

OCTOPUS
DIGITAL

2024
QUARTERLY
Report March 31, 2024

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Company Information

Board of Directors

Bakhtiar Hameed Wain
Director / Chairman

Tanveer Karamat
Director / Chief Executive Officer

Asmar Ahmed Atif
Director

Adeel Khalid
Director

Mohammad Shahid Mir
Director

Mohammad Arif Janjua
Director

Saleha Asif
Director

Faisal Nadeem Sheikh
Chief Financial Officer

Ahsan Khalil
Company Secretary

Board 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,
MCB Islamic Bank Pakistan
Dubai Islamic Bank
Standard Chartered Bank Pakistan
MCB Investment Management LTD.

Share Registrar

FAMCO Share Registration Services
(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.famcosrs.com

Registered Office

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Phone: +92 (42) 111 940 940
Fax No: +92 (42) 375 151 28
Email: support@octopusdtl.com

Legal Advisor

Chima & Ibrahim Advocates and
Corporate Counsel

Web Presence

www.octopusdtl.com
www.avanceon.ae
www.avanceon.qa

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

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MA Tabba Foundation Building,
First Floor, Gizri Road Block 9,
Clifton Karachi, Sindh 75600
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Email: support@octopusdtl.com

Regional Headquarters - Middle East

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Po Box: 18590 Dubai, U.A.E
Phone: +971 4 88 60 277

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Abu Dhabi, UAE
In Partnership with Ali & Sons
Ali & Sons Bldg., Zayed 2nd Street
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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 QFZ LLC
PA-WH-04, Unit 16
Ras Bufontas Free Zone Doha Qatar
Phone: +974 4040 9835
Email: support@avanceon.qa

Avanceon Saudi for Energy Company
3141 Anas Ibn Malik-Al Malqa Dist.
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Kingdom of Saudi Arabia
Phone: +966 5674 16724
Email: support.me@avanceon.ae

OCTOPUS
Trade Mark DIGITAL

Interim Directors' Report

Directors of Octopus Digital Limited (the "Company") are pleased to present the Directors' Report for the 1st quarter ended March 31, 2024.

For the 1st Quarter ended
Mar. 31, 2024 Mar. 31, 2023
 ----- (Rupees in '000) -----

OPERATING RESULTS (CONSOLIDATED)			
	Revenues	313,859	94,446
	Profit before tax	134,725	262,428
	Provision for taxation	(10,951)	(19,213)
	Profit after taxation	123,697	243,215

For the 1st Quarter ended
Mar. 31, 2024 Mar. 31, 2023
 ----- (Rupees in '000) -----

OPERATING RESULTS (STANDALONE)			
	Revenues	219,902	94,446
	Profit before tax	50,437	262,428
	Provision for taxation	(10,951)	(19,213)
	Profit after taxation	39,486	243,215

EARNINGS PER SHARE (CONSOLIDATED) FOR THE 1st QUARTER ENDED March 31, 2024

The basic earnings per share after tax is Rs. 0.84 (2023: Rs. 1.64)

EARNINGS PER SHARE (STANDALONE) FOR THE 1st QUARTER ENDED March 31, 2024

The basic earnings per share after tax is Rs. 0.27 (2023: Rs. 1.64)

OPERATING RESULTS COMMENTARY

We hereby present the unaudited condensed interim financial statements for the 1st Quarter ended March 31, 2024, on behalf of the Board of Directors of the Company.

The consolidated PAT and standalone PAT closed at Rs 123.7M and Rs 39.5M respectively. This amounts to a decrease of 49.1% and 83.7%. The major reason for this has been the stability of the rupee against the dollar. With exchange rates holding stable this quarter, there was no exchange gain recorded on foreign receivables. Disregarding the exchange gain of Rs 237M recorded in the previous year, the company has improved its performance in Q1 significantly.

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 previous year.

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

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. On behalf of the Board, the Company would like to take the opportunity to thank all stakeholders for their continued trust and belief in the Company.

