

OCTOPUS
DIGITAL

Annual Report
2023

Letter from the Chief Executive Officer

Dear Shareholders & Associates

Reflecting on the journey of Octopus Digital throughout 2023, I am immensely proud of the strides we have made and the successes we have achieved together. As CEO, leading this dynamic team has been an enriching experience, filled with mutual growth, learning, and triumphs.

Central to our endeavors this year was the introduction of our flagship propriety solution, OmniConnect™, to the market. The positive response from the market serves as a resounding validation of our offerings and reinforces our decision to scale our product line. Our foray into new territories, including the dynamic markets of the Middle East and the USA, highlights our dedication to spearheading digital transformation at a global level.

Our journey hasn't been solely about product innovation; it has

also encompassed deep dives into Machine Learning techniques and Industrial Analytics. After exploring these domains, we aim to stay at the forefront of industry trends and deliver unparalleled value to our clientele.

And during our product launches and technological explorations, our marketing efforts have been robust.

Thanks to our newly formed marketing and pre-sales teams, we've revamped our website and product portfolios, that has helped us with enhanced visibility and engagement so far. Our outreach activities have commenced with a steady pace, promising fruitful outcomes.

Looking ahead to the coming year, our focus remains on scaling our marketing initiatives and cultivating strategic partnerships to targeted international markets. The future is bright, and we are steadfast in our dedication to continue creating value for our stakeholders with

a key focus on accelerating sales in the coming year.

Finally, I extend my heartfelt gratitude to each member of the Octopus Digital family, our shareholders, and associates for their unwavering support and dedication.

Together, we will navigate the path ahead with resilience, innovation, and a relentless pursuit of excellence.

Yours Sincerely,



Tanveer Karamat
Chief Executive Officer
Octopus Digital Limited



Company Information

Board of Directors

Bakhtiar Hameed Wain
Director / Chairman

Tanveer Karamat
Director / Chief Executive Officer

Asmar Ahmed Atif
Director

Adeel Khalid
Director

Mohammad Shahid Mir
Director

Mohammad Arif Janjua
Director

Saleha Asif
Director

Faisal Nadeem Sheikh
Chief Financial Officer

Ahsan Khalil
Company Secretary

Board Audit Committee

Mohammad Shahid Mir
Chairman

Bakhtiar Hameed Wain
Member

Mohammad Arif Janjua
Member

Human Resource & Remuneration Committee

Mohammad Shahid Mir
Chairman

Bakhtiar Hameed Wain
Member

Tanveer Karamat
Member

Auditors

BDO Ebrahim & Co.
Chartered Accountants



Bankers

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

Share Registrar

FAMCO Share Registration Services
(Pvt.) Ltd
8-F, Next to Hotel Faran,
Nursery, Block-6, P.E.C.H.S,
Shahra-e-Faisal, Karachi.
Phone: +92 (21) 3438 0101-5
Fax No: +92 (21) 3438 0106
www.famcosrs.com

Registered Office

The Avanceon Building
19-KM, Main Multan Road,
Lahore 54660, Punjab, Pakistan
Phone: +92 (42) 111 940 940
Fax No: +92 (42) 375 151 28
Email: support@octopusdtl.com

Legal Advisor

Chima & Ibrahim Advocates and
Corporate Counsel

Web Presence

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

Headquarters

Lahore, Punjab, Pakistan
The Avanceon Building
19-KM, Main Multan Road,
Lahore, 54660 Punjab, Pakistan
Phone: +92 (42) 111 940 940
Email: support@octopusdtl.com

Regional Headquarters

Karachi, Sindh, Pakistan
MA Tabba Foundation Building,
First Floor, Gizri Road Block 9,
Clifton Karachi, Sindh 75600
Phone: +92 (21) 111 940 940
Email: support@octopusdtl.com

Regional Headquarters - Middle East

Avanceon FZE - Dubai, UAE
Office / Plot # MO-0240, Street #
N403, Jabel Ali Free Zone (North)
Po Box: 18590 Dubai, U.A.E
Phone: +971 4 88 60 277

Octopus Digital FZ LLC
DMC-BLD05-VD-G00-792, ground floor,
DMC5 Dubai Media City, U.A.E.
Phone: +971 4 88 60 277

Abu Dhabi, UAE
In Partnership with Ali & Sons
Ali & Sons Bldg., Zayed 2nd Street
P.O. Box 915 Abu Dhabi, U.A.E.
Phone: +971 4 88 60 277

Doha, Qatar
Avanceon Automation & Control WLL
Office No. 12, M Floor, Al-Jaber
Engg. HO Building, P.O. Box 15976,
Fox Hills, Lusail, Doha, Qatar.
Phone: +974 4040 9835

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

Avanceon Saudi for Energy Company
3141 Anas Ibn Malik-Al Malqa Dist.
Unit no. 718, Riyadh 13521 - 8292
Kingdom of Saudi Arabia
Phone: +966 5674 16724
Email: support.me@avanceon.ae

OCTOPUS
DIGITAL
Trade Mark

Board of Directors

BOARD OF DIRECTORS STRUCTURE & CORPORATE GOVERNANCE

Composition of Board and Directors' Independence

Implementing good governance, the Chairman of the Board is a non-executive director. The board comprises of 7 directors out of which 3 are independent / non-executive directors, and include 1 non-executive directors. The roles of Chairman and the CEO has been clearly defined and segregated. The CEO is responsible for operations of the company whereas the board performs under the Chairman.



Bakhtiar Hameed Wain Chairman of the Board

BAKHTIAR HAMEED WAIN, Founder and Chairman of the Board - brings over 30 years of exemplary leadership. An engineer with experience in leading global companies such as Exxon Chemicals, Fauji Fertilizer and ICI Ltd, he founded Avanceon in 1984. His entrepreneurial drive found its roots in his faith towards the educated and technically qualified human resource of Pakistan. Mr. Bakhtiar Hameed Wain Bachelor of Engineering in Mechanical engineering from University of Engineering and Technology, Lahore, in 1983. From the onset, he wanted to build a company that could capitalize and promote this conviction globally, which he has implemented successfully ever since. Appointed chairman by the Board of Directors, he has spearheaded Octopus Digital towards market leadership in Pakistan and beyond. Mr. Bakhtiar Hameed Wain also serves in the capacity of Chief Executive Officer of Avanceon Limited, Non-Executive Directors of Empiric AI (Private) Limited and also serve as a trustee of Avanceon Limited Employees Provident Fund.



