

# OCTOPUS

DIGITAL

Nine Months Ended September 30, 2022



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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

BDO Ebrahim & Co.  
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@octopusdftl.com

### Legal Advisor

Cheema & Ibrahim

### Web Presence

[www.octopusdftl.com](http://www.octopusdftl.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@octopusdftl.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](mailto: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](mailto:support@Octopusdtl.com)

## Regional Headquarters - Middle East

[Avanceon FZE - Dubai, UAE](#)

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[Avanceon Saudi Energy Company](#)

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Kingdom of Saudi Arabia

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Email: [support.me@avanceon.ae](mailto:support.me@avanceon.ae)

Trade Mark

**OCTOPUS**  
DIGITAL

## Interim Director's Report

Directors of Octopus Digital Limited (the "Company") are pleased to present the Directors' Report for the nine months ended September 30, 2022.

(Rupees in '000)	Nine months ended	
	September 30, 2022	September 30, 2021
<b>Operating results</b>		
Revenues	575,382	524,451
Profit before tax	530,856	376,979
Provision for taxation	(29,263)	(26,444)
Profit after taxation	501,594	350,536

### Earnings per share (standalone) for the nine months ended september 30, 2022

The basic earnings per share after tax is Rs. 3.67 (2021: Rs. 2.56)

As per above operating financial results of the company for the nine months ended September 30, 2022, revenues remained on positive side as per corporate plan and expectations, the increase in revenues, which shows the results are in right direction to achieve corporate plan for FY 2022. Management is confident to achieve the targeted corporate plan for revenues and net profit after tax for the financial year 2022 as we disclosed in last analyst briefing in April 2022.

During the financial year, the company acquired two long term service contracts in Qatar which can provide comfort/surety of revenue recognition from FY 2022 till FY 2025.

### 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.

For and on behalf of the  
BOARD OF DIRECTORS



Asmar Ahmed Atif  
Chief Executive Officer

October 28, 2022  
Lahore, Pakistan.



Junaid Mushtaq Paracha  
Director

Octopus Digital Limited  
**Condensed Interim  
Financial Statements**  
for the nine months ended September 30, 2022

# Condensed Interim Statement of Financial Position

as at September 30, 2022

(Rupees in '000)	Un-audited September 30, 2022	Audited December 31, 2021
<b>ASSETS</b>		
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	4,385	3,730
Deferred Tax Asset	-	2,632
Intangible Assets	99,208	51,722
Long term advances and deposits	100	100
	103,693	58,184
<b>CURRENT ASSETS</b>		
Stock in trade	43	-
Trade debts	1,294,393	665,462
Contract Assets	66,790	66,742
Other Assets and Prepayments	58,508	30,606
Advances for IP's Purchase	344,925	-
Short term loan	350,000	-
Short Term Investments	-	300,000
Cash and bank balances	101,455	598,889
	2,216,114	1,661,699
	2,319,807	1,719,884

for the nine months ended September 30, 2022



Chief Executive Officer  
Asmar Ahmed Atif



Chief Financial Officer  
Saeed Ullah Khan Niazi

(Rupees in '000)	Note	Un-audited September 30, 2022	Audited December 31, 2021
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital - 250,000,000 (2021 : 250,000,000) @ Rs. 10 each		2,500,000	2,500,000
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>			
136,750,002 (2021: 136,750,002) ordinary shares @ Rs. 10 each		1,367,500	1,367,500
Share premium		(294,791)	(294,791)
Accumulated (loss)/profit		1,069,226	567,632
		2,141,935	1,640,341
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		3,201	-
		3,201	-
<b>CURRENT LIABILITIES</b>			
Trade and other payables		151,569	44,867
Contract liabilities		4,439	17,539
Taxation - net		18,663	17,136
		174,671	79,542
<b>CONTINGENCIES AND COMMITMENTS</b>			
	3		
		2,319,807	1,719,884

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

  
 Director  
 Junaid Mushtaq Paracha

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

for the nine months ended September 30, 2022

(Rupees in '000)	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
				Restated
Sales	575,382	524,451	226,029	379,158
Cost of goods sold	(159,956)	(121,289)	(40,546)	(72,173)
<b>Gross profit</b>	<b>415,426</b>	<b>403,162</b>	<b>185,483</b>	<b>306,985</b>
Administrative and selling expenses	(93,801)	(30,887)	(16,118)	(15,820)
Other expense	(223)	-	(32)	-
Other income	209,936	4,709	100,587	3,993
	115,912	(26,178)	84,437	(11,828)
<b>Profit / (Loss) from operations</b>	<b>531,338</b>	<b>376,984</b>	<b>269,920</b>	<b>295,157</b>
Finance costs	(481)	(4)	(464)	(2)
<b>Profit / (Loss) for the period</b>	<b>530,856</b>	<b>376,979</b>	<b>269,456</b>	<b>295,156</b>
Income tax expense	(29,263)	(26,444)	(8,155)	(11,155)
<b>Profit / (Loss) for the period after tax</b>	<b>501,594</b>	<b>350,536</b>	<b>261,302</b>	<b>284,001</b>
<b>Earnings / (Loss) per share - basic &amp; diluted</b>	<b>3.67</b>	<b>2.56</b>	<b>1.91</b>	<b>2.08</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, 2022

