

OCTOPUS
DIGITAL

2024
HALF YEARLY
REPORT JUNE 30, 2024

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Company Information

Board of Directors

Bakhtiar Hameed Wain
Director / Chairman

Khalid Hamid Wain
Director

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
Habib Metropolitan Bank Limited

Share Registrar

FAMCO Share Registration Services
(Pvt.) Ltd
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Nursery, Block-6, P.E.C.H.S,
Shahra-e-Faisal, Karachi.
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Email: support@octopusdtl.com

Legal Advisor

Chima & Ibrahim Advocates and
Corporate Counsel

Web Presence

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

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The Avanceon Building
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Phone: +92 (42) 111 940 940
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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 half year ended June 30, 2024.

	for the half year ended	
	June 30, 2024	June 30, 2023
(Rupees in '000)		
CONSOLIDATED OPERATING RESULTS		
Revenues	628,124	290,730
Profit before tax	92,973	295,521
Provision for taxation	(2,572)	(23,658)
Profit after taxation	90,401	271,861

	for the half year ended	
	June 30, 2024	June 30, 2023
(Rupees in '000)		
STANDALONE OPERATING RESULTS		
Revenues	499,107	290,730
Profit before tax	37,775	295,521
Provision for taxation	(2,572)	(23,658)
Profit after taxation	35,203	271,861

CONSOLIDATED EARNINGS PER SHARE FOR THE HALF YEAR ENDED JUNE 30, 2024

The consolidated basic earnings per share after tax is Rs. 0.57 (2023: Rs. 1.73)

STANDALONE EARNINGS PER SHARE FOR THE HALF YEAR ENDED JUNE 30, 2024

the standalone basic earnings per share after tax is Rs. 0.22 (2023: Rs. 1.73)

OPERATING RESULTS COMMENTARY

During the review period, the Company has achieved a remarkable increase in revenue, with consolidated results up 116% and standalone results up 72% compared to 2023. However, the Profit After Tax (PAT) has seen a decline, with a decrease to 14% and 7% in consolidated and standalone results respectively, down from 94% last year.

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 largely due to exchange losses recorded during this period. Excluding the impact of these exchange gains and losses, our PAT has increased significantly to 119M this year from 24M in 2023, reflecting a 5X improvement.

(Rupees in 'MM)			
DESCRIPTION		HY 2024	HY 2023
	PAT	90	272
	Exchange (gain) /Loss	29	(248)
	Net Profit after Tax	119	24
	EPS	0.76	0.16

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.

August 29, 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 half year ended June 30, 2024



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 Gulberg III, Lahore-54660
 Pakistan.

INDEPENDENT AUDITORS' REVIEW TO THE MEMBERS OF OCTOPUS DIGITAL LIMITED

Report on review of unconsolidated interim financial statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Octopus Digital Limited (the "Company") as at June 30, 2024 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the quarters ended June 30, 2023 and June 30, 2024 in the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's review report is Sajjad Hussain Gill.

Lahore

DATED: AUGUST 29, 2024
 UDIN: RR202410087RNY5Ce1ch

BDO EBRAHIM & CO.
 CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants
 BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 AS OF JUNE 30, 2024**

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Note	(Rupees in thousand)	
ASSETS		
NON CURRENT ASSETS		
Property and equipment	5	27,378
Intangible assets	6	3,850
Deferred taxation	7	26,584
Long term investments		447,893
Long-term advances and deposits		100
	505,805	759,647
CURRENT ASSETS		
Stock in trade	1,053	624
Trade debts	8	1,605,348
Contract assets		137,814
Advances, prepayments and other receivables	9	684,955
Short term investment		506
Cash and bank balances	10	24,880
	2,454,556	2,065,861
	2,960,361	2,825,508
TOTAL ASSETS		
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital (250 million ordinary shares of Rs. 10 each)	2,500,000	2,500,000
Issued, subscribed and paid up share capital	1,572,625	1,572,625
Capital reserves	11	
Group restructuring reserve	(1,084,000)	(1,084,000)
Employees' share compensation reserve	19,994	9,264
Share premium	789,209	789,209
Revenue reserve - unappropriated profit	1,318,580	1,283,378
	2,616,408	2,570,476
NON CURRENT LIABILITIES		
Long term diminishing musharaka	9,731	11,102
CURRENT LIABILITIES		
Trade and other payables	12	249,735
Contract liabilities		34,594
Current portion of long term liabilities		2,933
Provision for taxation		46,960
	334,222	243,930
	2,960,361	2,825,508
TOTAL EQUITY AND LIABILITIES		
CONTINGENCIES AND COMMITMENTS		
	13	