Tanveer Karamat Executive Director and Chief Executive Officer

TANVEER KARAMAT, Director and Chief Executive Officer - brings a wealth of international business experience to Avanceon, with 20 out of 30 professional years spent selling automation solutions to the oil and gas sector. After receiving a Bachelor's degree in Chemical Engineering from the University of Pakistan he embarked on his career as an Application Engineer at Zelin Pvt Ltd in 1986. Developing his sales, management and business skills at key industry companies such as Wartsila NSD as well as Honeywell where he held the position of Country Head, Tanveer joined Avanceon in 2003 as Regional Manager. He transformed the South Region revenues in less than three years with wise strategic counsel, capitalizing on a dormant customer base and an internal reshuffle. He was promoted to GM Operations in 2006 before becoming COO in 2011. Over the past decade, Tanveer's leadership has been a major contribution towards building value for the company. He was nominated as a member of the Board of Directors to help make informed decisions. In year 2023, Mr. Tanveer Karamat was appointed as Director of Avanceon Limited and also appointed Chief Executive Officer Empiric AI (Private) Limited. He now serves as non-executive director on the Avanceon Limited Board and also serves as a trustee of Avanceon Limited Employees Provident Fund.



Mohammad Shahid Mir Independent Director

A senior management professional with 32 years of experience in Corporate and Commercial banking, Risk Management, Credit Administration and Trade Finance. Over the last sixteen years, Mr. Mohammad Shahid Mir has held senior positions in Wholesale Banking and Risk Management. On the business side he has a proven track record of growing business and exceeding budgets whilst ensuring portfolio health remained within accepted parameters. Mr. Mir has strong knowledge of Economy & Banking in Pakistan and the GCC region. Mr. Mohammad Shahid Mir graduated with a BA (Hons) in Economics from the University of Sussex, Brighton, England, in 1985. He furthered his credentials by becoming a Certified Credit Risk Professional from American Express Bank in 1996. Mr. Mohammad Shahid Mir also serves in the capacity of the Board of Directors of Avanceon Limited.



Saleha Asif Independent Director

Saleha has experience in serving boards and C-level clients globally for 25+ years. She has worked with McKinsey & Company, PepsiCo, and Bank of America.



Mohammad Arif Janjua Non-Executive Director

Arif Janjua has over 35 years' experience in operational management and consulting in the software, mobile and internet services industry. Arif received his bachelor's in electrical engineering from the University of Engineering & Technology in Lahore, Pakistan, master's in electrical engineering from the University of Windsor, Canada, and an MBA from the Haas School of Business at UC Berkeley.



Asmar Ahmed Atif Executive Director

Asmar works at the intersection of business, technology & regulation. His career spans over 15 years & 4 continents across the Artificial Intelligence space. He holds an MBA from Imperial College London.



Adeel Khalid Executive Director

Adeel has 15+ years of experience of managing Middle East and Central Asia AMS business. He has expertise in resource management systems via Digital Technology.

Chairman of the Board Review Report

Dear Shareholder,

Welcome to the first Chairman of the Board Review Report for Octopus Digital Limited for the year ended on December 31, 2023.

Acquisition of Empiric AI – Octopus Digital Limited, in accordance with the applicable provisions of the Companies Act, 2017, received transfer of entire shareholding of Empiric AI (Private) Limited, constituting 100% of the outstanding paid-up capital from Avanceon Limited. The transfer was executed as per the terms and conditions specified under the EPL Business transfer/sale agreement dated 30 September 2023 between the Octopus Digital Limited and Avanceon Limited.

Incorporation of Octopus Digital FZ-LLC – Octopus Digital Limited has incorporated a new wholly owned subsidiary in United Arab Emirates as a Free Zone Limited Liability Company under the Dubai Development Authority. The UAE's thriving business environment and strategic location makes it an ideal hub for Octopus Digital FZ-LLC to enhance its global presence and deliver unparalleled value to its customers in the Industry 4.0 domain.

Appointment of New Chief Financial Officer (Faisal Nadeem Sheikh) – The board unanimously decided on the appointment of Faisal Nadeem Sheikh as the Chief Financial Officer of Octopus Digital Limited. Faisal is an ACA who started his career in assurance at A F Ferguson and Co.

Octopus Digital Limited's Performance in 2023

Here is a rundown of how Octopus Digital performed in FY 2023 as compared to FY 2022.

- Profit after Tax (PAT) decreased by 7.8% at 373 million PKR.
- Net Sales increased by 34% to 919 million PKR and
- Earnings Per Share decreased by 8% at 2.52 PKR.
- The team was very successful in developing and testing the intellectual property and products that are the cornerstone of future international business.

Octopus Digital Limited's Performance in 2023

The members of the Octopus Digital Limited Board are mentioned below with their respective roles.

Bakhtiar H. Wain

(Chairman of the Board and Non-Executive Director)

Tanveer Karamat

(Director and Chief Executive Officer)

Mohammad Shahid Mir

(Non-Executive/Independent Director)

Mohammad Arif Janjua

(Non-Executive/Independent Director)

Saleha Asif

(Non-Executive/Independent Director)

Asmar Ahmed Atif
(Executive Director)

Adeel Khalid
(Executive Director)

In 2023, the Board of Directors for Octopus Digital Limited met on four occasions in person and online. Business decisions were taken via circulation of board resolutions. The Board carries out a review of its effectiveness and performance each year after the closure of the fiscal year, on a self-assessment basis. The overall effectiveness of the Board was assessed as satisfactory. Suitable action plans were formulated and communicated to the concerned personnel regarding areas needing improvement.

In the end, I would like to thank all our Shareholders for their support. I am confident we will meet your expectations in years to come.

Best Regards,



Bakhtiar H. Wain
Chairman of the Board
Lahore, Pakistan
Octopus Digital Limited

April 2024





Notice of 7th Annual General Meeting



Notice is hereby given that the 7th Annual General Meeting of Octopus Digital Limited "Company" will be held on Monday, 29 April 2024 at 10:00 A.M. at Nishat Hotel, Gate No. 7, Imperial Ball Room - B, Adjacent to Emporium Mall, Abdul Haq Road, Johar Town, Lahore, to transact the following business:

A. ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on 22 December 2023.
2. To receive, consider and adopt the Standalone and Consolidated Audited Financial Statements of the Company for the year ended 31 December 2023 together with the Directors' and Auditors' Reports thereon and Chairman's Review Report.

