1.4. LISTING ON THE STOCK EXCHANGE(S)

Application has been submitted by the Issuer to KSE and LSE for permission to deal in and for quotation of the shares of the Company.

If for any reason the application for formal listing is not accepted by the Stock Exchanges, the Issuer undertakes that a notice to that effect will immediately be published in the press, and thereafter the Issuer undertakes to refund Application Money to the applicants without surcharge as required under the provisions of Section 72 of the Ordinance.

1.5. CERTIFICATE BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE ISSUER

We being the Chief Executive Officer and Chief Financial Officer of the Issuer certify that the Prospectus constitutes a full, true and plain disclosure of all material facts relating to the shares being issued through this Prospectus and that nothing has been concealed.

The information provided and disclosures made in this Prospectus contain no misleading material.

For and on behalf of the Issuer
Avanceon Limited

-sd-

Bakhtiar H. Wain
Chief Executive Officer

-sd-

Saeed Ullah Khan Niazi
Chief Financial Officer

PART 2

2 BOOK BUILDING PROCEDURE

2.1. BRIEF ISSUE STRUCTURE

The Present Issue

The present issue comprises of 25.166 million Ordinary Shares of PKR 10/- each for cash at a price of PKR 14/- per share (including a share premium of PKR 4/- per share) aggregating to PKR 352.32 million (the “**Issue**”). The Issue constitutes 25% of the total post IPO paid-up capital of the Company.

The Issue is being made through the Book Building process at a Floor Price of PKR 14/- per share, whereby 75% of the total Issue size i.e. 18.875 million Ordinary Shares of PKR 10/- each are being issued through the Book Building process to Institutional Investors and High Net Worth Individuals (HNWI). 25% of the total Issue Size i.e. 6.292 million Ordinary Shares will be issued to the General Public at the Strike Price which will be determined through the Book Building Process.

2.2. BOOK BUILDING PROCEDURE

Book Building is a process whereby investors bid for a specific number of shares at various prices. The Lead Manager and Book Runner, with the consent of Issuer, set a Floor Price which is the lowest price an investor can bid at. An order book of bids from investors is maintained by the Book Runner, which is then used to determine the Strike Price through the “**Dutch Auction Method**”.

Under the Dutch Auction Method, the Strike Price is determined by lowering the price to the extent that the total number of shares that the Issuer intends to Issue through the Book Building process is subscribed. **However, while determining the Strike Price, the bids placed through Strike Orders shall not be taken into consideration.**

A bid by a potential investor can be a “Limit Bid”, “Strike Bid” or a “Step Bid”, each of which are explained below.

- **Limit Bid:** Limit bid is at the limit price, which is the maximum price an investor is willing to pay for a specified number of shares.

In such a case, a Bidder explicitly states a price at which he/she/it is willing to subscribe to a specific number of shares. For instance, a Bidder may bid for 2.0 million shares at PKR 15 per share. Since the Bidder has placed a limit price of PKR 15 per share, this indicates that he/she/it is willing to subscribe at or below PKR 15 per share.

- **Strike Order:** A bid for a specified number of shares at the Strike Price to be determined through the Book Building Process.

In Strike Order the Bidder explicitly states the number of shares he/she/it is willing to subscribe at the Strike Price. For instance, a Bidder may bid for 2.0 million shares at the Strike Price to be determined through the Book Building Process.

- **Step Bid:** A series of limit bids at increasing prices. The aggregate amount of step bid shall not be less than PKR 1,000,000/- and the amount of any step shall not be less than PKR 250,000/-.

Under this bidding strategy, Bidders place a number of limit bids at different increasing price levels. The Bidders may, for instance, make a bid for 2.0 million shares at PKR 15 per share, 1.5 million shares at PKR 17 per share and 1.0 million shares at PKR 20 per share.

A SINGLE INVESTOR SHALL NOT MAKE MORE THAN ONE BIDS, HOWEVER, A BID CAN BE REVISED

THE INVESTORS SHALL NOT PLACE CONSOLIDATED BIDS. A BID APPLICATION WHICH IS FULLY OR PARTIALLY BENEFICIALLY OWNED BY PERSONS OTHER THAN THE ONE NAMED THEREIN IS TO BE CONSIDERED AS CONSOLIDATED BID.

Once the bid period is over and book has been built, Book Runner shall determine the Strike Price.

Successful Bidders shall be intimated, within two (2) working days of the closing of the bidding period, the Strike Price and the number of shares provisionally allotted to each of them. The successful Institutional Bidders shall, within seven (7) working days of the closing of the bidding period, deposit the balance amount as consideration against allotment of shares. **Where a successful Bidder defaults in payment of shares allotted to him/her/it, the Margin Money deposited by such Bidder shall be forfeited to the Book Runner under clause 8.11 of Appendix 4 of the Listing Regulations of KSE and clause 8.10 of the Listing Regulations of LSE.**

AS PER REGULATION 8.16 OF THE KSE & 8.15 OF LSE LISTING REGULATIONS, THE SUCCESSFUL BIDDERS SHALL BE ISSUED SHARES IN THE FORM OF BOOK-ENTRY SECURITIES TO BE CREDITED IN THEIR CDS ACCOUNTS. ALL THE INSTITUTIONAL AND HNWI INVESTORS SHALL, THEREFORE, PROVIDE THEIR CDC ACCOUNT NUMBERS IN THE BID APPLICATION.

2.3. LEAD MANAGER AND ARRANGER

Habib Bank Limited (“HBL”) has been mandated by the Issuer to act as Lead Manager and Arranger to this Issue, which is being made through the Book Building Process as laid out in Appendix 4 of the Listing Regulations of the KSE & LSE.

2.4. BOOK RUNNER

Arif Habib Limited has been appointed as the Book Runner to this Issue.

2.5. ROLE AND FUNCTIONS OF LEAD MANAGERS AND BOOK RUNNER

- a) The Lead Managers to the Issue shall:
- i. conduct awareness campaigns through presentations, meetings, road shows etc. jointly with Book Runner;
 - ii. ensure that all disclosures as required under the Companies Ordinance, 1984 and the Appendix 4 of the Listing Regulations of the Karachi Stock Exchange and the Lahore Exchange have been made in the Prospectus;
 - iii. ensure that necessary infrastructure and electronic system/software is available to collect bids and to carry out the Book Building process in a fair, efficient and transparent manner;
 - iv. ensure that they have obtained on behalf of the Issuer, all approvals/consents/NOCs relating to the Issue;
 - v. publish an advertisement, approved by the Commission, in at least one Urdu and one English daily Newspaper having wide circulation in the Federal and all the provincial capitals, to invite the Institutional investor and HNWI to participate in the bidding process; and
 - vi. ensure that the preliminary prospectus will, after approval of the Commission, be uploaded on Book Runner as well as on the Company’s website.

- b) The Book Runner to the Issue shall:
- i. conduct awareness campaigns through presentations, meetings, road shows etc. jointly with LM;
 - ii. ensure that necessary infrastructure and electronic system/software is available to collect bids and to carry out the Book Building process in a fair, efficient and transparent manner;
 - iii. collect bid applications and applications' money, security, margin as the case may be from the Institutional Investors and HNWI in the manner as mentioned in the Appendix 4 of the Listing Regulations of the Karachi Stock Exchange and the Lahore Stock Exchange;
 - iv. put serial number, date and time on each bidding application at the time of collection of the same from the bidders;
 - v. vet the bidding applications;
 - vi. build an order book showing demand for the shares at various prices;
 - vii. discover the strike price at the close of the bidding period;
 - viii. maintain record of the bids received for subscription of the shares;
 - ix. use the software for Book Building process provided by the Exchanges, which is based on Dutch Auction Methodology for display of the order book and determination of the strike price, on the terms and conditions as may be agreed in writing between the Exchange and the Book Runner;
 - x. ensure that in addition to live display of the order book on the website of the Exchanges, also live display the same order book simultaneously on its own website till closing of the bidding period;
 - xi. ensure that each bid application contains depository account number of the bidder maintained with CDCPL wherein shares shall be credited in case the bid is successful;
 - xii. not accept multiple bids i.e. more than one bid applications by the same person;
 - xiii. enter into underwriting agreement with the Issuer;
 - xiv. circulate copies of the preliminary prospectus cleared by the Exchanges and approved by the Commission along with the bidding forms to the prospective Institutional Investor and HNWI;
 - xv. BR has established bid collection centers at the following addresses:

Karachi

Contact Officer: **Mr. Mahmood Kamal**
Direct No.: 021-32460741
Mobile No.: 0312-1803448
PABX No.: n/a
Fax No.: n/a
Email: mahmood.kamal@arifhabibltd.com
Postal Address: Arif Habib Limited, 2nd Floor, Arif Habib Centre, 23, M.T.Khan Road, Karachi

Lahore

Contact Officer: **Syed Abid Ali**
Direct No.: n/a
Mobile No.: 0312-1803447
PABX No.: n/a
Fax No.: n/a

Email: abid.ali@arifhabibltd.com
Postal Address: Lahore Stock Exchange Building 19 Khayban-e-Aiwan-e-Iqbal, Lahore

Islamabad

Contact Officer: **Mr. Tahir Abbas**
Direct No.: n/a
Mobile No.: 0312-1803446
PABX No.: n/a
Fax No.: n/a
Email: tahir.abbas@arifhabibltd.com
Postal Address: Corporate Center, HBL Tower Blue Area, Islamabad

- xvi. Ensure that all the bids received by the bid collection centers are entered into the system developed by the KSE for the purpose of Book Building. **Book Runner shall not accept and ENTER any bid after 5:00 p.m. during the days of the bidding period, except the last day when no fresh bid(s) shall be collected after 5:00 p.m. and the bid(s) collected thus far, shall be entered into the system by 7:00 p.m. on the same day and thereafter no bid shall be entered into the system or be revised in any way and for any reason even if the bid applications have been received from the investor. Online revision will however be allowed to the bidder till 7:00 pm on the last day.**

2.6. OPENING AND CLOSING OF THE BIDDING PERIOD

The bidding period shall remain open for two (2) working days during business hours i.e. will commence at 09:00 a.m. on 27th November 2013 and will close at 05:00 p.m. on 28th November 2013.

BIDDING PROCESS STARTS ON	27 th November 2013
BIDDING PROCESS ENDS ON	28 th November 2013

**(Both Days Inclusive)*

2.7. ELIGIBILITY TO PARTICIPATE IN BIDDING

Eligible investors who can place their bids in the Book Building process are “Institutional Investors” and “HNWI”.

- Institutional Investors include both local and foreign institutional investors
- HNWI investors are individual investors who bid for shares of value of PKR 1,000,000/- (Pak Rupees One Million Only) or above in the Book Building process.

2.8. INFORMATION FOR BIDDERS

- a) The Preliminary Prospectus for issue of shares has been duly cleared by the Karachi Stock Exchange, the Lahore Stock Exchange and also approved by SECP. The preliminary Prospectus and the Bidding Form can be obtained from the Registered Office of the Issuer, the Book Runner and the Bid Collection Centers. Preliminary Prospectus and Bidding Forms can also be downloaded from the following websites of the Company and the Book Runner i.e. www.avanceon.com and www.arifhabibltd.com.
- b) Eligible investors who are interested in subscribing to the Ordinary Shares should approach the Book Runner at the addresses provided in paragraph 2.5 to register their Bids.
- c) THE BIDS SHOULD BE SUBMITTED ON THE PRESCRIBED BIDDING FORM IN PERSON OR THROUGH FAX NUMBERS GIVEN IN PARAGRAPH 2.5.

2.9. BIDDING FORM AND PROCEDURE FOR BIDDING

- a) Standardized Bidding Form has been prescribed by the Book Runner. Bids shall be submitted at the bid collection centers in person or through fax number given in paragraph 2.5 on the standard

Bidding Form duly filled in and signed in duplicate. The Bidding Form shall be serially numbered at the bid collection centers and date and time stamped, at the time of collection of the same from the Bidders

- b) Upon completion and submission of the Bidding Form, the Bidders are deemed to have authorized the Issuer to make necessary changes in the preliminary Prospectus as would be required for finalizing and filing the final Prospectus with KSE, LSE and SECP, without prior or subsequent notice of such changes to the Bidders.
- c) The bidding procedure under the Book Building Process is outlined below:
- i. Copy of the approved preliminary Prospectus shall be circulated by the Issuer through Book Runner to a maximum number of the institutional investors and HNWI, but not less than ten in each of the two categories for participation in the bidding process and a copy will also be placed on the websites of the Company and the Book Runner.
 - ii. An advertisement, approved by the Commission, shall be published at least in one Urdu and one English daily newspaper having wide circulation in the Federal and all the provincial capitals, inviting the institutional investors and HNWI for participation in the bidding.
 - iii. A Book Building Account shall be opened by the Issuer for collection of bid amount.
 - iv. The Bidding Form shall be issued in duplicate signed by the Bidder and countersigned by the Book Runner, with first copy for Book Runner and the second copy for the Bidder.
 - v. Bids shall be submitted through the bid collection centers or through fax numbers given in paragraph 2.5 on the standard Bidding Form duly filled in and signed in duplicate. The addresses for the bid collection centers are given in paragraph 2.5.
 - vi. Bids can be placed as “limit bid”, “strike order” or “step bid”.
 - vii. Bid money/Margin Money shall be deposited through demand draft, pay order or cheque in favor of **“Initial Public Offer of Avanceon Limited – Book Building Account”**.
 - viii. Book Runner shall collect an amount of 100% of the Application Money as bid money in respect of bids placed by HNWIs.
 - ix. Book Runner shall collect an amount of not less than 25% of the Application Money as Margin Money in respect of bids placed by institutional investors
 - x. Book Runner may reject a bid placed by an Institutional Investor/HNWI for reasons to be recorded in writing and the reasons should be disclosed to such Bidder forthwith. Decision of Book Runner shall not be challengeable by the Bidder or its associates.
 - xi. **Book Runner shall not accept the bids made at a bid price lower than the Floor Price.**
 - xii. **The Issuer and Book Runner shall not accept bids from associated persons of the Issuer and the Company in excess of five percent (5%) of the size of the Book Building portion.**
 - xiii. The Bidders will receive back the duplicate form upon submission of their bids which will be proof of their bid submission. In case of facsimile, a copy of form with receiving will be faxed back to the Bidder.
 - xiv. Bidders can revise or withdraw their bids during the bidding period (for details please refer to paragraphs 2.13 and 2.15).
 - xv. Book Runner shall maintain record of the bids received / rejected / revised/ withdrawn along with identities of the Bidder and evidence of amount received.

- xvi. **Book Runner shall ensure that all the bids received at the bid collection centers are entered into the system developed by KSE for the purpose of the Book Building according to the procedure given in paragraph 2.5 (b) (ix) and as per clause 8.6 of Appendix 4 of the Listing Regulations of KSE and LSE. The system shall be capable of displaying live, an order book, in descending order with respect to the bid price, showing the demand for shares at various prices and accumulative number of shares bid for along with percentage of the total shares issued. The order book should also show the revised bids and the bids withdrawn.**
- xvii. At the close of the bidding period, the Book Runner shall determine the Strike Price with the consent of the Issuer
- xviii. Successful Bidders shall be intimated, within two (2) working days of the closing of the bidding period, the Strike Price and the number of shares provisionally allotted to each of them.
- xix. The successful institutional Bidders shall, within seven (7) working days of the closing of the bidding period, deposit the balance amount as consideration against allotment of shares.
- xx. **Under rule 8.11 of the Listing Regulations of KSE and rule 8.10 of the Listing Regulations of LSE, where a successful institutional Bidder defaults in payment of shares allotted to it, the Margin Money deposited by such Institutional Bidder shall be forfeited to the Book Runner.**
- xxi. Margin money of unsuccessful Bidders will be refunded within three (3) working days of the close of the bidding period.
- xxii. Final allotment of shares out of the Book Building portion shall be made after receipt of full subscription money from the successful Bidders; however, shares to such Bidders shall be transferred at the time of transfer of shares out of the General Public portion of the Issue to successful applicants.
- xxiii. **An associated person or any other related person or party of the Issuer shall not make bid(s) for shares in excess of 5% of the Book Building portion of the issue.**

2.10. BANK ACCOUNT FOR BOOK BUILDING

The Issuer has opened two separate bank accounts for collection of applications' money, one each for the Book Building portion and the General Public portion of the Issue.

The Bidders shall draw demand draft, pay order or cheque in favor of **“Initial Public Offer of Avanceon Limited – Book Building Account”** which has been opened at Habib Bank Limited. The collection bank shall keep and maintain the bid money in the said account. Once the Strike Price is determined and list of allottees is finalized, the Lead Manager, after obtaining NOC from KSE and LSE, may request in writing to the collection bank for transfer of the money of successful and accepted applications to the Issuers' account(s) and advise for refund of the bid money to unsuccessful Bidders.

2.11. PAYMENT INTO THE BOOK BUILDING ACCOUNT

The Bidders shall draw a demand draft, pay order or cheque favoring **“Initial Public Offer of Avanceon Limited – Book Building Account”** and submit it at the designated Bid Collection Center either in person or through facsimile along with a duly filled in Bidding Form.

CASH MUST NOT BE SUBMITTED WITH THE BIDDING FORM AT THE BID COLLECTION CENTER. PAY ORDER, BANK DRAFT, CHEQUE OR ANY OTHER APPROPRIATE INSTRUMENT ACCEPTABLE TO THE BOOK RUNNER AND DRAWN IN FAVOR OF “INITIAL PUBLIC OFFER OF AVANCEON LIMITED – BOOK BUILDING ACCOUNT” ARE ACCEPTABLE.

Since the investors can bid for shares through “limit bid”, strike bid” or “step bid” therefore payment procedure is explained below for all the three (3) methods.

a) PAYMENT FOR LIMIT BID

If investors are placing their bids through “Limit Bid” then they shall deposit the Margin Money based on the number of shares they are bidding for at their stated Bid Price.

For instance, if an investor is applying for 5.0 million shares at a price of PKR 15/- per share, then the total Application Money would amount to PKR 75 million. In such a case, (i) HNWI shall deposit PKR 75 million in the Book Building account as the bid amount which is 100% of PKR 75 million; and (ii) Institutional Investors shall deposit PKR 18.75 million in the Book Building account as the margin amount which is at least 25% of PKR 75 million.

b) PAYMENT FOR STRIKE ORDER

If investors are placing a “Strike Order”, then they shall deposit the Margin Money/Bid Money equal to the product of the number of shares they are bidding for and the Floor Price which in this case is PKR 14/- per share assuming that Strike Price is discovered at the Floor Price.

For instance, if an investor is applying for 5.0 million shares then the total Application Money would be PKR 70 million. In such a case, (i) HNWI shall deposit PKR 70 million as bid amount which is 100% of PKR 70 million and (ii) Institutional Investors shall deposit at least PKR 17.5 million as Margin Money which is 25% of PKR 70 million.

In the event where limit and step orders are insufficient to determine price through the Book Building mechanism, all strike orders will be considered for allocation of shares at Floor Price. For details please refer to paragraph 2.17 below.

c) PAYMENT FOR STEP BIDS

If investors are placing a “Step Bid”, which is a series of limit bids at increasing prices, then they shall deposit the Margin Money/ Bid money based on the total number of shares they are bidding for at their stated bid prices.

For instance, if the investor bids for 0.5 million shares at PKR 17/- per share, 0.4 million shares at PKR 16/- per share and 0.3 million shares at PKR 15/- per share, then in essence the investor has placed one “step bid” comprising three limit bids at increasing prices. The Margin Money would amount to PKR 19 million, which is the sum of the products of the number of shares bid for and the bid price of each limit bid. In such a case, (i) HNWI shall deposit PKR 19 million in the Book Building Account as bid amount which is 100% of PKR 19 million and (ii) Institutional Investors shall deposit at least PKR 4.75 million in the Book Building Account as Margin Money which is 25% of PKR 19 million.

2.12. PAYMENT BY FOREIGN INVESTORS

Foreign investors may subscribe using their Special Convertible Rupee Accounts (SCRA), as set out under Chapter 20 of the State Bank of Pakistan’s Foreign Exchange Manual.

Foreign investors do not require any regulatory approvals to invest in the shares being offered by the Company. Payment in respect of investment in the shares of the Company has to be made in foreign currency through an inward remittance or through surplus balances in SCRA. Local currency cash account(s) opened for the purpose of Foreign Portfolio Investment (FPI) is classified as SCRA. There are no restrictions on repatriation on sale (disinvestment) and dividend proceeds. Underlying client names/beneficial owners are required to be disclosed at depository level.

Key Documents required for individual are:

1. Account opening request
2. Passport / ID

General documentation required for opening of SCRA account by corporate are:

1. Account opening request
2. Board Resolution & Signatories list
3. Passport / ID of Board of Directors
4. Passport/ID of all authorized signatories
5. Certificate of Incorporation (COI) Equivalent / supporting documents: Trade Registry Certificate, Business Registration Certificate, Certificate of Commencement of Business
6. Memorandum & Articles of Association
7. Withholding tax registration certificate / Certificate of country of domicile of client
8. Latest Annual Report
9. List of Board of Directors
10. List of Shareholders (>10% holdings) and key officers

It is however pertinent to note that the procedure and requirements of each institution differs, hence it is advised to request the procedure from each relative institution.

Payments made by foreign investors shall be supported by proof of receipt of foreign currency through normal banking channels. Such a proof shall be submitted along with the Application by the foreign investors.

2.13. REVISION OF BIDS BY THE BIDDER

The Bidders shall have the right to revise their bids any time during the bidding period and on the last day till 05:00 pm and on the last bidding day till 7:00 pm. Online revision of the bids may be allowed to the Bidders through system software. This will however be subject to the condition that the Bidder shall comply with the requirements of bidding as disclosed under Appendix 4 of the Listing Regulations and any other condition or procedure disclosed in the preliminary Prospectus.

2.14. REJECTION OF BIDS BY THE BOOK RUNNER

In terms of clause 8.4 of Appendix 4 of Listing Regulations of KSE and LSE, Book Runner may reject a bid placed by an institutional investor/HNWI for reasons to be recorded in writing and the reasons should be disclosed to such Bidder forthwith. Decision of the Book Runner shall not be challengeable by the Bidder or its associates.

2.15. WITHDRAWAL OF BIDS BY THE BIDDER

A Bidder has the right to withdraw placed bid from the bidding system any time during the bidding period and on the last day thereof till 05:00 pm. Online withdrawal of the bids may be allowed to the Bidders through system software. This will however be subject to the condition that the Bidder shall comply with the requirements of bidding as disclosed under Appendix 4 of the Listing Regulations and any other condition or procedure disclosed in the Prospectus.