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2024

	Note	for the half year ended		for the quarter ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
		(Rupees in '000)		(Rupees in '000)	
Revenue from contracts with customers	14	499,107	290,730	279,905	196,284
Cost of revenue		(253,013)	(142,246)	(152,907)	(95,094)
Gross profit		246,094	148,484	126,998	101,190
Administrative and selling expenses		(192,733)	(131,850)	(123,464)	(96,011)
Other expense		(39,351)		(39,342)	-
Other income		25,205	278,921	24,586	27,930
		(206,879)	147,071	(138,220)	(68,081)
Operating profit		39,215	295,555	(11,222)	33,109
Financial charges		(1,440)	(34)	(1,440)	(17)
Profit before income, final and minimum tax differential		37,775	295,521	(12,662)	33,092
Final tax	15	(1,294)	(2,219)	(911)	(926)
Minimum tax differential	15	(4,680)	(2,064)	(1,691)	(737)
Profit before income tax		31,801	291,238	(15,264)	31,429
Taxation	15	3,401	(19,375)	10,980	(2,782)
Profit after income tax		35,202	271,863	(4,284)	28,647
"Earnings per share - basic and diluted (Rupees)"		0.22	1.73	(0.03)	0.18

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED) AS OF JUNE 30, 2024**

	Half year ended		Quarter ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Rupees in '000)		(Rupees in '000)	
Profit for the period	35,202	271,863	(4,284)	28,647
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>35,202</u>	<u>271,863</u>	<u>(4,284)</u>	<u>28,647</u>

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

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

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2024

Issued, subscribed and paid-up share capital	Reserves				Total	
	Capital			Revenue		
	Group Restructuring Reserve	Employees' Share Compensation Reserve	Share premium	Unappropriated profit		
-----Rupees in '000-----						
Balance as at January 01, 2023 (audited)	1,367,500	(1,084,000)	-	789,209	972,695	2,045,404
Total comprehensive income for the period	-	-	-	-	271,863	271,863
Bonus shares issued @15%	205,125	-	-	-	(205,125)	-
Balance as at June 30, 2023 (un-audited)	<u>1,572,625</u>	<u>(1,084,000)</u>	<u>-</u>	<u>789,209</u>	<u>1,039,433</u>	<u>2,317,267</u>
Balance as at January 01, 2024 (audited)	1,572,625	(1,084,000)	9,264	789,209	1,283,378	2,570,476
Total comprehensive income for the period	-	-	-	-	35,202	35,202
Employee share option reserve	-	-	10,730	-	-	10,730
Balance as at June 30, 2023 (un-audited)	<u>1,572,625</u>	<u>(1,084,000)</u>	<u>19,994</u>	<u>789,209</u>	<u>1,318,5280</u>	<u>2,616,408</u>