April 30, 2024
Lahore, Pakistan


for and on behalf of the BOARD OF DIRECTORS

Tanveer Karamat
Chief Executive Officer



Asmar Ahmed Atif
Director

Octopus Digital Limited
Condensed Standalone
Interim Financial Statements
for the first quarter ended March 31, 2024

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	Un-audited Mar 31, 2024	Audited Dec 31, 2023		Un-audited Mar 31, 2024	Audited Dec 31, 2023
Note	(Rupees in '000)			(Rupees in '000)	
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON CURRENT ASSETS		
Authorised capital - 250,000,000 @ Rs. 10 each	2,500,000	2,500,000	Property, plant and equipment	24,948	28,534
Issued, subscribed and Paid up Capital			Long term investments	447,893	447,893
157,262,502 (2023: 157,262,502) ordinary shares @ Rs. 10 each	1,572,625	1,572,625	Deferred Tax Asset	21,056	21,056
Share premium	(294,791)	(294,791)	Intangible Assets	312,772	262,064
Employee Options Reserve	9,264	9,264	Long term advances and deposits	100	100
Accumulated (loss)/profit	1,322,864	1,283,378		806,769	759,646
	2,609,962	2,570,476			
NON CURRENT LIABILITIES			CURRENT ASSETS		
Long-term Diminishing Musharika	11,102	11,102	Stock in trade	930	624
			Trade debts	1,495,400	1,490,622
CURRENT LIABILITIES			Contract Assets	116,688	102,638
Trade and other payables	215,427	180,338	Short term Investment	15,563	10,119
Current portion of Long-term Diminishing Musharika	2,588	2,588	Other Assets and Prepayments	368,547	434,349
Contract Liabilities	14,448	12,043	Cash and bank balances	111,390	29,359
Taxation - net	61,761	50,810		2,108,519	2,067,710
	294,224	245,778			
CONTINGENCIES AND COMMITMENTS					
				2,915,288	2,827,356
	2,915,288	2,827,356			

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



Chief Executive Officer



Chief Financial Officer



Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFFIT OR LOSS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2024

	for the quarter ended	
	Mar 31, 2024	Mar 31, 2023
	(Rupees in '000)	
Sales	219,202	94,446
Cost of goods sold	(100,106)	(47,152)
Gross profit	119,096	47,294
Administrative and selling expenses	(69,269)	(35,839)
Other expense	(9)	-
Other income	619	250,991
	(68,659)	215,152
Profit / (Loss) from operations	50,437	262,445
Finance costs	-	(17)
Profit / (Loss) for the period	50,437	262,428
Income tax expense	(10,951)	(19,213)
Profit / (Loss) for the period after tax	39,486	243,215
		Restated
Earnings/(Loss) per share - basic	0.27	1.64
Earnings/(Loss) per share - Diluted	0.26	1.64

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



Chief Executive Officer



Chief Financial Officer



Director

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024**

	for the quarter ended	
	<u>Mar 31, 2024</u>	<u>Mar 31, 2023</u>
	(Rupees in '000)	
Profit /(loss) for the period	39,486	243,215
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	<u>39,486</u>	<u>243,215</u>

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

**Chief Executive Officer****Chief Financial Officer****Director**

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED MARCH 31, 2024

	Share Capital	Share Compensation Reserve	Capital Reserve		Un-appropriated Profit / (Loss)	Total
			Group Restructuring Reserve	Share Premium		
	-----Rupees in '000-----					
Balance as on January 01, 2023	1,367,500	-	(1,084,000)	789,209	972,695	2,045,404
Net (loss)/profit for the year ended	-	-	-	-	515,808	515,808
Employee Share Compensation Reserve-ESOS	-	9,264	-	-	-	9,264
15% bonus share issue for the period ended December 31, 2022	205,125	-	-	-	(205,125)	-
Balance as on December 31, 2023	1,572,625	9,264	(1,084,000)	789,209	1,283,378	2,570,476
Net (loss)/profit for the period	-	-	-	-	39,486	39,486
Dividend Announced for the period	-	-	-	-	-	-
Employee Share Compensation Reserve-ESOS	-	-	-	-	-	-
Balance as on March 31, 2024	1,572,625	9,264	(1,084,000)	789,209	1,322,864	2,609,962

