

OCTOPUS
DIGITAL



AI

2023
QUARTERLY

QUARTERLY REPORT MARCH 31, 2023

www.octopusdtl.com

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Company Information

Directors

Bakhtiar Hameed Wain	Director / Chairman
Tanveer Karamat	Director / Chief Executive Officer
Asmar Ahmed Atif	Director
Mohammad Shahid Mir	Director
Mohammad Arif Janjua	Director
Adeel Khalid	Director
Saleha Asif	Director

Saeed Ullah Khan Niazi	Chief Financial Officer
Ahsan Khalil (ACA-PPFA)	Company Secretary

Audit Committee

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

Human Resource & Remuneration Committee

Mohammad Shahid Mir	Chairman
Bakhtiar Hameed Wain	Member
Tanveer Karamat	Member

Auditors

BDO Ebrahim & Co.
Chartered Accountants

Bankers

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

Share Registrar

FAMCO Associates (Pvt) Ltd.
8-F, Next to Hotel Faran,
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www.famco.com.pk

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Email: support@octopusdtl.com

Legal Advisor

Cheema & Ibrahim

Web Presence

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Email: support@avanceon.qa

Avanceon Saudi 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

Trade Mark

OCTOPUS
DIGITAL

Interim Director's Report

Directors of Octopus Digital Limited (the "Company") are pleased to present the Directors' Report for the three months ended March 31, 2023

(Rupees in '000)	For the first quarter ended	
	March 31, 2023	March 31, 2022
Operating results		
Revenues	94,446	159,321
Profit before tax	262,428	111,955
Provision for taxation	(19,213)	(7,132)
Profit after taxation	243,215	104,823

Earnings per share (standalone) for the three months ended march 31, 2023

The basic earnings per share after tax is Rs. 1.78 (2022: Rs. 0.77)

During the 1st Quarter 2023 the revenue remained comparatively low due to the fact of our After Market Support product business in Pakistan mainly because of non-opening of L/Cs which is in continuance since 2022. Moreover, the Subscription digital business USD denominated costs overshoot due to PKR parity to USD constantly on the down road of devaluation.

However, it is being reported that our digitalization business is on the flight to achieve high goals worldwide in Middle East, USA, and other parts of the world.

Management is confident to achieve the targeted corporate plan for revenues and net profit after tax for the financial year 2023 as disclosed in corporate analyst briefing in May 2023.

Communication

On behalf of the Board, the Company would like to thank all stakeholders for their continued trust and support. For assistance on information The Company's website, www.octopusdtl.com, contains up to date information on Company's activities and financial reports.

For and on behalf of the
BOARD OF DIRECTORS



Tanveer Karamat
Chief Executive Officer



Asmar Ahmed Atif
Director

May 30, 2023
Lahore, Pakistan.

Octopus Digital Limited
**Condensed Interim
Financial Statements**
for the first quarter ended March 31, 2023

Condensed Interim Statement of Financial Position

as at March 31, 2023

(Rupees in '000)	Un-audited March 31, 2023	Audited December 31, 2022
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment	4,270	3,953
Deferred Tax Asset	10,334	10,334
Intangible Assets	134,083	119,684
Long term advances and deposits	100	100
	148,788	134,071
CURRENT ASSETS		
Trade debts	1,546,075	1,236,092
Contract Assets	111,397	95,621
Short term loan	300,000	300,000
Other Assets and Prepayments	334,655	339,464
Cash and bank balances	5,188	20,223
	2,297,315	1,991,400
	2,446,102	2,125,471

for the first quarter ended March 31, 2023



Chief Executive Officer
Tanveer Karamat



Chief Financial Officer
Saeed Ullah Khan Niazi

(Rupees in '000)	Un-audited March 31, 2023	Audited December 31, 2022
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised capital - 250,000,000 @ Rs. 10 each	2,500,000	2,500,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
136,750,002 ordinary shares @ Rs. 10 each	1,367,500	1,367,500
Share premium	(294,791)	(294,791)
Accumulated (loss)/profit	1,215,910	972,695
	2,288,619	2,045,404
NON-CURRENT LIABILITIES		
Deferred tax liabilities	-	-
CURRENT LIABILITIES		
Trade and other payables	82,570	23,452
Contract liabilities	10,947	6,669
Taxation - net	63,966	49,946
	157,483	80,067
CONTINGENCIES AND COMMITMENTS		
	2,446,102	2,125,471

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



Director
Asmar Ahmed Atif

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

for the first quarter ended March 31, 2023

(Rupees in '000)	for the first quarter ended	
	March 31, 2023	March 31, 2022
Sales	94,446	159,321
Cost of goods sold	(47,152)	(48,882)
Gross profit	47,294	110,440
Administrative and selling expenses	(35,839)	(19,094)
Other operating income	250,991	20,626
	215,152	1,533
Profit / (Loss) from operations	262,445	111,972
Finance costs	(17)	(17)
Profit / (Loss) for the period	262,428	111,955
Income tax expense	(19,213)	(7,132)
Profit / (Loss) for the period after tax	243,215	104,823
Earnings/(Loss) per share - basic	1.78	0.77