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2024

	Note	for the half year ended	
		June 30 2024	June 30, 2023
(Rupees in '000)			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		31,801	295,521
Adjustments for items not involving movement of funds:			
Depreciation on property and equipment	5	4,701	1,273
Amortization on intangible asset	6	203	
Provision for expected credit losses on:			
- contract assets		244	(11,002)
- trade debts	8.2	23,756	(1,520)
Interest income		-	(31,014)
Exchange loss/(gain) - net		28,046	(247,907)
Employees' share option reserve		10,730	-
Profit on short term investment		(1,051)	-
Finance cost		115	34
Net cash flow before working capital changes		98,545	5,385
Increase in current assets			
Trade debts		(166,529)	(153,451)
Stock in trade		(429)	(323)
Contract assets		(35,420)	(25,179)
Advances, deposits, prepayments and other receivables		(252,455)	20,473
		(454,833)	(158,480)
Increase in current liabilities			
Creditors, accrued and other liabilities		60,417	208,607
Contract liabilities		22,551	11,194
		82,968	219,801
Cash (used in) / generated from operations		(273,320)	66,706
Finance costs paid		(115)	(34)
Income tax paid		4,852	(562)
Net cash (used in) / generated from operating activities		(268,583)	66,110
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(3,545)	(8,920)
Addition in intangible asset		(108,099)	(49,127)
Disposal of intangible asset		366,110	-
Short term investment		10,664	-
Net cash generated from / (used in) investing activities		265,130	(58,047)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of diminishing musharaka		(1,026)	-
		(1,026)	-
Net (decrease) / increase in cash and cash equivalents		(4,479)	8,063
Cash and cash equivalents at the beginning of the period		29,359	20,223
Cash and cash equivalents at the end of the period		24,880	28,286

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 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 BASIS OF PREPARATION

2.1 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.

2.2 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 half year ended June 30, 2023.

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.

2.3

3 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.

4 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 December 31, 2023 except mentioned below:

4.1 Taxation

a) Current

Current tax is the expected tax payable on the taxable income for the year based on taxable profits, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous 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.

4.2 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.

4.3 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.

	Note	Un-audited June 30, 2024	Audited December 31, 2023
5 PROPERTY AND EQUIPMENT			
Property and equipment - tangible			
	5.1	<u>27,378</u>	<u>28,534</u>
(Rupees in '000)			
5.1 Operating fixed assets - tangible		28,534	3,953
Opening net book value (NBV)	5.1.1	<u>3,545</u>	<u>29,452</u>
Additions (at cost) during the period / year		<u>32,079</u>	33,405
Depreciation charged during the period / year		<u>(4,701)</u>	<u>(4,871)</u>
Closing net book value (NBV)		<u>27,378</u>	<u>28,534</u>
5.1.1 Details of additions (at cost) during the period / year are as follows:			
Tools and equipment		58	1,109
Computers		2,918	10,376
Office equipment		569	315
Furniture		-	20
Vehicles		-	17,632
		<u>3,545</u>	<u>29,452</u>
6 INTANGIBLE ASSETS			
Intangible assets			
		<u>3,850</u>	<u>262,064</u>
6.1 Developed intangible assets			
Opening book value		-	-
Addition during the period / year - cost		370,163	-
Transfer during the period / year - cost	6.1.1	<u>(366,110)</u>	-
Less: Amortized during the period		<u>(203)</u>	-
Closing book value		<u>3,850</u>	<u>-</u>
Rate of amortisation		10%	10%
6.1.1	This represents software transferred during the period to the Octopus Digital FZ LLC (subsidiary) at cost.		
6.2 Capital work-in-progress - software			
Opening book value		262,064	119,684
Add: Additions during the period / year - cost		108,099	142,380
Transfer to developed intangible assets during the period / year - cost		<u>(370,163)</u>	-
Closing book value		<u>-</u>	<u>262,064</u>