As required under section 223(7) of the Companies Act 2017, Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link:

<https://octopusdtl.com/investor-information/>



3. To appoint Auditors of the Company and fix their remuneration. The Members are hereby notified that the Board Audit Committee and the Board of Directors have recommended the name of M/s BDO Ebrahim & Co. Chartered Accountants for re-appointment as auditors of the Company for the year ending 31 December 2024.

B. ANY OTHER BUSINESS

4. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore

Dated: 08 APRIL 2024

Ahsan Khalil

Company Secretary

WEBLINK FOR ONLINE MEETING VIA ZOOM:

Members are encouraged to attend the AGM through video conference facility managed by the Company, follow the below link:

https://us06web.zoom.us/webinar/register/WN_delc1rIDQOa8CiqG_sSxhg

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address agm@octopusdtl.com.

Guidance as how-to login on Zoom to attend the AGM link: <https://octopusdtl.com/investor-informations/>

Under Section 223(6) of The Companies Act, 2017, circulation of Audited Financial Statements has been allowed to be circulated in electronic format through email. The Annual Report of the Company and the Notice of Annual General Meeting shall be circulated via email to those shareholders whose email addresses are present in the records/database of the CDC and Share Registrar. The shareholders are encouraged to send/update their email addresses on the above-mentioned link or email or postal address. The Annual Report has also been uploaded at the Company's website <https://octopusdtl.com/> and is readily

accessible to the shareholders.

NOTES:

1. The share transfer books of the Company will be closed and no transfer of shares will be accepted for registration from Monday, 22 April 2024 to Monday, 29 April 2024 (both days inclusive). Transfer received in order at our Registrar, M/S FAMCO Share Registration Services (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi by the close of business hours on Friday, 19 April 2024 will be treated to have been in time for the purposes of attend & vote at the meeting.
2. A member entitled to attend and vote at this meeting shall be entitled to appoint another person, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking, and voting at the Meeting as are available to a member. Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the company.
3. Members are required to timely notify any change in their address to Company's Shares Registrar, M/S FAMCO Share Registration Services (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.
2. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
3. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
4. The proxy shall provide his/ her CNIC or passport at the time of online registration/attending the meeting.
5. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted along with proxy form to the company.

FOR ATTENDING THE SHAREHOLDERS' MEETING

1. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are up-loaded as per the Regulations, shall authenticate his/her identity by his/her Computerized National Identity Card (CNIC) or passport at the time of online registration/attending the meeting.
2. The shareholders registered on CDC are also requested to provide their particulars ID numbers and account numbers in CDS at the time of online registration/attending the meeting.
3. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be provided at the time of online registration/attending the meeting.

FOR APPOINTING PROXIES:

1. In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the duly completed and stamped proxy form accordingly.

Shareholders Information



Notice is hereby given that the 7th Annual General Meeting of Octopus Digital Limited "Company" will be held on Monday, 29 April 2024 at 10:00 A.M. at Nishat Hotel, Gate No. 7, Imperial Ball Room - B, Adjacent to Emporium Mall, Abdul Haq Road, Johar Town, Lahore, any shareholder may appoint a proxy to vote on his or her behalf. The Proxies should be filed with the company at least 48 hours before the meeting time

WEBLINK FOR ONLINE MEETING VIA ZOOM:

Members are encouraged to attend the AGM through video conference facility managed by the Company, follow the below link:

https://us06web.zoom.us/webinar/register/WN_delc1rIDQOa8CiqG_sSxhg

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address agm@octopusdtl.com
Guidance as how-to login on Zoom to attend the AGM link:
<https://octopusdtl.com/investor-information/>

1. Approval of minutes of the Extraordinary General Meeting held on 22 December 2023.
2. Approval of Audited Financial Statements of the Company for the year ended 31 December 2023.
3. Appointment as external auditors

of the Company for the year ending 31 December 2024.

Ownership

As on 31 December 2023 there were 6,621 holders on record of the Company's ordinary shares.

Quarterly Results

The Company issues quarterly financial statements. The planned dates for release of the quarterly results in FY 2024 are

1st quarter	: 30 April 2024
Half yearly	: 29 August 2024
3rd quarter	: 30 October 2024

All our quarterly reports are regularly posted to Pakistan Stock Exchange, all annual/quarterly reports are also placed at the Company's website: <https://octopusdtl.com/>
The Company reserves the right to change any of the above dates.

As required under section 223(7) of the Companies Act 2017, Financial Statements of the Company have been uploaded on the website of the Company which can be downloaded from the following link:

<https://octopusdtl.com/investor-information/>



The shareholders are encouraged to

send/update their email addresses on the above-mentioned link or email or postal address. The Annual Report has also been uploaded at the Company's website <https://octopusdtl.com> and is readily accessible to the shareholders.

All registered shareholders should send information on changes of address to:

FAMCO Share Registration Services (Pvt) Ltd.
8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shakra-e-Faisal, Karachi.
Phone: +92 [21] 3438 0101-5
Fax No: +92 [21] 3438 0106
www.famcosrs.com

