

OCTOPUS
DIGITAL



2023

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2023

www.octopusdtl.com

Table of Contents

Corporate Profile

Company Information	03
Interim Director's Report	05

Unconsolidated Financial Statements

Condensed Interim Statement of Financial Position	09
Condensed Interim Statement of Profit and Loss	11
Condensed Interim Statement of Comprehensive Income	12
Condensed Interim Statement of Changes in Equity	13
Condensed Interim Statement of Cash Flows	14
Notes to the Condensed Interim Financial Statements	15

Company Information

Directors

Bakhtiar Hameed Wain	Director / Chairman
Tanveer Karamat	Director / Chief Executive Officer
Asmar Ahmed Atif	Director
Mohammad Shahid Mir	Director
Mohammad Arif Janjua	Director
Adeel Khalid	Director
Saleha Asif	Director
Faisal Nadeem Sheikh	Chief Financial Officer
Ahsan Khalil (ACA-FPFA)	Company Secretary

Audit Committee

Mohammad Shahid Mir	Chairman
Bakhtiar Hameed Wain	Member
Mohammad Arif Janjua	Member

Human Resource & Remuneration Committee

Mohammad Shahid Mir	Chairman
Bakhtiar Hameed Wain	Member
Tanveer Karamat	Member

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Bankers

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

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

Web Presence

www.octopusdtl.com | www.avanceon.ae
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

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
PA-WH-04, Unit 16
Ras Bufontas Free Zone
Doha Qatar
Phone: +974 4040 9835
Email: support@avanceon.qa

**Avanceon Saudi Energy Company
Riyadh Office**
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

Dammam Office
Avanceon Saudi Energy Company
King Khalid Street, ATCO Building
PO Box 718, Dammam 31421
Kingdom of Saudi Arabia
Phone: +966 138 332 339
Email: support.mea@avanceon.ae

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, 2023.

(Rupees in '000)	Nine months ended	
	September 30, 2023	September 30, 2022
Operating results		
Revenues	485,645	575,382
Profit before tax	376,547	530,856
Provision for taxation	(34,004)	(29,263)
Profit after taxation	342,543	501,594

Earnings per share for the nine months ended September 30, 2023

The basic earnings per share after tax is Rs. 2.18 (2022: Rs. 3.19)

Operating results commentary

We hereby present the unaudited condensed interim financial statements for the nine months ended September 30, 2023, on behalf of the Board of Directors of the Company.

The performance of the Company closed at Rs 342M PAT which is a decrease of 31.7% against the same period in the preceding year.

Revenues for the nine months are in line with the 3rd quarter Plan. Though revenues are dropped in comparison to the last year due to the timing gap of recognition of service revenues in particular in the territory of Middle East which was incorporated in the 3rd quarter plan. The re-negotiations of certain projects have lagged, to start at the end of the year. The Company is confident to fill the gap of decrease in revenues by the end of the year through subscriptions revenue of its internally developed intellectual properties (IPs) (Software) to industry, and sizable closing spares & services orders in the Middle East region.

On the overall cost side there is a sharp increase mainly attributed to the hiring of senior sales and technical / software team as well as procurement of software and IT services, required for the fulfillment of IPs development as was disclosed in the corporate plan at the start of the year.

The standalone profit after tax (PAT) also includes the exchange gains (other than operational income) recorded as of the reporting date. This gain is attributed to the notable increase in the disparity between the US dollar exchange rate, which rose from Rs. 210 to Rs. 289 per US dollar between December 2022 and September 2023. This trend of devaluation would help the Company realize further exchange gain from its international revenue in the upcoming quarter. However, it is to be noted that USD Parity in the reporting quarter is not significant.

Management is confident to achieve the aggressive targeted PO generation for the subscription business and aftermarket support business both in Pakistan and abroad.

Interim Director's Report

Communication

Effective communication with our valued shareholders stands as an utmost priority for us. To this end, we meticulously ensure the swift dissemination of financial reports in strict adherence to the prescribed timelines set forth in the Companies Act of 2017.

Furthermore, our commitment to transparency and timeliness is the key for real-time updates concerning the company's operations and the latest financial reports. Moreover, real-time updates on the company's ongoing activities and up-to-date financial reports are available on the company's web site www.octopusdtl.com.