	Note	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees in '000)			
7 DEFERRED TAXATION			
The net asset / (liability) for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation / amortization		(163)	(329)
Deferred tax on alternate corporate tax		9,925	9,925
Provision for expected credit losses / earnings		16,822	11,460
		<u>26,584</u>	<u>21,056</u>
8 TRADE DEBTS			
Due from related parties		1,690,711	1,607,597
Due from others	8.1	82,272	27,108
		<u>1,772,983</u>	<u>1,634,705</u>
Less: Allowance for expected credit losses	8.2	(167,635)	(144,084)
		<u>1,605,348</u>	<u>1,490,621</u>
8.1 Due from related parties			
Avanceon Limited - Local		338,480	469,014
Avanceon Free Zone Establishment, UAE - Export		76,656	55,107
Avanceon Automation & Control WLL, Qatar - Export		1,154,886	1,037,893
Avanceon Saudi Energy Company - KSA (AVSEC)		67,689	20,033
Octopus Digital FZ LLC - Export		53,000	25,550
		<u>1,690,711</u>	<u>1,607,597</u>
8.2 Allowance for expected credit losses			
Due from related parties	8.2.1	166,267	143,987
Due from others	8.2.2	1,368	97
		<u>167,635</u>	<u>144,084</u>
8.2.1 Allowance for expected credit losses - Related parties			
Opening balance		143,987	84,374
Add: Allowance for the period / year		22,280	59,613
Closing balance		<u>166,267</u>	<u>143,987</u>
8.2.2 Allowance for expected credit losses - Others			
Opening balance		97	1,837
Add: (Reversal) / allowance for the period / year		1,271	(1,934)
Closing balance		<u>1,368</u>	<u>97</u>
9 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
To employees		8,607	13,414
To suppliers		6,008	7,904
		<u>14,615</u>	<u>21,318</u>
Prepayments		512	1,422
Other receivables - related party	9.1	646,235	382,404
Tax refunds due from government - considered good			
Income tax		18,553	17,827
Prepaid assets		2,885	4,957
Advance tax paid to FBR		-	4,390
Sales tax		1,719	-
Other receivables - considered good		436	182
		<u>684,955</u>	<u>432,500</u>
9.1 Other receivables - related party			
Other receivables - related party (AVL)		34,488	69,202
Other receivables - related party (ODFZLLC)		611,747	247,450
Other receivables - related party (AVFZE)		-	65,752
		<u>646,235</u>	<u>382,404</u>
10 CASH AND BANK BALANCES			
Current account - Local currency		<u>24,880</u>	<u>29,359</u>
11 RESERVES			
Capital			
Share premium	11.1	789,209	789,209
Employees' share compensation reserve	11.2	19,994	9,264
Group restructuring reserve		(1,084,000)	(1,084,000)
		<u>(274,797)</u>	<u>(285,527)</u>

11.1 This reserve shall be utilized for the purpose as specified in section 81(2) of the Companies Act, 2017.

11.2 Share options scheme

Employee Share Option Scheme, 2022 was approved by Securities and Exchange Commission of Pakistan (SECP) on March 04, 2022 which comprises of an entitlement pool of 10% of the paid-up capital of the Company as increased from time to time. The number of shares that can be issued under the scheme shall not exceed 10% (13.675 million shares) of its share capital as on December 31, 2021. Under the scheme, share options of the Company will be granted to permanent employees of all cadres based on the performance ranking process of the Company. The share options can be exercised within a period of maximum six months from the expiry of the minimum vesting period.

The minimum vesting period is 12 months from the date of grant of options as stipulated in approved scheme. The vesting period for options granted is three years. Exercise Price of an option shall be determined from time to time by the Board of directors of the Company at the time of grant of option(s), which shall be calculated as the weighted average of the closing quoted market price of the share of the Company for last 90 consecutive calendar days immediately preceding the date of entitlement of option(s). Provided further that options can be issued at a maximum discount of 90% of the weighted average of the closing market price of the share of the Company for last 90 consecutive calendar days immediately preceding the date of entitlement of option(s) as determined by the Board. The exercise price shall not be in any case less than face value of Rs. 10/- per share.

Movement in the amount of options granted is as follows:

	Note	Un-audited June 30, 2024	Audited December 31, 2023
		(Rupees in '000)	
Balance as at January 01,		9,264	-
Employee compensation expense		10,730	9,264
Balance as at June 30,		<u>19,994</u>	<u>9,264</u>

11.3 Movement of reserves have been reflected in the statement of changes in equity.

12 CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		48,577	18,657
Payable to related parties	12.1	171,580	127,390
Accrued liabilities		3,484	1,685
Advance from employees against vehicles		8,880	8,980
Payable to employees		1,990	9,536
Provision for levy		8,100	10,829
Tax deducted at source		7,124	6,043
Sales tax payable		-	6,198
		<u>249,735</u>	<u>189,318</u>

12.1 Payable to related parties

Avanceon FZE		19,650	-
Avanceon Automation and Control WLL		75,429	-
EmpiricAI (Private) Limited		76,501	127,390
		<u>171,580</u>	<u>127,390</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 There are no contingencies and no commitments of the Company as at June 30, 2024 (December 31, 2023: Nil).

