

# Financial Report

for the nine months ended  
**September 30, 2021**



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## Company Information

### Directors

Bakhtiar Hameed Wain	Director / Chairman
Asmar Ahmed Atif	Director / Chief Executive Officer
Tanveer Karamat	Director
Mohammad Shahid Mir	Director
Junaid Mushtaq Paracha	Director
Adeel Khalid	Director
Saleha Asif	Director

Saeed Ullah Khan Niazi	Chief Financial Officer
Ahsan Khalil (ACA-FPFA)	Company Secretary

### Audit Committee

Mohammad Shahid Mir	Chairman
Bakhtiar Hameed Wain	Member
Tanveer Karamat	Member
Junaid Mushtaq Paracha	Member

### Human Resource & Remuneration Committee

Saleha Asif	Chairman
Mohammad Shahid Mir	Member
Bakhtiar Hameed Wain	Member
Tanveer Karamat	Member
Junaid Mushtaq Paracha	Member

### Auditors

EY Ford Rhodes  
Chartered Accountants

### Bankers

Faysal Bank Limited, Pakistan  
JS Bank Limited, Pakistan  
MCB Islamic Bank  
Dubai Islamic Bank

### Share Registrar

FAMCO Associates (Pvt) Ltd.  
8-F, Next to Hotel Faran,  
Nursery, Block-6, P.E.C.H.S,  
Shahra-e-Faisal, Karachi.  
Phone: +92 (21) 3438 0101-5  
Fax No: +92 (21) 3438 0106  
www.famco.com.pk

### Registered Office

The Avanceon Building  
19-KM , Main Multan Road,  
Lahore 54660, Punjab, Pakistan  
Phone: +92 (42) 111 940 940  
Fax No: +92 (42) 375 151 28  
Email: support@octopusdtl.com

### Legal Advisor

Cheema & Ibrahim

### Web Presence

[www.octopusdtl.com](http://www.octopusdtl.com) | [www.avanceon.ae](http://www.avanceon.ae)  
[www.avanceon.qa](http://www.avanceon.qa)

Phone: +92 (42) 111 940 940  
Fax: +92 (42) 375 151 28  
Email: support@octopusdtl.com

## Headquarters

Lahore, Punjab, Pakistan

The Avanceon Building

19-KM, Main Multan Road, Lahore,

54660 Punjab, Pakistan

Phone: +92 (42) 111 940 940

Email: support@Octopusdtl.com

## Regional Headquarters

Karachi, Sindh, Pakistan

MA Tabba Foundation Building,

First Floor, Gizri Road Block 9,

Clifton Karachi, Sindh 75600

Phone: +92 (21) 111 940 940

Email: support@Octopusdtl.com

### Islamabad, Pakistan

Manzoor Plaza (The Hive Building),

First Floor, Plot 14-E Fazal-e-Haq Road,

G-6/2, Blue Area, Islamabad 44000

Phone: +92 51 573 3031

Email: support@octopusdtl.com

Phone: +92 51 573 3031

## Regional Headquarters - Middle East

### Avanceon FZE - Dubai, UAE

FZS1 BD04 JAFZA P.O. Box 18590

Dubai, United Arab Emirates

Phone: +971 4 88 60 277

### Abu Dhabi, UAE

In Partnership with Ali & Sons

Ali & Sons Bldg., Zayed 2nd Street

P.O. Box 915

### Abu Dhabi, U.A.E.

Phone: +971 4 88 60 277

### Doha, Qatar

Avanceon Automation Control WLL

Office No. 12, M Floor, Al-Jaber Engg.

HO Building, P.O. Box 15976, Fox Hills,

Lusail, Doha, Qatar.

Phone: +974 4040 9835

### Avanceon QFZCO LLC

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Ras Bufontas Free Zone

Doha Qatar

Phone: +974 4040 9835

Email: support@avanceon.qa

### Avanceon Saudi Energy Company

3141 Anas Ibn Malik-Al Malqa Dist.

Unit no. 718, Riyadh 13521 – 8292

Kingdom of Saudi Arabia

Phone: +966 5674 16724

Email: support.mea@avanceon.ae

Trade Mark

**OCTOPUS**  
DIGITAL

## Interim Director's Report

Directors of Octopus Digital Limited (the "Company") are pleased to present the interim Directors' Report for the nine months ended September 30, 2021.