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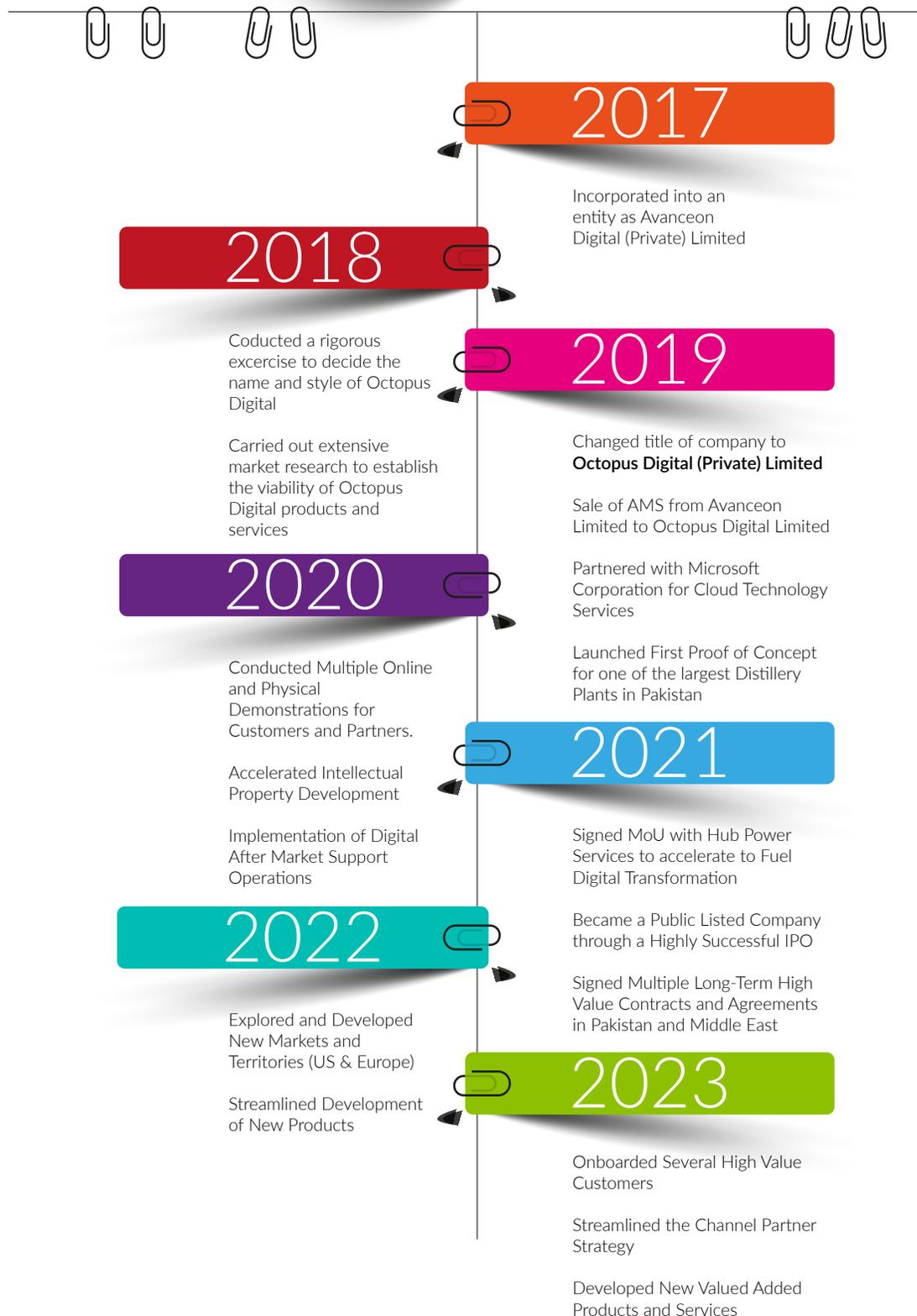
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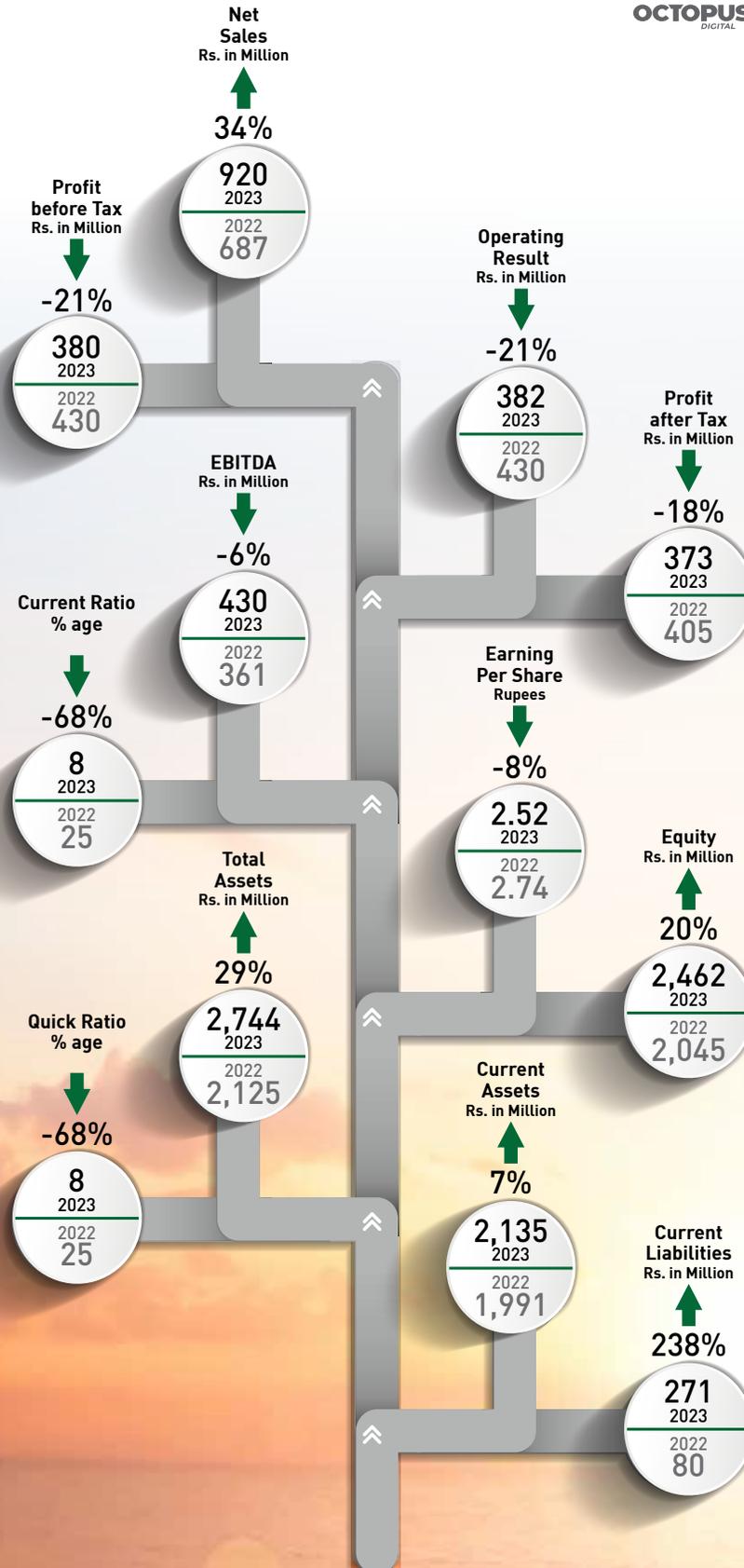
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Octopus Timeline



Financial Highlights

OCTOPUS
DIGITAL



Octopus Digital Showcased Innovative Energy Solutions at ADIPEC 2023



Octopus Digital Focuses on Integrated Solutions with Industry 4.0 Implications at the Region's Largest Gathering of Oil & Gas Industry Players

Octopus Digital Focuses on Integrated Solutions with Industry 4.0 Implications at the Region's Largest Gathering of Oil & Gas Industry Players