14 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Un-audited			
	Half year ended		Quarter ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Rupees in '000)		(Rupees in '000)	
Local sales and services				
Sale of goods	34	-	-	-
Services rendered	83,346	56,313	56,802	31,231
Fee for technical Services	-	6,000	-	-
Digital Business Services	42,981	-	26,587	-
AMS business Services	53,064	6,486	29,685	1,962
Export sales				
AMS business Services	32,980	47,371	-	40,207
Other Services rendered	286,702	174,560	166,831	122,884
	<u>499,107</u>	<u>290,730</u>	<u>279,905</u>	<u>196,284</u>

14.1	TIMING OF REVENUE RECOGNITION	Note	Un-audited	Audited
			June 30, 2024	December 31, 2023
			(Rupees in '000)	
	At point in time		34	-
	Overtime		499,072	290,730
			<u>499,106</u>	<u>290,730</u>

15 TAXATION

Final tax	15.1	1,294	2,219
Minimum tax differential	15.2	4,680	2,064
		<u>5,974</u>	<u>4,283</u>
Current			
- for the year	15.3	2,127	18,217
		<u>2,127</u>	<u>18,217</u>
Deferred			
- current year		(5,528)	1,158
		<u>2,573</u>	<u>23,658</u>

15.1 This represents final taxes paid under Under Section 154A of Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21/IAS 37.

15.2 This represents minimum taxes paid under Under Section 153(1) (a) and (b) of Income Tax Ordinance, 2001 representing levy in terms of requirements of IFRIC 21/IAS 37.

15.3 Historically, the Company has paid taxes under the normal tax regime, and it anticipates achieving an expected profit by the year-end, remaining within the normal tax regime. Consequently, the Company has not altered its accounting policy.

15.4 RECONCILIATION OF TAX CHARGE

Reconciliation of current tax charge charged as per tax laws for the period, with current tax recognised in the profit and loss account is as follows

	Note	Un-audited June 30, 2024	Audited December 31, 2023
(Rupees in '000)			
Current tax liability for the period as per applicable tax laws		8,101	22,500
Portion of current tax liability as per tax laws, representing income tax under IAS 12		(2,127)	(18,217)
Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37	15.4.1	(5,974)	(4,283)
Difference		-	-

15.4.1 The aggregate of final tax and minimum tax amounting to Rs. 5.974 million (2023: Rs. 4.283 million) represents tax liability of the Company calculated under the relevant provisions of the Income Tax Ordinance, 2001.

16 TRANSACTIONS WITH RELATED PARTIES

Related party transactions represent transactions with parent companies and associated companies on the basis of common directorship. The Company carries out transactions with its related parties in the normal course of business. Transactions with related parties during the period are as follows:

Name	Relationship	Nature of Transaction	June 30, 2024 (Unaudited) (Rupees in thousand)	June 30, 2023 (Unaudited)
Avanceon Limited (AVL)	Holding Company	Back office Support	25,831	-
		AMS Business services rendered	53,064	6,486
		Sub-contracted services	37,787	15,834
		Fee for technical service charged by the Company	-	6,000
		Salaries payment to employees by AVL on behalf of the Company	121,247	87,000
		Payment to suppliers by AVL on behalf of the Company	3,625	7,518
		Funds transferred to purchase intellectual property on behalf of	-	73,049
		Short-term loan given	-	300,000
		Payments to AVL	112,835	-
		Markup charged on short-term	-	31,014
		Building rent charged by AVL	-	180
		Payments to employees by	4,987	2,744