(Rupees in '000)	For the nine months ended	
	September 30, 2021	September 30, 2020
<b>Operating results (standalone)</b>		
Revenues	524,451	25,679
Profit before tax	376,979	11,811
Provision for taxation	(26,444)	-
Profit after taxation	350,536	11,811

### Earnings Per Share (Standalone) For The Nine Months Ended September 30, 2021

The basic earnings per share after tax is Rs. 3.20 (2020: Rs. 0.11)

The Company has successfully launched its IPO in September 2021 by offering 20% of ordinary shares to its shareholding via Book Building process to high end individual & institutional investors and general public respectively. The company officially got listed at PSX on 5th of October, 2021, The investors have shown their extensive and record breaking response and interest in the company IPO with oversubscription by 27.26 times which was an ever highest historic high subscription figure by any company at PSX, which proved the confidence of investors at Avanceon Group of companies. We are very thankful to all individual and institutional investors for such a great positive response, trust and confidence on us, we assure you that the management is very much committed to achieve the corporate plan as shared via prospectus and during different road shows.

The financial results for the nine months' period ended September 30, 2021 remained on positive side in order to achieve the corporate plan for FY 2021. Despite, 4th wave of COVID19 the performance of the company remained on the upswing in terms of revenues, profit before and after tax and control over fixed cost by working remotely, we are too much confident to achieve the revenues and PAT targets for FY 2021

## Communication

Communication with the shareholders is given a high priority. Financial reports are shared with shareholders within time specified in the current Companies Ordinance. The Company also has a website, [www.octopusdtl.com](http://www.octopusdtl.com), which contains up to date information on Company's activities and financial reports

October 29, 2021  
Lahore, Pakistan.

For and on behalf of the  
BOARD OF DIRECTORS



Asmar Ahmed Atif  
Chief Executive Officer



Junaid Mushtaq Paracha  
Director

Octopus Digital  
**Condensed Standalone  
Interim Financial Statements**  
for the nine months ended September 30, 2021





## Condensed Interim Statement of Financial Position

as at September 30, 2021

(Rupees in '000)	Note	Un-audited September 30, 2021	Audited December 31, 2020
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital			
150,000,000 @ Rs. 10 each		1,500,000	1,094,000
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
109,400,002 @ Rs. 10 each		1,094,000	1,094,000
<b>STATUTORY RESERVE</b>			
Accumulated (loss)/profit		561,116	210,581
		1,655,116	1,304,581
<b>CURRENT LIABILITIES</b>			
Share deposit money		1,110,410	-
Trade and other payables		19,647	13,727
Contract Liabilities		9,605	4,129
Taxation - net		55,318	32,880
		1,194,980	50,736
<b>CONTINGENCIES AND COMMITMENTS</b>			
	3		
		2,850,097	1,355,317

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




Chief Executive Officer  
Asmar Ahmed Atif



Chief Financial Officer  
Saeed Ullah Khan Niazi

(Rupees in '000)	Note	Un-audited September 30, 2021	Audited December 31, 2020
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment		3,830	3,394
Intangible Assets		1,101,038	1,089,576
Long term advances and deposits		100	-
		1,104,968	1,092,970
<b>CURRENT ASSETS</b>			
Stock in trade		820	-
Trade debts		13,067	9,453
Contract Assets		338,114	14,118
Other Assets and Prepayments		279,727	238,342
Cash and bank balances		1,113,401	434
		1,745,129	262,347
		2,850,097	1,355,317

