

2024

QUARTERLY REPORT

For the nine months ended September 30, 2024

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Company Information

Board of Directors

Bakhtiar Hameed Wain
Director / Chairman

Tanveer Karamat
Director / Chief Executive Officer

Khalid Hamid Wain
Director

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

Habib Metropolitan Bank Limited

Share Registrar

FAMCO Share Registration Services
(Pvt.) Ltd

8-F, Next to Hotel Faran,
Nursery, Block-6, P.E.C.H.S,
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Fax No: +92 (21) 3438 0106

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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,
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Phone: +92 (42) 111 940 940

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Email: support@octopusdtl.com

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Octopus Digital FZ LLC

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Abu Dhabi, UAE

In Partnership with Ali & Sons

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Doha, Qatar

Avanceon Automation & Control WLL

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Avanceon Saudi for Energy Company

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Kingdom of Saudi Arabia

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OCTOPUS
Trade Mark DIGITAL

Interim Director's Report

Directors of Octopus Digital Limited (the “Company”) are pleased to present our report for the nine months ended September 30, 2024.

				For the nine months ended	
				Sep 30, 2024	Sep 30, 2023
				(Rupees in '000)	
CONSOLIDATED OPERATING RESULTS					
	Revenues		846,085	485,645	
	Profit before tax		97,061	376,547	
	Provision for taxation		(5,187)	(34,004)	
	Profit after taxation		91,874	342,543	
STANDALONE OPERATING RESULTS					
	Revenues		660,400	485,645	
	Profit before tax		56,977	376,547	
	Provision for taxation		(5,187)	(34,004)	
	Profit after taxation		51,790	342,543	

CONSOLIDATED EARNINGS PER SHARE FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

The consolidated basic earnings per share after tax is Rs. 0.58 (2023: Rs. 2.18)

STANDALONE EARNINGS PER SHARE FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

The standalone basic earnings per share after tax is Rs. 0.33 (2023: Rs. 2.18)

OPERATING RESULTS COMMENTARY

During the review period, the Company has achieved a remarkable increase in revenue, with consolidated results up 74% and standalone results up 36% compared to 2023. However, the Profit After Tax (PAT) has seen a decline, with a decrease to 11% and 8% in consolidated and standalone results respectively, down from 71% last year on the back of excessive exchange gains in 2023 which were not repeated due to exchange rate stability.

This revenue growth is attributed to improved management and timely completion of engineering projects, the initiation of new SLAs in the Middle East, particularly in KSA and Qatar, and an increase in new orders within our digital business sector. On the fixed cost side, we've experienced a sharp rise, primarily due to the strategic hiring of functional and technical personnel across all departments related to our digital initiatives, notably in the product development and implementation teams which are critical to our new ventures.

The reduction in PAT compared to last year is a resultant of increase in fixed cost as explained above and attributable largely due to exchange losses recorded during this period.

Excluding exchange gains or losses for both 9M-2024 and 9M-2023, a detailed comparative analysis reflects a positive increase in group's PAT and EPS

(Rupees in 'Million)			
DESCRIPTION		Nine Months 2024	Nine Months 2023
	PAT	92	343
	Exchange (gain) /Loss	37	(274)
	Net Profit after Tax	129	69
	EPS	0.82	0.44

Moving ahead the company anticipates closing the year 2024 with a strong bottom line and Profit After Tax (PAT), contributing to enhanced shareholder value and overall stakeholder wealth.

COMMUNICATION

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

October 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 nine months ended September 30, 2024

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024**

(Rupees in '000)	Note	Un-Audited Sep 30, 2024	Audited Dec 31, 2023		Un-Audited Sep 30, 2024	Audited Dec 31, 2023
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			
Issued, subscribed and Paid up Capital						
157,262,502 (2023 157,262,502) ordinary shares @ Rs.10 each		1,572,625	1,572,625	Property and equipment	28,123	28,534
Share premium		789,209	789,209	Long term investments	447,893	447,893
Group restructuring reserve		(1,084,000)	(1,084,000)	Deferred Tax Asset	26,584	21,056
Employee Options Reserve		19,993	9,264	Intangible Assets	4,658	262,064
Accumulated profit / (loss)		1,335,168	1,283,378	Long term advances and deposits	100	100
		2,632,995	2,570,476		507,358	759,646
NON CURRENT LIABILITIES						
Diminishing musharika long term loan		9,731	11,102			
				CURRENT ASSETS		
CURRENT LIABILITIES				Stock in trade	1,053	624
Trade and other payables		278,647	189,319	Trade debts	1,626,533	1,490,622
Current portion of diminishing musharika		2,165	2,588	Contract Assets	112,445	102,638
Contract Liabilities		31,742	12,043	Short term Investment	524	10,119
Taxation - net		46,959	39,981	Advances, deposits, prepayments and other receivables	749,117	432,501
		359,512	243,931	Cash and bank balances	5,209	29,359
CONTINGENCIES AND COMMITMENTS	6				2,494,881	2,065,862
		3,002,238	2,825,509		3,002,238	2,825,509