Name	Relationship	Nature of Transaction	June 30,	June 30,
			2024	2023
			(Unaudited)	(Unaudited)
			(Rupees in thousand)	
		Cash received from AVN	32,595	36,967
		Payments to employees by ODL	1,810	551
		Payments to suppliers by ODL	4,571	3,785
Avanceon FZE- UAE (AFZE)	Associated Companies due to common directorship	Sub-contracted services	16,402	49,580
		Payments to suppliers by AFZE on behalf of the Company	58,656	36,897
		Collection / adjustment from	10,769	2,400
		Payments to suppliers by ODL on behalf of the Company	222	-
		Payments to employees by ODL	1,375	-
		Subscription Digital Business	3,488	-
		Payments to employees by AFZE on behalf of the Company	10,995	33,207
		AMS business services rendered	6,732	31,712
Avanceon Automation and Control WLL - QATAR (AVAC)	Associated Companies due to common directorship	Sub-contracted services	276,617	124,979,832
		Payments to suppliers by AVAC on behalf of the Company	3,065	13,196,453
		Payment to employees by AVAC on behalf of the Company	11,502	55,673,491
		Payments to Employees by ODL	223	-
		Payments of Salaries by AVAC	92,633	-
		Collection/adjustment from AVAC	42,414	-
		AMS business services rendered	14,695	5,820,461
		Payments to suppliers by ODL	335,679	207,476
Avanceon Saudi Energy Company - KSA (AVSEC)	Associated Companies due to common directorship	Payment to suppliers by ODL	-	178,916
		AMS business services rendered	11,553	9,839,291
		Subcontracted projects	61,565	-
		Payments to Suppliers by AVSEC	676	-
		Payments of Salaries by AVAC	2,061	-
		Payment/ADJ to AVSEC	18,559	-
		Collection/ADJ from AVSEC	21,304	-
Octopus Digital Free Zone LLC (ODFZ LLC)	Fully Owned Subsidiary Company	Subcontracted projects	40,064	-
		Payment to Suppliers by ODFZE	21,721	-
		IP's Transfers	371,151	-
EmpiricAI Pvt. Ltd	Fully Owned Subsidiary Company	Payment to Employees by ODL	2,568	-
		Payment of Salaries by ODL	3,694	-
		Payment of Salaries by EAI	7,169	-
		Payment to Suppliers by ODL	35,188	-
		Payment/ADJ to EAI	18,886	-
		Collection/Adj from EAI	18,732	-
Key management personnel	Others	Back office Support	25,831	-
		Remuneration and other benefits	11,281	10,644

17 FINANCIAL INSTRUMENTS BY CATEGORIES

Set out below, is an overview of financial assets and financial liabilities, held by the company as at June 30, 2024 and December 31, 2023:

	Un-audited June 30, 2024	Audited December 31, 2023
	(Rupees in '000)	
Financial assets at amortized cost		
Long term loans and deposits	100	100
Trade debts	1,605,348	1,490,622
Cash and cash equivalent	<u>24,880</u>	<u>29,359</u>
	1,630,328	1,520,081
Financial assets at fair value through profit or loss		
Short term investment	<u>506</u>	<u>10,119</u>
	506	10,119
Total financial assets	<u>1,630,834</u>	<u>1,530,200</u>
Financial liability at amortized cost		
Creditors, accrued and other liabilities	<u>234,511</u>	<u>166,248</u>

Fair value measurement of financial instruments

There is no change in nature and corresponding hierarchies of fair valuation levels of financial instruments from those disclosed in audited financial statements of the Company for the year ended December 31, 2023.

18 GENERAL

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

19 CORRESPONDING FIGURES

Corresponding figures where necessary, have been rearranged for the purpose of comparison. However no significant rearrangement or reclassification has been made during the period ended June 30, 2024 except the following:

Description	Note	From	To	Rupees in thousand
Reclassification of taxation expense to final tax	15	Taxation	Final tax	2,219
Reclassification of taxation expense to minimum tax differential	15	Taxation	Minimum tax differential	2,064
Reclassification of income tax to prepaid asset	9	Income tax	Prepaid asset	4,957
Reclassification of income tax to sales tax payable	9	Income tax	Sales tax	1,848
Reclassification of provision for taxation to provision for levy		Provision for taxation	Provision for levy	10,829

20 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on August 29, 2024 has recommended interim cash dividend at Nil i.e. Rs. 0 per share. These unconsolidated condensed interim financial statements do not reflect this appropriation.

21 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized by the Board of Directors of the Company for issue on 29th August, 2024.