2.16. WITHDRAWAL OF ISSUE BY THE ISSUER

- a) According to clause 3.10 of Appendix 4 of the listing regulations of KSE and LSE, in case the Issuer does not receive bids at or above the Floor Price for the minimum number of shares offered, it may withdraw the Issue. The decision of withdrawal shall be taken within a period not more than three (3) working days of the closing of bidding period.
- b) **The Issuer shall withdraw the Issue if the total bids received are less than fifteen.**
- c) The withdrawal shall be immediately intimated to the Commission and the Exchanges.
- d) **In case the Issue is withdrawn the Margin Money/ bid money will be refunded to Bidders within three (03) working days of the decision of withdrawal without any markup, interest etc.**

2.17. MECHANISM FOR DETERMINATION OF STRIKE PRICE

- a) At the close of the bidding period, the Issuer, in consultation with the Book Runner shall determine the Strike Price on the basis of “**Dutch Auction Method**”. Under this Methodology, the Strike Price is determined by lowering the price to the extent that the total number of shares issued is subscribed. However, while determining the Strike Price, the bids placed through strike order(s) shall not be taken into consideration.
- b) The order book shall display the bid prices in a descending order along with the quantity for each price level as well as the cumulative quantity at each price level. The bids at strike orders shall, however, be displayed in the order book in the following manner:
 - i. after the lowest limit bid, in case the limit bids placed are not sufficient for full allotment of the shares issued, or,
 - ii. immediately after the limit bid at which all the shares issued can be allotted, in case the limit bids placed are sufficient for full allotment of the shares Issued.
- c) For the purpose of allotment of shares, the limit bid(s) entered at the price determined/discovered as Strike Price through Book Building Process and the bids placed as strike order shall be ranked equally and preference will be given to the Bidder who has made the bid earlier.
- d) Once the Strike Price is determined all those Bidders whose bids have been found successful shall become entitled for allotment of shares. The Bidders, who have made bids at prices above the Strike Price, will be issued shares at the Strike Price and the differential will be refunded. The Bidders, who have made bids below the Strike Price, shall not qualify for allotment of shares and their Margin Money shall be refunded.

The mechanism for determination of Strike Price can be understood by the following illustration.

- a) **Number of shares being Issued through the Book Building:** 18,874,500 Ordinary Shares
- b) **Floor price:** PKR 14/-per share
- c) **Bidding Period:** 27th – 28th November 2013

Bidder	Price (PKR per share)	Quantity (shares in Millions)	Cumulative Number of Shares	Category of Order	Date
Institution - A	25.00	2.00	2.00	Limit Price	Day 1
Institution - E	24.00	6.00	8.00	Limit Price	Day 3
Institution - B	23.50	1.50	3.50	Limit Price	Day 2
Foreign Institution - F	22.00	5.00	8.50	Limit Price	Day 2
HNWI - A	21.50	3.00	11.50	Step Bid	Day 3
Institution - C	21.00	2.50	14.00	Step Bid	Day 1
Institution - Y	X	3.00	17.00	Strike Bid	Day 1
Institution - S	X	4.00	21.00	Strike Bid	Day 3
HNWI - E	20.00	7.00	28.00	Limit Price	Day 2
Institution - C	19.50	3.00	31.00	Step Bid	Day 1
Institution - D	19.00	4.00	35.00	Limit Price	Day 2
HNWI - A	16.00	2.75	33.75	Step Bid	Day 3
Institution - C	15.00	6.00	39.75	Step Bid	Day 1

- a) **Setting Strike Price** – On the basis of the figures provided in the above illustration, according to the Dutch Auction Method, the Strike Price would be set at PKR 20.00 per share to sell the required quantity of 18.875 Million ordinary shares.

At PKR 25.00 per share, investors are willing to buy only 2.00 million shares. Since 15.87 million shares are still available, therefore the price will set lower.

At PKR 23.50 per share, investors are willing to buy 1.50 million shares. Since 14.37 million shares are still available, therefore, the price will set lower.

At PKR 22.00 per share, investors are willing to buy 5.00 million shares. Since 10.27 million shares are still available, therefore, the price will set lower.

At PKR 21.50 per share, investors are willing to buy 3.00million shares. Since 7.37 million shares are still available, therefore, the price will set lower.

At PKR 21.00 per share, investors are willing to buy 2.50 million shares. Since 4.87 million shares are still available, therefore, the price will set lower.

At PKR20.00 per share, investors are willing to buy 7.00 million shares. Since after bidding for 4.87million shares at PKR 20.00 per shares no share will be available, therefore, the Strike Price will be set at PKR 20.00 per share for the entire lot of 18.875 million shares.

The Bidders, who have placed bids at prices above the Strike Price (which in this illustration is PKR 20.00 per shares), will become entitled for allotment of shares at the Strike Price.

The Bidders, who have placed bids below PKR 20.00 per share, will not qualify for allotment of shares.

After allotment in the aforementioned manner, 4.87 million shares are still available for allotment. These shares will be allotted to the Bidders who have placed bid(s) at PKR 20.00 and who have placed bid(s) at the strike order, however, for the purpose of allotment of these 4.87 million shares **preferences will be given to the Bidder who has placed the bid earlier**.

2.18. BASIS OF ALLOTMENT OF SHARES

After the closure of bidding period, the Book Runner will analyze the demand generated at various price levels. Only successful Bidders shall be eligible for allotment and transfer of shares. Final allotment of shares out of the Book Building portion shall be made after receipt of full subscription money from the successful Bidders; however, shares to such Bidders shall be dispatched or credited, as the case may be, at the time of transfer of shares out of the public portion of the Issue to successful applicants.

2.19. REFUND OF MARGIN MONEY

Investors who have bid lower than the Strike Price are not eligible for allotment of shares. Margin Money of the unsuccessful Bidders shall be refunded within three (3) working days of the close of the bidding period as required under clause 8.12 of Appendix 4 of the KSE Listing Regulations and clause 8.11 of LSE Listing Regulations.

2.20. UNDERWRITING

After determination of the Strike Price the Book Runner shall within two (2) working days of the closing of the bidding period enter into an underwriting agreement with the Issuer indicating the number of shares that Book Runner would underwrite at the Strike Price and the underwriting Commission/Fee to be charged.

2.21. PUBLICATION OF THE FINAL PROSPECTUS

The underwriting agreement for the public portion of the Issue shall be finalized within ten (10) working days from the closing of bidding period.

Upon finalization of the underwriting agreements, the Lead Managers shall, within ten (10) working days from the date of closing of the bidding period, submit an application to KSE and LSE for allocation of dates for publication of the final Prospectus and subscription of shares by the General Public.

The final Prospectus in full or in abridged form must be published within seventeen (17) working days of the closing of the bidding period in the manner as specified in Section 53 of the Companies Ordinance, 1984.

Public subscription for the shares shall be held at any date(s) within thirty days (30) of the publication of the final Prospectus but not earlier than seven (7) days of such publication.

2.22. ADDRESSES OF BID COLLECTION CENTRES

Bid Collection Centers have been established at Karachi, Lahore and Islamabad to collect the bids for the Book Building portion of the issue by the Company in order to provide convenient access to Bidders to participate in the bidding process. Addresses, detail of contact persons and fax numbers of the Bid Collection Centers are given in paragraph 2.5.

2.23. STATEMENT BY ISSUER

April 19, 2013

The Managing Director,
Karachi Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

The Managing Director,
Lahore Stock Exchange Limited,
Lahore Stock Exchange Building,
19, Khayaban-e-Aiwan-e-Iqbal,
Lahore.

On behalf of the Company, I confirm that all material information as required under the Companies Ordinance, 1984 and the Listing Regulations of the Karachi Stock Exchange Limited and Lahore Exchange Limited have been disclosed in the Prospectus and that whatever stated in the Prospectus and the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

For and on behalf of
Avanceon Limited

-sd-

Bakhtiar Hameed Wain
Chief Executive Officer

2.24. STATEMENT BY LEAD MANAGERS

April 19, 2013

The Managing Director,
Karachi Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

The Managing Director,
Lahore Stock Exchange Limited,
Lahore Stock Exchange Building,
19, Khayaban-e-Aiwan-e-Iqbal,
Lahore.

Being mandated as Lead Managers to this Initial Public Offer of Avanceon Limited through the Book Building process, we confirm that all material information as required under the Companies Ordinance, 1984 and Appendix 4 of the Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited have been disclosed in this Prospectus and that whatever stated herein and in the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

On behalf of:

-sd-

Muhammad Khalid Sulaiman
Habib Bank Limited

2.25. STATEMENT BY BOOK RUNNER

April 19, 2013

The Managing Director,
Karachi Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

The Managing Director,
Lahore Stock Exchange Limited,
Lahore Stock Exchange Building,
19, Khayaban-e-Aiwan-e-Iqbal,
Lahore.

Being mandated as Book Runner to this Initial Public Offer of Avanceon Limited through the Book Building process, we confirm that all material information as required under the Companies Ordinance, 1984 and Appendix 4 of the Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited have been disclosed in this Prospectus and that whatever stated herein and in the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.

On behalf of:

-sd-

M. Rafique Bhundi
Arif Habib Limited

PART 3

3 SHARE CAPITAL AND RELATED MATTERS

3.1. SHARE CAPITAL

No. of shares		Face value (PKR)	Premium (PKR)	Total (including premium) (PKR)
AUTHORIZED CAPITAL				
110,000,000	Ordinary shares of PKR 10/- each	1,100,000,000	-	1,100,000,000
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL				
40,000,000	Issued against Cash	400,000,000	-	400,000,000
35,500,000	Issued as fully paid bonus shares	355,000,000	-	355,000,000
75,500,000	Total	755,000,000	-	755,000,000
The existing issued, subscribed & paid up capital of the Company is held as follows:				
SPONSORS / DIRECTORS				
43,851,508	Mr. Bakhtiar Hameed Wain	438,515,080	-	438,515,080
20,323,394	Mr. Khalid Wain	203,233,940	-	203,233,940
11,325,091	Mr. Amir Wain	113,250,910	-	113,250,910
2	Mr. Tanveer Karamat	20	-	20
2	Mr. Umar Ahsan Khan	20	-	20
2	Mr. Naveed A Baig	20	-	20
2	Mr. Tajammal Hussain	20	-	20
75,500,000	Total Paid up Capital	755,000,000	-	755,000,000
Present Issue				
18,874,500	Allocation to Institutions / HNWI investors through book building process at a strike price of PKR [●] each	188,745,000	*75,498,000	264,243,000
6,291,500	General Public	62,915,000	*25,166,000	88,081,000
25,166,000	Total Paid up Capital	251,660,000	*100,664,000	352,324,000
100,666,000	Grand Total	1,006,660,000	100,664,000	1,107,324,000

* The premium in the capital structure is on the basis of floor price of PKR 14 per share, which will be substituted with the premium based on strike price determined through the book building process.

3.1.1 PRESENT ISSUE

Out of the total, Issue size comprises of 25.166 million ordinary shares of PKR 10/- each. 75% i.e. 18.875 million ordinary shares are being offered to Institutional /HNWI investors at a floor price of PKR 14/- per share. The remaining IPO i.e.6.292 million shares will be offered subsequently to the general public at the Strike Price determined through the Book Building process.

Notes:

- a. As per rule3 (II) (v) of The Companies (Issue of Capital) Rules, 1996, the sponsors shall retain at least twenty-five percent of the capital of the company for a period of five years from the date of public subscription.
- b. As per Regulation No. 6(A) (7) (i) of KSE Listing Regulations and LSE Listing Regulations, sponsors' shareholding in excess of 25% shall not be saleable for a period of six months from the date of public subscription.

- c. The Company has obtained approval of the Commission vide letter No. SMD/CIW/ESOP/08/208 dated September 26, 2013 for offer of its Employees Stock Option Scheme, 2013 (the Scheme). Under the Scheme, the Company may grant Options upto the extent of five million shares i.e. 6.62% of the paid up capital. Under the Scheme, the shares shall be issued upto a 90% discount to face value by way of other than right offer. The number of Options, the Entitlement Pool and the Exercise Price are adjustable in case of right issues, bonus issues and other corporate actions except the cash dividend, if any. The Options to be granted under the Scheme may be exercised during the Exercise Period which shall be from January 1, 2018 to December 31, 2018 for Options granted in 2013; from January 1, 2019 to December 31, 2019 for Options granted in 2014; from January 1, 2020 to December 31, 2020 for Options granted in 2015; from January 1, 2021 to December 31, 2021 for Options granted in 2016; and from January 1, 2022 to December 31, 2022 for Options granted in 2017.
- d. The Company had offered an Employees Stock Option Scheme in 2008 (the Old Scheme) which has expired on December 31, 2012. Under the Old Scheme, certain Options were granted but not exercised, therefore, no shares have been issued under the Old Scheme nor are any Option outstanding thereunder.

3.2. OPENING AND CLOSING OF THE SUBSCRIPTION LIST

The subscription list will open at the commencement of banking hours on [MM/DD] 2013 and will close on [MM/DD] 2013 at the close of banking hours. Please note that online applications can be submitted 24 hours during the subscription period which will close at 12:00 midnight on [MM/DD] 2013.

3.3. INVESTOR ELIGIBILITY FOR PUBLIC ISSUE

Eligible investors include

- a) Pakistani citizens residing in or outside Pakistan or persons holding two nationalities including Pakistani Nationality;
- b) Foreign nationals whether living in or outside Pakistan;
- c) Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their respective constitutive documents and existing regulations as the case may be);
- d) Mutual funds, provident/pension/gratuity funds/trusts (subject to the terms of their respective Trust Deeds and existing regulations); and
- e) Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.

3.4. FACILITIES AVAILABLE TO NON-RESIDENT PAKISTAN AND FOREIGN INVESTORS

Non-resident Pakistani investors and foreign investors may subscribe for the shares being issued through this Prospectus by using their Special Convertible Rupee Account (“SCRA”). For detail please see Chapter 20 of the Foreign Exchange Manual of the State Banks of Pakistan.

Foreign investors do not require any regulatory approvals to invest in the shares being offered by the Company. Payment in respect of investment in the shares of the Company has to be made in foreign currency through an inward remittance or through surplus balances in SCRA. Local currency cash account(s) opened for the purpose of Foreign Portfolio Investment (FPI) is classified as SCRA. There are no restrictions on repatriation on sale (disinvestment) and dividend proceeds. Underlying client names/beneficial owners are required to be disclosed at depository level.

Key Documents required for individual are:

- 1. Account opening request
- 2. Passport / ID

General documentation required for opening of SCRA account by corporate are:

1. Account opening request
2. Board Resolution & Signatories list
3. Passport / ID of Board of Directors
4. Passport/ID of all authorized signatories
5. Certificate of Incorporation (COI) Equivalent / supporting documents: Trade Registry Certificate, Business Registration Certificate, Certificate of Commencement of Business
6. Memorandum & Articles of Association
7. Withholding tax registration certificate / Certificate of country of domicile of client
8. Latest Annual Report
9. List of Board of Directors
10. List of Shareholders (>10% holdings) and key officers

It is however pertinent to note that the procedure and requirements of each institution differs, hence it is advised to request the procedure from each relative institution.

MINIMUM AMOUNT OF APPLICATION AND BASIS FOR ALLOTMENT OF SHARES OUT OF THE PUBLIC PORTION OF THE ISSUE

The basis and conditions of allotment to the general public shall be as follows:

- (a) This Issue is being made at a price of PKR [●] per ordinary share including the share transfer fee for both shares in physical form and shares under the book-entry system in the Central Depository Company of Pakistan Limited (“CDCPL”).
- (b) Application for shares must be made for 500 shares or in multiple of 500 shares only. Applications which are neither for 500 shares nor for multiples of 500 shares shall be rejected.
- (c) The minimum amount of application for subscription of 500 shares is PKR [●]/-for both in physical form and shares under the book entry system.
- (d) Application for shares below the total value of PKR [●]/-shall not be entertained for both in physical form and shares under the book entry system.
- (e) **SUBMISSION OF FICTITIOUS AND MULTIPLE APPLICATIONS (MORE THAN ONE APPLICATIONS BY SAME PERSON) IS PROHIBITED AND SUCH APPLICATIONS’ MONEY IS LIABLE TO CONFISCATION UNDER SECTION 18A OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969.**
- (f) If the shares issued to the general public are sufficient to accommodate all applications, all applications shall be accommodated.
- (g) If the shares applied for are in excess of the shares Issued, the distribution shall be made by computer balloting, in the presence of the representative(s) of the Stock Exchanges in the following manner:
 - (i) If all the applications for 500 shares can be accommodated, then all such applications shall be accommodated first. If all applications for 500 shares cannot be accommodated, then balloting will be conducted among applications for 500 shares only.
 - (ii) If all the applications for 500 shares have been accommodated and shares are still available for allotment, then all applications for 1,000 shares shall be accommodated. If all applications for 1,000 shares cannot be accommodated, then balloting will be conducted among applications for 1,000 shares only.
 - (iii) If all applications for 500 shares and 1,000 shares have been accommodated and shares are still available for allotment, then all applications for 1,500 shares shall be accommodated. If

all applications for 1,500 shares cannot be accommodated, then balloting will be conducted among applications for 1,500 shares only.

- (iv) If all applications for 500 shares, 1,000 shares and 1,500 shares have been accommodated and shares are still available for allotment, then all applications for 2,000 shares shall be accommodated. If all applications for 2,000 shares cannot be accommodated, then balloting will be conducted among applications for 2,000 shares only.
- (v) After the allotment in the above mentioned manner, the balance shares, if any, shall be allotted in the following manner:
 - If the remaining shares are sufficient to accommodate each application for over 2,000 shares, then 2,000 shares shall be allotted to each applicant and remaining shares shall be allotted on pro-rata basis.
 - If the remaining shares are not sufficient to accommodate all the remaining applications for over 2,000 shares, then balloting shall be conducted for allocation of 2,000 shares each to the successful applicants.
- (h) If the Issue is over-subscribed in terms of *amount only*, then allotment of shares shall be made in the following manner:
 - (i) First preference will be given to the applicants who applied for 500 shares;
 - (ii) Next preference will be given to the applicants who applied for 1,000 shares;
 - (iii) Next preference will be given to the applicants who applied for 1,500 shares;
 - (iv) Next preference will be given to the applicants who applied for 2,000 shares; and then
 - (v) After allotment of the above, the balance shares, if any, shall be allotted on pro rata basis to the applicants who applied for more than 2,000 shares.
- (i) Allotment of shares will be subject to scrutiny of applications for subscription of shares.
- (j) Applications, which do not meet the above requirements, or applications which are incomplete, will be rejected.

3.5. REFUND OF SUBSCRIPTION MONEY TO UNSUCCESSFUL APPLICANTS

As Issuer, the Company shall take a decision within ten (10) days of the closure of subscription list as to which applications have been accepted or are successful and refund the money in cases of unaccepted or unsuccessful applications within ten (10) days of the date of such decision, as required under Section 71 of the Ordinance.

As per sub-section (2) of Section 71 of the Ordinance, if refund as required under Sub-section (1) of Section 71 of the Ordinance is not made within the time specified therein, the Issuer shall be liable to repay the money with surcharge at the rate of 1.5%, for every month or part thereof from the expiration of the 15th day and, in addition, to a fine not exceeding PKR 5,000/- and in case of continuing offense to a further fine not exceeding PKR 100/- per day after the said 15th day of which the default continues. Provided that the Issuer shall not be liable if he/she proves that the default in making the refund was not due to any misconduct or negligence on his/her part.

3.6. CREDIT AND DISPATCH OF SHARE CERTIFICATES

The Company, will dispatch share certificates to successful applicants through their Banker to the Issue or by crediting the respective Central Depository System (“CDS”) accounts of the successful applicants within thirty (30) days of the close of public subscription, as per Listing Regulations of the Stock Exchanges.

Shares will be issued either in scrip-less form in the CDS of CDCPL or in the shape of physical scripts on the basis of option exercised by the successful applicants. Shares in the physical scripts shall be

dispatched to the Bankers to the Issue within thirty (30) days from the date of close of subscription list, whereas scrip-less shares shall be directly credited through book entries in the respective accounts maintained with the CDCPL.

The applicants who opt for receipt of shares in scrip-less form in CDS should fill in the relevant columns of the Application Form. In order to exercise the scrip-less option, the applicant(s) should have CDS account at the time of subscription.

If the Company makes a default in complying with the above requirements, it shall pay to the Stock Exchange a penalty of PKR 5,000/- per day for every day during which the default continues. The Stock Exchange may also notify the fact of such default and the name of the Company by notice and also by publication in its Ready-Board Quotation of the Stock Exchange.

The name of the Company be notified to the members of the Stock Exchange and placed on the website of the Stock Exchange.

3.7. TRANSFER OF SHARES

a) Physical Scripts

Under the provisions of Section 77 of the Ordinance, the Directors of the Company shall not refuse to transfer any fully paid share unless the transfer deed is, for any reason, defective or invalid or is not accompanied by the relevant share certificate. Provided that the Company shall within thirty (30) days from the date on which the instrument of transfer was lodged with it, notify the defect or invalidity to the transferee who shall, after the removal of such defect or invalidity, be entitled to re-lodge the transfer deed with the Company.

b) Transfer under book entry system

The shares maintained with the CDS in the book entry form shall be transferred in accordance with the provisions of the Central Depositories Act, 1997 and the CDCPL Regulations.

3.8. SHARES ISSUED IN PRECEDING YEARS

Date of Allotment	Number of shares	Par Value	Amount	Considerations
28/03/2003	980,000	10	9,800,000	Cash
25/04/2003	1,020,000	10	10,200,000	Cash
22/07/2007	8,000,000	10	80,000,000	Bonus Issue
22/09/2007	30,000,000	10	300,000,000	Cash
15/03/2013	35,500,000	10	355,000,000	Bonus Issue
Total	75,500,000		755,000,000	

3.9. PRINCIPAL PURPOSE OF THE PUBLIC ISSUE

As part of its business strategy, the Company intends to expand its regional footprint and setup offices in Abu Dhabi, UAE; Kingdom of Saudi Arabia and Oman. At present the Company has office in Qatar. In order to develop human resource to cater to these markets, the Company intends to setup a state of the art training facility at Lahore, Pakistan which will be used to train Engineers.

Proceeds of the IPO will be used to deploy resources in these countries including hiring of experts and to develop the said training facility. Breakup of the utilization of the IPO proceeds is as under:

Description	US\$ Amount (in millions)	PKR Amounts (in millions)
Training facility (Lahore) (expansion of the existing facility)	1.2	125
Representative Offices in Middle East	0.7	75
Subject Matter expert	0.5	50
Cash Reserve	1.0	102
Total	3.4	352

Additionally, the Company believes that listing will provide liquidity and fair market value of the shares and will make the Employees Stock Option Scheme more attractive for the employees.