Avanceon Limited and Octopus Digital

will participate at the Abu Dhabi International Petroleum Exhibition & Conference (ADIPEC) from October 31 till November 03, 2022. Avanceon and Octopus Digital along with their Middle East partner Ali & Sons will take this opportunity to showcase innovative solutions to the largest gathering of oil and gas industry players in the region. Octopus Digital conducted live demonstrations on the following solutions,

1. OmniConnect - DataLake Builder for Industry 4.0

2. Enterprise Digitalization and Asset Management
3. Digitalized After Market Support for Critical Health Diagnostics
4. Cloud-native and Subscription Based Digital Twinning
5. Fuel Terminal Storage, Inventory In-transit and Retailing
6. Digital Wellhead and Skid Management
7. OEE for Batch Manufacturing

ADIPEC is held under the patronage of the United Arab Emirates (UAE)



President His Highness Sheikh Khalifa Bin Zayed Al Nahyan and hosted by the Abu Dhabi National Oil Company (ADNOC), ADIPEC provides opportunities for buyers and sellers to meet, learn, network and discover new products, solutions and technologies from over 2,200 exhibiting companies, which includes over 50 NOCs, IOCs and IECs as well as 25 international country pavilions, providing a world-class environment for trade across the industry's full value chain. ADIPEC 2022 is projected to

attract more than 150,000 energy professionals from over 60 countries; including senior decision-makers and energy industry thought leaders, over 2,200 exhibiting companies and more than 25 national exhibiting pavilions. Avanceon and Ali & Sons have more than a decade old association in the Middle East. As an established and revered name in the Middle East energy sector, Ali & Sons and Avanceon have collaborated on several high-profile oil & gas projects in the past and is currently working together in the

energy sector. Avanceon and Octopus Digital offer comprehensive industry-best integrated automation and data management solutions that have helped some of the biggest oil and gas companies successfully meet business challenges and maximize return on investments.

Our Goal

**Create a Smarter
and Safer World
using Ethical
AI and Single
Version of Truth
for All**





Group Structure

CORPORATE PROFILE

Octopus Digital helps businesses digitalize their manufacturing, supply chain, and financial workflows backed by strategic and operational maintenance support services in the US, Middle East, and South Asia. Thus, making decision support, actionable insights, and business intelligence available 24x7x365 both as managed and unmanaged service on a multi-year monthly subscription basis. Find out more about Octopus Digital at <https://octopusdtl.com/>

ORGANIZATIONAL STRUCTURE -

Octopus Digital Limited is part of the Avanceon Group. It is an 74% subsidiary company of Avanceon Limited Pakistan. Octopus Digital Limited was incorporated on Dec 29, 2017, under the name and style of Avanceon Digital Private Limited. Its name was changed to Octopus Digital Private Limited on April 05, 2019, after a rigorous search to sync with its business line and corporate values. it was converted into a Public Limited Company on Nov 11, 2020, under the name and style of Octopus Digital Limited. The company was listed on the Pakistan Stock Exchange on Oct 04, 2021, with the security symbol 'OCTOPUS'.

ACQUISITION OF EMPIRIC AI -

Octopus Digital Limited, in accordance with the applicable provisions of the Companies Act, 2017, received transfer of entire shareholding of Empiric AI (Private) Limited, constituting

100% of the outstanding paid-up capital from Avanceon Limited. The transfer was executed as per the terms and conditions specified under the EPL Business transfer/sale agreement dated 30 September 2023 between the Octopus Digital Limited and Avanceon Limited.

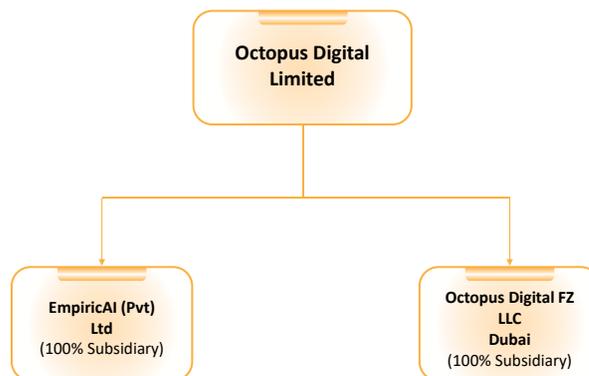
INCORPORATION OF OCTOPUS DIGITAL FZ-LLC -

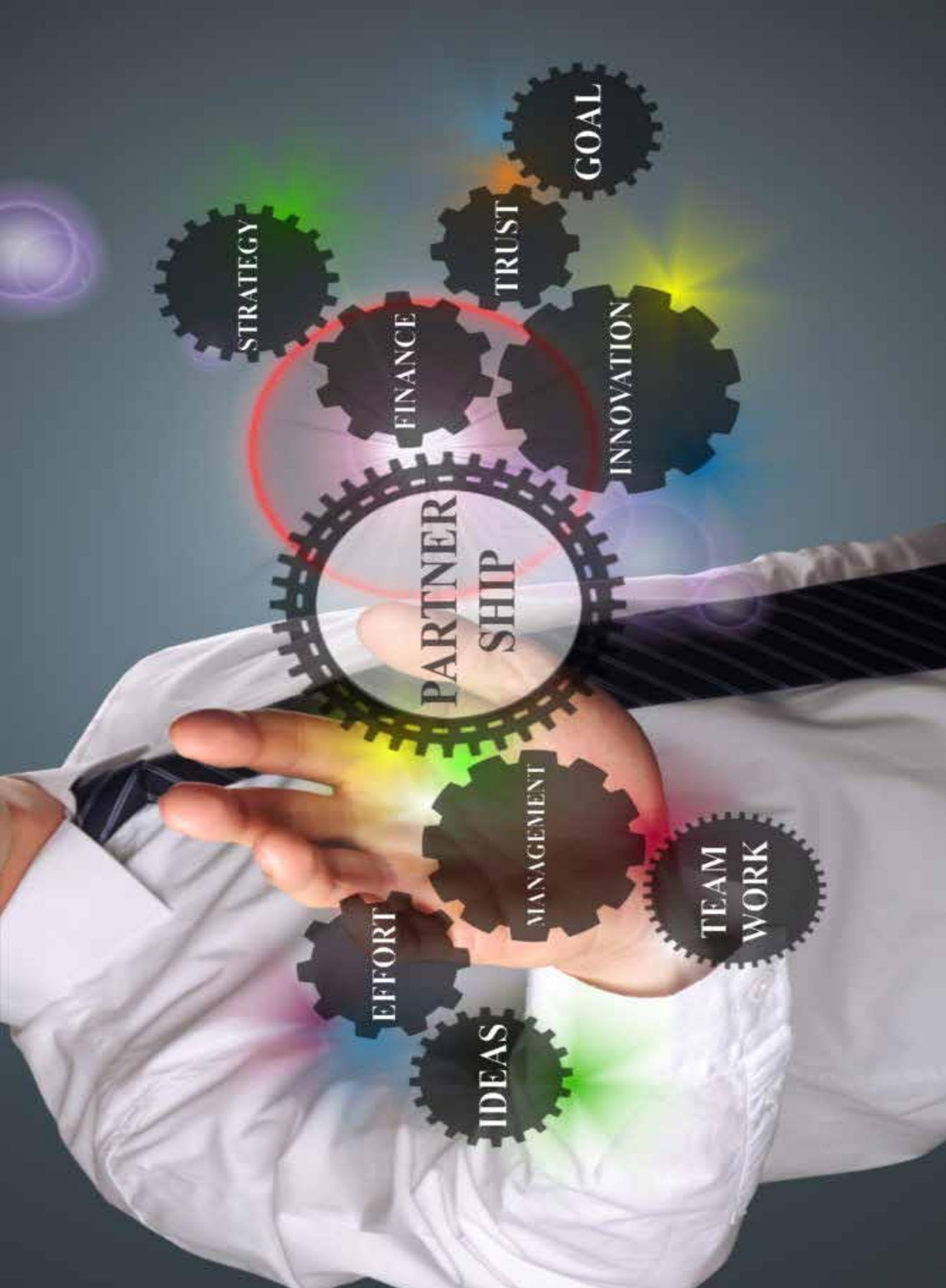
Octopus Digital Limited has incorporated a new wholly owned subsidiary in United Arab Emirates with the name,