Chief Executive Officer



Chief Financial Officer



Director

Octopus Digital Limited
Consolidated Condensed
Interim Financial Statements
for the half year ended June 30, 2024

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
 AS AT JUNE 30, 2024**

Note	Un-Audited June 30 2024 (Rupees in '000)	Audited Dec 31, 2023	ASSETS	Un-Audited June 30 2024 (Rupees in '000)	Audited Dec 31, 2023 (Rupees in '000)
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	<u>28,088</u>	30,825
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			Capital Work in Progress	<u>4,052</u>	262,064
157,262,500 (2023:157,262,500) ordinary shares @ Rs. 10 each	<u>1,572,625</u>	1,572,625	Intangibles	<u>430,571</u>	72,640
CAPITAL RESERVES			Goodwill	<u>221,810</u>	221,810
Share premium	<u>789,209</u>	789,209	Deferred Tax Assets	<u>26,584</u>	21,056
Group restructuring reserve	<u>(1,050,259)</u>	(1,050,259)	Long term deposits	<u>100</u>	100
Employees' share compensation reserve	<u>19,993</u>	9,264		<u>711,205</u>	608,494
	<u>(241,056)</u>	(251,786)			
REVENUE RESERVES					
Un-appropriated Profit	<u>1,231,383</u>	1,140,982			
	<u>2,562,952</u>	2,461,821			
NON CURRENT LIABILITIES					
Long Term Diminishing Musharika	<u>9,731</u>	11,102			
CURRENT LIABILITIES					
Creditors, accrued and other liabilities	<u>283,352</u>	203,408	CURRENT ASSETS		
Current portion of lease liabilities	<u>2,933</u>	2,588	Stock in trade	<u>1,053</u>	624
Finances under mark up arrangements and other credit facilities - secured	<u>-</u>	-	Trade debts	<u>1,576,629</u>	1,502,001
Contract Liabilities	<u>34,594</u>	12,043	Contract Assets	<u>256,529</u>	142,077
Taxation-Net	<u>48,435</u>	52,679	Advances, deposits, prepayments and other receivables	<u>363,842</u>	441,923
	<u>369,314</u>	270,717	Short Term Loan	<u>-</u>	-
			Investments in Stocks	<u>506</u>	10,119
			Cash and bank balances	<u>32,231</u>	38,403
CONTINGENCIES AND COMMITMENTS				<u>2,230,791</u>	2,135,147
5				<u>2,941,996</u>	2,743,640
	<u>2,941,996</u>	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 STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR ENDED JUNE 30, 2024

	for the half year ended		for the quarter ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	(Rupees in '000)		(Rupees in '000)	
Revenues	628,124	290,730	314,265	196,284
Cost of revenue	(286,485)	(142,246)	(177,136)	(95,094)
Gross Profit / (Loss)	341,640	148,484	137,129	101,190
Administrative and selling expenses	(225,922)	(131,851)	(155,736)	(96,011)
Other expenses	(30,690)	-	(30,392)	-
Other income	9,573	278,920	8,876	27,930
	(247,038)	147,070	(177,252)	(68,081)
Profit / (Loss) from operations	94,601	295,554	(40,123)	33,109
Finance costs	(1,628)	(34)	(1,553)	(17)
Profit before income, final & minimum tax differential	92,973	295,521	(41,676)	33,092
Final tax	(1,294)	(2,219)	(1,294)	(926)
Minimum tax differential	(4,680)	(2,064)	(4,680)	(737)
Profit before income tax	86,999	291,238	(47,650)	31,429
Taxation	3,401	(19,375)	14,354	(2,782)
Profit after taxation for the period	90,400	271,863	(33,296)	28,647
Earning per share - Basic & Diluted	0.57	1.73	(0.30)	0.20