The Company is currently conducting business dealing with large corporate names and government institutions across the globe; being a listed concern would give it more visibility internationally and enable it to amplify its client base and credentials.

3.10. INTEREST OF SHAREHOLDERS

None of the holders of the issued shares of the Company have any special or other interest in the property or profits of the Company other than as holders of the ordinary shares in the capital of the Company.

3.11. DIVIDEND POLICY

The rights in respect of capital and dividends attached to each share are and will be the same. The Company in its general meeting may declare final dividends but no dividends shall exceed the amount recommended by the Directors. Dividend, if declared, in the general meeting, shall be paid according to the terms of the provisions of the Ordinance.

The Directors may from time to time pay to the members such interim dividends as appear to the Directors to be justified by the profits of the Company. No dividends shall be paid otherwise than out of the profits of the Company for the year or any other undistributed profits.

No unpaid dividends shall bear interest or mark-up against the Company. The dividends shall be paid within the period laid down in the Ordinance.

Those investors who intend that their cash dividend, if any, is directly credited in their Bank Account, must fill-in the relevant part of the shares subscription Form under the heading, "Dividend Mandate Option".

3.12. ELIGIBILITY FOR DIVIDEND

The shares being issued shall rank pari-passu with the existing shares in all matters, including the right to such bonus or right issue and dividend as may be declared by the Company subsequent to the Issue of such shares.

3.13. DEDUCTION OF ZAKAT

Income distribution will be subject to deduction of Zakat at source, pursuant to the provisions of Zakat and Ushr Ordinance, 1980 (XVIII of 1980) as may be applicable from time to time (except where the Ordinance does not apply to any shareholder or where such shareholder is otherwise exempt or has claimed exemption from payment/deduction of Zakat in terms of and as provided in that Ordinance).

3.14. CAPITAL GAINS (SECTION 37-A)

Capital gains derived from the sale of listed securities are taxable in the following manner under Section 37A of the Income Tax Ordinance, 2001.

Tax Rate				
Holding period of securities				
S. No.	Tax Year	less than six months	more than six months and less than one year	more than one year
1	2011	10.0%	7.5%	0%
2	2012	10.0%	8.0%	0%
3	2013	10.0%	8.0%	0%
4	2014	10.0%	8.0%	0%
5	2015	17.5%	9.5%	0%
6	2016	-	10.0%	0%

3.15. WITHHOLDING TAX ON DIVIDENDS

Dividend distribution to the shareholders will be subject to withholding tax under section 150 of the Income Tax Ordinance, 2001 at the rate of 10% as specified in part I, Division III of First Schedule to the said Ordinance as amended from time to time. In terms of the provision of Section 8 of the said Ordinance, said deduction at source, shall be deemed to be full and final liability in respect of such profits, in case of individuals only.

3.16. DEFERRED TAXATION

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.

The Company has deferred tax liability balance of PKR 16.46 Million as at June 30, 2013

3.17. SALES TAX ON SALE/PURCHASE OF SHARES

Under the Constitution of Pakistan and Articles 49 of the 7th NFC Award the Government of Sindh and the Government of Punjab have promulgated the Sindh Sales Tax on Services Act, 2011 and the Punjab Sales Tax on Services Act, 2012 respectively. The Sindh Revenue Board and the Punjab Revenue Authority administer and regulate the levy and collection of the Sindh Sales Tax (SST) and Punjab Sales Tax (PST) respectively on the taxable services provided or rendered in Sindh or Punjab.

The value of taxable services for the purpose of levy of sales tax is the gross commission charged from clients in respect of purchase or sale of shares in a Stock Exchange. The Second Schedule of the above mentioned Acts levy a sales tax on Brokerage at the rate of 16%.

Sales tax charged under the aforementioned Acts is withheld at source under statutory requirements.

3.18. CAPITAL VALUE TAX (CVT) ON PURCHASE OF SHARES

Pursuant to amendments made in the (Finance Act 1989) through Finance (Amendments) Ordinance, 2012 promulgated on April 24, 2012, 0.01% Capital Value Tax will be applicable on the purchase value of shares.

3.19. TAX CREDIT FOR INVESTMENT IN IPO

Under Section 62 of the Income Tax Ordinance, 2001, a resident person other than a company shall be entitled to a tax credit for a tax year in respect of the cost of acquiring in the year new shares issued to the public by a public company listed on a stock exchange in Pakistan, provided the resident person is the original allottee of the shares or the shares are acquired from the Privatization Commission of Pakistan.

Time limit for holding of shares has been designated as 24 months to avail tax credit. The amount of investment, eligible for tax credit, is prescribed in Section 62 of the said Ordinance.

3.20. TAX CREDIT FOR ENLISTMENT

Under Section 65C of the Income Tax Ordinance, 2001, tax credit at 15% of the tax payable shall be allowed for the tax year in which a Company is listed on a Stock Exchange in Pakistan.

3.21. JUSTIFICATION FOR FLOOR PRICE / PREMIUM

- **Diversified revenue base and strong market positioning:**
The Company has strong presence in Pakistan and Middle East, diversified operations not only enable it to earn revenue streams across borders but also provides a hedge against regional economic turmoil.

The Company is the only Pakistani company offering full service/bouquet automation and process controls, energy management solutions and specialized solutions. International companies such as Honeywell, Siemens (automation business) and Intact that used to operate in Pakistan have taken an exit due to the prevailing political situation and other local companies cannot match the service quality offered by the Company. In Middle East, the Company has gained dominance through its unique international execution model. The model allows it to compete against major international competitors on price and efficient delivery.

- **Outsourcing Model Offering Competitive Cost Advantage**
The Company has developed a unique outsourcing model i.e. International Execution (“IX”) which has been utilized to execute projects (as mentioned in Part 5) across the globe while adhering to the highest quality standards. This model enables the Company to take advantage of lower labor cost within Pakistan whilst enjoying higher gross margins.

Under the IX model, the Company leverages its pool of certified and highly trained engineers based in Pakistan to execute a significant portion of cross border/international projects using its proprietary processes/methodologies. IX also allows Avanceon to overcome the cyclical nature of systems integration industry as it can maintain the ‘bench strength’ of engineers during downturn which later helps it to scale up operations quickly to benefit from economic expansion or bigger project pipeline in the future as it doesn’t need to go through hiring, training and attrition process like other system integrators.

It is estimated that Avanceon can bear a decline in revenue by 40% without needing to adjust the number of engineers in its pool.

This model is difficult to replicate as it requires extensive experience to come at par with International Standards and can therefore not be replicated effectively in the short term by competitors.

- **Diverse Product Offering with An Extensively Developed Knowledge Base**
The Company has developed an extensive product portfolio comprising of broad based solutions for all major sectors in Middle East and Pakistan through Research & Development which can be replicated to address similar needs of enterprises within a sector. Replication not only provides cost advantage to the Company but also assists in market penetration due to its extensive knowledge base.

The Company has also flanked into the After Market Solutions segment which not only allows it to capture repeat business from existing client base but also enables it to enjoy recurring revenues.

- **Strong Client Base with Established Credentials**

The Company has implemented solutions for blue chip companies across all major sectors including oil and gas, food and beverage, sugar, cement, textile, transport and infrastructure across Middle East and Pakistan. It has successfully undertaken landmark projects for renowned blue chip companies including Dubai Metro and Saudi Aramco to name a few. Established credentials of successful completion have enabled the Company to win new contracts and these referrals will continue to be a driving force for continuing business growth.

- **Proficient and Experienced Management Team with Proven Track Record**

The Company has developed a strong team of professionals, who are highly acclaimed in their fields and have gained industry experience prior to joining the Company. The team has executed several on-shore and off-shore projects and is considered to be the market leader of the automation segment within Pakistan.

Keeping in view the role of human resource in the augmentation of the Company's business, it has introduced several employee retention schemes to ensure low turnover including initiation of Employees Share Options Scheme detail of which can be gathered from paragraph 3.1.1

Additionally the Company has invested heavily in the development of its staff including establishment of training centers in Karachi and Lahore to enable them to deliver superior performance.

- **Promising Future and Strong Growth Prospects**

The Company has moved on from the gestation stage and is now heading up the learning curve through development of superior expertise to implement complex programs for its clients and meet emerging automation requirements. The Company continually searches for options to explore new business segments and launch specialized services to meet the growing needs of future. In the near future, the Company expects strong growth within the metals and mining, oil and gas, utilities, chemicals, food & beverages, life sciences and health care segments, especially within the Middle East and South Asian markets. It is confident that its strong focus on brand and skills development over the past few years will enable it to reap the benefits of established brand equity and superior market knowledge.

- **Robust IT Systems and Technology Platforms**

Services are driven by state of the art IT systems including "cloud computing" infrastructure and project management tools. The Company has gained experience in deployment of a wide array of technology platforms and applications and has worked on multiple platforms to deliver optimum solutions to its clients. Over the years the Company has established entrenched relationship with OEMs, technology companies and application providers.

- **Strong Controls and Corporate Governance**

The Company has implemented robust information system to monitor engineer productivity, ensure adherence to quality standards and to monitor costs and project financials. The Company ensures implementation of best corporate governance practices in order to promote transparency, including setting up of an independent Board of Directors), and follows standard financial reporting to provide a realistic view of its business to relevant stakeholders.

- **Company's robust operational and financial position**

Besides, taking into account the above justifications, the company has adopted a conservative approach in determining the premium of PKR 4.00/- only. Currently, the P/E and P/BV for the KSE – 100 is estimated to be 10.19 and 1.65 respectively. While the company's pre-IPO estimates of P/E and P/BV are 2.51 and 0.91 respectively and post-IPO estimates of 3.35 and 0.93 respectively. As evident the multiples are much less compared to the market, thus indicating the growth potential of the multiples of the company compared to market.

PART 4

4 UNDERWRITING, COMMISSIONS, BROKERAGE AND OTHER EXPENSES

4.1. UNDERWRITING

Book Building Portion

Arif Habib Limited has been mandated to act as the Book Runner to the Issue. The Book Runner shall underwrite the Book Building Portion of the Issue of 18.875 million ordinary shares within two (2) working days of the closing of the bidding period as required under clause 5 of Appendix 4 of the listing regulations of the Karachi Stock Exchange at the Strike Price determined through the Book Building process.

In the opinion of the Directors, the resources of the Underwriter are sufficient to discharge its underwriting obligations/commitments.

Public Portion

As required under clause 6 of Appendix 4 of the listing regulations of the Karachi and Lahore Stock Exchange, the Public Portion of the Issue of 6.292 million ordinary shares has been underwritten as under:

[Names and number of shares underwritten by each of the underwriters shall be disclosed in the final Prospectus.]

4.2. UNDERWRITING COMMISSION

No underwriting commission will be paid for the amount of Book Building portion underwritten by the Book Runner. Amount of security deposited by the defaulting Bidder shall however, be forfeited to the Book Runner.

For General Public Portion, the underwriters have been paid an underwriting commission at the rate of [●] % of the amount of Issue underwritten by them. In addition, a take up commission at the rate of [●] % shall be paid to the underwriters on the value of shares required to be subscribed by them by virtue of their respective underwriting commitments.

4.3. BUY BACK/REPURCHASE AGREEMENT

THE UNDERWRITERS HAVE NOT ENTERED INTO ANY BUY BACK/RE-PURCHASE AGREEMENT WITH THE ISSUER OR ANY OTHER PERSON IN RESPECT OF THIS PUBLIC ISSUE.

ALSO, NEITHER THE ISSUER NOR ANY OF ITS ASSOCIATES HAVE ENTERED INTO ANY BUY BACK/REPURCHASE AGREEMENT WITH THE UNDERWRITERS OR THEIR ASSOCIATES. THE ISSUER AND ITS ASSOCIATES SHALL NOT BUYBACK/REPURCHASE SHARES FROM THE UNDERWRITERS AND THEIR ASSOCIATES.

4.4. COMMISSION TO THE BANKERS TO THE ISSUE

A commission at the rate of [1%] of the amount collected on allotment in respect of successful applicants will be paid by the Issuer to the Bankers to the Issue for services to be rendered by them in connection with this IPO.

4.5. BROKERAGE

For the public issue, the Issuer will pay brokerage to the TREC holders of all three stock exchanges at the rate of 1% of the value of shares (including premium) actually sold through them. No brokerage shall be paid to the TREC in respect of shares taken up by the underwriters by virtue of their underwriting commitments.

4.6. EXPENSES TO THE INITIAL PUBLIC OFFER

The expenses of this Issue are estimated not to exceed PKR 31 million. All such expenses are to be borne by the Issuer. Details of the expenses are mentioned below:

Expenses	Rate	Amount (PKR)
Financial Advisor & Lead Arrangers Fee		9,600,000
Book Runners Fee (% of book building portion)	[1.00]%	2,650,000
Underwriting Commission – General Public*	[1.50]%	1,330,000
Take up Commission – General Public*	[2.00]%	1,770,000
Bankers to the Issue (Book Building) Commission	[1.00]%	2,650,000
Brokerage to Members of the Stock Exchange	[1.00]%	2,650,000
Bankers to the Issue (Public – portion) Commission	[1.00]%	881,000
Stamp Duty (Punjab)		100,000
Printing, Publication and notice Costs		2,000,000
KSE Initial Listing Fee, Annual Listing Fee, Service Charges and Software Charges		1,939,785
LSE Annual Listing Fee and Service Charges		230,200
CDC Charges		200,000
SECP Application and Processing Fee		100,000
Legal & Professional Fees		1,000,000
Balloting Agent		110,000
Marketing Cost		2,000,000
Miscellaneous Cost		2,000,000
Total		30,980,785

*represent maximum amount that is expected to be paid

PART 5

5 HISTORY AND PROSPECTS

5.1. BRIEF HISTORY

5.1.1 The Company

The Company was incepted in 1989 within Pakistan by Mr. Bakhtiar Wain as Innovative Automation and Engineering Limited (IAEL) which undertook the business of providing turnkey automation, instrumentation and engineering solutions. In 2003, 62.67% shareholding in the Company was acquired by Engro Corporation with Mr. Wain as its CEO. Subsequently, as part of its entry into the North American market, Engro Corporation acquired 70% stake in Advanced Automation Associates (AAA) in 2007 and the entire operations of IAEL and AAA were merged and rebranded as Avanceon.

The operations of Avanceon in USA are headed by Mr. Bob Zeigenfuse who is currently the President of Avanceon LP, USA. He founded Avanceon LP's predecessor company, Advanced Automation Associates Inc in 1984 and served as its Chief Executive Officer until its acquisition by Engro Corporation in 2007.

Avanceon is a leading company in the design, development, and implementation of automation, process controls, systems integration, proprietary energy management solutions and support services (refer to section 5.1.2). The principal activity of the company is to trade in products of automation and control equipments and to provide related technical services, described in section 5.1.2.

The Company specializes in the development of real-time performance management systems for the process and discrete manufacturing industries (refer to section 5.1.5). The company also offers power and energy management integrated solutions as well as high end software to integrate production and business application including oil & gas and power sector - AES Lalpir (power), Engro Fertilizers (chemical and fertilizer) Nestle and Engro foods (Food & Beverage).

Based out of Pakistan, it has subsidiaries operating in the United Arab Emirates (Avanceon FZE) and the United States of America (Engro Innovative Inc.).

The Company is among a select group of 'certified members' of Control System Integrators Association ('CSIA') and is also listed on Control Engineering Magazine's System Integrator Hall of Fame. Currently, Avanceon has offices in Exton, Pennsylvania (covering the USA), Dubai, UAE (covering Middle East), and Lahore, Pakistan (covering South East Asia). It offers the following services to its clients:

- **Core services;** Include automation, process controls and system integration solutions;
- **Specialized services;** Include manufacturing execution/advance plant automation services, proprietary energy management solutions and carbon credit program; and
- **After market solution;** Include a suite of support services covering the full life-cycle on an ad-hoc or contractual basis through service level agreements (SLAs)

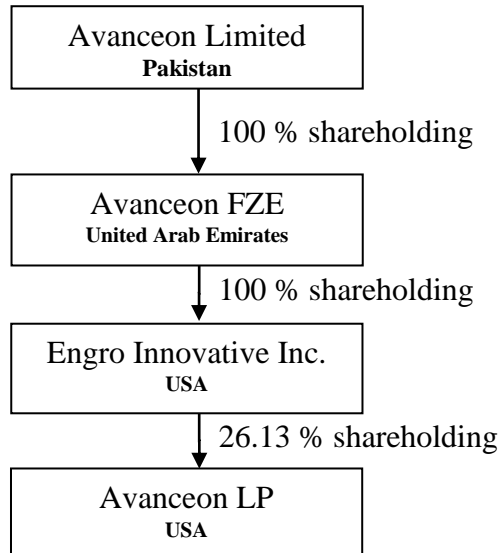
The Company employs over 191 personnel highly trained and certified engineers.

During March 2012, as part of its business realignment strategy, Engro Corporation resolved to divest its shareholding in the Company to the existing shareholders of Avanceon i.e. Mr. Bahtiar H. Wain and his associates. The sell off was finalized under a Global Restructuring Agreement (the "Agreement") dated March 28th, 2012. Key terms of which are as follows:

"The transfer of shareholding took place w.e.f. 31 March 2012, Avanceon FZE has transferred 62.67% shareholding in Engro Innovative or 43.87% shareholding in Avanceon LP to Engro Corporation and in return Engro Corporation has settled the outstanding liability of Avanceon and has applied for release of bank guarantees in the name of Engro Corporation. Engro Corporation has

paid an additional amount of PKR 19.3 million to the banks / financial institutions in lieu of amounts outstanding towards Bakhtiar Wain and his associates and Subordinated debt of Avanceon LP amounting to US\$ 1.6 million (including interest accrued from September 2011) has been transferred by Avanceon FZE to Engro Corporation.”

Post restructuring Avanceon Limited owns 100% shareholding in Avanceon FZE through which it operates in the Middle East and 26.13% shareholding in Avanceon LP (via Engro Innovative Inc.) through which it operates in the North America. Detailed corporate structure is provided below for clarity.



5.1.2 The Business

- **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. Its terminal automation solutions address clients’ requirements such as complexity in handling multiple products, regulatory requirements and the need for terminal safety, productivity and improved throughput allowing it to offer a bouquet of services to its clientele. Avanceon’s automation solutions span over several industries including:

- **Oil & Gas:** Assists companies in implementation of Supervisory, Control and Data Acquisition (“SCADA”) solutions providing remote monitoring and control to maximize production, meet increasingly demanding schedules and reduce operating and maintenance costs while ensuring compliance with environmental regulations and secure operations. Additionally, remote monitoring ensures better regulatory record keeping and reporting, remote troubleshooting to reduce downtime and increase repair efficiency which results in reduced time and travel labor cost, and improved capability to instantly alert operators for undesired events.

SCADA solutions are built with Rockwell Automation hardware and software, one of the market leaders in providing automation solutions, offering the best value and a scalable solution that can be expanded and upgraded over time translating into lower long term risk for client companies.

- **Food and Beverages:** Assists companies in ensuring compliance with Food and Drug Administration (“FDA”) requirements, adding new products to existing production lines and supporting existing systems through implementation of MIS solutions
- **Power:** Enable companies to achieve energy efficiencies and improve utilization.
- **Chemicals:** Assists companies in design, development and improvement of processflows allowing them to increase profitability and sustain during periods of low economic growth.

- **Cement:** Assist companies in reducing energy cost and achieve energy optimization .

In order to successfully deliver the Company’s value proposition, Avanceon has developed a set of pre-designed and pre-tested process standards, software codes and supporting documentation designed to address clients’ technical requirements.

- **Core Services – 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 and design and long-term factory support. Avanceon provides the following services under Process Control:

- **Batch Engineering:** Use of common standards, terminologies, and control models to deliver a consistent product which can only be produced when control of all aspects of the batch process is established and continuously managed. Avanceon assists clients in application of the S88.01 standards, which provides a template for meeting the standard of “best practices”, based on their internal processes. The standard models allow for configurable batch components to be assembled resulting in consistent production. Avanceon is also well-positioned to deliver pre-defined templates which have been proven to work at several blue-chip companies.
- **Distributed Control System:** The Company is a one-stop shop with established capability to provide turnkey instrumentation and controls solutions for a manufacturing or process facility. This is achieved by using Distributed Control Systems (“DCS”) or Programmable Logic Controller (“PLC”) systems with field integration on multiple protocols. Avanceon supplies complete system integration services for DCS which is specifically engineered to fit clients’ manufacturing needs and improve the overall efficiency and quality of a plant.

- **Core Services – Systems Integration**

Avanceon offers a full service, platform independent system integration offering and has extensive experience of designing, developing and executing both process and manufacturing controls and automation solutions, including enterprise level integration. It’s 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 Archestra and Microsoft technologies.

- **Specialized Solutions – Manufacturing Execution**

Avanceon offers over 21 years of experience 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 companies manufacturing processes which aid in improving productivity, quality, and process visibility. MES solutions facilitates clients to unlock the potential for efficiency savings in areas such as scheduling, inventory control, product traceability, downtime, uptime, product specification management, and key performance tracking.

Avanceon supports manufacturers in the complete lifecycle implementation of an MES application from system and requirements definition, technology selection, pilot, implementation, and rollout. Avanceon supports all phases of the MES implementation and provides a superior project and change management methodology inline with the initial MES vision and current implementation reality in concert. Avanceon has the ability to help manufacturers define MES standards and practices that provide the overall structure and strategy for corporate wide rollout and adoption. These solutions are offered using top of the class technology platforms such as Siemen’s Simatic IT, Invensys Archestra and Microsoft.Net.

Key solutions offered under MES include:

- **Overall Equipment Effectiveness (“OEE”):** Avanceon assists clients in closing the technology gap that exists between the manufacturing floor and the enterprise’s information and Enterprise Resource Planning (ERP) systems. These solutions span from strategic

technology planning, to the establishment of internal practices and standards, to managing and executing IT projects

- **Mobile Solutions:** Mobile computing solutions allows 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

▪ **Specialized Solutions – Energy Management**

Energy Management Solution (“EMS”) consists of turnkey energy management and optimization solutions. These are robust and certified solutions developed using Avanceon's best practices and enable significant improvements in monitoring controls and management of existing utility and process control systems providing saving opportunities in steam, pneumatics, fluid movement, chilling and heating to reduce losses in production and carbon emission.

EMS allows monitoring, measuring and reporting on a real-time basis, providing critical value-added information for both operational and strategic decision making. Avanceon has successfully implemented EMS projects with documented proven savings for leading companies in the Oil & Gas, Chemical, Fertilizer, Power, Cement, Polyester, Textile, Sugar, Paper & Board, Food & Beverages and Sugar sectors including global blue chip names.