"Octopus Digital FZ-LLC"

أكتوبوس ديجتال منطقة حرة-ذ.م.م

as a Free Zone Limited Liability Company under the Dubai Development Authority of, with Commercial License Number 103074 with business unit in Dubai Internet City. The UAE's thriving business environment and strategic location make it an ideal hub for Octopus Digital FZ-LLC to further enhance its global presence and deliver unparalleled value to its customers. The decision to establish a subsidiary in United Arab Emirates aligns with Octopus Digital's core values of innovation, customer-centricity, growth plan, and global expansion. By expanding its presence in this vibrant market, Octopus Digital aims to better serve the needs of its customers in the region and strengthen its position as a leading player in Industry 4.0 solutions.





STRATEGY

FINANCE

TRUST

GOAL

INNOVATION

PARTNER
SHIP

MANAGEMENT

TEAM
WORK

EFFORT

IDEAS

Code of Business Conduct and Ethical Principles

As an ethically unyielding, proactive, and sustainable business, Octopus Digital Limited aims to hold high standards across all practices without needing third party monitoring.

At Octopus Digital, we do not compromise on business ethics and practices. Working with us implies engaging with our core values of honesty and integrity. These values define how we work and how we achieve success.

Our values also define the very foundation of our outright business conduct and ethics:

COMPLIANCE WITH LAWS AND REGULATIONS

At Octopus Digital, we adhere by laws, rules, and regulations. We understand and comply with the legal requirements and commercial practices of lawful business. We are committed to adhere to every valid and binding contractual agreement that we conclude. We oppose any action that breaches anti-corruption laws of all the countries in which we operate. Engaging with us implies adhering to uncompromised integrity at all levels. This is our pledge in delivering sustainable solutions that will never undermine our reputation or the companies that we work with.

INFORMATION TECHNOLOGY & COMMUNICATIONS

At Octopus Digital, we are committed to delivering information transparently to protect the reputation of the company and that of the stakeholders, and to promote the integrity of the company. Regardless of the purpose of the communication, every employee at Octopus Digital is responsible for delivering our message within the provision that has been set to ensure accuracy and safeguard internal and external stakeholders. We are committed to protect our customers and employees from internal or external information security threats, whether deliberate or accidental.

EMPLOYEE EMPOWERMENT FRAMEWORK

At Octopus Digital, we hire highly talented, energetic, and dedicated resources who can make a real contribution to our success. As an employer we believe our people are our biggest asset and our greatest investment in future, which is essential to long-term business success.

We go the extra mile in equipping them with the skills necessary for their professional growth, recognizing them for their outstanding performance and providing them with a world class experience to deliver their best in an enabling environment.

EQUAL EMPLOYMENT AND ANTI-HARASSMENT

Octopus Digital has and will always be an equal opportunity employer. We believe that everyone benefits from a co-building and positive work environment. Therefore, we have zero tolerance for any form of discrimination or harassment.

- Non-discriminatory Policy
- Social Compliance Policy
- General Working Policy

The Company is proud to be an equal opportunity employer. At Octopus Digital we are totally blind to gender, religion, disability, ethnicities, and discrimination. To think out of the box is a major ingredient required to be part of the Octopus team.