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



Chief Executive Officer



Chief Financial Officer



Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2024

	for the quarter ended	
	Mar 31, 2024	Mar 31, 2023
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	50,437	262,428
Adjustment for:		
Depreciation on property and equipment	4,985	433
Amortization	101	-
Markup income on loan to Avanceon	-	(13,441)
Exchange gain - net	9	(237,522)
Profit accrued on term deposit certificate	-	-
Operating profit before working capital changes	55,533	11,898
(Increase) / Decrease in current assets		
Trade debts	(4,788)	(72,461)
Stock in trade	(307)	-
Contract assets	(14,050)	(15,776)
Advances and other receivables	65,802	18,250
	46,657	(69,987)
Increase / (Decrease) in current liabilities		
Contract liabilities	2,406	4,278
Creditors, accrued and other liabilities	36,521	59,118
	38,926	63,396
Cash generated from / (used in) operations	141,116	5,307
Income tax paid	(1,432)	(5,193)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	139,684	114
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,399)	(750)
Short term Investment	(5,445)	-
Addition in intangible asset	(50,810)	(14,399)
NET CASH USED IN INVESTING ACTIVITIES	(57,653)	(15,149)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	82,031	(15,149)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	29,359	20,223
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	111,390	5,188

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2024

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 Company is listed on Pakistan Stock Exchange Limited.

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 INVESTMENTS IN SUBSIDIARIES

2.1 Acquisition of Empiric AI (Private) Limited

On September 30, 2023, in accordance with the business transfer/sale agreement between the Company and Avanceon Limited, the Company acquired 100% shares of Empiric AI (Private) Limited from the Parent Company.

The consideration is settled by adjusting the short term amounted to Rs. 300 million, and markup on short term loan amounted to Rs. 91.622 million and current account balance amounted to Rs. 48.40 million as disclosed in Note 16 and 15 respectively.

2.2 Investment in Octopus Digital FZ LLC.

On October 1, 2023, the company made an investment in ODFZ LLC amounting to Rs. 7.8 million. This consideration was made through Avanceon FZE and is settled against the advance received as disclosed in Note 15.

3 BASIS OF PREPARATION

3.1 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
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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.

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

4.1 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.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- 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

Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the unconsolidated financial statements.

4.2 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 unconsolidated financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements January 01, 2024

Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions 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' - Non-current liabilities with covenants January 01, 2024

Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements January 01, 2024

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability January 01, 2025

IFRS 17 Insurance Contracts January 01, 2026

IFRS 1 standard has been issued by IASB effective from 01, July 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

5 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments of the Company as at 31 March 2024.(2023: Rs. Nil)

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

6 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim unconsolidated financial information was authorised for issue on 30th April 2024 by the Board of Directors of the Holding Company.

7 GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer



Chief Financial Officer



Director

Octopus Digital Limited
Consolidated Condensed
Interim Financial Statements
for the first quarter ended March 31, 2024