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

for the first quarter ended March 31, 2023



Chief Executive Officer
Tanveer Karamat



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Asmar Ahmed Atif

Condensed Interim Statement of Comprehensive Income (Un-audited)

for the first quarter ended March 31, 2023

(Rupees in '000)	for the first quarter ended	
	March 31, 2023	March 31, 2022
Profit / (loss) for the period	243,215	97,451
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	243,215	97,451

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



Chief Executive Officer
Tanveer Karamat



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Asmar Ahmed Atif

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

for the first quarter ended March 31, 2023

	Share Capital	Capital Reserves		Un-appropriated profits	Total Equity
		Group Restructuring Reserve	Share Premium		
(Rupees in '000)					
Balance as on January 01, 2022	1,367,500	(1,084,000)	789,209	567,632	1,640,341
Net (loss) /profit for the year ended	-	-	-	405,063	405,063
Dividend Announced for the period	-	-	-	-	-
Balance as on December 31, 2022	1,367,500	(1,084,000)	789,209	972,695	2,045,404
Net (loss) /profit for the period	-	-	-	243,215	243,215
Balance as on March 31, 2023	1,367,500	(1,084,000)	789,209	1,215,910	2,288,619

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



Chief Executive Officer
Tanveer Karamat



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Asmar Ahmed Atif

Condensed Interim Statement of Cash Flows (Un-audited)

for the first quarter ended March 31, 2023

(Rupees in '000)	for the first quarter ended	
	March 31, 2023	March 31, 2022
Cash flow from operating activities		
Net profit before taxation	262,428	111,955
Adjustment for:		
Depreciation	433	629
Profit on bank deposits	-	(4,751)
Markup income on loan to Avanceon	(13,441)	-
Exhnage gain	(237,522)	(15,876)
Operating profit before working capital changes	11,898	91,958
Adjustments for working capital changes		
(Increase) / decrease in current assets		
- Trade debts	(72,461)	(140,764)
- Stock in trade	-	(4,655)
- Contract assets	(15,776)	-
- Advances and other receivables	18,250	(232,355)
	(69,987)	(377,774)
Increase / (decrease) in current liabilities		
- Contract liabilities	4,278	-
- Creditors, accrued and other liabilities	59,118	55,741
	63,396	55,741
Cash generated from / (used in) operations	5,307	(230,075)
Income tax paid	(5,193)	(7,132)
Net cash generated from / (used in) operating activities	114	(237,207)
Cash flows from investing activities		
Purchase of property and equipment	(750)	(870)
Intangible Assets/Capital work-in-progress	(14,399)	(10,393)
Profit on bank deposits	-	4,751
Net cash used in investing activities	(15,149)	(6,512)
Issuance of ordinary shares		
Cash flows from financing activities		
Net cash generated from financing activities		
Net (decrease) / increase in cash and cash equivalents	(15,035)	(243,719)
Cash and cash equivalents at the beginning of the year	20,223	598,889
Cash and cash equivalents at the end of the year	5,188	355,171

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



Chief Executive Officer
Tanveer Karamat



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Asmar Ahmed Atif

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

for the first quarter ended March 31, 2023

1. CORPORATE AND GENERAL INFORMATION

1.1 Legal status and nature of the business

Octopus Digital Limited (the Company) was incorporated in Pakistan on December 29, 2017 as a private limited company which was converted to public Company on November 11, 2020 under the Companies Act, 2017. The Company is a subsidiary of a listed company namely Avanceon Limited (the Parent Company). Its registered office is situated at 19 KM Main Multan Road, Lahore.

The prime business of the Company is to carry out Information Technology enabled services which includes but are not limited to online data/information storage, online monitoring and review of employees efficiency, online monitoring of cost and production efficiency, online monitoring and maintenance of plant and machinery, sale and trade of related software and equipment etc.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act , 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

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

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

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

Standard or Interpretation	Effective date (annual periods Beginning on or after)
Amendments 'Business Combinations' - Reference to the to IFRS 3 conceptual framework	January 01, 2022

Amendments to IFRS 16	'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 16	'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37	'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

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

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

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

Standard or Interpretation	Effective date (annual periods Beginning on or after)	
Amendments to IFRS 16	'Leases' - Lease liability in a sale and leaseback	January 01, 2024
Amendments to IAS 1	'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 1	'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

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

4. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments of the Company as at 31 March 2023.(2022: Rs. Nil)

5. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

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

for the first quarter ended March 31, 2023

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

(Rupees in '000)	Chief Executive / Director		Other Executives	
	2023	2022	2023	2022
Managerial remuneration	3,022	933	7,280	980
House rent	969	373	2,912	392
Utilities	242	93	728	98
Provident Fund / Gratuity	242	93	728	98
Others	8	2	239	8
	4,483	1,494	11,887	1,576
Number of persons	4	1	16	4

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

6. DATE OF AUTHORIZATION FOR ISSUE

The condensed interim consolidated financial information was authorised for issue on 30 May, 2023 by the Board of Directors of the Holding Company.

7. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Executive Officer
Tanveer Karamat



Chief Financial Officer
Saeed Ullah Khan Niazi



Director
Asmar Ahmed Atif



OCTOPUS

DIGITAL

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