CUSTOMER CENTRICITY AND SUSTAINABILITY

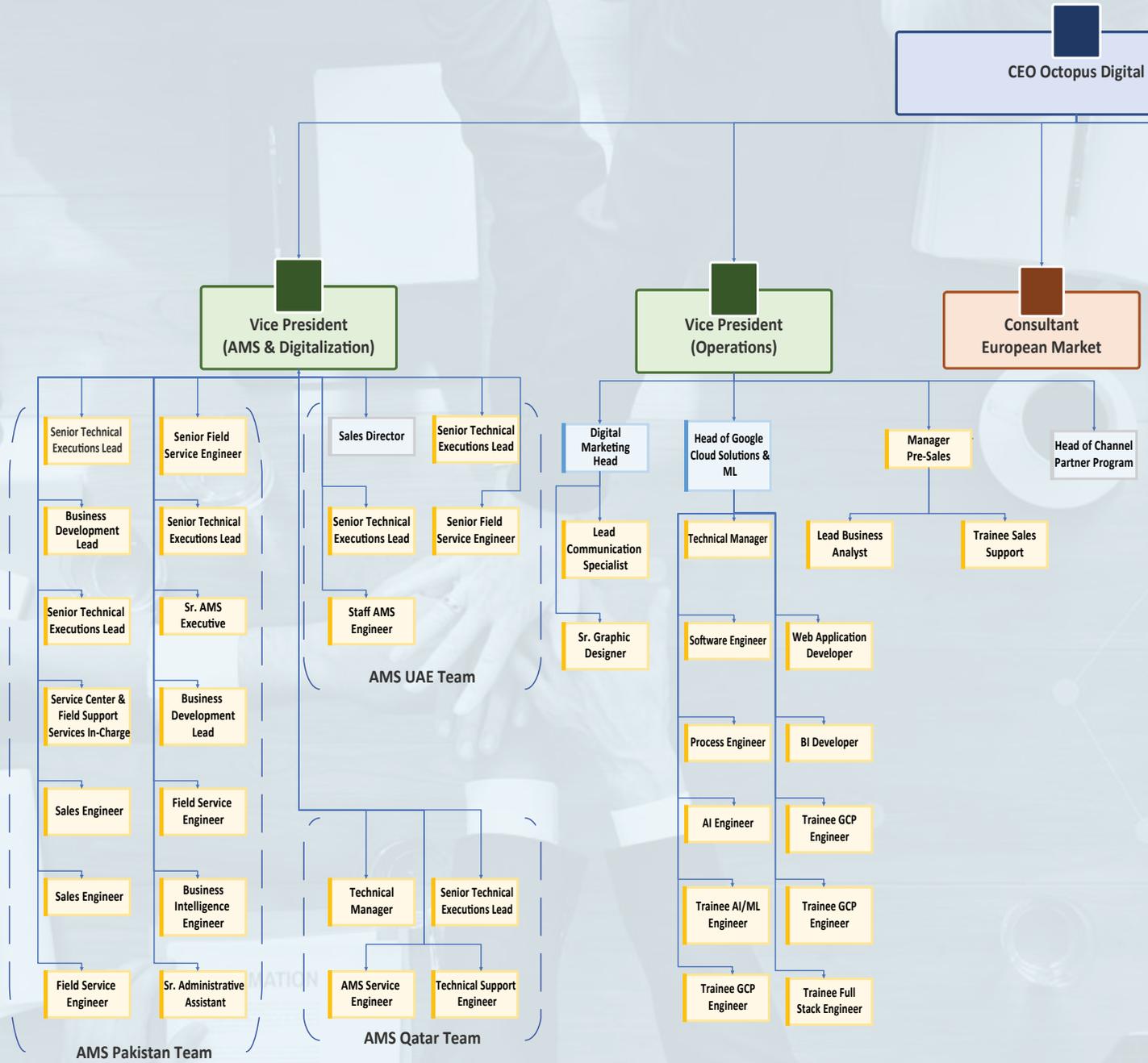
Octopus Digital's expresses its commitment toward its customers through the qualitative execution of our sound solutions and strong work ethics. In order to achieve sustainable growth, we place sustainability at the center of what we do by making a positive difference in the lives of the people and communities we work with through sound and impactful investments.



2,338,000	KOHLER	165.35	165.35	11.53
16,847,265	Kohat Cement Co...	9,300	156.98	7.49%
2,314,500	 OCTOPUS	50.42	50.42	3.51
115,700,590	Octopus Digital...	1,000	50.42	7.46%
1,949,900	KPUS	60.44	60.44	4.20
154,457,740	Khairpur Sugar ...	500	60.44	7.46%
1,740,819	SASML	14.20	14.20	0.95
146,830,618	Sindh Abadgars ...	500	14.20	7.16%
1,389,000	POWER	7.24	7.36	0.47
3,805,350	Power cement Li...	7,000	6.99	6.94%



Organogram



Nature of Our Business

SMART MANUFACTURING AND INDUSTRY 4.0 MARKET SIZE AND FUTURE OUTLOOK -

The global Smart Manufacturing Technology market size was valued at USD 200388.34 million in 2021 and is expected to expand at a CAGR of 13.66% during the forecast period, reaching USD 431963.31 million by 2027.

TOP MANUFACTURING TRENDS IN 2022 -

Here are some of the top trends witnessed in Year 2022.

AI everywhere:

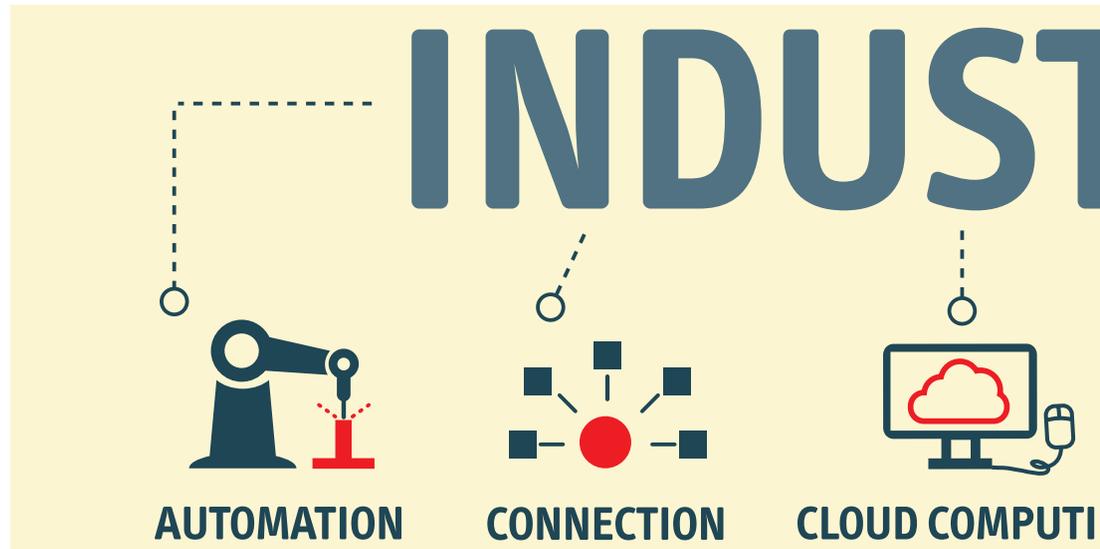
From automatically responding to shifts in production demand to anticipating breakdowns in the supply chain, artificial intelligence showed up more than ever before throughout manufacturing operations.

- More than two-thirds of manufacturers are either using AI now or will be doing so within two years.
- Current use cases include predicting needed maintenance for equipment, forecasting product demand, and monitoring performance metrics such as productivity and efficiency. Future use cases could include fully autonomous factories that run continuously with minimal human intervention.

Training on demand:

Training for technicians and frontline operators used to mean time in a classroom with a live instructor. In 2022, more manufacturers turned to virtual, on-demand learning tools that allowed workers the freedom to learn at their own pace.