(Rupees in '000)	Nine months ended		Three months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Profit /(loss) for the period	501,594	350,536	261,302	284,001
<b>Other comprehensive income</b>				
Surplus on revaluation of property, plant and equipment realized through incremental depreciation charged on related assets for the period- net of tax	-	-	-	-
Deferred tax on revaluation surplus due to reduction in tax rate				
<b>Total comprehensive income / (loss) for the period</b>	<b>501,594</b>	<b>350,536</b>	<b>261,302</b>	<b>284,001</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 Changes in Equity (Un-audited)

for the nine months ended September 30, 2022

	Share Capital	Capital Reserves		Revenue Reserve	Total Equity
		Group Restructuring Reserve	Share Premium	Un-appropriated profits	
(Rupees in '000)					
Balance as on January 01, 2021	1,094,000	(1,084,000)	-	221,681	231,681
Net (loss)/profit for the period	-	-	-	345,951	345,951
Issuance of shares	273,500	-	789,209	-	1,062,709
Balance as on December 31, 2021	1,367,500	(1,084,000)	789,209	567,632	1,640,341
Net (loss)/profit for the period	-	-	-	501,594	501,594
Balance as on September 30, 2022	1,367,500	(1,084,000)	789,209	1,069,226	2,141,935

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, 2022

(Rupees in '000)	Nine months ended	
	September 30, 2022	September 30, 2021
<b>Cash flow from operating activities</b>		
Net profit before taxation	530,856	376,979
<b>Adjustment for:</b>		
Depreciation	1,098	810
Provision for expected credit losses - contract asset	2,171	-
Provision for expected credit losses - trade debts	8,785	-
Profit on bank deposits	(4,751)	-
Exhnage gain	(179,667)	-
Amortization	-	10,840
<b>Operating profit before working capital changes</b>	<b>358,492</b>	<b>388,629</b>
<b>Adjustments for working capital changes</b>		
(Increase) / decrease in current assets		
- Stock in trade	(43)	(3,614)
- Trade Debts	(458,049)	(820)
- Contract Assets	(2,218)	(323,996)
- Advances and other receivables	(27,902)	(41,386)
<b>Increase / (decrease) in current liabilities</b>		
- Contract liabilities	(13,101)	5,476
- Creditors, accrued and other liabilities	106,702	5,919
<b>Cash generated from / (used in) operations</b>	<b>(36,119)</b>	<b>30,209</b>
Income tax paid	(21,902)	(4,006)
<b>Net cash generated from / (used in) operating activities</b>	<b>(58,021)</b>	<b>26,203</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(1,752)	(1,245)
Capital work-in-progress	-	(22,302)
Intangible Assets	(47,487)	-
Profit on bank deposits	4,751	-
Advances for IP's Purchase	(344,925)	-
Short term loan	(350,000)	-
Security deposits	-	(100)
<b>Net cash used in investing activities</b>	<b>(739,413)</b>	<b>(23,647)</b>
<b>Cash flows from financing activities</b>		
Short term investment	300,000	-
Cash received against share deposit money	-	1,110,410
<b>Net cash generated from financing activities</b>	<b>300,000</b>	<b>1,110,410</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(497,435)</b>	<b>1,112,967</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>598,889</b>	<b>434</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>101,455</b>	<b>1,113,401</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

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

for the nine months ended September 30, 2022

## 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.

## 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, amendments and interpretations to published approved accounting standards

#### 2.2.1 Standards, amendments or interpretations that are not yet effective

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

Standard or Interpretation		Effective date (annual periods Beginning on or after)
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	01 January 2023

IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by:	01 January 2023
	<ul style="list-style-type: none"> <li>- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and</li> <li>- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.</li> </ul>	
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.	01 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.	01 January 2023
IFRS 10 and IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - (Amendment)	01 January 2023

The Company expects that the adoption of the amendments will have no material effect on the Company's financial statements.

In addition to the above new standards and amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) have also been issued by the IASB in May 2020. Such improvements are generally effective for accounting periods beginning on or after January 01, 2022:

IFRS 9	Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.
IFRS 1	As part of its 2018-2020 annual improvements to IFRS standards process, the

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

for the nine months ended September 30, 2022

IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

IAS 41 Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

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

Standard or Interpretation		Effective date (annual periods Beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	01 January 2009
IFRS 17	Insurance Contracts	01 January 2023

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

## 2.2.2 Changes in accounting policies and disclosures resulting from amendments in standards during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, however there are not considered to have any significant effect on the financial statements:

IFRS 9, IAS 39 Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16  
IFRS 7, IFRS 4 and IFRS 16  
and IFRS 16

IFRS 16 Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)

## 3. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments of the company as at September 30, 2022. (2021: Rs. Nil)

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

The aggregate amount charged in the financial statements for the nine months for remuneration,

including certain benefits, to the full time working directors and certine executives of the company is as follows:

(Rupees in '000)	Chief Executive / Director		Other Executives	
	2022	2021	2022	2021
Managerial remuneration	3,342	2,532	6,201	780
House rent	1,244	1,013	2,348	312
Utilities	311	253	587	78
Provident Fund / Gratuity	311	253	587	78
Others	6	6	47	6
	5,214	4,057	9,770	1,254
Number of persons	1	1	8	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 28, 2022 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



# **OCTOPUS** *DIGITAL*

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