The annexed notes from 1 to 8 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(Rupees in '000)	for the Nine months ended		for the quarter ended	
	Sep 30, 2024	Sep 30, 2023	Sep 30, 2024	Sep 30, 2023
Revenue	660,400	485,645	161,293	194,915
Cost of revenue	(332,808)	(240,352)	(79,794)	(98,106)
Gross profit	327,592	245,293	81,499	96,809
Administrative and selling expenses	(246,558)	(194,019)	(53,827)	(62,169)
Other expenses	(46,961)		(7,610)	
Other incomes	25,228	325,347	23	46,427
	(268,291)	131,328	(61,413)	(15,742)
Profit / (Loss) from operations	59,301	376,621	20,086	81,067
Finance costs	(2,324)	(74)	(884)	(40)
Profit / (Loss) for the period	56,977	376,547	19,202	81,028
Income tax expense	(5,187)	(34,004)	(2,615)	(10,346)
Profit / (Loss) for the period after tax	51,790	342,543	16,587	70,682
		Restated		Restated
Earnings per share - Basic (Rs)	0.33	2.18	0.11	0.45
Earnings per share - Diluted (Rs)	0.32	2.14	0.10	0.44

The annexed notes from 1 to 8 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024**

(Rupees in '000)	for the Nine months ended		for the quarter ended	
	Sep 30, 2024	Sep 30, 2023	Sep 30, 2024	Sep 30, 2023
Profit /(loss) for the period	51,790	342,543	16,587	70,682
Other comprehensive income				
Total comprehensive income / (loss) for the period	51,790	342,543	16,587	70,682

The annexed notes from 1 to 8 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 NINE MONTHS ENDED SEPTEMBER 30, 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	—	—	—	—	51,790	51,790
Employee Share Compensation Reserve-ESOS	—	10,730	—	—	—	10,730
Balance as on September 30, 2024	1,572,625	19,993	(1,084,000)	789,209	1,335,168	2,632,995

The annexed notes from 1 to 8 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(Rupees in '000)	for the Nine months ended	
	Sep 30, 2024	Sep 30, 2023
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation	56,977	376,547
Adjustment for:		
Depreciation on property and equipment	7,391	2,604
Amortization	304	-
Reversal of provision for expected credit losses - contract asset	244	(11,002)
Reversal of provision for expected credit losses - trade debts	1,476	(1,520)
Provision for expected credit losses - related parties	22,280	-
Provision for expected credit losses - short-term loan	-	-
Exchange gain - net	35,657	(273,970)
Finance cost	2,324	74
Markup	(11,610)	(51,377)
Employee share option exp.	17,811	-
	75,877	(335,192)
Operating profit before working capital changes	132,854	41,355
(Increase) / Decrease in current assets		
Trade debts	(173,044)	(3,791)
Stock in trade	(429)	(566)
Contract assets	(10,051)	(43,165)
Advances and other receivables	(77,266)	80,985
	(260,790)	33,463
Increase / (Decrease) in current liabilities		
Contract liabilities	19,699	5,181
Creditors, accrued and other liabilities	94,533	11,204
	114,232	16,385
Cash generated from / (used in) operations	(13,704)	91,204
Finance costs paid	(2,324)	(74)
Income tax paid	(8,942)	(4,645)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	(24,970)	86,485
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(6,980)	(9,028)
Short term Investment	9,595	-
Addition in intangible asset	-	(95,207)
NET CASH USED IN INVESTING ACTIVITIES	2,614	(104,235)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(1,794)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	(1,794)	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(24,150)	(17,750)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	29,359	20,223
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5,209	2,473

The annexed notes from 1 to 8 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

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

International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 These unconsolidated condensed interim financial statements do not include all the information and the disclosures required in the annual financial statements and should be read in conjunction with annual audited financial statements of the Company for the year ended December 31, 2023

The comparative statement of financial position presented in these unconsolidated condensed interim financial statements have been extracted from the annual unconsolidated audited financial statements of the Company for the year ended December 31, 2023, whereas the comparative unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial statements for the nine months ended September 30, 2024.

3.3 These unconsolidated condensed interim financial statements are unaudited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Companies Act, 2017.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the unconsolidated condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of annual audited financial statements for the year ended December 31, 2023.