The Company has developed proprietary EMS suites such as Energy Dashboard, iWater, iBoiler, iAir and iDC and provides customers with the choice of implementing a single or full suite of EMS solutions. In order to facilitate the clients and to actively participate in the implementation process, the Company not only guarantees the IRR of cost savings but also offers the solutions on the following financing options:

- **Shared Savings:** Avanceon fronts the cost of the solution and the installation and gets paid a portion of the savings that are created by the increase in efficiency
- **Lease to Own:** The most financially attractive, under this program Avanceon or a bank can finance the chosen solution over the course of three years. Energy efficiency gains create positive cash flows per year and the full benefit of the improvements can be enjoyed thereafter. Lease terms can be extended to improve cash flow during the lease period
- **Standard Purchase:** If cash or capital are available, Avanceon’s final option is a standard purchase which means the client can begin collecting savings once a chosen solution is bought

▪ **Specialized Solutions – Carbon Credit**

Avanceon has developed a centralized carbon credit program in partnership with First Climate Inc. allowing it to consolidate savings from all EMS projects and claim Carbon Credits. First Climate is a member of the International Emissions Trading Association (“IETA”) and is an integrated carbon asset management company offering products and services related to the trading of emission reduction credits and investing in greenhouse gas abatement projects.

Avanceon and First Climate signed Energy Reduction Purchase Agreement (“ERPA”) in July 2011. Under the agreement, First Climate is will off-take a minimum of 30,000 tons of CO2 per annum for seven years. The agreement prices a CO2 credit at between USD 8-12, with a floor of USD8 and capped at 85% of the then prevailing price of carbon credit.

Avanceon is currently in the process of completing the Project Design Document (“PDD”), which is the main document required to register the project as a Clean Development Mechanism (“CDM”) activity. By 2015, the Carbon Credit program is expected to generate total revenues of over USD2.5mn with an estimated gross margin of 80%.

- **After Market Solutions**

After Market Solutions (“AMS”) provides complete lifecycle support services including manufacturing technical support, maintenance management, control system oversight and remote diagnostic services to maximize plant uptime performance, support efficiency and technology effectiveness. Avanceon delivers its AMS services through a combination of call centers which enable the problem to be identified and resolved either through on-site maintenance or remotely. These solutions are offered with 24/7 support and guaranteed response time allowing Avanceon to stay ahead of its competitors. The following services are offered under AMS:

- **Service Level Agreements (SLAs):** SLAs allow Avanceon to offer after market support solutions on a contractual basis and enables it to generate recurring revenues following completion of core services. Technical teams schedule an assessment of the facility to determine service needs, conduct an in-depth interview, and then submit a service proposal. The proposal provides specific SLAs and prices that are tailored to the customer. These SLAs are offered with the option to maintain an inventory of spares i.e. Gold contracts or are offered as plain vanilla services only i.e. Silver Contracts.
- **Strategic Site Improvement Programs:** AMS teams prepare readiness for disaster recovery by maintaining up-to-date systems documentation and control and system software archives. The team also implements ‘Best Practices’ by maintaining instrumentation maintenance schedules and calibration procedures
- **Training Solutions for Manufacturing:** Quality training addresses early assessment, information development, delivery and results verification. Avanceon’s training is adapted to address to the client’s business needs and is based on their overall business goals, and serves as an inexpensive alternative to address many quality and inefficiency issues
- **Emergency Response Support:** Designated team of expert(s) reach on site within an agreed time frame to address an emergency. It also includes Crises Management services which is developed for risk mitigation and disaster recovery plans for manufacturing control base

5.1.3 Unique Business Model – International Execution

International Execution (“IX”) is an offshore execution model that leverages a pool of certified and highly trained resources based in Pakistan to execute a significant portion of cross border/international projects using Avanceon’s proprietary processes/methodologies.

This model allows Avanceon to overcome the cyclicity of system integration industry as it can maintain the ‘bench strength’ of engineers during downturn which later helps it to scale up operations quickly to benefit from economic expansion or bigger project pipeline in the future as it doesn’t need to go through hiring, training and attrition process like other system integrators. Using this model, Avanceon delivers projects with a consistent standard and high quality which has been developed by:

- Documenting each processes/work streams including skills and time requirements using CSIA “V-Project Life Cycle”
- Standardizing the development of source codes and documenting it using AUTOGEN™
- Using ABACAS™ tools to project manage deliverables on a real time basis

The following are the key components of the IX model:

- **Client Facing Team:** Project hours executed by a team or individual based at or closer to customer premises. Client facing hours are generally billable and on average range from 10% to 15% of total project hours

- **Road Warriors:**Project hours executed by mobilizing engineers from the resource pool in Pakistan. On average, these contribute ~15% to 30% to the total project and consist of entirely billable hours
- **International Execution:**Project hours executed from offshore engineering office in Pakistan. Represents, on average, between 55-75% of total project hours. It is estimated that ~70-80% of IX hours are billable

Implementation of IX allows Avanceon to reap benefits from lower labor cost which is translated into higher gross margins for the Company and allows it significant cushion to offer price reductions and compete against international players such as Siemens and Honeywell in the domestic as well as international market. It is estimated that during the year 2012, the Company was able to generate net savings of ~ PKR 90 million due to implementation of the IX model.

5.1.4 Reputable Technology Partners

Avanceon partners with multiple vendors in order to offer best in class solutions for each client. It has developed significant partnerships with a number of the top software and hardware providers in the industry, key relationships include:

Vendor	Overview
Wonderware / Invensys Systems Integrator - USA Endorsed	Avanceon is within the highest tier of system integrators in the Wonderware community. Wonderware takes exhaustive steps to ensure that their Endorsed System Integrators are comprehensively trained and certified in multiple areas.
ProLeiT - Germany	Avanceon maintains a partnership with ProLeiT as the exclusive North American partner focused on the brewery and dairy market.
Microsoft Certified – USA Gold	Avanceon is a Gold Certified Partner of Microsoft – the highest level of competence and expertise with Microsoft technologies.
Rockwell Automation – USA	Avanceon is a Rockwell Certified System Integrator (RSCI). This allows it to benefit from Rockwell’s global capabilities that extend across 80 countries and include a partner network of more than 5,600 regional and global specialists in distribution, system integration and product referencing.
ThingWorx - USA	Avanceon uses ThingWorx as a manufacturing focused IT platform that improves its development pace of applications, connecting its people and systems.

5.1.5 Select Client Portfolio

Avanceon has established credibility with leading institutions across the globe including blue chip multinational companies. Key clientele include:

Sector	Overview
Oil & Gas	<ul style="list-style-type: none"> ▪ Abu Dhabi National Oil Company, UAE ▪ British Petroleum, Pakistan, UAE ▪ Foster Wheeler, USA ▪ Kuwait National Petroleum Company, Kuwait ▪ Oil & Gas Development Company, Pakistan ▪ Pakistan Refinery Limited, Pakistan ▪ Pak Arab Refinery Limited, Pakistan ▪ Pakistan Petroleum Limited, Pakistan ▪ Qatar Petroleum, Qatar ▪ Saudi Aramco, Saudi Arabia ▪ Schlumberger, Pakistan and UAE
Utilities	<ul style="list-style-type: none"> ▪ Lalpir Power, Pakistan ▪ Babcock & Wilcox, USA

	<ul style="list-style-type: none"> ▪ EMICOOL, USA ▪ EMPOWER, USA ▪ Kot Addu Power Company Limited, Pakistan ▪ Liberty Power Tech, Pakistan ▪ PAL Technologies, UAE ▪ Palm Utilities, UAE
Infrastructure	<ul style="list-style-type: none"> ▪ Dubai Metro, UAE ▪ State of Qatar, Qatar
Food & Beverage	<ul style="list-style-type: none"> ▪ British American Tobacco, USA ▪ Coca Cola, USA and UAE ▪ Engro Foods, Pakistan ▪ General Mills, USA ▪ Kraft Foods, USA ▪ Kellogg's, USA ▪ Nabisco Brands, USA ▪ Nestle, USA, Netherland and Pakistan ▪ Proctor & Gamble, USA and Pakistan ▪ Sara Lee, USA
Chemicals	<ul style="list-style-type: none"> ▪ Ciba, USA ▪ Clorox, USA ▪ DuPont, UAE and USA ▪ Engro Corporation, Pakistan ▪ Exxon Mobil, USA ▪ Gatron, USA ▪ Lotte, USA ▪ Saudi Basic Industries Company, Saudi Arabia ▪ Sherwin Williams, USA
Pharmaceutical	<ul style="list-style-type: none"> ▪ Akzo Nobel, Pakistan ▪ Astra Zeneca, USA ▪ Bayer Pharma, USA and Pakistan ▪ Boehringer Ingelheim, USA ▪ Johnson & Johnson, USA ▪ Merck, USA ▪ Pfizer, USA

5.2. RISK FACTORS

5.2.1 Business Continuity Risk

Process automation is a cyclical and specialized business which flourishes in an emerging economy with focus towards technological advancements. Given the current economic scenario within Pakistan and the general appeal towards exploitation of the labor intensive market, the Company may not find a favorable market in the near future.

Demand for a particular automation solution is highly elastic and may result in obsolescence of the product range offered by the Company.

Mitigant:

Avanceon has already undergone through the gestation phase whereby its primary motive was to create awareness with respect to its service offerings. Companies within the Pakistani market have begun to realize the potential cost savings and quality enhancements which can be achieved through automation and which can possibly allow them to compete in the international markets especially during periods of recession. This is evident from the bumper process orders booked during 2012 amounting to PKR 1,098 million. The Company expects a similarly conducive market going forward.

Further, the Company has adopted a unique business model i.e. International Execution whereby offshore/international contracts are executed by a pool of certified engineers from within Pakistan allowing Avanceon to manage its resources efficiently.

Furthermore, the Company actively engages itself in research and development to be at par with the changing industry dynamics. As a result the Company has been able to develop proprietary specialized business solutions such as EMS, Carbon Credit and High End software solutions. The management expects this activity to continue going forward which will result in updation of its services offerings to keep pace with the industry dynamics.

5.2.2 Competition

Avanceon currently dominates the automation solutions industry in Pakistan and is the market leader in providing proprietary solutions with a proven track record of successful execution. Notwithstanding the market leader position of the Company, entry of new player(s) with direct or indirect support of an international participant might enhance the level of competition in the industry and affect the Company's market share / profitability in the future.

Mitigant:

At present Avanceon is the only company engaged in provision of automation solutions at a large scale. The Company has been into this business for the past 21 years and has not only developed a strong skill set but also a strong rapport with domestic as well as international market participants. This will allow to Company to retain its market position despite introduction of new market participants as any new player will have to pass through the learning curve of domestic market allowing ample lead time to the Company to gear up for possible competition.

5.2.3 Human Resource

Avanceon is engaged in the business of providing complex automation solutions an industry highly dependent on human resource. A substantial attrition or variation in this pool would adversely affect its business operations.

Mitigant:

Avanceon acknowledges the role played by its resource pool in the furtherance of its business and has adopted a multi-tier strategy to address its HR needs. In order to retain resources, the Company has initiated an Employees Share Option Scheme (ESOS). It is also pertinent to note that in order to provide a liquid market to the shares offered under the ESOS and allow employees to en-cash their entitlements the Company is currently undergoing through the process of an Initial Public Offering. The management of the Company believes that through active participation of employees in the profitability of the Company it will not only be able to retain the talented pool but also align employees' interest with that of the Company resulting in synergies for the organization.

Further, in order to maintain standards and uniformity in service, the Company has developed a specialized training package and test for its engineers. The package ensures that all engineers meet a certain technical benchmark and deliver optimum solutions with minimum re-working hours.

5.2.4 Exchange Rate Risk

Adverse changes in exchange rates may erode the Company's profitability since equipment is primarily imported. Adverse exchange rate movement may also erode real revenues of the Company.

Mitigant:

Although Avanceon imports most of the equipment for installation on client premises, the entire cost of procurement is billed to its clients on actual basis. Thus adverse exchange rate movements will not impact Avanceon's cash flows.

Similarly the Company largely bills its revenue in terms of US Dollars, hence is hedged against adverse exchange rate fluctuations.

5.2.5 Interest Rate Risk

Adverse change in interest rates will result in higher interest cost thus resulting in reduced profitability.

Mitigant:

The Company has paid off a substantial amount of its debt obligations which have declined from PKR 627 million in 2011 to PKR 142 million as of 2012. This will not only reduce the drag on

profitability but also provide a cushion to the Company in the event of adverse exchange rate movement.

5.2.6 Market Risk

The stock of Avanceon may not perform well on the stock exchange due to bearish trends or inability of the Company to sustained growth.

Mitigant:

Although the Company has a limited influence on externalities, comfort can be taken from the fact that the Company has shown above average growth in the past 1 year and this trend is expected to continue as momentum builds in the automation segment. Further comfort can be taken from the fact that backlog orders which represent confirmed revenue for 2013 are currently to the tune of PKR 664 million i.e. 27% of the existing revenue.

5.2.7 Liquidity Risk

Investors might not be able to get a liquid market for the share of Avanceon.

Mitigant:

Avanceon is the fore-runner in automation industry within Pakistan and operates in a sector renowned for high growth. Thus it is expected that given the managements track record of capitalizing on available opportunities, the Company will be able to retain its position as a “stock of choice” and thus provide a liquid secondary market to interested investors.

5.2.8 Technology Risk

Technological advancements occur at a rapid pace resulting in the Company losing its competitive edge.

Mitigant:

Avanceon Limited deals with system integration and implementation and acquires inventory from their suppliers such as Honeywell (USA), Rockwell (USA) and Allen Bradley (USA). In the event of technology obsolescence the Company does not bear any risk as it can simply change the suppliers. In order to achieve the aforementioned objective the Company continuously invests in its employees through trainings and certifications.

Note: IT IS STATED THAT ALL MATERIAL RISK FACTORS HAVE BEEN DISCLOSED AND THAT NOTHING HAS BEEN CONCEALED IN THIS RESPECT.

PART 6

6 FINANCIAL INFORMATION

6.1. AUDITORS' REPORT UNDER SECTION 53(I) READ WITH CLAUSE 28 OF SECTION 2 OF PART I OF THE SECOND SCHEDULE TO THE COMPANIES ORDINANCE, 1984, FOR THE PURPOSE OF INCLUSION IN THE PROSPECTUS



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LAC/089/13
17 July 2013

The Board of Directors
Avanceon Limited
19 Km, Multan Road
Lahore

AUDITORS' REPORT UNDER SECTION 53(1) READ WITH CLAUSE 28(1) OF SECTION 2 OF PART 1 OF THE SECOND SCHEDULE TO THE COMPANIES ORDINANCE, 1984

Dear Sirs

We have audited the financial statements of Avanceon Limited ("the Company") for the six month period ended 30 June 2013 and year ended 31 December 2012. The financial statements of the Company for the four years ended 31 December 2008, 2009, 2010 and 2011 were audited by A.F. Ferguson & Co, Chartered Accountants. The said auditors in their audit reports dated 28 January 2009, 20 January 2010, 3 February 2011 and 31 January 2012 respectively have expressed an unqualified opinion on the aforesaid financial statements. However, the auditors' have modified their audit report dated 31 January 2012 on the financial statements for the year ended 31 December 2011 by including an emphasis of matter paragraph as stated below:

"We draw attention to note 1.2 to the financial statements which states that the company's ability to continue as a going concern is based on the grounds that the company will be able to achieve satisfactory level of profitability in the future and reduce its gearing and financial cost on the basis of restructuring plans drawn by the management. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the ability of the company to continue as a going concern. Management's plan in regard to this matter has been discussed in note 1.2 to the financial statements. Our opinion is not qualified in respect of this matter."

Based on the above and in terms of Section 53 (1) read with clause 28 (1) of Section 2 of Part I of the Second Schedule to the Companies Ordinance, 1984, we report the assets, liabilities, shareholders' equity and the profit & loss account for the above referred years as under:



1. Summary of assets, liabilities and shareholders' equity (unconsolidated) of the Company as at 30 June 2013, 31 December 2012 and 31 December 2011 are as follows:

ASSETS	Note	30 June 2013 (Rupees)	31 Dec 2012 (Rupees)	31 Dec 2011 (Rupees)
NON - CURRENT ASSETS				
Property, plant and equipment		170,191,164	157,400,184	118,529,532
Intangible assets		15,015	19,181	490,406
Long term investments	2	473,670,870	473,670,870	473,670,870
Long term deposits		8,483,809	7,811,059	2,727,300
Deferred taxation		-	-	20,412,003
		<u>652,330,858</u>	<u>638,901,294</u>	<u>615,830,111</u>
CURRENT ASSETS				
Stock in trade		56,433,234	53,629,475	47,684,339
Trade debts	3	372,691,571	430,050,818	377,461,902
Short term investments		-	3,447,000	-
Advances, deposits, prepayments and other receivables	4	406,715,351	399,387,697	140,121,374
Cash and bank balances		128,701,060	189,485,082	2,143,894
Non current assets held for disposal		-	-	610,565
		<u>964,541,216</u>	<u>1,076,000,072</u>	<u>568,022,064</u>
TOTAL ASSETS		<u>1,616,872,074</u>	<u>1,714,901,366</u>	<u>1,183,852,175</u>
EQUITY AND LIABILITIES				
SHARE CAPITAL & RESERVES				
Authorised				
50,000,000 (2011: 50,000,000)				
ordinary shares of Rs 10 each		<u>1,100,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital		755,000,000	400,000,000	400,000,000
Employees' share compensation reserve		45,000,000	-	10,687,892
Un-appropriated profit/(loss)		<u>103,468,291</u>	<u>414,645,753</u>	<u>(105,608,228)</u>
		903,468,291	814,645,753	305,079,664
SURPLUS ON REVALUATION OF PROPERTY, PLANT & EQUIPMENT				
		68,338,268	68,952,733	40,786,583

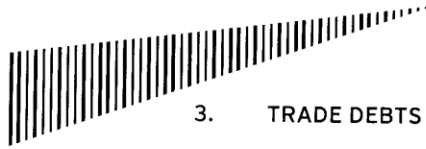


NON CURRENT LIABILITIES			
Long term finances		19,000,000	35,710,000
Deferred taxation	16,457,937	8,736,291	-
Liabilities against assets subject to finance lease	29,590,649	24,469,609	5,957,230
	46,048,586	52,205,900	41,667,230
CURRENT LIABILITIES			
Current portion of long-term liabilities	11,801,637	64,356,872	286,576,325
Finances under mark up arrangements and other credit facilities - secured	17,704,429	-	246,927,969
Short term loan from directors - unsecured	5 27,680,000	22,680,000	18,500,000
Creditors, accrued and other liabilities	6 541,830,863	692,060,108	244,314,404
	599,016,929	779,096,980	796,318,698
CONTINGENCIES AND COMMITMENTS			
	7		
TOTAL EQUITY & LIABILITIES	□ 1,616,872,074	1,714,901,366	1,183,852,175

2. LONG TERM INVESTMENTS

	Note	30 June 2013 (Rupees)	31 Dec 2012 (Rupees)	31 Dec 2011 (Rupees)
Investment in subsidiary Companies, Avanceon FZE - at cost	2.1	<u>473,670,870</u>	<u>473,670,870</u>	<u>473,670,870</u>

2.1 The Company holds 26 (2011:26) fully paid ordinary shares of AED 1 million each representing 100% of the share capital of Avanceon FZE, a Free Zone Establishment with limited liability formed under the laws of Jebel Ali Free Zone Authority U.A.E and was registered on February 28, 2004. The principal activity of the establishment is to trade in products of automation and control equipment and provide related technical support.



3. TRADE DEBTS

	Note	30 June 2013 (Rupees)	31 Dec 2012 (Rupees)	31 Dec 2011 (Rupees)
Considered good - due from related parties	3.1	125,333,693	124,931,519	335,954,232
Considered good - due from others		<u>181,761,081</u>	<u>215,162,792</u>	<u>49,442,543</u>
		307,094,774	340,094,311	385,396,775
Due against construction work in progress and accrued revenue				
- related parties		-	-	(11,286,436)
- others		65,596,797	89,956,507	6,595,896
		<u>65,596,797</u>	<u>89,956,507</u>	<u>(4,690,540)</u>
Considered doubtful				
- due from related parties		-	-	1,558,050
- due against construction work in progress and accrued revenue - others		1,923,412	1,923,412	1,923,414
- due from others		760,792	760,792	202,741
		<u>2,684,204</u>	<u>2,684,204</u>	<u>3,684,205</u>
		375,375,775	432,735,022	395,676,876
Less: Provision for doubtful debts - specific		(2,684,204)	(2,684,204)	(3,684,204)
Less: Provision for doubtful debts - general		-	-	(3,244,334)
	3.2	<u>(2,684,204)</u>	<u>(2,684,204)</u>	<u>(6,928,538)</u>
		<u>372,691,571</u>	<u>430,050,818</u>	<u>388,748,338</u>

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

3.1 This represents amount receivable from Avanceon FZE, a wholly owned subsidiary.

3.2 Provision for doubtful debts and doubtful earnings

	30 June 2013 (Rupees)	31 Dec 2012 (Rupees)	31 Dec 2011 (Rupees)
Opening balance	2,684,204	6,928,538	73,822,848
Add: Provision for the year	-	533,588	7,452,752
	<u>2,684,204</u>	<u>7,462,126</u>	<u>81,275,600</u>
Less: Trade debts written off / provisions reversed	-	4,777,922	(74,347,062)
Closing balance	<u>2,684,204</u>	<u>2,684,204</u>	<u>6,928,538</u>



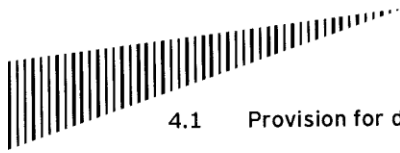
3.3 Ageing of trade debts

	30 June 2013 (Rupees)	31 Dec 2012 (Rupees)	31 Dec 2011 (Rupees)
The ageing analysis of these trade debts is as follows:			
* Upto 3 months	203,307,708	318,310,888	56,677,583
3 to 6 months	63,229,212	9,325,200	4,009,028
More than 6 months	106,154,651	102,414,730	316,775,291
	<u>372,691,571</u>	<u>430,050,818</u>	<u>377,461,902</u>

* This includes trade debts aggregating to Rs. 118,618,983 (31 December 2012: 127,141,083) which are neither past due nor impaired.

4. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	30 June 2013 (Rupees)	31 Dec 2012 (Rupees)	31 Dec 2011 (Rupees)
Advances - considered good				
- To employees		9,302,764	5,894,054	2,625,435
- To suppliers		10,169,707	9,444,114	13,229,771
		19,472,471	15,338,168	15,855,206
Prepayments		158,815	204,856	176,896
Bank guarantee/ LC cash margin		8,261,780	7,460,454	947,284
Receivable from income tax department - considered good		37,366,857	53,957,935	14,824,349
Earnest money				
- Considered good		1,142,150	320,110	1,298,787
- Considered doubtful		1,342,211	1,342,211	1,342,211
		2,484,361	1,662,321	2,640,998
Less: Provision for doubtful earnest money	4.1	1,342,211	1,342,211	1,342,211
		1,142,150	320,110	1,298,787
Due from subsidiaries - unsecured				
- Dividend receivable	4.2	288,966,538	283,556,138	105,106,513
- Others		44,522,449	26,133,930	14,464
		333,488,987	309,690,068	105,120,977
Other receivables - considered good		6,824,291	12,416,106	1,897,875
		<u>406,715,351</u>	<u>399,387,697</u>	<u>140,121,374</u>



4.1 Provision for doubtful earnest money

	30 June 2013 (Rupees)	31 Dec 2012 (Rupees)	31 Dec 2011 (Rupees)
Opening balance	1,342,211	1,342,211	1,471,753
Add: Provision for the year	-	-	323,290
	<u>1,342,211</u>	<u>1,342,211</u>	<u>1,795,043</u>
Less: Amounts written off against provision	-	-	(452,832)
Closing balance	<u>1,342,211</u>	<u>1,342,211</u>	<u>1,342,211</u>

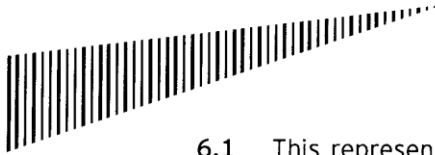
4.2 This represents dividend receivable from Avanceon FZE (a wholly owned subsidiary).

5. SHORT TERM LOAN FROM DIRECTORS - UNSECURED

Short-term loan from Aamir Wain and Khalid Wain has been availed for cash flow assistance. The facility carries mark-up rate at the rate of 14.8% per annum and is repayable in a single bullet repayment on demand.

6. CREDITORS, ACCRUED AND OTHER LIABILITIES

	Note	30 June 2013 (Rupees)	31 Dec 2012 (Rupees)	31 Dec 2011 (Rupees)
Trade creditors		115,314,396	149,451,006	52,999,471
Accrued expenses		22,982,914	39,142,177	19,950,401
Advances from customers		149,176,250	187,598,998	42,035,702
Advance income		-	253,000	-
Payable to related parties	6.1	215,828,795	248,383,536	5,758,302
Payable to Engro Corporation		-	25,542,969	-
Sales tax payable		-	-	2,554,985
Workers welfare fund		-	108,000	-
Withholding tax surcharge		1,331,847	-	-
Mark up accrued on:				
- Long term finances		-	2,615,287	3,435,826
- Sub-ordinated loan from holding company		-	-	86,355,333
- Finances under mark up arrangements and other credit facilities - secured		525,124	337,295	11,297,280
- Finances under mark up arrangement from director - unsecured		1,058,951	3,417,659	616,945
- Provident fund		2,408,992	-	-
Other liabilities	6.2	33,203,594	35,210,181	19,310,159
		<u>541,830,863</u>	<u>692,060,108</u>	<u>244,314,404</u>



- 6.1 This represents amount due to Avanceon FZE (a wholly owned subsidiary) which is non-interest bearing.
- 6.2 This includes Rs. 10,799,769 (31 December 2012: 13,277,433) and 13,927,975 (31 December 2012: Rs. 13,618,662) relating to provident fund payable and withholding tax deducted at source payable respectively.

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

- a. Bank guarantees issued amounting to Rs 41.99 million (31 December 2012: Rs 42.103 million) against the performance of various contracts.
- b. Post dated cheques issued to IGI Insurance Company Limited as security against insurance guarantee issued by them in favour of Unicol for performance of contracts and post dated cheques for lease amounting to Rs 26.684 million (31 December 2012: Rs 4.159 million).
- c. Post dated cheques issued to ORIX Leasing Pakistan Limited, as installments of leased cars, amounting to Rs. 1.331 million (31 December 2012 : nil).
- d. The Honorable Lahore High Court, Lahore in its Order dated 03 June 2011 declared the amendments made in Workers' Welfare Fund Ordinance, 1971 brought through Finance Acts, 2006 and 2008 as unconstitutional. Therefore, the Company has not made any provision for Workers Welfare Fund (WWF) in the financial statements in the light of this Order of the Honorable Lahore High Court. The said order has been challenged in the Honorable Supreme Court. The Company may be liable to pay WWF amounting to Rs. 11,608,833 if the Supreme Court's decision is unfavourable.
- e. The Honorable Sindh High Court, Karachi in its Order dated 11 March 2011 declared the amendments made in Companies Profits Workers' Participation Act, 1968 brought through Finance Act, 2007 are ultra vires of the provisions of the Constitution. Therefore, the Company has not made any provision of Workers Profit Participation Fund (WPPF) in the financial statements in the light of this Order of the Honorable Sindh High Court. The said order has been challenged in the Honorable Supreme Court. The Company may be liable to pay WPPF amounting to Rs. 30,154,644 if the Supreme Court's decision is unfavourable.

7.2 Commitments

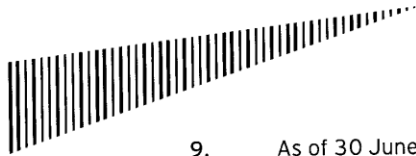
- a. Letters of credit other than for capital expenditure amounting to Rs 77.47 million (31 December 2012: Rs 29.10 million).
- b. Letters of credit includes Rs 65.85 million (31 December 2012: Rs 30.776 million) which relates to import acceptance bills.



8. The audited profit and loss account (unconsolidated) of the Company for the years ended 31 December 2008, 2009, 2010, 2011 and 2012 and six month period ended 30 June 2013 are as follows:

	30 June 2013	31 December 2012	31 December 2011	31 December 2010	31 December 2009	31 December 2008
	------(Rupees)-----					
Sales	525,572,128	1,098,882,212	500,634,880	556,268,695	524,208,332	472,860,097
Cost of sales	(339,900,284)	(644,662,316)	(311,959,339)	(377,117,459)	(324,259,428)	(343,539,875)
Gross profit	185,671,844	454,219,896	188,675,541	179,151,236	199,948,904	129,320,222
Administrative and selling expenses	(83,153,384)	(143,864,471)	(132,988,273)	(195,679,947)	(135,140,165)	(102,690,438)
Other charges	(1,425,804)	(207,350)	(404,435)	(1,250,521)	(1,748,394)	(130,000)
Other operating income	14,287,881	*260,305,924	43,275,859	15,428,606	(27,911,539)	(55,695,903)
Profit/(loss) from operations	115,380,537	570,453,999	98,558,692	(2,350,626)	90,971,884	82,195,687
Finance costs	(9,166,516)	(32,378,825)	(113,932,270)	(103,076,075)	(91,254,264)	(54,561,184)
Profit/(loss) before tax	106,214,021	538,075,174	(15,373,578)	(105,426,701)	(282,380)	27,634,503
Taxation	(17,790,886)	(28,763,620)	(1,709,331)	2,988,219	(11,359,990)	(7,722,092)
Profit/(loss) for the year	88,423,135	509,311,554	(17,082,909)	(102,438,482)	(11,642,370)	19,912,411
Other comprehensive income	399,403	10,942,427	60,183	54,798	63,309	21,103
Total comprehensive income/(loss) for the year	88,822,538	520,253,981	(17,022,726)	(102,383,684)	(1,579,061)	19,933,514
Earnings/(loss) per share - basic and diluted	Rs. 1.17	Rs 12.73	Rs (0.43)	Rs (2.56)	Rs (0.29)	Rs 0.50

* This includes interim dividend declared by Avanceon FZE (a wholly owned subsidiary) amounting to Rs 169.8 million and net gain of Rs. 53 million on restructuring arrangement.



9. As of 30 June 2013 the Company has the following subsidiaries :

Name of subsidiaries	Note	Percentage of holding (Including indirect holding)		
		30 June 2013	31 December 2012	31 December 2011
Avanceon FZE, Free Zone Establishment, UAE	9.1	100%	100%	100%
Engro Innovative Inc., USA	9.2	100%	100%	100%

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

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

9.3 Individual results of the subsidiaries are as follows:

9.3.1 Avanceon FZE , UAE, a subsidiary company

i. Based on the audited financial statements (unconsolidated)of Avanceon FZE for the six month period ended 30 June 2013, financial years ended 31 December 2012 and 2011, the summary of assets, liabilities and shareholders' equity of Avanceon FZE are as follows:

	30 June 2013		31 Dec 2012		31 Dec 2011	
	(PKR) (Un-audited)	(AED) (Audited)	(PKR) (Un-audited)	(AED) (Audited)	(PKR) (Un-audited)	(AED) (Audited)
ASSETS						
NON - CURRENT ASSETS						
Property, plant and equipment	10,271,496	381,840	11,146,473	422,055	2,988,165	122,516
Intangible assets	-	-	57,310	2,170	249,485	10,229
Investment in subsidiary	160,004,320	5,948,116	157,089,744	5,948,116	256,581,922	10,519,964
Loan to subsidiary	405,040,025	15,057,250	397,661,973	15,057,250	367,246,328	15,057,250
Security Deposits	10,506,548	390,578	9,107,409	344,847	8,240,698	337,872
	585,822,390	21,777,784	575,062,908	21,774,438	635,306,598	26,047,831



CURRENT ASSETS

Inventories	1,360,037	50,559	3,045,073	115,300	13,897,568	569,806
Short term investment	80,700,000	3,000,000				
Trade and other receivables	321,183,956	11,939,924	743,780,393	28,162,832	186,985,618	7,666,487
Gross amount due from customers for contract work	180,702,606	6,717,569	55,465,675	2,100,177	17,589,727	721,186
Loan to subsidiary	-	-	-	-	147,370,307	6,042,243
Other assets and prepayments	41,600,097	1,546,472	39,349,289	1,489,939	4,941,073	202,586
Cash and cash equivalents	145,573,385	5,411,650	55,469,900	2,100,337	4,568,223	187,299
	771,120,081	28,666,174	897,110,330	33,968,585	375,352,515	15,389,607

TOTAL ASSETS

	1,356,942,470	50,443,958	1,472,173,237	55,743,023	1,010,659,113	41,437,438
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EQUITY AND LIABILITIES

SHARE CAPITAL & RESERVES

Share capital - 26 shares of AED 1,000,000/- each	473,670,870	26,000,000	473,670,870	26,000,000	473,670,870	26,000,000
Accumulated loss	178,762,534	5,506,530	27,118,573	(143,394)	-120,539,242	(5,972,759)
Exchange reserve	195,092,253	-	182,083,521	-	135,332,780	-
Total equity	847,525,657	31,506,530	682,872,964	25,856,606	488,464,408	20,027,241

Non-current liabilities

Interest-bearing loans and borrowings	5,792,485	215,334	6,295,484	238,375	-	-
Employee benefits liability	15,284,580	568,200	11,989,084	453,960	6,692,787	274,407
	21,077,065	783,534	18,284,567	692,335	6,692,787	274,407

Current liabilities

Interest-bearing loans and borrowings	1,835,279	68,226	2,487,083	94,172	51,478,266	2,110,630
Loan from director	27,502,049	1,022,381	25,475,033	964,598	-	-
Trade and other payables	439,815,135	16,350,005	544,804,099	20,628,705	423,231,109	17,352,649
Gross amount due to customers for contract work	7,342,516	272,956	177,055,387	6,704,104	39,050,927	1,601,104
Other financial liabilities	11,844,769	440,326	21,194,104	802,503	1,741,617	71,407
	488,339,749	18,153,894	771,015,706	29,194,082	515,501,918	21,135,790

Total liabilities

	509,416,813	18,937,428	789,300,273	29,886,417	522,194,705	21,410,197
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Total equity & liabilities

	1,356,942,470	50,443,958	1,472,173,237	55,743,023	1,010,659,113	41,437,438
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ii. Contingencies and commitments

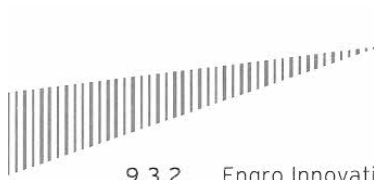
The Establishment has provided the following guarantees at 30 June 2013, 31 December 2012 and 31 December 2011:



	30 June 2013		31 Dec 2012		31 Dec 2011	
	(PKR) (Un-audited)	(AED) (Audited)	(PKR) (Un-audited)	(AED) (Audited)	(PKR) (Un-audited)	(AED) (Audited)
Letters of guarantee	20,329,998	755,762	26,078,290	987,440	89,402,325	3,665,532
Letters of credit	51,499,109	1,914,465	31,822,307	1,204,934	103,896,034	4,259,780
Post dated cheques issued to JAFZA against payment of rent.	5,789,095	215,208	13,489,277	510,764	4,419,858	181,216
	77,618,202	2,885,435	71,389,875	2,703,138	197,718,218	8,106,528

iii. The audited profit and loss account (unconsolidated) of Avanceon FZE for the five financial years ended on 31 December 2008, 2009, 2010, 2011 and 2012 are as follows and six month period ended 30 June 2013:

	30 June 2013	31 December 2012	31 December 2011	31 December 2010	31 December 2009	31 December 2008
		----- (AED) -----				
Revenue	26,935,582	52,338,942	10,555,546	20,600,387	30,110,791	25,046,685
Cost of sales	(20,233,619)	(36,441,826)	(12,723,631)	(22,689,586)	(22,493,750)	(22,918,125)
Gross profit / (loss)	6,701,963	15,897,116	(2,168,085)	(2,089,199)	7,617,041	2,128,560
Administrative, selling and distribution costs	(1,402,215)	(2,716,935)	(2,792,171)	(4,902,828)	(3,202,108)	(2,360,231)
Other operating (loss) / income	645,028	(434,085)	3,866,713	2,556,772	1,814,472	1,076,083
Profit / (loss) from operations	5,944,776	12,746,096	(1,093,543)	(4,435,255)	5,151,425	844,412
Finance costs	(294,852)	(489,856)	(587,442)	(895,904)	(1,077,980)	(1,202,212)
Profit / (loss) for the year	5,649,924	12,256,240	(1,680,985)	(5,331,159)	5,151,425	(357,800)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive profit / (loss) for the year	5,649,924	12,256,240	(1,680,985)	(5,331,159)	5,151,425	(357,800)
Earnings/(loss) per share - basic and diluted	217,305	471,394	(64,653)	(205,045)	252,284	(73,056)

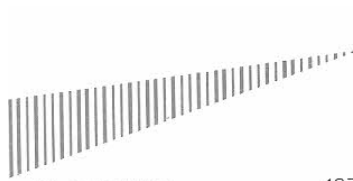


9.3.2 Engro Innovative Inc., USA

- i. Based on the audited financial statements (unconsolidated) of Engro Innovative Inc. for six month period ended 30 June 2013, the financial years ended 31 December 2012 and 2011, the summary of assets, liabilities and shareholders' equity of Engro Innovative Inc. are as follows:

	(Un-Audited) 30 June 2013	(Audited) 30 June 2013	(Un-Audited) 31 Dec 2012	(Audited) 31 Dec 2012	(Un-Audited) 31 Dec 2011	(Audited) 31 Dec 2011
	PKR	USD	PKR	USD	PKR	USD
ASSETS						
NON - CURRENT ASSETS						
Investment in subsidiaries	536,969,390	5,435,463	527,239,911	5,435,463	598,459,155	6,680,350
Current assets						
Tax refundable	556,385	5,632	546,304	5,632	504,543	5,632
Cash and cash equivalents	446,136	4,516	438,052	4,516	404,566	4,516
	1,002,521	10,148	984,356	10,148	909,109	10,148
TOTAL ASSETS	537,971,911	5,445,611	528,224,267	5,445,611	599,368,263	6,690,498
EQUITY AND LIABILITIES						
Equity						
Common Stock No par value 5,000 shares authorized 1,000 shares issued						
Additional paid-in capital	324,812,954	4,323,439	324,812,954	4,323,439	158,122,043	2,604,976
Accumulated loss	(328,039,361)	(3,910,702)	(298,223,316)	(3,608,216)	(182,392,703)	(2,363,261)
Exchange reserve	44,000,695		42,786,993		45,924,698	
Total equity	40,774,288	412,737	69,376,631	715,223	21,654,038	241,715
Non-current liabilities						
Interest bearing loans and borrowings	405,039,000	4,100,000	397,700,000	4,100,000	367,298,500	4,100,000
Current liabilities						
Trade and other payables	90,992,900	921,074	60,391,036	622,588	209,716,962	2,340,983
Tax payable	79,032	800	77,600	800	71,668	800
Other financial liabilities	1,086,690	11,000	679,000	7,000	627,095	7,000
	92,158,622	932,874	61,147,636	630,388	210,415,725	2,348,783

E.Y.



Total Liabilities	497,197,622	5,032,874	458,847,636	4,730,388	577,714,225	6,448,783
Total equity & liabilities	537,971,911	5,445,611	528,224,267	5,445,611	599,368,263	6,690,498

- ii. There were no contingencies or commitments at 30 June 2013, 31 December 2012 and 31 December 2011.
- iii. The audited profit and loss account (unconsolidated) of Engro Innovative Inc. for the five financial years ended on 31 December 2008, 2009, 2010, 2011 and 2012 and period ended 30 June 2013 are as follows:

	30 June 2013	31 December 2012	31 December 2011	31 December 2010	31 December 2009	31 December 2008
	(Audited)					
	(USD)					
Income						(976,724)
Net unrealized loss on investments						
Expenses						
Interest expenses	(152,486)	(308,343)	(307,500)	(307,433)	(307,743)	(312,810)
Legal and professional charges		(19,861)	(19,349)	(15,346)	(16,750)	
Audit fee	-	-	(3,500)	(3,000)	(3,000)	(1,000)
Capital stock tax and other taxes	-	-	(800)	(800)	(829)	(800)
Reversal of tax payable	-	-	2,637	-	-	-
Management fee	(150,000)	(37,500)	(150,000)	(150,000)	(150,000)	(150,750)
Amortization of covenants	-	-	-	-	-	(10,000)
Total expenses	(302,486)	(365,704)	(478,512)	(476,579)	(478,322)	(475,360)
Impairment of investment	-	(2,963,350)	-	-	-	-
Balances written off	-	2,084,099	-	-	-	-
Loss for the year	(302,486)	(1,244,955)	(478,512)	(476,579)	(478,322)	(1,452,084)
Loss per share - basic and diluted	(302)	(1,245)	(479)	(477)	(478)	(1,452)

EY



(Un-Audited)

	30 June 2013	31 December 2012	31 December 2011	31 December 2010	31 December 2009	31 December 2008
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(Rupees)

Income
Net unrealized loss on investments

(69,152,059)

Expenses

Interest expenses	(15,030,545)	(28,688,233)	(26,511,853)	(26,187,143)	(25,164,145)	(22,146,948)
Legal and professional charges	-	(1,847,867)	(1,668,221)	(1,307,172)	(1,369,648)	-
Audit fee	-	-	(301,761)	(255,540)	(245,310)	(70,800)
Capital stock tax and other taxes	-	-	(68,974)	(68,144)	(67,787)	(56,640)
Reversal of tax payable	-	-	227,355	-	-	-
Management fee	(14,785,500)	(3,489,000)	(12,932,611)	(12,777,000)	(12,265,500)	(10,673,100)
Amortization of covenants	-	-	-	-	-	(708,000)
Total expenses	(29,816,045)	(34,025,100)	(41,256,064)	(40,594,999)	(39,112,390)	(33,655,488)
Impairment of investment	-	(275,710,084)	-	-	-	-
Balances written off	-	193,904,571	-	-	-	-
Loss for the year	(29,816,045)	(115,830,613)	(41,256,064)	(40,594,999)	(39,112,390)	(102,807,547)
Loss per share - basic and diluted	(29,816)	(115,835)	(479)	(477)	(478)	(1,452)

iv. The assets, liabilities, shareholders' equity and profit and loss account for the year ended 31 December 2008 and the four years ended 31 December 2009, 2010, 2011 and 2012 and six month period ended 30 June 2013 were audited by Fakharuddin Yousafali & Co., Chartered Accountants and Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants respectively. The said auditors in their audit reports dated 28 January 2009, 20 January 2010, 3 February 2011, 31 January 2012 and 27 August 2013 have expressed an unqualified opinion on the aforesaid financial statements.