October 27, 2023
Lahore, Pakistan.

For and on behalf of the
BOARD OF DIRECTORS



Tanveer Karamat
Chief Executive Officer



Asmar Ahmed Atif
Director

Octopus Digital Limited
**Condensed Interim
Financial Statements**
for the nine months ended september 30, 2023

Condensed Interim Statement of Financial Position

as at September 30, 2023

(Rupees in '000)	Un-audited September 30, 2023	Audited December 31, 2022
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	10,377	3,953
Assets subject to finance lease	-	-
Deferred Tax Asset	9,176	10,334
Intangible Assets	214,891	119,684
Long term advances and deposits	100	100
	234,544	134,071
CURRENT ASSETS		
Stock in trade	566	-
Trade debts	1,515,374	1,236,092
Contract Assets	149,788	95,621
Short term loan	300,000	300,000
Other Assets and Prepayments	309,856	339,464
Cash and bank balances	2,473	20,223
	2,278,056	1,991,400
TOTAL ASSETS	2,512,601	2,125,471



Chief Executive Officer
Tanveer Karamat



Chief Financial Officer
Faisal Nadeem Sheikh

(Rupees in '000)	Note	Un-audited September 30, 2023	Audited December 31, 2022
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital - 250,000,000 @ Rs. 10 each		2,500,000	2,500,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
157,262,500 (2022: 136,750,002) ordinary shares @ Rs. 10 each		1,572,625	1,367,500
Share premium		(294,791)	(294,791)
Accumulated (loss)/profit		1,110,113	972,695
		2,387,947	2,045,404
NON CURRENT LIABILITIES			
Deferred Tax Liabilities		-	-
CURRENT LIABILITIES			
Trade and other payables		35,204	23,452
Contract Liabilities		11,850	6,669
Taxation - net		77,599	49,946
		124,653	80,067
CONTINGENCIES AND COMMITMENTS			
	4		
		2,512,601	2,125,471

The annexed notes from 1 to 7 form an integral part of these financial statements.



Director
Asmar Ahmed Atif

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

for the nine months ended september 30, 2023

(Rupees in '000)	Note	Nine months ended		Three months ended	
		September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Sales		485,645	575,382	194,915	226,028
Cost of goods sold		(240,352)	(159,956)	(98,106)	(40,541)
Gross profit		245,293	415,426	96,809	185,487
Administrative and selling expenses		(194,019)	(93,801)	(62,169)	(16,122)
Other expense		-	(223)	-	(32)
Other income	5	325,347	209,936	46,427	100,588
		131,328	115,912	(15,742)	84,243
Profit / (Loss) from operations		376,621	531,338	81,067	269,920
Finance costs		(74)	(481)	(40)	(464)
Profit / (Loss) for the period		376,547	530,856	81,028	269,456
Income tax expense		(34,004)	(29,263)	(10,346)	(8,155)
Profit / (Loss) for the period after tax		342,543	501,594	70,682	261,302
Earnings / (Loss) per share - basic		2.18	Restated 3.19	0.45	Restated 1.66

The annexed notes from 1 to 7 form an integral part of these financial statements.



Chief Executive Officer
Tanveer Karamat



Chief Financial Officer
Faisal Nadeem Sheikh



Director
Asmar Ahmed Atif

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the nine months ended september 30, 2023

(Rupees in '000)	Nine months ended		Three months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Profit / (loss) for the period	342,543	501,594	70,682	261,112
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	342,543	501,594	70,682	261,112

The annexed notes from 1 to 7 form an integral part of these financial statements.



Chief Executive Officer
Tanveer Karamat



Chief Financial Officer
Faisal Nadeem Sheikh



Director
Asmar Ahmed Atif

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

for the nine months ended september 30, 2023

(Rupees in '000)	Reserves			Revenue Un- appropriated profits/(loss)	Total
	Share Capital	Group Restructuring Reserve	Capital Share Premium		
Balance as on January 01, 2022	1,367,500	(1,084,000)	789,209	567,632	1,640,341
Net (loss) / profit for the year ended	-	-	-	405,063	405,063
Dividend Announced for the period	-	-	-	-	-
Balance as on December 31, 2022	1,367,500	(1,084,000)	789,209	972,695	2,045,404
Net (loss) / profit for the period	-	-	-	342,543	342,543
15% bonus share issued for the period ended December 31, 2022	205,125	-	-	(205,125)	-
Balance as on September 30, 2023	1,572,625	(1,084,000)	789,209	1,110,113	2,387,947

The annexed notes from 1 to 7 form an integral part of these financial statements.