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2024

	Note	Un-Audited Mar 31 2024 (Rupees in '000)	Audited Dec 31, 2023		Un-Audited Mar 31 2024 (Rupees in '000)	Audited Dec 31, 2023
EQUITY AND LIABILITIES				ASSETS		
SHARE CAPITAL AND RESERVES				NON CURRENT ASSETS		
Authorised capital - 250,000,000 @ Rs. 10 each		<u>2,500,000</u>	<u>2,500,000</u>	Property and equipment	26,538	30,825
ISSUED, SUBSCRIBED AND PAID UP CAPITAL				Capital Work in Progress	312,772	262,064
157,262,502 (2023: 157,262,502) ordinary shares @ Rs. 10 each		1,572,625	1,572,625	Intangibles	67,455	72,640
CAPITAL RESERVES				Goodwill	221,810	221,810
Share premium		789,209	789,209	Deferred Tax Assets	21,056	21,056
Group restructuring reserve		(1,050,259)	(1,050,259)	Long term deposits	100	100
Employees' share compensation reserve		9,264	9,264		649,731	608,494
		(251,786)	(251,786)			
REVENUE RESERVES				CURRENT ASSETS		
Un-appropriated Profit		1,264,679	1,140,982	Stock in trade	930	624
		<u>2,585,519</u>	<u>2,461,821</u>	Trade debts	1,508,043	1,502,001
NON CURRENT LIABILITIES				Contract Assets	239,381	142,077
Long Term Diminishing Musharika		11,102	11,102	Advances, deposits, prepayments and other receivables	358,855	441,923
CURRENT LIABILITIES				Investments in Stocks	15,563	10,119
Current portion of Diminishing Musharika		2,588	2,588	Cash and bank balances	113,644	38,403
Creditors, accrued and other liabilities		208,897	203,408		2,236,417	2,135,147
Contract Liabilities		14,448	12,043			
Taxation-Net		63,595	52,679			
		289,528	270,717			
CONTINGENCIES AND COMMITMENTS						
	4					
		<u>2,886,148</u>	<u>2,743,640</u>		<u>2,886,148</u>	<u>2,743,640</u>

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

Chief Executive Officer

Chief Financial Officer

Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2024

	for the quarter ended	
	Mar 31 2024	Mar 31, 2023
	(Rupees in '000)	
Revenues	313,859	94,446
Cost of revenue	(109,349)	(47,152)
Gross Profit / (Loss)	204,511	47,294
Administrative and selling expenses	(70,185)	(35,839)
Other expenses	(298)	-
Other income	697	250,991
	(69,786)	215,152
Profit / (Loss) from operations	134,725	262,445
Finance costs	(76)	(17)
Profit / (Loss) before tax	134,649	262,428
Taxation	(10,951)	(19,213)
Income for the period from operations	123,697	243,215
Combined earnings per share		Restated
Basic	0.84	1.64
Diluted	0.83	1.64

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



Chief Executive Officer



Chief Financial Officer



Director

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE
INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2024**

	for the quarter ended	
	<u>Mar 31, 2024</u>	<u>Mar 31, 2023</u>
	(Rupees in '000)	
Profit /(loss) for the period	123,697	243,215
Other comprehensive income		
- Exchange difference on translating	-	-
- Bargain purchase gain on Investment	-	-
- Surplus on revaluation of property and equipment realised through incremental depreciation charged on related assets for the period-net of tax	-	-
	<u>123,697</u>	<u>243,215</u>

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

**Chief Executive Officer****Chief Financial Officer****Director**

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2024

	CAPITAL RESERVES					REVENUE RESERVES	Non-Controlling Interest	TOTAL
	Share capital	Share premium reserve	Employee share compensation reserve	Group Restructuring Reserve	Exchange revaluation reserve	Un-appropriated (loss) / profit		
Balance as on January 01, 2023	1,367,500	789,209		(1,084,000)		972,695		(Rupees in '000) 2,045,404
Profit for the period	-	-	-	-	-	373,412	-	373,412
Other comprehensive income	-	-	-	-	-	-	-	-
						373,412		373,412
15% bonus share issue for the period ended December 31, 2022	205,125	-	-	-	-	(205,125)	-	-
Employee share option reserve	-	-	9,264	-	-	-	-	9,264
Adjustment due to acquisition of subsidiary	-	-	-	33,741	-	-	-	33,741
	205,125	-	9,264	33,741	-	(205,125)	-	43,005
Balance as on December 31, 2023	1,572,625	789,209	9,264	(1,050,259)	-	1,140,982	-	2,461,821
Profit for the period	-	-	-	-	-	123,697	-	123,697
Other comprehensive income / loss	-	-	-	-	-	-	-	-
	-	-	-	-	-	123,697	-	123,697
Balance as on March 31, 2024	1,572,625	789,209	9,264	(1,050,259)	-	1,264,679	-	2,585,519