  
 Director  
 Junaid Mushtaq Paracha

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

for the nine months ended September 30, 2021

(Rupees in '000)	Nine months ended		Three months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Sales	524,451	25,679	123,158	11,034
Cost of goods sold	(121,289)	(2,468)	(20,477)	(719)
<b>Gross Profit</b>	<b>403,162</b>	<b>23,211</b>	<b>102,681</b>	<b>10,314</b>
Administrative and selling expenses	(30,887)	(11,071)	(9,861)	(3,395)
Other operating income	4,709	-	3,993	-
	(26,178)	(11,071)	(5,868)	(3,395)
<b>Profit / (Loss) from operations</b>	<b>376,984</b>	<b>12,140</b>	<b>96,813</b>	<b>6,919</b>
Finance costs	(4)	(329)	(2)	26
<b>Profit / (Loss) for the period</b>	<b>376,979</b>	<b>11,811</b>	<b>96,811</b>	<b>6,945</b>
Income tax expense	(26,444)	-	(11,155)	-
<b>Profit / (Loss) for the period after tax</b>	<b>350,536</b>	<b>11,811</b>	<b>85,656</b>	<b>6,945</b>
<b>Earnings / (Loss) per share - basic</b>	<b>3.20</b>	<b>0.11</b>	<b>0.78</b>	<b>0.06</b>

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



Chief Executive Officer  
Asmar Ahmed Atif



Chief Financial Officer  
Saeed Ullah Khan Niazi



Director  
Junaid Mushtaq Paracha

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

for the nine months ended September 30, 2021

(Rupees in '000)	Nine months ended		Three months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Profit /(loss) for the period	350,536	11,811	85,656	6,945
Other comprehensive income	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>350,536</b>	<b>11,811</b>	<b>85,656</b>	<b>6,945</b>

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



Chief Executive Officer  
Asmar Ahmed Atif



Chief Financial Officer  
Saeed Ullah Khan Niazi



Director  
Junaid Mushtaq Paracha

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

for the nine months ended September 30, 2021

(Rupees in '000)	For the nine months ended	
	September 30, 2021	September 30, 2020
<b>Cash flows from operating activities</b>		
Net profit before taxation	376,979	11,811
Adjustment for:		
Depreciation	810	75
CWIP adjustment	-	5,056
Amortization	10,840	-
Operating profit before working capital changes	388,629	16,941
Adjustments for working capital changes (Increase) / Decrease in current assets		
Trade debts	(3,614)	(7,976)
Stock in trade	(820)	(681)
Contract assets	(323,996)	(1,005)
Advances and other receivables	(41,386)	(3,595)
	(369,815)	(13,256)
Increase / (Decrease) in current liabilities		
Contract liabilities	5,476	-
Creditors, accrued and other liabilities	5,919	10,243
	11,396	10,243
Cash generated from / (used in) operations	30,209	13,928
Income tax paid	(4,006)	-
<b>Net cash generated from / (used in) operating activities</b>	<b>26,203</b>	<b>13,928</b>
Cash flows from investing activities		
Purchase of property and equipment	(1,244)	(1,222)
Capital work-in-progress	(22,302)	(16,197)
Security deposits	(100)	-
Net cash used in investing activities	(23,647)	(17,419)
Cash flows from financing activities		
Cash received against share deposit money	1,110,410	-
<b>Net cash generated from financing activities</b>	<b>1,110,410</b>	<b>-</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>1,112,967</b>	<b>(3,491)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>434</b>	<b>3,711</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,113,401</b>	<b>220</b>

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



Asmar Ahmed Atif  
Chief Executive Officer



Chief Financial Officer  
Saeed Ullah Khan Niazi



Director  
Junaid Mushtaq Paracha

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

for the nine months ended September 30, 2021

	Share Capital	Un-appropriated profit / (loss)	Total
(Rupees in '000)			
Balance as on January 01, 2020	10,000	1,940	11,940
Net (loss)/profit for the half year period	-	208,641	208,641
Issuance of shares to AVL	1,084,000	-	1,084,000
Balance as on December 31, 2020	1,094,000	210,581	1,304,581
Net (loss)/profit for the half year period	-	350,536	350,536
Balance as on September 30, 2021	1,094,000	561,116	1,655,116

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



Asmar Ahmed Atif  
Chief Executive Officer



Chief Financial Officer  
Saeed Ullah Khan Niazi



Director  
Junaid Mushtaq Paracha

# Notes to the Condensed Interim Financial Statements

for the nine months ended September 30, 2021

## 1 CORPORATE AND GENERAL INFORMATION

### 1.1 Legal status and nature of the business

Octopus Digital Limited (the Company) was incorporated in Pakistan on 29 December 2017 as a private limited company which was converted to public Company on 11 November 2020 under the Companies Act, 2017. The Company is a wholly owned subsidiary of a listed company namely Avanceon Limited (the Holding Company). Its registered office is situated at 19 KM Main Multan Road, Lahore.