10. No dividend has been declared by the Company during the last five years ended 30 June 2013.

11. This certificate is being issued on the specific request of the Company for the purpose of Initial Public Offering.

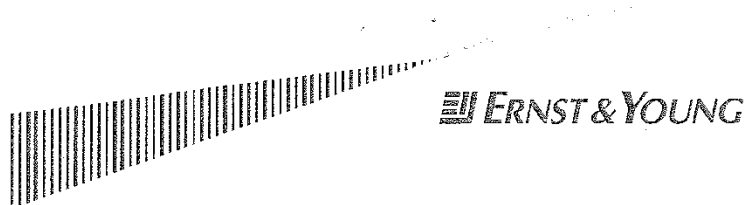
Yours faithfully,

Ernst & Young Ford Rhodes Sidat Hyder

6.1.1 CONSOLIDATED FINANCIAL STATEMENTS

PKR in Millions	Dec '12	Dec '11	Dec '10	Dec '09	Dec '08
Assets					
<i>Non-Current Assets</i>					
Property, plant & equipment	168.55	158.54	109.20	116.63	119.43
Intangible assets	0.08	14.29	4.12	3.04	-
Long term investment	527.19	-	-	-	-
Long term deposits	16.92	13.90	3.50	2.78	0.78
Deferred taxation	-	20.41	11.57	-	-
	712.73	635.58	567.00	556.67	449.40
<i>Current Assets</i>					
Stock in trade	56.67	61.58	53.01	57.90	70.49
Trade debts	941.72	173.59	362.20	542.47	457.24
Short term investments	3.45	-	-	-	-
Advances, deposits , prepayments and other receivables	139.45	57.87	75.35	92.86	97.25
Cash and bank balances	245.39	8.70	110.72	35.45	19.01
Noncurrent assets held for disposal	-	0.02	-	-	-
	1,386.68	301.77	602.20	734.74	645.59
Total Assets	2,099.41	937.35	1,169.19	1,291.41	1,095.0
Equity & Liabilities Share Capital and Reserves					
Authorized capital 50,000,000 ordinary shares of PKR 10 each	500.00	500.00	500.00	500.00	500.00
Issued, subscribed and paid up capital (40,000,000)	400.00	400.00	400.00	400.00	400.00
Employees share compensation reserve	-	10.69	12.22	11.92	3.20
Un-appropriated profit / (loss)	384.67	(615.26)	(448.04)	(249.84)	(273.77)
	937.68	(157.70)	12.27	203.45	79.12
Surplus on revaluation of property, plant and equipment	68.95	40.79	33.24	33.25	30.58
<i>Non - current liabilities</i>					
Long term finances	19.00	35.71	187.92	358.23	137.07
Deferred liabilities	20.73	16.34	7.18	8.65	7.90
Liabilities against assets subject to finance lease	30.77	22.98	14.22	14.38	14.10
	70.49	75.02	209.31	381.26	159.07
<i>Current liabilities</i>					
Current portion of long term liabilities	66.29	347.71	191.96	70.10	70.87
Finances under mark-up arrangements and other credit facilities – secured	0.55	246.93	294.78	323.53	413.79
Short term loan from directors – unsecured	48.16	18.5	-	-	-
Creditors, accrued and other liabilities	907.29	396.72	426.66	279.82	341.57
	1,022.29	1,009.93	913.40	673.42	826.23
Total Equity & Liabilities	2,099.41	937.35	1,169.19	1,291.41	1,095.0

6.2. SHARE BREAK-UP VALUE CERTIFICATE



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Mall View Building, 4- Bank Square
P.O. Box No. 104, Lahore 54000, Pakistan
Tel: +9242 3721 1531-38
Fax: +9242 3721 1530 & 39
www.ey.com

LAC/087/13
17 July 2013

The Board of Directors
Avanceon Limited
19 Km, Multan Road
Lahore

BREAKUP VALUE PER ORDINARY SHARE OF RS 10/- EACH

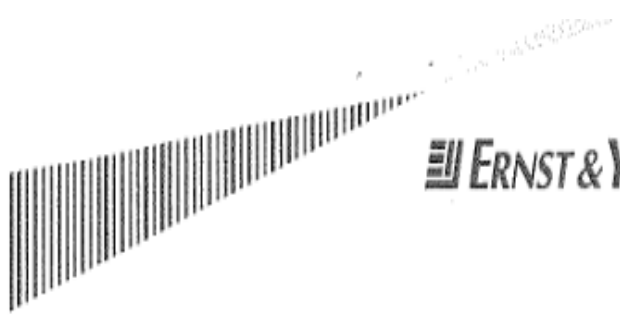
Dear Sirs

We state that based on the audited financial statements of the Company for the six month period ended 30 June 2013, the break-up value per ordinary share of Rs 10/- each computed in accordance with the requirements of the Technical Release (TR) - 22 of the Institute of Chartered Accountants of Pakistan (ICAP) is as follows:

1. Break-up value per ordinary share of Rs. 10/- each, including surplus on revaluation of fixed assets:

		30 June 2013 (Rupees)
Issued, subscribed and paid up capital		755,000,000
Employee share option scheme		45,000,000
Revenue reserve - unappropriated profit		103,468,291
Surplus on revaluation of fixed assets		68,338,268
Total shareholders' equity	(A)	<u>971,806,559</u>
Ordinary shares of Rs. 10/- each (Issued, subscribed and paid-up)	(B)	<u>75,500,000</u>
Break-up value per ordinary share of Rs. 10/- each	(C=A / B)	<u>12.87</u>

A member firm of Ernst & Young Global Limited



2. Break-up value per ordinary share of Rs. 10/- each, excluding surplus on revaluation of fixed assets:

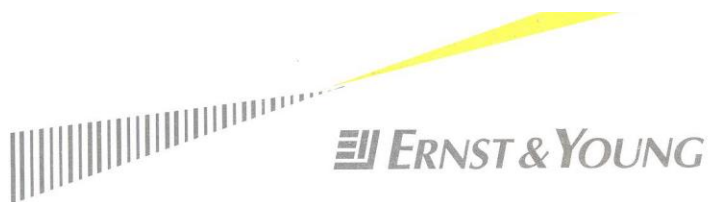
		30 June 2013 (Rupees)
Issued, subscribed and paid up capital		755,000,000
Employee share option scheme		45,000,000
Revenue reserve - unappropriated profit		103,468,291
Total shareholders' equity	(A)	<u>903,468,291</u>
Ordinary shares of Rs. 10/- each (Issued, subscribed and paid-up)	(B)	<u>75,500,000</u>
Break-up value per ordinary share of Rs. 10/- each	(C=A / B)	<u>11.97</u>

This certificate is being issued on the specific request of the Company for the purpose of Initial Public Offering.

Yours faithfully,

Ernst & Young Ford Rhodes Sidat Hyder

6.3. AUDITORS CERTIFICATE ON ISSUED, SUBSCRIBED, AND PAID – UP – CAPITAL OF THE COMPANY



Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Mall View Building, 4- Bank Square
P.O. Box No. 104, Lahore 54000, Pakistan
Tel: +9242 3721 1531-38
Fax: +9242 3721 1530 & 39
www.ey.com

LAC/086/13
17 July 2013

The Board of Directors
Avanceon Limited
19 Km, Multan Road
Lahore

AUDITORS' CERTIFICATE ON ISSUED, SUBSCRIBED AND PAID SHARE CAPITAL OF THE COMPANY

Dear Sirs

As requested, we have verified from books of account and related records of the Company that the issued, subscribed and paid up capital, of the Company as at 30 June 2013 was PKR 755,000,000 divided into 75,500,000 ordinary shares of Rs. 10/- each. The break-up of the shareholding is as follows:

<i>Name</i>	<i>Number of Shares</i>	<i>Amount in Rupees</i>
Mr. Bakhtiar H. Wain	43,851,508	438,515,080
Mr. Khalid Wain	20,323,393	203,233,930
Mr. Amir Wain	11,325,091	113,250,910
Mr. Tanveer Karamat	2	20
Mr. Umar Ahsan Khan	2	20
Mr. Tajamal Hussain	2	20
Mr. Naveed A Baig	2	20
Total	75,500,000	755,000,000

This certificate is being issued on the specific request of the Company for the purpose of Initial Public Offering.

Yours faithfully,

Ernst & Young Ford Rhodes Sidat Hyder

6.4. FINANCIAL HIGHLIGHTS – STANDALONE FINANCIALS

In PKR Million

Balance Sheet	*Jun'13	Dec '12	Dec '11	Dec '10	Dec '09	Dec '08
Equity (w/o surplus on revaluation of fixed assets)	903.47	814.65	305.08	323.64	425.72	428.58
Non Current Assets	652.33	638.90	615.83	615.54	611.11	446.28
Current Assets	964.54	1,076.00	568.02	689.16	622.88	574.65
Total Assets	1,616.87	1,714.90	1,183.85	1,304.71	1,233.99	1,020.93
Current Liabilities	599.02	779.10	796.32	783.27	472.45	513.63
Non-current Liabilities	46.05	52.21	41.67	164.56	302.56	48.14
Total Liabilities	645.07	831.31	837.99	947.83	775.01	561.77

* Half year financials

In PKR Million

Income Statement	*Jun'13	*Jun'12	Dec '12	Dec '11	Dec '10	Dec '09	Dec '08
Sales	525.57	317.40	1,098.88	500.63	556.27	524.21	472.86
Gross Profit	185.67	129.86	454.22	188.68	179.15	199.31	129.32
Profit from Operations	115.38	131.30	570.45	98.56	(2.35)	90.97	82.20
Finance Cost	(9.17)	(20.70)	(32.38)	(113.93)	(103.08)	(91.25)	(54.56)
Profit before tax	106.21	110.59	538.08	(15.37)	(105.43)	(0.28)	27.63
Profit after tax	88.42	107.3	509.31	(17.08)	(102.44)	(11.64)	19.91

* Half year financials

6.5. FINANCIAL RATIOS – STANDALONE FINANCIALS

	*Jun'13	Dec '12	Dec '11	Dec '10	Dec '09	Dec '08
EPS / LPS – Basic & Diluted (PKR)	1.17	12.73	(0.43)	(2.56)	(0.29)	0.50
EPS / LPS – Adjusted**(PKR)	1.17	6.75	(0.23)	(1.36)	(0.15)	0.26
Breakup Value p/sh(PKR)	12.03	20.37	7.63	8.09	10.64	10.71
Breakup Value p/sh – Adj**(PKR)	12.03	10.79	4.04	4.29	5.64	5.68
Return on Assets	5.47%	29.70%	n/a	n/a	n/a	1.95%
Return on Equity	9.79%	62.51%	n/a	n/a	n/a	4.65%
Long term Debt to Equity	n/a	0.02	0.12	0.47	0.68	0.09
Total Debt to Equity	n/a	0.09	1.87	1.83	1.42	0.90
Gross Profit Margin	35.33%	41.33%	37.69%	32.21	38.14	27.35
Net Profit Margin	16.82%	46.35%	-	-	-	4.21%
Current Ratios	1.61	1.38	0.71	0.88	1.32	1.12

* Half year financials

**adjusted for increase in number of shares

Management Note

Subsequent to annual results of 2012, company announced and issued 88.75% bonus after which the number of shares has increased from 40 Million to 75.5 Million, we have therefore also shown the bonus adjusted EPS and breakup value

6.6. FINANCIAL HIGHLIGHTS – CONSOLIDATED FINANCIALS

In PKR Million

Balance Sheet	*Jun'13	Dec '12	Dec '11	Dec '10	Dec '09	Dec '08
Equity (w/o surplus on revaluation of fixed assets)	1,156.92	937.68	(157.70)	12.27	203.48	79.12
Non Current Assets	736.41	712.73	635.58	567.00	556.67	449.40
Current Assets	1,176.09	1,386.68	301.77	602.20	734.74	645.59
Total Assets	1,912.50	2,099.41	937.35	1,169.20	1,291.41	1,095.00
Current Liabilities	620.12	1,022.29	1,009.93	913.40	673.42	826.23
Non-current Liabilities	67.13	70.49	75.02	209.31	381.26	159.07
Total Liabilities	687.25	1,092.78	1,084.95	1,122.71	1,054.68	985.30

* Half year financials

In PKR Million

Income Statement	*Jun'13	*Jun'12	Dec '12	Dec '11	Dec '10	Dec '09	Dec '08
Sales	954.69	599.85	2,122.04	1,268.01	1828.09	1,615.50	1,634.75
Gross Profit	350.90	216.39	865.94	348.37	532.96	625.35	390.19
Profit from Operations	245.25	252.98	835.78	(68.07)	(72.98)	153.74	(46.86)
Finance Cost	(17.08)	28.03	(44.42)	(129.92)	(125.89)	(118.45)	(83.66)
Profit before tax	228.17	224.94	791.36	(197.99)	(198.28)	35.29	(130.52)
Profit after tax	210.38	221.63	762.59	(199.78)	(195.37)	23.87	(138.64)

* Half year financials

6.7. FINANCIAL RATIOS – CONSOLIDATED FINANCIALS

	*Jun'13	Dec '12	Dec '11	Dec '10	Dec '09	Dec '08
EPS / LPS – Basic & Diluted	2.79	19.21	(4.23)	(4.91)	1.14	(2.72)
EPS / LPS – Adjusted**	2.79	10.18	(2.24)	(2.60)	0.61	(1.44)
Breakup Value p/sh	15.32	23.44	(3.94)	0.31	5.09	1.98
Breakup Value p/sh – Adj**	15.32	12.42	(2.09)	0.16	2.70	1.05
Return on Assets	11.00%	36.32%	n/a	n/a	1.85%	n/a
Return on Equity	18.18%	81.33%	n/a	n/a	11.73%	n/a
Long term Debt to Equity	n/a	0.02	n/a	14.19	3.84	1.73
Total Debt to Equity	n/a	0.14	n/a	50.96	8.07	7.86
Gross Profit Margin	36.75%	40.85%	27.47	29.15%	38.71%	23.87%
Net Profit Margin	22.04%	35.94%	-	-	1.48%	-
Current Ratios	1.90	1.36	0.30	0.66	1.09	0.78

* Half year financials

**adjusted for increase in number of shares

PART 7

7 MANAGEMENT OF THE COMPANY

7.1. POLICY MATTERS

All policy-related matters are managed by the Board of Directors, headed by the Chairman of the Board. At present, the Board comprises of 7 Directors including the CEO. The Directors are elected by the shareholders in accordance with the relevant provisions of the Ordinance.

BOARD OF DIRECTORS OF THE COMPANY

S.No	Name	Address	Designation	Directorship in other Companies
1	Mr. Bakhtiar H. Wain	351-W, DHA, Lahore	CEO/ Director	Innovative (Pvt.) Ltd.
2	Mr. Amir W. Wain	233-A, Satellite Town, Sargodha	Director	Innovative (Pvt.) Ltd I2C Pakistan (Pvt) Ltd I2C USA
3	Mr. Khalid H. Wain	233-A, Satellite Town, Sargodha	Director	Innovative (Pvt.) Ltd H&G Controls, Canada
4	Mr. Tanveer Karamat	773-SU, Askari 9, ZafarShaheed Road, Lahore Cantt	Director	-
5	Mr. Umar Ahsan Khan	57/7 Sher Khan Road, Lahore Cantt	Director	-
6	Mr. Naveed Ali Baig	D/9/5 AfnanDeplix, Gulistan e Johar, Karachi	Director	Innovative (Pvt.) Ltd. I2C Pakistan (Pvt) Ltd
7	Mr. Tajamal Hussain	Lahore	Director	-

7.2. OVER DUE LOANS

There are no overdue loans (local or foreign currency) on the Company or its Directors.

7.3. PROFILE OF DIRECTORS

Mr. Bakhtiar H. Wain—CEO / Director

Mr. Bakhtiar H. Wain is a Mechanical Engineer with experience of working for leading companies such as Exxon Chemicals, Fauji Fertilizer and ICI Ltd (now AkzoNobel). In 1989 he set up a successful business of providing turnkey automation, instrumentation and engineering solutions. After the acquisition of majority shares by Engro Chemical in 2003, he was appointed as CEO by the Board of Directors. Within three years, he spearheaded the Company towards market leadership in Pakistan.

Mr. Amir W. Wain

He is a mechanical engineer and is currently the president and founding member of I2C Pakistan and I2C USA and Innovative Private Limited

Mr. Khalid H. Wain - Director

Graduate of electrical engineering from University of Engineering, Lahore in 1976. Has worked in Pakistan, Middle East, USA and Canada. Mr.Khalid has extensive experience in electrical engineering, cost engineering, project management and business management. He is co-founding partner and director of Innovative Pvt. Ltd., Pakistan and Avanceon, Pakistan. Currently, owns and operates the company “H & G Control” in Mississauga, Canada. This company designs and manufactures customized electrical control panels.

Mr. Tanveer Karamat

Mr. Tanveer Karamat, is a chemical engineer and currently works as Chief Operating Officer (COO) for Avanceon. He joined Avanceon as Regional Manager in 2003 and was then promoted to General Manager of Operations. Mr. Tanveer's previous experience is as Manager of Sales at Honeywell Pakistan and as Country Head of Honeywell Pakistan. Mr. Tanveer's current responsibilities as COO include managing East Asia and Middle East operations, IX, and supervising the Finance/Accounts and Human Resources functions.

Mr. Umar Ahsan Khan

He is a graduate of the London School of Economics, is a strategic and hands-on executive deeply experienced in overseeing all aspects of a business and in Corporate Restructuring & Business Process Re-engineering. He has had a twenty years, very broad based, multi-disciplined experience at ICI Pakistan Limited and is currently the Director Finance & CFO for the Dawlance Group.

Mr. Naveed Ali Baig

He is a Master in Business Administration from the Institute of Business Administration (IBA) and is currently the CEO of Innovative (Private) Limited and I2C Pakistan (Private) Limited.

Mr. Tajamul Hussain

He is a fellow member of the Institute of Chartered Accountants of Pakistan and is currently working as senior partner of Fakhruddin Yousuf Ali & Co. Chartered Accountants.

7.4. PROFILE OF MANAGEMENT**Mr. Bakhtiar Hameed Wain – Chief Executive Officer**

Bakhtiar H. Wain is a Mechanical Engineer with experience of working for leading companies such as Exxon Chemicals, Fauji Fertilizer and ICI Ltd (now AkzoNobel). In 1989 he set up a successful business of providing turnkey automation, instrumentation and engineering solutions. After the acquisition of majority shares by Engro Chemical in 2003, he was appointed as CEO by the Board of Directors. Within three years, he spearheaded the Company towards market leadership in Pakistan

Mr. Tanveer Karamat – Chief Operating Officer

Tanveer Karamat, is a chemical engineer and currently works as Chief Operating Officer for Avanceon. He joined Avanceon as Regional Manager in 2003 and was then promoted to General Manager of Operations. Tanveer's previous experience is as Manager of Sales at Honeywell Pakistan and as Country Head of Honeywell Pakistan. Tanveer's current responsibilities as COO include managing East Asia and Middle East operations, IX, and supervising the Finance/Accounts and Human Resources functions.

Mr. Saeed Ullah Khan Niazi – Chief Financial Officer / Company Secretary

He has a Masters in Business Administration and is currently heading Accounts, Finance and Supply Chain. He is a seasoned professional with several years of experience in reputed organizations including Lahore Stock Exchange

Mr. Junaid Mushtaq – General Manager, Sales and Marketing

Mr. Junaid Mushtaq, is an electrical engineer and an MBA in Marketing. Currently he works as General Manager Sales and Marketing at Avanceon. He joined Avanceon as a Trainee Engineer in 1995. He has extensive back ground and experience in managing both sales and services teams in Power, Automation and Large Turnkey Project Solution.

Mr. Junaid specializes in managing initiatives and leading them to success in: sales, services, business development and organizational development.

Mr. Armaghan Yusuf – General Manager, EMS Business

Mr. Armaghan Yusuf is a Mechanical Engineer with Masters in Mechatronics Engineering. He joined Avanceon in year 2001 and is currently heading global operations of Energy Management Solutions (EMS) Division as Corporate Manager Energy.

Mr. Sarmad Mahmood Qureshi – General Manager, Middle East

Mr. Sarmad is an Electrical Engineer and MBA by qualification, he is a pioneer member of the Avanceon's Middle East Operations team, he steered from the front and have contributed enormously in bringing this new venture to a sustainable & successful corporate. Avanceon now considers to be among the top and leading ME recognized regional Engineering and Automation company. The company's business has expanded many folds and has executed sizeable businesses to date with voluminous Oil & Gas, Infrastructure and Water market clients. He started his career from 1988 and from that time onwards he has contributed hugely.

Mr. Omer Bin Abdul Aziz –Manager, International Projects

Mr. Omer is an Electrical Engineer with majors in electronics and has a diploma in business management. He has been serving Avanceon since 2004 in various capacities heading different organizational units including after-market support and engineering execution. Earlier he served at the automation division of Siemens. Mr. Omer is a certified Project Management Professional (PMP), Chartered Engineer (CEng, IET) and member of IET, IEEE, PMI, ISA and ASQ. He helped in shaping company's HSE, quality and technical training systems. He has extensive experience of working in multicultural teams and is currently leading our international projects execution.

Mr. Asmar A. Atif - Business Manager After Market Support-

Mr. Asmar is a software Engineer and currently spearheading Avanceon's support services business. He joined Avanceon in 2005 and worked as IT specialist in software R&D division, established channel business for Avanceon intellectual property products in SEA region and business development lead for Rockwell software business in Pakistan. In 2008, he established support services business as a key business division and has been successfully achieving business and financial targets since then. The business has now grown to MEA and being expanded. He has specialized in managing, developing and tailoring support services programs and site improvement plans for manufacturing facilities.

7.5. NUMBER OF DIRECTORS

Pursuant to Section 174 of the Ordinance, the number of directors of the Company shall not be less than Seven (7). The Board consists of 7 Directors as detailed in paragraph 7.1 above.

7.6. QUALIFICATION OF DIRECTORS

A Director must be a member unless he is a person representing the Government or an institution or the Securities & Exchange Commission that is a member, or is a whole time working director who is an employee of the Company, or a Chief Executive or a person representing a creditor.

7.7. APPOINTMENT/ ELECTION OF DIRECTORS

The Directors shall comply with the provisions of Sections 174 to 178, 180, and 184 of the Ordinance, relating to the election of Directors and matters ancillary thereto. The present Directors of the Company were duly elected on January 15th, 2013 for a term of three years.

7.8. BENEFITS OF PROMOTERS AND OFFICERS DURING THE LAST TWO YEARS

No amount or benefit has been paid or given within the last two years or is intended to be given to any promoter/ or officer of the Company otherwise than as remuneration for services rendered as fulltime executives of the Company.

7.9. REMUNERATION OF THE DIRECTORS

The remuneration to be paid to the Directors for attending the meetings of the Directors or a committee of Directors shall be determined by the Board from time to time.

Any Director appointed to any executive office including for the purpose of Article 61 of the Articles of Association of the Company the office of Chief Executive or Chairman, or to serve in any Committee or to devote special attention to the business of the Company or who otherwise performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Directors, may be paid such extra remuneration by way of salary, fees, percentage of profits or otherwise as shall from time to time be determined by the Board of Directors.

7.10. INTEREST OF DIRECTORS IN THE COMPANY

The directors may be deemed to be interested to the extent of fees payable to them for attending Board meetings. The directors performing whole time service to the Company may also be deemed interested in the remuneration payable to them from the Company. The directors may also be deemed to be interested, to the extent of any shares held by each of them in the Company and the dividends to be declared on their shareholding in the Company.

7.11. INTEREST OF DIRECTORS IN PROPERTY ACQUIRED BY THE COMPANY

None of the directors of the Company had or have any interest in any property acquired by the Company within the last two years or now proposed to be acquired by the Company.

7.12. VOTING RIGHTS

The rights and privileges, including voting rights, attached to the ordinary shares of the Company are equal.

7.13. AUDIT COMMITTEE/CONSTRUCTION OF AUDIT COMMITTEE

An Audit Committee of the Board has been formed to comply with the Code of Corporate Governance, which comprises of the following:

- a) Mr. Khalid Hameed Wain
- b) Mr. Amir Hameed Wain
- c) Mr. Naveed Ali Baig

The audit committee meetings will be held on a quarterly basis, as per provisions of the Code of Corporate Governance. The Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

7.14. INTERNAL AUDIT

The Company has outsourced their Internal Audit Department to Riaz & Co., partner in-charge Mr. Muhammad Mubashar.

7.15. POWERS OF DIRECTORS

The business of the Company shall be managed by the Directors who may pay all expenses incurred in setting up and registering the Company and may exercise all such powers of the Company as are not by the Ordinance or by any other law or the Articles of Association of the Company, required to be exercised by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

7.16. BORROWING POWERS OF DIRECTORS

Subject to the provisions contained in the Articles of Association of the Company, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking and property, or any part thereof, and to issue securities and debentures whether outright or as security for any debt, liability or obligation of the Company or of any third party.