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 HALF YEAR ENDED JUNE 30, 2024**

	for the half year ended		for the quarter ended	
	<u>June 30 2024</u>	<u>June 30, 2023</u>	<u>June 30 2024</u>	<u>June 30, 2023</u>
	(Rupees in '000)		(Rupees in '000)	
Profit /(loss) for the period	90,401	271,896	33,296	28,663
Other comprehensive income				
- Exchange difference on translating	-	-	-	-
- Bargain purchase gain on Investment	-	-	-	763,185
- Surplus on revaluation of property and equipment realised through incremental depreciation charged on related assets for the period-net of tax	-	-	-	-
	<u>90,401</u>	<u>271,896</u>	<u>33,296</u>	<u>734,522</u>

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 HALF YEAR ENDED JUNE 30, 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		
	(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	-	-	-	-	-	90,401	-	90,401
Other comprehensive income / loss	-	-	-	-	-	-	-	-
	-	-	-	-	-	90,401	-	90,401
Balance as on June 30, 2024	1,572,625	789,209	19,993	(1,050,259)	-	1,231,383	-	2,562,952

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 HALF YEAR ENDED JUNE 30, 2024

	for the half year ended	
	June 30 2024	June 30, 2023
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before tax	92,973	295,519
Adjustments for:		
Depreciation on property and equipment	6,078	675
Amortization	10,370	
Exchange gain	28,604	(93,234)
Exchange revaluation reserve		
Makup on loan to parent company	(3,357)	(86,748)
Finance cost	1,628	18
Employee share option exp.	17,811	
Provision for ECL - related parties	22,280	
Provision for ECL - contract assets	244	2,171
Provision for ECL - trade debts	1,476	8,785
Gain on disposal of fixed Assets		
Income on bank deposits	(435)	(4,751)
	84,699	(173,084)
	177,672	122,436
Increase in non-current assets		
- Long-term advances		(125,690)
Profit before working capital changes		
(Increase) / decrease in current assets	(429)	
- Stock in trade	(126,987)	(382,387)
- Trade debts	(114,696)	(17,870)
- Contract Assets	74,356	81,450
- Advances, deposits, prepayments and other receivables		
(Decrease) / Increase in current liabilities	287,056	(15,884)
- Creditors, accrued and other liabilities	22,551	35,998
- Contract Liabilities		
	141,851	(298,693)
Cash (used in) / generated from operations	319,523	(301,947)
Cash generated from continuing operations	319,523	(301,947)
- Finance costs	(1,628)	(18)
- Profit from Bank		4,751
- Taxes	(16,048)	(5,778)
Net cash (used in) / generated from operating activities	301,847	(302,992)

The annexed notes 1 to 8 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 HALF YEAR ENDED JUNE 30, 2024

	for the half year ended	
	June 30 2024	June 30, 2023
	(Rupees in '000)	
Net cash (used in) / generated from operating activities	301,847	(302,992)
Cash flows from investing activities		
Purchase of property and equipment	(3,342)	(754)
Proceeds from disposal of property and equipment		(26,030)
Additions in intangible assets - capital work in progress		(350,000)
Additions in intangible assets	(110,290)	
Increase / decrease in short term Investment	9,612	
Receipts on disposal of Short term investment		
Profit on bank deposit	435	
Net cash (used in) / generated from investing activities	301,847	(376,784)
Cash flows from financing activities		
Dividend paid	-	-
Repayment of lease liabilities	(201,846)	-
Net cash (used in) / generated from financing activities	(201,846)	-
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(3,584)	(679,776)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	38,403	898,889
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	34,819	219,113

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 CONDENCED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 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.

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 2023, 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, 2023.

BUSINESS UNIT

HEAD OFFICE

REGIONAL OFFICES

Karachi
Islamabad

LOCATION

19 km, Multan Road, Lahore 54500.

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

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
- Octopus Digital FZ LLC

Note	% age of Holding
1.2.1	100%
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.

Multan Road, Lahore 54660.

The registered office of the Empiric AI (Private) Limited is located at the Avanceon Building, 19 km,

- 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.



Chief Executive Officer



Chief Financial Officer



Director

3 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.

4 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 December 31, 2023 except mentioned below:

Taxation

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.

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.

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.

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.

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.

5 CONTINGENCIES AND COMMITMENTS

There are no contingencies and no commitments of the Company as at June 30, 2024 (December 31, 2023: Nil).

6 DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on 29th August, 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



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