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



Chief Executive Officer



Chief Financial Officer



Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2024

	for the quarter ended	
	Mar 31, 2024	Mar 31, 2023
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	134,649	262,428
Adjustment for:		
Depreciation on property and equipment	5,685	433
Amortization	5,286	-
Markup income on loan to Avanceon	-	(13,441)
Exchange gain - net	219	(237,522)
Finance cost	76	-
	<u>11,189</u>	<u>250,530</u>
Operating profit before working capital changes	145,837	11,898
(Increase) / Decrease in current assets		
Trade debts	(6,261)	(72,461)
Stock in trade	(307)	-
Contract assets	(97,304)	(15,776)
Advances and other receivables	83,068	18,250
	<u>(20,804)</u>	<u>(69,987)</u>
Increase / (Decrease) in current liabilities		
Contract liabilities	2,406	4,278
Creditors, accrued and other liabilities	6,920	59,118
	<u>9,326</u>	<u>63,396</u>
Cash generated from / (used in) operations	134,359	5,307
Finance costs paid	(76)	-
Income tax paid	(1,467)	(5,193)
	<u>(1,543)</u>	<u>(5,193)</u>
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	132,816	114
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,399)	(750)
Short term Investment	(5,445)	-
Profit on bank deposit	78	-
Addition in intangible asset	(50,810)	(14,399)
NET CASH USED IN INVESTING ACTIVITIES	(57,575)	(15,149)
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	75,241	(15,035)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	38,403	20,223
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	113,644	5,188

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



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

Octopus Digital Limited (the Holding 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 Holding Company is a subsidiary of a listed company namely Avanceon Limited (the Ultimate Parent Company). Its registered office is situated at 19 KM Main Multan Road, Lahore.

The prime business of the Holding 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.

- 1.1 During the year, the Holding Company acquired Empiric AI (Private) Limited on September 30, 2023. Furthermore, wholly owned Company Octopus Digital FZ LLC was incorporated on June 16, 2023. Consequently, the Holding Company is obligated to compile consolidated financial statements for the initial time period. The comparative figures in these consolidated financial statements represent the stand alone financial statements of the Holding Company for the year ended December 31, 2022.

BUSINESS UNIT

LOCATION

HEAD OFFICE

19 km, Multan Road, Lahore 54500.

REGIONAL OFFICES

Karachi

MA Tabba Foundation Building, First Floor, Gizri Road Block 9 Clifton Karachi, Sindh 75600

Islamabad

Manzoor Plaza (The Hive Building), First Floor, Plot 14-E Fazal-e-Haq Road, G-6/2, Blue Area, Islamabad 44000

- 1.2 The "Group" consists of:

Holding Company

Octopus Digital Limited (ODL)

Subsidiary Companies

- EmpiricAI (Private) Limited

Note % age of Holding

1.2.1 100%

- Octopus Digital FZ LLC

1.2.2 100%

- 1.2.1 The Empiric AI (Private) Limited was established with primary objective of analyzing potential opportunities and making available digital and technology services and products inside and outside Pakistan. The registered office of the Empiric AI (Private) Limited is located at the Avanceon Building, 19 km, Multan Road, Lahore 54660.

- 1.2.2 The registered office of the Octopus Digital FZ LLC is located at the DMC-BLD05-VD-G00-792, ground floor, DMC5 Dubai Media City, United Arab Emirates. It was established with primary objective of software consultancy, customer service, solution provider, support service provider.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan 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, 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

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, impact on the financial statements other than certain additional disclosures.

amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality	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	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023
The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or	

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 unconsolidated financial statements other than certain additional disclosures.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	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' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

IFRS 1 standard has been issued by IASB effective from 01, July 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026.

4 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments of the Company as at 31 March 2024.(2023: Rs. Nil)

5 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on 30th April 2024 by the Board of Directors of the Holding Company.

6 GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer



Chief Financial Officer



Director



www.octopusdtl.com

OCTOPUS

DIGITAL

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