7.17. INDEMNITY

Every Director or officer of the Company and every person employed by the Company as auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, officer or auditor in defending any proceedings, whether civil or criminal, in which judgment is given in his favor, or in which he is acquitted, or in connection with any application under the relevant provisions of the Ordinance in which relief is granted to him by the court.

7.18. INVESTMENT IN ASSOCIATED COMPANIES

The subsidiary – Engro Innovative Inc., USA (wholly owned subsidiary of Avanceon FZE, UAE with investment of AED 5,948,116) has investment of 26.13% in Avanceon LP.

Apart from the above, the Company has no other associated Company, the Company has not made any investment in any of its associated companies nor has any resolution been passed for investment in associated companies under Section 208 of the Ordinance.

7.19. INVESTMENT IN SUBSIDIARIES

The Company has a wholly owned subsidiary in the UAE under the name of Avanceon FZE and a subsidiary in USA under the name Avanceon LP.

	Avanceon FZE PKR	Engro Innovative Inc (USA) PKR
Share Capital		
- Avanceon FZE	473,670,870	-
- Engro Innovative Inc (USA)	-	-
Additional Paid in Capital	-	324,812,954
Equity	847,525,657	40,774,288
Net Profit	328,957,482	(29,816,045)
Share Break-up Value	32,597,141	40,774

Apart from the fore-mentioned subsidiary, the Company has not sponsored nor acquired any subsidiaries nor has any resolution been passed for sponsoring or acquiring any subsidiaries under Section 208 of the Ordinance.

PART 8

8 MISCELLANEOUS INFORMATION

8.1. REGISTERED OFFICE	19 KM, Multan Road, Lahore Ph: 042 111940940 Ext. 316 Fax: 042 37515128 Email: sniazi@avanceon.com Website: www.avanceon.com
8.2. BANKER TO ISSUE (BOOK BUILDING PORTION)	Habib Bank Limited
8.3. BANKERS TO ISSUE (GENERAL PUBLIC PORTION)	01 Askari Bank Limited 02 Habib Bank Limited 03 Habib Metropolitan Bank Limited 04 JS Bank Limited 05 KASB Bank Limited 06 Meezan Bank Limited 07 MCB Bank Limited 08 NIB Bank Limited 09 Sindh Bank Limited 10 United Bank Limited
8.4. BANKERS TO THE COMPANY	01 Bank Islami Limited 02 Faysal Bank Limited 03 Habib Bank Limited 04 KASB Bank Limited 05 National Bank of Pakistan 06 NIB Bank Limited 07 United Bank Limited 08 MCB Bank Limited 09 JS Bank Limited
8.5. AUDITORS	Ernst& Young Ford Rhodes Sidat Hyder Ph:042 37211531-38 Fax: 042 3721 1530 Email: aruj.ashraff@pk.ey.com
8.6. LEGAL ADVISOR TO THE COMPANY & THE ISSUE	Chima & Ibrahim Advocates & Corporate Counsel Ph: 042 36681265-7 Fax: 042 36687790 Email: khalid.ibrahim@chima-ibrahim.com
8.7. COMPUTER BALLOTTER AND SHARES REGISTRAR	THK Associates (Pvt.) Limited Ph: 021 111000322 Fax: 021 35655595 Email: secretariat@thk.com.pk Website: www.thk.com.pk
8.8. LEAD MANAGER	Habib Bank Limited 01-HBL Plaza, I.I. Chundrigar Road, Karachi Ph: 021-32418000 Ext. 2741 Fax: 021 32435914 Email: khurram.khan@hbl.com Website: www.hbl.com
8.9. BOOK RUNNER	Arif Habib Limited Ph: 021 32460741 Fax: 021 32429653 Email: rafique.bhundi@arifhabibltd.com Website: www.arifhabibltd.com

8.10. MATERIAL CONTRACTS / DOCUMENTS

8.1.1 Underwriting Agreements

Underwriter	No. of shares	Amount (PKR)	Date

8.1.2 Due Diligence Reports of the Underwriters

Underwriter	Date

8.11. INSPECTION OF DOCUMENTS AND CONTRACTS

Copies of the Memorandum and Articles of Association, the audited financial statements, the Auditor's Certificates, Information Memorandum and copies of agreements referred to in this Prospectus may be inspected during usual business hours on any working day at the registered office of the Company from the date of publication of this Prospectus until the closing of the subscription list.

8.12. LEGAL PROCEEDINGS

No legal proceedings are pending against the Company or initiated by the Company apart from the one mentioned below.

During the year LESCO had filed a case of electricity meter tempering against the Company. Court proceedings are currently being held to resolve the matter. The management is expecting a positive outcome against the proceedings filed by LESCO.

8.13. MEMORANDUM OF ASSOCIATION

The Memorandum of Association, inter alia, contains the objects for which the Company was incorporated and the business which the Company is authorized to undertake. A copy of the Memorandum of Association is annexed to this Prospectus and with every issue of the Prospectus except the one that is released in newspapers as advertisement.

8.14. FINANCIAL YEAR OF THE COMPANY

The financial year of the Company commences on January 1st and ends on December 31st each year.

8.15. CAPITALIZATION

35.5 million bonus shares were issued from share premium on March 15th, 2013.

PART 9

9 APPLICATION AND ALLOTMENT INSTRUCTIONS

GENERAL INSTRUCTIONS

9.1.1 Eligible investors include:

- a. Pakistani citizens resident in or outside Pakistan or Persons holding two nationalities including Pakistani nationality;
- b. Foreign Nationals whether living in or outside Pakistan
- c. Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);
- d. Mutual Funds, Provident/pension/gratuity funds/trusts, (subject to the terms of the Trust Deed and existing regulations); and
- e. Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.

9.1.2 APPLICATION MUST BE MADE ON THE COMMISSION'S APPROVED APPLICATION FORM OR A LEGIBLE PHOTOCOPY THEREOF ON A PAPER OF A4 SIZE WEIGHING ATLEAST 62 GM.

9.1.3 Copies of this Prospectus and applications forms can be obtained from members of Karachi Stock Exchange Limited, Lahore Stock Exchange Limited and Islamabad Stock Exchange Limited, the Bankers to the Issue and their Branches, the Lead Manager and the Book Runner, and the registered office of the Company. The Preliminary Prospectus and the Bidding Form can also be downloaded from the following website: **www.avanceon.com and www.arifhabibltd.com**

9.1.4 The applicants opting for scripless form of shares are required to complete the relevant sections of the application. In accordance with the provisions of the Central Depositories Act, 1997 and the CDCPL Regulations, credit of such shares is allowed ONLY in the applicant's own CDC account. In case of discrepancy between the information provided in the application form and the information already held by CDS, the Company reserves the right to issue shares in physical form.

9.1.5 Name(s) and address(es) must be written in full block letters, in English and should not be abbreviated.

9.1.6 All applications must bear the name and signature corresponding with that recorded with the applicant's banker. In case of difference of signature with the bank and Computerized National Identity Card (CNIC) or National Identity Card for Overseas Pakistanis (NICOP) or Passport both the signatures should be affixed on the application form.

9.1.7 APPLICATIONS MADE BY INDIVIDUAL INVESTORS

- (i) In case of individual investors, an attested photocopy of CNIC (in case of Resident Pakistanis)/Passport (in case of Non-Resident Pakistanis) as the case may be, should be enclosed and the number of CNIC/Passport should be written against the name of the applicant. Copy of these documents can be attested by any Federal/Provincial Government Gazetted Officer, Councilor, Oath Commissioner or Head Master of High School or bank manager in the country of applicant's residence.
- (ii) Original CNIC/Passport, along with one attested photocopy, must be produced for verification to the banker to the Issue and the applicant's banker (if different from the banker to the Issue) at the time of presenting the application. The attested photocopy will, after verification, be retained by the bank branch along with the application.

9.1.8 APPLICATIONS MADE BY INSTITUTIONAL INVESTORS

- (i) Applications made by companies, corporate bodies, mutual funds, provident/pension/gratuity funds/trusts and other legal entities must be accompanied by an attested photocopy of their Memorandum and Articles of Association or equivalent instrument/document. Where applications are made by virtue of Power of Attorney, the same should also be submitted along with the application. Any Federal/Provincial Government Gazetted Officer, Councilor, Bank Manager, Oath Commissioner and Head Master of High School or bank manager in the country of applicant's residence can attest copies of such documents.
 - (ii) Attested photocopies of the documents mentioned in paragraph 9.1.8 (i) must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the banker to the Issue) at the time of presenting the application. The attested copies, will after verification, be retained by the bank branch along with the application.
- 9.1.9** Only one application will be accepted against each account, however, in case of joint account, one application may be submitted in the name of each joint account holder.
- 9.1.10** Joint application in the name of more than two persons will not be accepted. In case of joint application each applicant must sign the application form and submit attested copies of their CNICs/Passport. The Shares will be dispatched to the person whose name appears first on the application form while in case of CDS, it will be credited to the CDS account mentioned on the face of the form and where any amount is refundable, in whole or in part, the same will be refunded by cheque or other means by post, or through the bank where the application was submitted, to the person named first on the application form, without interest, profit or return. Please note that joint application will be considered as a single application for the purpose of allotment of Shares.
- 9.1.11** Subscription money must be paid by cheque drawn on applicant's own bank account or pay order/bank draft payable to one of the Bankers to the Issue in favor of account **“INITIAL PUBLIC OFFER OF AVANCEON LIMITED”** and crossed **“A/C PAYEE ONLY”**.
- 9.1.12** For the applications made through pay order/bank draft, it would be permissible for a Banker to the Issue to deduct the bank charges while making refund of subscription money to unsuccessful applicants through pay order/bank draft individually for each application.
- 9.1.13** **The applicant should have at least one bank account with any of the commercial banks. The applicants not having a bank account at all (non-account holders) are not allowed to submit application for subscription of Shares.**
- 9.1.14** Applications are not to be made by minors and/or persons of unsound mind.
- 9.1.15** Applicants should ensure that the bank branch, to which the application is submitted, completes the relevant portion of the application form.
- 9.1.16** Applicants should retain the bottom portion of their application forms as provisional acknowledgement of submission of their applications. This should not be construed as an acceptance of the application or a guarantee that the applicant will be allotted the number of Shares for which the application has been made.
- 9.1.17** **Making of any false statements in the application or willfully embodying incorrect information therein shall make the application fictitious and the applicant or the bank shall be liable for legal action.**
- 9.1.18** Bankers to the Issue are prohibited to recover any charges from the subscribers for collecting subscription applications. Hence, the applicants are advised not to pay any extra charges to the bankers to the Issue.
- 9.1.19** **It would be permissible for a Banker to the Issue to refund subscription money to unsuccessful applicants having an account in its bank by crediting such account instead of remitting the**

same by cheque, pay order or bank draft. Applicants should, therefore, not fail to give their bank account numbers.

9.1.20 Submission of Fictitious and multiple applications (more than one application by same person) is prohibited and such Application Money shall be liable to confiscation under section 18A of the Securities and Exchange Ordinance, 1969.

ADDITIONAL INSTRUCTIONS FOR FOREIGN/NON-RESIDENT INVESTORS

9.1.21 In case of foreign investors who are not individuals, applications must be accompanied with a letter on applicant's letterhead stating the legal status of the applicant, place of incorporation and operations and line of business. A copy of memorandum of association or an equivalent document should also be enclosed, if available. Where applications are made by virtue of Power of Attorney, the same must be lodged with the application. Copies of these documents can be attested by the bank manager in the country of applicant's residence.

9.1.22 Applicants may also subscribe using their Special Convertible Rupee Account (SCRA) as set out under the State Bank of Pakistan's Foreign Exchange Manual.

BASIS OF ALLOTMENT

9.1.23 The basis and conditions of transfer of shares to the General Public shall be as follows:

- a) The minimum amount of application for subscription of 500 ordinary shares is PKR [●]/-(Issue Price x [●] Shares) Application for Shares below the respective amounts mentioned in this paragraph shall not be entertained.
- b) Application for Shares must be made for 500 Shares or in multiple thereof only. Applications, which are neither 500 Shares nor for multiple thereof, shall be rejected.
- c) Allotment/Transfer of Shares to successful applicants shall be made in accordance with the allotment criteria/instructions disclosed in the Prospectus.
- d) Allotment of Shares shall be subject to scrutiny of applications in accordance with the criteria disclosed in the Prospectus and / or the instructions by the Securities and Exchange Commission of Pakistan.
- e) Applications, which do not meet the above requirements, or applications which are incomplete will be rejected. The applicants are, therefore, required to fill in all the data fields in the Application Form.
- f) The Company will dispatch shares to successful applicants through their bankers to the issue or credit the respective CDS accounts of the successful applicants (as he case may be).

9.2. BANKERS TO THE ISSUE

Code No.	Bank
01	Askari Bank Limited
02	Habib Bank Limited
03	Habib Metropolitan Bank Limited
04	JS Bank Limited
05	KASB Bank Limited
06	Meezan Bank Limited
07	MCB Bank Limited
08	NIB Bank Limited
09	Sindh Bank Limited
10	United Bank Limited

9.3. CODE OF OCCUPATION

Code No.	Occupation
01	Business
02	Business Executive
03	Service
04	Housewife
05	Household
06	Professional
07	Student
08	Agriculturist
09	Industrialist
10	Others

In order to facilitate investors, UBL is offering electronic submission of application (E-IPO) to its account holders. UBL account holders can use UBL Netbanking to submit their application online via link <http://www.ubldirect.com/corporate/ebank>.

9.4. NATIONALITY CODE

Code No.	Name of country	Code No.	Name of country
001	U.S.A	006	Bangladesh
002	U.K	007	China
003	U.A.E	008	Bahrain
004	K.S.A	009	Other
005	Oman		

PART 10

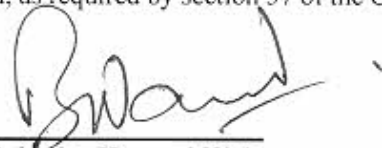
10 BIDDING FORM OF AVANCEON LIMITED


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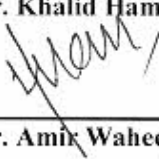
PART 11


11 SIGNATORIES TO THE PROSPECTUS

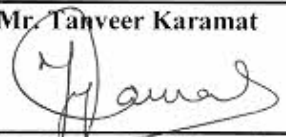
Signed, as required by section 57 of the Companies Ordinance, 1984, by:

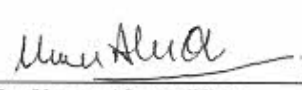
1. 


Mr. Bakhtiar Hameed Wain
2. 

Mr. Khalid Hameed Wain
3. 

Mr. Amir Waheed Wain
4. 

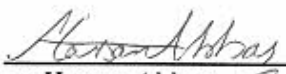
Mr. Tanveer Karamat
5. 

Mr. Tajammul Hussain
6. 


Mr. Umar Ahsan Khan
7. 

Mr. Naveed Ali Baig

Signed by the above in presence of witnesses:

1. 

Name: Hassan Abbas
Address: House No. 273 Block 1
Sector A2 Town ship, Lahore
CNIC 35202-2969112-3

2. 

Name: Farasat Ali
Address: House No. P-271/1C Near DIG
House Street Civil line, Sargodha
CNIC 38403-1669773-9

Date:

PART 12

12 MEMORANDUM OF ASSOCIATION

I. The name of the Company is "AVANCEON LIMITED"

II. The Registered office of the Company shall be situated in the Province of Punjab.

III. The objects for which the company is established are all or any of the following and in constructing the following sub-clauses the scope of no one of such clauses shall be deemed to limit or affect of any other of such clauses.

1. To carry on the business of instrumentation, automation and control engineering and related services that may include import, sale, purchase, maintenance, software development, training, consulting services and related products.

2. To obtain or acquire, by application, purchase, license, or otherwise, and to exercise and use and grant licenses to others to exercise and use patent rights, brevets d' Invention, concessions or protection in any part of the world for any invention, mechanism or process, secret or otherwise, and to declaim, alter or modify such patent rights or protection, and also to acquire, use and register trademarks, trade names, registered or other designs, rights of copyright or other rights or privileges, in relation to business carried on by the Company

3. To cause the Company to be registered or recognized in any foreign country or place.

4. To pay all costs, charges and expenses of and incidental to promotion, formation, registration and establishment of the Company and other charges in connection therewith.

5. To lend and advance money or give credit to such persons or companies on such terms as may seem expedient, and to guarantee the performance of any contract or obligation and the payment of money of or by any persons or companies and generally to give guarantees and indemnities and securities in connection with the business or commercial requirements of the Company.

6. To borrow or raise moneys or secure the payment of money for the Company's business including but not limited to loans from directors, commercial banks, financial institutions and other persons and in particular by the issue of debentures, debenture stock, perpetual or otherwise, charged upon all or any of the Company's property (both present and future) and to arrange the repayment of such loans from any source whether inside or outside the country.

7. To invest and deposit money of the Company, on such securities (other than shares and stocks in the Company) or in any investments, moveable or immovable, in any such manner as may from time to time be decided.

8. To guarantee the performance of a contract and obligations of the Company in relation to the payment of any loan, debenture, stocks, bonds, obligations, or securities issued by or in favor of the Company and to guarantee the payment or return on such investment or of dividend on any share of the Company.

9. To employ programmers, systems analysts, engineers, technicians, mechanics, accountants, salesmen, experts and any other persons, as may be thought necessary for the efficient carrying on of business of the Company.

10. To remunerate any person or company rendering services to the Company, either by cash payment or by the allotment to him or them of shares or securities of the Company, or otherwise as may be thought expedient. To remunerate the Directors, officials and employees of the Company and others out of or in proportion to the returns or profits of the Company or otherwise as the Company may think proper, and to formulate and carry into effect any schemes for sharing the profits of the Company with members of the Company or any of them.

11. To adopt such means of making known the business of the Company as may seem expedient, and in particular but not by way of limitation, by advertising in the press, on the radio, television, or cinema, by circulars, by purchases and exhibitions of works of art or interest, or by publication of booklets and periodicals, and by granting prizes, awards and donations.

13. To give pensions, gratuities, or charitable aid to any person or persons who may have served the Company, or to the wives, children or other relatives of such persons and to form and contribute to provident and benefit funds for the benefit of any persons employed by the Company.

14. To open an account, accounts of the Company with all types of banks and to pay into and withdraw moneys from such accounts
15. To make, draw, accept, execute, discount, issue or negotiate cheques, promissory notes, hundies, bills of exchange, bills of lading, railway receipts, warrants or any other negotiable or transferable instrument or securities concerning the Company.
16. To reserve or distribute as dividends or bonus amongst members or otherwise to apply as the Company may think from time to time, any money received by way of premium on shares or debentures issued at a premium by the Company or from any other reserves.
17. To purchase, take on lease or in exchange hire, apply for or otherwise acquire and hold for any interest, any rights, privileges, lands, building, easements, trademarks, patents, patent right, copyright; licenses, secret process, machinery, plants, stock-in-trade, and any movable and immovable property of any kind necessary or convenient for the purposes of or in connection with the Company's business or any branch or department turn to account any property, rights, and Information so acquired, subject to any permission as required under the law.
18. To distribute any of the properties of the Company amongst its members in cash or in specie.
19. To get insured any of the properties, undertakings, contracts, guarantees or obligations of the Company of every nature and kind in any manner whatsoever.
20. To manage, let, mortgage, sell, sublet, or otherwise, turn to account, dispose of, or deal with all or any part of property and assets, real and personal, corporeal or incorporeal, tangible or intangible, and right, title and interest of the Company therein, including rights and licenses, privileges, concessions and franchise as may seem expedient.
21. To obtain any legislative, judicial, administrative or other acts or authorizations of any government or authority competent in that behalf for enabling the Company to carry on any of its objects into effect.
22. To acquire business or assets of any other person carrying out business which the company is authorized to carry out, undertake, subscribe for and participate in the whole or any part of share capital of any company or organization, either local or foreign, carrying on or proposing to carry on any business which the Company is authorized to carry on, or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company.
23. To do all or any of the above acts in any part of the world as principals, agents, trustees or otherwise and to appoint agents and managers to constitute branches of the Company in Pakistan or any part of the world.
24. To do all such other acts as are incidental or ancillary to the attainment or the achievement of any or all of the above.
25. It is hereby declared that in the interpretation of the clauses, the powers conferred upon the Company by any paragraph are to be construed in such a manner as to widen and not to restrict the powers of the Company.
26. It is hereby undertaken that the Company shall not engage in banking or any investment business or in any unlawful business and nothing in the objects clause shall be construed to make liable the Company to carry on any such business.

IV. The liability of the members is limited.

V. The authorized capital of the company is Rs. 1,100,000,000/- (Rupees One Billion and One Hundred Million Only) divided into 11 0,000,000 ~ (One Hundred Ten Million Only) ordinary shares of Rs. 10/- (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 Ordinance, 1984.

VI. We, the several persons, whose names and addresses are subscribed, are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we agree to take the number of shares in the Capital of the Company as set opposite our respective names.

Names, addresses and Description of each subscriber	Father's / Husband's Name (in Full)	Nationality with any former Nationality	Occupation	Residential Address (in full)	Number of shares taken by each subscriber	Signature
Bakhtair H Wain	Abdul Hameed Wain	Pakistani	Business Engineering	351-W, D.H.A , Lahore	65	-sd-
Abdul Hameed Wain	Abdul Aziz Wain	Pakistani	Education	233-A, Satellite Town Sargodha	30	-sd-
Mrs. Aamina Bakhtiar	Bakhtiar H. Wain	Pakistani	House Wife	351-W, D.H.A , Lahore	1	-sd-
Arshad Iqbal Wain	Muhammad Sharif Wain	Pakistani	Service	119 A-1, PGECHS Lahore	1	-sd-
Nisarullah Khan	Inayatullah Khan	Pakistani	Business Transport	106-A, Satellite Town Sargodha	1	-sd-
Mrs. Nudrat Nisar	Nisarullah Khan	Pakistani	House Wife	106-A, Satellite Town Sargodha	1	-sd-
Muhammad Saeed Khan	Niaz Khan	Pakistani	Consultant	57/7, Sher Khan Road, Lahore Cantt	1	-sd-
					Total Number of Shares Taken	100

Dated this day of 2003

Witness to the above Signatures:

Full Name: _____

Father's / Husband's Full Name: _____

Full Name: _____

Signature: _____

Nationality: _____

Occupation: _____

Full Address: _____

INITIAL PUBLIC OFFERING OF ORDINARY SHARES OF AVANCEON LIMITED (“THE COMPANY”) THROUGH BOOK BUILDING PROCESS AT A FLOOR PRICE OF PKR 14/- PER SHARE

Avanceon Limited is issuing 25,166,000 Ordinary Shares at face value of PKR 10/- each, whereby 18,874,500 Ordinary Shares (75% of the Issue) at the floor price of PKR 14/- are being issued through book building process to Institutional Investors and High-Net-Worth Individuals, and the remaining 6,291,500 Ordinary Shares (25% of the Issue) will be Issued to the General Public at or below the Strike Price.