Provision in respect of taxation in these condensed interim financial statements is estimated and this is subject to final adjustment in the annual financial statements.

5 MATERIAL ACCOUNTING POLICIES INFORMATION

The accounting policies and methods of computation adopted in the presentation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 September, 2024 except mentioned below:

5.1 Taxation

a) Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed or changes in laws made during the year for such years.

b) Levy

The amount calculated on taxable income using the notified tax rate is recognized as current income tax expense for the period in Statement of profit and loss. Any excess of expected income tax paid or payable for the period under the Ordinance over the amount designated as current income tax for the period, is then recognized as a levy.

c) Deferred tax

Deferred tax is provided using the liability method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled, based on tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited in the statement of profit or loss, except in case of items charged to other comprehensive statement, if any.

5.2 New standards, interpretations, amendments and improvements effective during current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2024, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

5.3 Standards, interpretation and amendments to approved accounting standards that are not yet effective

In addition to the above standards and amendments, improvements to various accounting standards and conceptual framework have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 01, 2024. The Company expects that such improvements to the standards will not have any material impact on the Company's condensed interim financial statements in the period of initial application.

6 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments of the Company as at September 30, 2024. (2023: Rs. Nil)

7 GENERAL

Figures have been rounded off to the nearest thousand rupee, unless otherwise stated.

8 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized by the Board of Directors of the Company for issue on October 30, 2024.



Chief Executive Officer



Chief Financial Officer



Director

Octopus Digital Limited
Consolidated Condensed
Interim Financial Statements
For the nine months ended September 30, 2024

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024**

(Rupees in '000)	Un-Audited Sep 30, 2024	Audited Dec 31, 2023		Un-Audited Sep 30, 2024	Audited Dec 31, 2023
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES					
Authorised capital - 250,000,000 @ Rs. 10 each	2,500,000	2,500,000			
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			NON CURRENT ASSETS		
157,262,502 (2023 157,262,502) ordinary shares @ Rs. 10 each	1,572,625	1,572,625	Property and equipment	28,581	30,825
CAPITAL RESERVES			Capital Work in Progress	46,667	262,064
Share premium	789,209	789,209	Intangibles	412,736	72,640
Group restructuring reserve	(1,050,259)	(1,050,259)	Goodwill	221,810	221,810
Employees' share compensation reserve	19,993	9,264	Deferred Tax Assets	26,584	21,056
	(241,056)	(251,786)	Long term deposits	100	100
REVENUE RESERVES				736,478	608,494
Un-appropriated Profit	1,232,856	1,140,982			
	2,564,425	2,461,821	CURRENT ASSETS		
NON CURRENT LIABILITIES			Stock in trade	1,053	624
Long Term Diminishing Musharika	9,731	11,102	Trade debts	1,612,998	1,502,001
CURRENT LIABILITIES			Contract Assets	235,680	142,077
Creditors, accrued and other liabilities	336,082	203,408	Advances, deposits, prepayments and other receivables	379,212	441,923
Current portion of diminishing musharika	2,165	2,588	Investments in Stocks	524	10,119
Contract Liabilities	31,742	12,043	Cash and bank balances	26,966	38,403
Taxation-Net	48,767	52,679		2,256,433	2,135,147
	418,755	270,717			
	2,992,911	2,743,640		2,992,911	2,743,640

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



Chief Executive Officer



Chief Financial Officer



Director

CONSOLIDATED CONDENSED STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(Rupees in '000)	For the nine months ended		For the quarter ended	
	Sep 30 2024	Sep 30, 2023	Sep 30 2024	Sep 30, 2023
Revenues	846,085	485,645	217,961	194,915
Cost of revenue	(383,624)	(240,352)	(97,140)	(98,106)
Gross Profit / (Loss)	462,461	245,293	120,821	96,809
Administrative and selling expenses	(343,098)	(194,019)	(117,176)	(62,169)
Other expenses	(38,724)		(8,034)	
Other income	19,271	325,347	9,698	46,427
	(362,550)	131,328	(115,512)	(15,742)
Profit / (Loss) from operations	99,911	376,621	5,310	81,067
Finance costs	(2,850)	(74)	(1,221)	(40)
Profit / (Loss) before tax	97,061	376,547	4,088	81,028
Taxation	(5,187)	(34,004)	(2,615)	(10,346)
Income for the period from operations	91,874	342,543	1,473	70,682
Earnings per share - Basic (Rs.)	0.58	2.18	0.01	0.45
Earnings per share - Diluted (Rs.)	0.57	2.14	0.01	0.44