Chief Executive Officer
Tanveer Karamat



Chief Financial Officer
Faisal Nadeem Sheikh



Director
Asmar Ahmed Atif

Condensed Interim Statement of Cash Flows (Un-audited)

for the nine months ended september 30, 2023

(Rupees in '000)	Nine months ended	
	September 30, 2023	September 30, 2022
Cash flow from operating activities		
Net profit before taxation	376,547	530,856
Adjustment for:		
Depreciation on property and equipment	2,604	675
Reversal of provision for expected credit losses - contract asset	(11,002)	2,171
Reversal of provision for expected credit losses - trade debts	(1,520)	8,785
Exchange gain - net	(273,970)	(93,234)
Finance cost	74	18
Markup on loan to Avanceon Limited	(51,377)	-
Profit accrued on term deposit certificate	-	(4,751)
Operating profit before working capital changes	41,355	444,520
Increase in non-current assets		
- Long-term advances	-	(125,690)
Adjustments for working capital changes		
(Increase) / Decrease in current assets		
Trade debts	(3,791)	(382,387)
Stock in trade	(566)	-
Contract assets	(43,165)	(17,870)
Advances and other receivables	80,985	81,450
	33,463	(318,807)
Increase / (Decrease) in current liabilities		
Contract liabilities	5,181	35,998
Creditors, accrued and other liabilities	11,204	(15,884)
	16,385	20,114
Cash generated from / (used in) operations	91,204	20,137
Profit received on term deposit certificate	-	4,751
Finance costs paid	(74)	(18)
Income tax paid	(4,645)	(5,778)
Net cash generated from / (used in) operating activities	86,485	19,092
Cash flows from investing activities		
Purchase of property and equipment	(9,028)	(754)
Short-term loan paid to Avanceon Limited	-	(350,000)
Addition in intangible asset	(95,207)	(26,030)
Net cash used in investing activities	(104,235)	(376,784)
Cash flows from financing activities	-	-
Net cash generated from financing activities	-	-
Net (decrease) / increase in cash and cash equivalents	(17,750)	(357,692)
Cash and cash equivalents at the beginning of the year	20,223	898,889
Cash and cash equivalents at the end of the period	2,473	541,197

The annexed notes from 1 to 7 form an integral part of these financial statements.



Chief Executive Officer
Tanveer Karamat



Chief Financial Officer
Faisal Nadeem Sheikh



Director
Asmar Ahmed Atif

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

for the nine months ended september 30, 2023

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal status and nature of the business

Octopus Digital Limited (the Company) was incorporated in Pakistan on December 29, 2017 as a private limited company which was converted to public Company on November 11, 2020 under the Companies Act, 2017. The Company is a subsidiary of a listed company namely Avanceon Limited (the Parent 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) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act , 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the period ended March 31, 2023

The following standards, amendments and interpretations are effective for the period ended March 31, 2023. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

Standard or Interpretation	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use January 01, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

3.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standard or Interpretation	Effective date (annual periods beginning on or after)
Amendments to IFRS 16 'Leases' - Lease liability in a sale and leaseback	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):	

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

4. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments of the Company as at 30th September 2023. (2022: Rs. Nil)

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

for the nine months ended september 30, 2023

(Rupees in '000)	Nine months ended	
	September 30, 2023	September 30, 2022
5. OTHER INCOME		
Exchange Gain	273,970	179,667
Profit of bank deposit	-	4,751
Markup income on loan to Avanceon	51,377	25,517
Other Income	-	2
	325,347	209,936

6. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on October 27, 2023 by the Board of Directors of the Holding Company.

7. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer
Tanveer Karamat



Chief Financial Officer
Faisal Nadeem Sheikh



Director
Asmar Ahmed Atif