Instructions for Filling the Bidding Form

1. The bidding period shall remain open for **two (2) working days** commencing from the business hours at 9:00 a.m. on 27th November, 2013 and will close at 5:00 p.m. on 28th November, 2013 at the close of business hours.
2. Fill in all the particulars of the form accurately in **BLOCK LETTERS**.
3. Kindly provide an attested copy of CNIC or passport (in case of HNWI) or NTN Certificate (in case of financial institution) or Certificate of Incorporation (in case of companies) along with the bidding form.
4. Applicants are requested to provide accurate contact details. Please provide accurate landline number(s), mobile number(s), fax number(s) and email address(es).
5. Submit complete bidding form along with the margin money via Demand Drafts, Pay Orders or Cheque.

Please Note:

1. For deposit of margin money, Cheques will only be accepted on the first day of bidding. Subsequent to that, only Pay Orders or Demand Draft will be accepted on the last day of bidding. Investors are also informed that intercity cheques will not be accepted for bid placement.
2. Receiving will only be provided on duplicate bidding form. Please ensure that a duly filled duplicate bidding form is submitted with at the time of placement of bid.
3. The bidder is required to duly fill Additional Payment form for depositing additional funds for enhancement of deposit amount.
4. Investors can revise and withdraw their bids online. Please visit www.bkb.kse.com.pk to access online portal. User name and password will be emailed to you on email address provided in the form. Please ensure that you provide correct email address. Please ensure that you provide correct email address while online access will be available for bid revisions and withdrawal from 9:00 am to 5:00 pm on both days of bidding period and on the 2nd day till 07:00pm. **Please note that during 5:00 pm to 7:00 pm bid withdrawal will not be allowed.**
5. All payment to be made in favor of A/C “**INITIAL PUBLIC OFFERING OF AVANCEON LIMITED – BOOK BUILDING ACCOUNT**” at any of the following bidding centers:

Karachi		Lahore	
Contact Person:	Mr. Mahmood Kamal	Contact Person:	Syed Abid Ali
Mobile No:	0312-1803448	Mobile No:	0312-1803447
Email:	mahmood.kamal@arifhabibltd.com	Email:	abid.ali@arifhabibltd.com
Website:	www.arifhabibltd.com	Website:	www.arifhabibltd.com
Postal Address:	Arif Habib Limited 2 nd Floor , Arif Habib Centre, 23 M.T.Khan Road , Karachi	Postal Address:	Lahore Stock Exchange Building 19 Khayaban-e-Aiwan-e-Iqbal, Lahore
Islamabad			
Contact Person:	Mr. Tahir Abbas		
Mobile No:	0312-1803446		
Email:	tahir.abbas@arifhabibltd.com		
Website:	www.arifhabibltd.com		
Postal Address:	Corporate Center, HBL Tower Blue Area, Islamabad		

6. **CASH SHOULD NOT BE SUBMITTED WITH BIDDING FORM AT THE BID COLLECTION CENTER.**
7. **THE BID SHOULD BE SUBMITTED ON THE PRESCRIBED BIDDING FORM IN PERSON AT THE ADDRESS mentioned in note 5 above.**

8. The bidders are requested to fill in both the original and duplicate copy of bidding forms completely. Upon submission, they will receive back the duly signed and stamped duplicate form of their bids which will be proof of their bid submission. In case of facsimile, a copy of form with receiving will be faxed back to the bidder. The bidder will not be provided with any receiving if a duly filled duplicate form is not submitted along with the bid.
9. Bids can be placed at "limit price", "strike order", or "step bid".
10. Bid / margin money shall be deposited through demand draft/pay order/ cheque. The applicant, if HNWI, shall submit amount of 100% of the application money as bid/margin money whereas Institutional Investors shall submit not less than 25% of the application money.
11. The Book Runner shall collect an amount to the extent of 100% of the application money as bid/margin money in respect of bids placed by HNWIs.
12. The Book Runner shall collect an amount of not less than 25% of the application money as margin money in respect of bids placed by institutional investors.
13. Bidders can revise or withdraw their bids during the bidding period (for details) please refer to Para 2.13 and 2.15 of the Preliminary Prospectus.

Book Runner shall not accept any bid after 5:00 p.m. during the days of the bidding period, except the last day when no fresh bid(s) shall be collected after 5:00 p.m. and the bid(s) collected thus far, shall be required to be entered into the system by 7:00 p.m. on the same day and thereafter no bid shall be entered into the system or be revised in any way and for any reason even if the bid application has been received from the investor.

14. The bidder can view the color of the book i.e., Bid price and number of shares against each bid price online anytime during the bidding period at the following website: www.kse.com.pk & www.arifhabibltd.com.
15. Successful bidders shall be intimated, within **two (2) working days** of the closing of the bidding period, the strike price and the number of shares provisionally allotted to each of them.
16. The successful institutional bidders shall, within **seven (7) working days** of the closing of the bidding period, deposit the balance amount, if required, as consideration against allotment of shares.
17. Where a successful bidder defaults in payment of shares allotted to him, the margin money deposited by such bidder shall be forfeited to the Book Runner.
18. Final allotment of shares out of the Book Building Issue shall be made after receipt of full subscription money from the successful bidders; however, shares to such bidders shall be transferred at the time of transfer of shares out of the public offer to successful applicants.
19. Unsuccessful bid shall be refunded within **three (3) working days** of the close of the bidding period, through courier, to the address submitted on the Bidding Form.
20. The bidder shall provide a valid email address in the bid form so that the relevant ID. Password and form no can be emailed to them upon placement of the bid.

Bidding Form

 AVANCEON LIMITED <small>Tomorrow's solutions, today.</small>	Book Runner  ARIF HABIB LIMITED	Tick One <input type="checkbox"/> KHI <input type="checkbox"/> LHR <input type="checkbox"/> ISB <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Bidding starts on</td> <td>27th November, 2013</td> </tr> <tr> <td>Bidding ends on</td> <td>28th November, 2013</td> </tr> <tr> <td>Bidding form No.</td> <td></td> </tr> </table>	Bidding starts on	27 th November, 2013	Bidding ends on	28 th November, 2013	Bidding form No.	
Bidding starts on	27 th November, 2013							
Bidding ends on	28 th November, 2013							
Bidding form No.								

Avanceon Limited is issuing 18,874,500 Ordinary Shares (i.e.75% of the issue) through Book Building process to Institutional Investors and High-Net-Worth Individuals at a floor price of PKR 14/- per share (at face value of PKR 10/- each)

PLEASE FILL THE FORM IN BLOCK LETTERS. PLEASE MAKE SURE TO PROVIDE ACCURATE DETAILS TO AVOID ANY INCONVENIENCE

Name						Please Tick the appropriate box		
	<input type="checkbox"/> Local Institutional Investor		<input type="checkbox"/> Foreign Institutional Investor		<input type="checkbox"/> High Net Worth Individuals			
Address	Cell #		Resident	<input type="checkbox"/>	Nationality			
	Land Line#		Non Resident	<input type="checkbox"/>				
				Foreigner	<input type="checkbox"/>			
Fax #	Email:		CNIC/NTN/Passport No.					
Payment Details:								Payments to be made in favor of : <i>"Initial Public Offering of Avanceon Limited - Book Building Account"</i>
Amount in Figures		Instrument No.		Instrument Date		Margin %age		
Banker's Name, Address & Branch								
CDC Details for Sub A/C and House A/C								
CDC Participant Name			CDC Participant ID No					
Sub House A/C No			House A/C No.					
CDC Details for Investor A/C								
CDC Investor Service A/C ID			CDC Investor A/C No					
The Directors								
Avanceon Limited Regional Operations Center 19 – KM Multan Road, Lahore www.avanceon.com Dear Sir, On the basis of the Company's Preliminary Prospectus printed on 11 th November 2013, I / we hereby bid for subscription of shares of the company as under:								
Bid Details								
	No. of Shares Bid for	Bid price per share	Total Bid Amount					
Bid Option (Please tick)	(In Figures)	(In figures)	(In figures)					
Limit Order								
Strike Order		At Strike Price						
Step Order:								
Option (1)								
Option (2)								
Option (3)								
Option (4)								
Total (Shares and Bid)								

Important Instructions:

- 1) For strike orders the bid amount should be calculated as the number of shares bid for multiplied by the floor price.
- 2) Bids should be placed for a minimum amount of PKR 1,000,000. It should also be noted that no. of shares bid for should be rounded and fractional shares will not be acceptable. Please ensure that after rounding the number of shares multiplied by your bid price or floor price in case of strike order is at least PKR 1,000,000.

Signature of Bidder

In terms of the Listing Regulations of the Karachi Stock Exchange and Lahore Stock Exchange I/we am/are eligible to bid in this Initial Public Offering. The amount payable on bidding is remitted herewith which is the applicable margin amount. I/We agree to pay the balance amount of application money, if any, upon successful allocation of shares by the Company. In case no shares are allotted to me/us you are hereby authorized to return to me/us by demand draft/pay order/cheque application money, within three (3) working days of the close of the bidding period, through courier, to the first address written below or to the bank through which I/we tender this application.

I/We agree to accept the number of shares as may be allocated to me/us subject to the terms of the preliminary Prospectus, the bidding form and other applicable laws. I/ we undertake that I/we will sign all such other documents and do all such acts, if necessary on my/our part to enable me/us. I/we authorize you to place my/our name(s) on the register of the members of the Company as holder(s) of the ordinary shares that will be allocated/allotted/transferred to me/us and to register my/our address as given below. I/ We noted that the Book Runner is entitled, in its absolute discretion to accept or reject this Bidding Application for reason(s) to be recorded in writing and the reason(s) should be disclosed to us forthwith. I/We have no objection of the Company makes necessary changes in the preliminary Prospectus for filling of the same with the Securities and Exchange Commission of Pakistan.

I understand that the company, the book runner, SECP, Karachi Stock Exchange and Lahore Stock Exchange reserve the right of legal action against me under the law, if I submit a fictitious bid and/or my the instrument deposited by me for margin money is bounced.

I DECLARE THAT: i) I AM/WE ARE NATIONAL(S) AND RESIDENT(S) OF PAKISTAN; ii) FORIEGNER iii) I AM/WE ARE NOT MINOR(S) iv)) I/ WE HAVE NOT MADE NOR HAVE I/WE INSTRUCTED ANY OTHER PERSON(S)/INSTITUTION(S) TO MAKE ANY OTHER APPLICATION(S) IN MY/OUR NAME(S) OR IN THE NAME OF ANY OTHER PERSON ON MY/OUR BEHALF OR IN ANY FICTITOUS NAME, IN CASE OF ANY INFORMATION GIVEN HEREIN BEING INCORRECT I/WE UNDERSTAND THAT I/WE SHALL NOT BE ENTITLED FOR ALLOCATION/ALLOTMENT/TRANSFER OF SHARES.

Important Instructions:

- 1) Receiving will only be provided on duplicate bidding form. Please ensure that a duly filled duplicate bidding form is submitted with at the time of placement of bid.
- 2) For deposit of margin money, cheques will only be accepted on the first of bidding. Subsequent to that, only Pay Orders or Demand Draft will be accepted on the last day of bidding. Investors are also informed that intercity cheques will not be accepted for bid placement.
- 3) Investors can revise and withdraw their bids online. Please visit www.bkb.kse.com.pk to access online portal. User name and password will be emailed to you on email address provided in the form. Please ensure that you provide correct email address while online access will be available for bid revisions and withdrawal from 9:00 am to 5:00 pm on all days of bidding period and on the last day till 07:00pm. **Please note that during 5:00 pm to 7:00 pm bid withdrawal will not be allowed.**

Yours Faithfully,

Signature: _____

To be filled in by the Book Runner

Time of Receipt	Date	Location	Amount	Pay Order No./ Demand Draft No./ Cheque No.	Stamp
-----------------	------	----------	--------	--	-------

Duplicate Bidding Form

 Tomorrow's solutions, today. AVANCEON LIMITED	Book Runner 	Tick One <input type="checkbox"/> KHI <input type="checkbox"/> LHR <input type="checkbox"/> ISB <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Bidding starts on</td> <td>27th November, 2013</td> </tr> <tr> <td>Bidding ends on</td> <td>28th November, 2013</td> </tr> <tr> <td>Bidding form No.</td> <td></td> </tr> </table>	Bidding starts on	27 th November, 2013	Bidding ends on	28 th November, 2013	Bidding form No.	
Bidding starts on	27 th November, 2013							
Bidding ends on	28 th November, 2013							
Bidding form No.								

Avanceon Limited is issuing 18,874,500 Ordinary Shares (i.e.75% of the issue) through Book Building process to Institutional Investors and High-Net-Worth Individuals at a floor price of PKR 14/- per share (at face value of PKR 10/- each)

PLEASE FILL THE FORM IN BLOCK LETTERS. PLEASE MAKE SURE TO PROVIDE ACCURATE DETAILS TO AVOID ANY INCONVENIENCE

Name	Please Tick the appropriate box		
	<input type="checkbox"/> Local Institutional Investor	<input type="checkbox"/> Foreign Institutional Investor	<input type="checkbox"/> High Net Worth Individuals
Address	Cell #	Resident	<input type="checkbox"/>
	Land Line#	Non Resident	<input type="checkbox"/>
		Foreigner	<input type="checkbox"/>
Fax #	Email:	CNIC/NTN/Passport No.	
Payment Details: Payments to be made in favor of : "Initial Public Offering of Avanceon Limited - Book Building Account"			
Amount in Figures	Instrument No.	Instrument Date	Margin %age
Banker's Name, Address & Branch			
CDC Details for Sub A/C and House A/C			
CDC Participant Name		CDC Participant ID No	
Sub House A/C No		House A/C No.	
CDC Details for Investor A/C			
CDC Investor Service A/C ID		CDC Investor A/C No	
<p>The Directors Avanceon Limited Regional Operations Center 19 – KM Multan Road, Lahore www.avanceon.com</p> <p>Dear Sir, On the basis of the Company's Preliminary Prospectus printed on 11th November 2013, I / we hereby bid for subscription of shares of the company as under:</p>			
Bid Details			
	No. of Shares Bid for	Bid price per share	Total Bid Amount
Bid Option (Please tick)	(In Figures)	(In figures)	(In figures)
Limit Order			
Strike Order		At Strike Price	
Step Order:			
Option (1)			
Option (2)			
Option (3)			
Option (4)			
Total (Shares and Bid)			

Important Instructions:

- 1) For strike orders the bid amount should be calculated as the number of shares bid for multiplied by the floor price.
- 2) Bids should be placed for a minimum amount of PKR 1,000,000. It should also be noted that no. of shares bid for should be rounded and fractional shares will not be acceptable. Please ensure that after rounding the number of shares multiplied by your bid price or floor price in case of strike order is at least PKR 1,000,000.

Signature of Bidder

In terms of the Listing Regulations of the Karachi Stock Exchange and Lahore Stock Exchange I/we am/are eligible to bid in this Initial Public Offering. The amount payable on bidding is remitted herewith which is the applicable margin amount. I/We agree to pay the balance amount of application money, if any, upon successful allocation of shares by the Company. In case no shares are allotted to me/us you are hereby authorized to return to me/us by demand draft/pay order/cheque application money, within three (3) working days of the close of the bidding period, through courier, to the first address written below or to the bank through which I/we tender this application.

I/We agree to accept the number of shares as may be allocated to me/us subject to the terms of the preliminary Prospectus, the bidding form and other applicable laws. I/ we undertake that I/we will sign all such other documents and do all such acts, if necessary on my/our part to enable me/us. I/we authorize you to place my/our name(s) on the register of the members of the Company as holder(s) of the ordinary shares that will be allocated/allotted/transferred to me/us and to register my/our address as given below. I/ We noted that the Book Runner is entitled, in its absolute discretion to accept or reject this Bidding Application for reason(s) to be recorded in writing and the reason(s) should be disclosed to us forthwith. I/We have no objection of the Company makes necessary changes in the preliminary Prospectus for filling of the same with the Securities and Exchange Commission of Pakistan.

I understand that the company, the book runner, SECP, Karachi Stock Exchange and Lahore Stock Exchange reserve the right of legal action against me under the law, if I submit a fictitious bid and/or my the instrument deposited by me for margin money is bounced.

I DECLARE THAT: i) I AM/WE ARE NATIONAL(S) AND RESIDENT(S) OF PAKISTAN; ii) FOREIGNER iii) I AM/WE ARE NOT MINOR(S) iv)) I/ WE HAVE NOT MADE NOR HAVE I/WE INSTRUCTED ANY OTHER PERSON(S)/INSTITUTION(S) TO MAKE ANY OTHER APPLICATION(S) IN MY/OUR NAME(S) OR IN THE NAME OF ANY OTHER PERSON ON MY/OUR BEHALF OR IN ANY FICTITIOUS NAME, IN CASE OF ANY INFORMATION GIVEN HEREIN BEING INCORRECT I/WE UNDERSTAND THAT I/WE SHALL NOT BE ENTITLED FOR ALLOCATION/ALLOTMENT/TRANSFER OF SHARES.

Important Instructions:

- 1) Receiving will only be provided on duplicate bidding form. Please ensure that a duly filled duplicate bidding form is submitted with at the time of placement of bid.
- 2) For deposit of margin money, cheques will only be accepted on the first of bidding. Subsequent to that, only Pay Orders or Demand Draft will be accepted on the last day of bidding. Investors are also informed that intercity cheques will not be accepted for bid placement.
- 3) Investors can revise and withdraw their bids online. Please visit www.bkb.kse.com.pk to access online portal. User name and password will be emailed to you on email address provided in the form. Please ensure that you provide correct email address while online access will be available for bid revisions and withdrawal from 9:00 am to 5:00 pm on all days of bidding period and on the last day till 07:00pm. **Please note that during 5:00 pm to 7:00 pm bid withdrawal will not be allowed.**



Yours Faithfully,

Signature: _____

To be filled in by the Book Runner

Time of Receipt	Date	Location	Amount	Pay Order No./ Demand Draft No./ Cheque No.	Stamp
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Bid Revision Form

 AVANCEON LIMITED <small>Tomorrow's solutions, today.</small>	Book Runner  ARIF HABIB LIMITED	Tick One <input type="checkbox"/> KHI <input type="checkbox"/> LHR <input type="checkbox"/> ISB <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Bidding starts on</td> <td>27th November, 2013</td> </tr> <tr> <td>Bidding ends on</td> <td>28th November, 2013</td> </tr> <tr> <td>Bidding form No.</td> <td></td> </tr> </table>	Bidding starts on	27 th November, 2013	Bidding ends on	28 th November, 2013	Bidding form No.	
Bidding starts on	27 th November, 2013							
Bidding ends on	28 th November, 2013							
Bidding form No.								

Avanceon Limited is issuing 18,874,500 Ordinary Shares (i.e.75% of the issue) through Book Building process to Institutional Investors and High-Net-Worth Individuals at a floor price of PKR 14/- per share (at face value of PKR 10/- each)

PLEASE FILL THE FORM IN BLOCK LETTERS. PLEASE MAKE SURE TO PROVIDE ACCURATE DETAILS TO AVOID ANY INCONVENIENCE

Name	Please Tick the appropriate box				
	<input type="checkbox"/> Local Institutional Investor	<input type="checkbox"/> Foreign Institutional Investor	<input type="checkbox"/> High Net Worth Individuals		
Address	Cell #	Resident	<input type="checkbox"/>	Nationality	
	Land Line#	Non Resident	<input type="checkbox"/>		
		Foreigner	<input type="checkbox"/>		
Fax #	Email:	CNIC/NTN/Passport No.			

Payment Details: Payments to be made in favor of: *"Initial Public Offering of Avanceon Limited - Book Building Account"*

Amount in Figures		Instrument No.		Instrument Date		Margin % age	
--------------------------	--	-----------------------	--	------------------------	--	---------------------	--

Banker's Name, Address & Branch	
--	--

CDC Details for Sub A/C and House A/C

CDC Participant Name		CDC Participant ID No	
Sub House A/C No		House A/C No.	

CDC Details for Investor A/C

CDC Investor Service A/C ID		CDC Investor A/C No	
------------------------------------	--	----------------------------	--

The Directors
Avanceon Limited
 Regional Operations Center
 19 – KM Multan Road,
 Lahore
www.avanceon.com

Dear Sir,
 On the basis of the Company's Preliminary Prospectus printed on 11th November 2013, I / we hereby bid for subscription of shares of the company as under

Bid Details

	No. of Shares Bid for (In Figures)	Bid price per share (In figures)	Total Bid Amount (In figures)
Bid Option (Please tick)			
Limit Order			
Strike Order		At Strike Price	
Step Order:			
Option (1)			
Option (2)			
Option (3)			
Option (4)			
Total (Shares and Bid)			

Important Instructions:

- I DECLARE THAT I have read all the terms and conditions stated in the Preliminary Prospectus and Bid Form. The same would be applicable on the Bid Revision Form.

Signature of Bidder

Additional Payment Form

 Tomorrow's solutions, today. AVANCEON LIMITED	Book Runner	Tick One <input type="checkbox"/> KHI <input type="checkbox"/> LHR <input type="checkbox"/> ISB						
	 ARIF HABIB LIMITED	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Bidding starts on</td> <td>27th November, 2013</td> </tr> <tr> <td>Bidding ends on</td> <td>28th November, 2013</td> </tr> <tr> <td>Bidding form No.</td> <td></td> </tr> </table>	Bidding starts on	27 th November, 2013	Bidding ends on	28 th November, 2013	Bidding form No.	
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PLEASE FILL THE FORM IN BLOCK LETTERS. PLEASE MAKE SURE TO PROVIDE ACCURATE DETAILS TO AVOID ANY INCONVENIENCE

Name		CNIC/NTN/ Passport No.		Cell # Land Line#	
Client ID: (ID generated and e-mailed at the time Bid of placement)			Resident	<input type="checkbox"/>	Nationality
			Non Resident	<input type="checkbox"/>	
			Foreigner	<input type="checkbox"/>	
Additional Payment Details					
Payments to be made in favor of : " <i>Initial Public Offering of Avanceon Limited - Book Building Account</i> "					
Amount in Figures		Instrument No.		Instrument Date	Margin %age
Banker's Name, Address & Branch					

Important Instructions:

- 1) I DECLARE THAT I have read all the terms and conditions stated in the Preliminary Prospectus and Bid Form. The same would be applicable on the additional payment form.

Signature of Bidder

To be filled in by the Book Runner				Pay Order No./ Demand Draft No./ Cheque No.	Stamp
Time of Receipt	Date	Location	Amount		