The annexed notes 1 to 7 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 NINE MONTHS ENDED SEPTEMBER 30, 2024**

(Rupees in '000)	for the nine months ended		for the quarter ended	
	Sep 30 2024	Sep 30, 2023	Sep 30 2024	Sep 30, 2023
Profit / (Loss) for the period	91,874	342,543	1,473	70,682
Other comprehensive income				
- Exchange difference on translating	-	-	-	-
- Bargain purchase gain on Investment	-	-	-	(763,185)
Total comprehensive income for the period	91,874	342,543	1,473	(692,503)

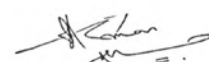
The annexed notes 1 to 7 form an integral part of these consolidated condensed financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	CAPITAL RESERVES				REVENUE RESERVES	TOTAL
	Share capital	Share premium reserve	Employee share compensation reserve	Group Restructuring Reserve	Un-appropriated (loss) / profit	
	(Rupees in '000)					
Balance as on January 01, 2023	1,367,500	789,209		(1,084,000)	972,695	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	-	-	-	-	91,874	91,874
Other comprehensive income / loss	-	-	-	-	-	-
					91,874	91,874
Employee share option reserve	-	-	10,730	-	-	10,730
Balance as on September 30, 2024	1,572,625	789,209	19,993	(1,050,259)	1,232,856	2,564,425

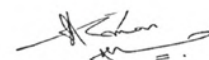
The annexed notes 1 to 7 form an integral part of these consolidated condensed financial statements.



Chief Executive Officer



Chief Financial Officer



Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

(Rupees in '000)	for the nine months ended	
	Sep 30 2024	Sep 30, 2023
Profit/ (loss) before tax	97,061	376,547
Adjustments for:		
Depreciation on property and equipment	9,249	2,604
Amortization	15,555	-
Exchange gain	36,635	(273,970)
Makup on loan to parent company	(3,352)	(51,377)
Finance cost	2,850	74
Employee share option exp.	17,811	-
Provision for ECL - related parties	22,280	-
Provision for ECL - contract assets	244	(11,002)
Provision for ECL - trade debts	1,476	(1,520)
Income on bank deposits	(463)	-
	102,284	(335,192)
Profit before working capital changes	199,346	41,355
(Increase) / decrease in current assets		
Stock in trade	(429)	(566)
Trade debts	(171,388)	(3,791)
Contract Assets	(93,846)	(43,165)
Advances, deposits, prepayments and other receivables	58,981	80,985
(decrease) / increase in current liabilities	-	-
Creditors, accrued and other liabilities	142,666	11,204
Contract Liabilities	19,699	5,181
	(44,317)	49,848
Cash (used in) / generated from operations	155,029	91,204
Finance costs	(2,850)	(74)
Taxes	(24,619)	(4,645)
Net cash (used in) / generated from operating activities	127,560	86,485
Cash flows from investing activities		
Purchase of property and equipment	(7,005)	(9,028)
Additions in intangible assets - capital work in progress	-	(95,207)
Additions in intangible assets	(140,255)	-
Increase / decrease in short term Investment	9,595	-
Profit on bank deposit	463	-
Net cash (used in) / generated from investing activities	(137,203)	(104,235)
Cash flows from financing activities		
Dividend paid	-	-
Repayment of lease liabilities	(1,794)	-
Net cash (used in) / generated from financing activities	(1,794)	-
Net (decrease) / increase in cash and cash equivalents	(11,438)	(17,750)
Cash and cash equivalents at the beginning of the year	38,403	20,223
Cash and cash equivalents at the end of the period	26,966	2,473


The annexed notes 1 to 7 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 NINE MONTHS ENDED SEPTEMBER 30, 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.

- 1.1** 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.

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.

- 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%
1.2.2	100%

- Octopus Digital FZ LLC

- 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

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;
- 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 and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention unless otherwise stated in respective notes.

3.1 FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements have been prepared in Pak Rupee, which is the functional currency of the Holding Company. Figures have been rounded off to the nearest of Pak Rupee.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

4.1 PROVISION FOR EXPECTED CREDIT LOSSES

For trade debts and other receivables, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses as explained in Note 11.7, 11.9 and 12.3. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forwardlooking factors specific to the debtors and the economic environment.

5 TAXATION

a) CURRENT

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

b) DEFERRED

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 reporting date. Deferred tax is charged or credited in the unconsolidated statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

6 CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. However, no significant re-arrangement or reclassification has been made in these consolidated financial statement.

7 DATE OF AUTHORIZATION

These consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company on October 30, 2024.



Chief Executive Officer



Chief Financial Officer



Director



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OCTOPUS

DIGITAL

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