The prime business of the Company is to carry out Information Technology enabled services which includes but are not limited to online data/information storage, online monitoring and review of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related software and equipment etc.

The Company has successfully launched its IPO in September 2021 by offering 20% of ordinary shares to its shareholding via Book Building process to high end individual & institutional investors and general public respectively. the company officially got listed at PSX on 5th of October, 2021, The investors have shown their extensive and record breaking response and interest in the company IPO with oversubscription by 27.26 times which was an ever highest historic high subscription figure by any company at PSX, which proved the confidence of investors at Avanceon Group of companies. We are very thankful to all individual and institutional investors for such a great positive response, trust and confidence on us, we assure you that the management is very much committed to achieve the corporate plan as shared via prospectus and during different road shows.

### 1.2 Business Transfer Arrangement

The Company entered into a Business Arrangement Contract dated December 8, 2020 with Avanceon Limited, the Holding Company. Under the contract, entire business of AMS segment was transferred to the Company along-with the existing customer contracts. The Company acquired the rights to carry on AMS business with effect from 01 January 2020 against consideration of Rs. 1,084 million settled through issuance of 108,400,000 shares of the Company at face value of Rs. 10 each.

### 1.3 Impact of COVID-19 on the financial statements

The World Health Organization (WHO) declared COVID-19 as a global pandemic on March 11, 2020. Accordingly on March 20, 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. The outbreak of COVID-19 has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts. The Company's management is fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation.

The Company's management is fully cognizant of the business challenges posted by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation. Further, subsequent to year end, the situation is improved with the easing of lock down and re-opening of the businesses.

The management has assessed the impact of the COVID 19 on the financial statements and concluded that there is no material impact of the COVID 19 on the carrying amounts of assets, liabilities, income or expenses which required specific disclosures.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017.

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 2.2 Standards, Interpretations and amendments to published approved accounting standards

The following standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Company:

Standard or Interpretation	Effective date (annual periods Beginning on or after)
IFRS 7 & IFRS 9 Interest Rate Benchmark Reform – Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	01 January 2021
IFRS 3 Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	01 January 2022
IAS 16 Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	01 January 2022



## Notes to the Condensed Interim Financial Statements

for the nine months ended September 30, 2021

IAS 37	Provisions, contingent liabilities and contingent assets to specify which costs should be included in an entity's assessment whether a contract will be loss-making.	01 January 2022
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	01 January 2023

The above new amendments to standards and interpretations are not expected to have any material impact on the Company's financial statements in the period on initial application.

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

Standard		IASB effective date (annual period Beginning on or after)
IFRS 1	First time adoption of International Financial Reporting Standards	01 July 2009
IFRS 17	Insurance Contracts	01 January 2023

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

### 3. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments of the Company as at 30 September 2021. (2020: Rs. Nil)

### 4. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the three months for remuneration, including certain benefits, to the full time working directors and certain executives of the company is as follows:

(Rupees in '000)	Director		Others Executives	
	2021	2020	2021	2020
Managerial remuneration	2,532	1,999	780	660
House rent	1,013	799	312	264
Utilities	253	200	78	66
Provident Fund / Gratuity	253	200	78	66
Others	6	6	6	13
	4,056	3,204	1,254	1,069
Number of persons	1	1	1	1

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

#### 5. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on October 29, 2021 by the Board of Directors of the Holding Company.

#### 6. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer  
Asmar Ahmed Atif



Chief Financial Officer  
Saeed Ullah Khan Niazi



Director  
Junaid Mushtaq Paracha



**GET IN TOUCH**  
in   

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