- This ran the gamut from video content libraries to immersive augmented reality/virtual reality experiences that guide and correct trainees.
- In 2023 and beyond, this type of learning experience will be essential to attracting and



retaining younger workers who are familiar with digital learning and want the latitude to gain new skills on their own schedules.

Digital twins:

Manufacturers used digital twins—virtual models designed to reflect a physical object, system, or process accurately—to create design prototypes and test their performance.

- Digital twins will continue to allow for new levels of design optimization, improved product development and performance and significant waste reduction for manufacturers.

Robotic collaboration:

Once confined to steel cages and bolted to floors, industrial robots took centre stage in 2022.

- No longer limited to repetitive tasks and kept far from human workers, new-generation robots are safe enough to work alongside employees, can be moved quickly around shop floors and are programmed easily to do multiple tasks.
- Since they've also become more affordable, they're an economically feasible investment for companies of all sizes.

Cybersecurity as safety:

A rise in connected factories also meant a rise in cyberattacks on manufacturers. In an industrial setting, a cyberattack can be very dangerous, as it can cause equipment to malfunction.

- Last year, more companies began addressing the threat with cyber drills, tabletop exercises for simulated attacks and other training exercises designed to keep businesses—and workers—safe and secure.

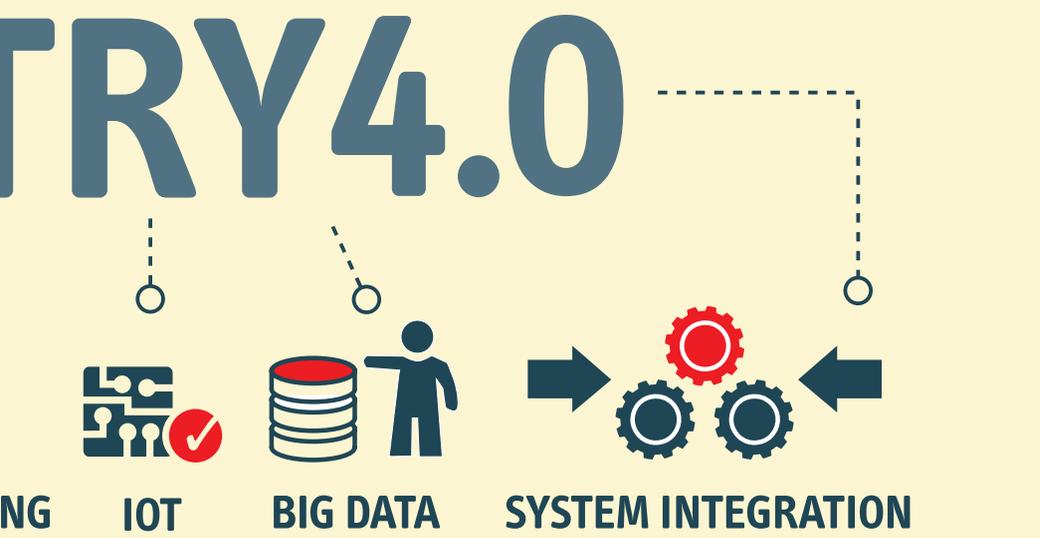
Low-code/no-code development platforms:

In 2022, more manufacturers embraced the use of mobile and web apps to build applications quickly. Using these platforms, enterprise and citizen developers can drag and drop application components and connect them to create apps—without line-by-line code writing.

- Business teams with no software development experience built and tested applications without any knowledge of programming languages, machine code or the development work behind a platform's configurable components. We can expect to see more of it this year.

Smart glasses move beyond the pandemic:

Many manufacturers kept up their



pandemic-era use of smart glasses, which they had used to troubleshoot issues on the ground when travel was restricted, and engineers and technicians couldn't reach sites.

- They also expanded smart glasses' use to include scanning sensor data so users can see visual data "mapped" onto equipment to better identify issues and fixes.

WHAT TO EXPECT IN 2023 WITH SMART MANUFACTURING –

Advanced and emerging technology: Manufacturers are investing in a multitude of new technologies, including artificial intelligence, virtual reality, machine learning and more. Automation and robotics are enhancing workers' abilities but will also require many more high-skilled employees. Though the workforce shortage is a challenge, digital technologies will help manufacturers become more resilient, efficient, and profitable.

Supply chain resilience:

As manufacturers face long lead times, increased costs and a scarcity of raw materials, they are taking steps to boost supply chain resilience through reshoring, cybersecurity, increased supplier pools and more.

Talent disruptions and opportunities: Manufacturers are confronting a

range of challenges around the workforce, including labor shortages and skills gaps, while also figuring out how to take advantage of previously untapped talent pools.

Cybersecurity:

The threat from bad actors is real, and strong cybersecurity has become critical to manufacturing operations up and down the supply chain. At the same time, manufacturers will have to be on the lookout for new cybersecurity reporting requirements.

Post-pandemic growth and expansion:

Long-term goals shouldn't be downgraded, despite an uncertain economy. Manufacturers should keep pursuing technological advances, navigate government incentives and stay open to mergers, acquisitions, and other investments.

Tough economic outlook:

There's no doubt that manufacturers face economic headwinds. That means manufacturers need to look for ways to be nimble and responsive to changing realities and able to work more efficiently than ever.

Sustainability:

Manufacturers are committed to strengthening operations and maintaining a healthy planet at the same time. More than ever, manufacturing companies are looking



45% ● A combination of both
38% ● Buy in new technology
17% ● Upgrade existing machinery

for ways to reduce carbon emissions.

Disclaimer:

The views and analysis expressed in this section are reproduced from news outlets and researched reports. Respective links are mentioned below for your consideration.

Sources:

1. <https://www.nam.org/top-manufacturing-tech-trends-of-2022-20014/?stream=business-operations>
2. <https://www.manufacturingleadershipcouncil.com/the-top-8-manufacturing-trends-for-2023-31583/>
3. <https://www.marketwatch.com/press-release/smart-manufacturing-technology-market-size-revenue-and-forecast-2030-2023-04-04#:~:text=The%20global%20Smart%20Manufacturing%20Technology,USD%20431963.31%20million%20by%202027.>

OCTOPUS DIGITAL

Adding Value for our Customers



About Octopus Digital

We manage your data, so you can manage your business.

Data Pipelining & Lake Creation
OT and IT Systems
Unification for seamless manufacturing operations.

Actionable Insights
Our platform integrates with third party data analysis and trending platforms to enable actionable insights.

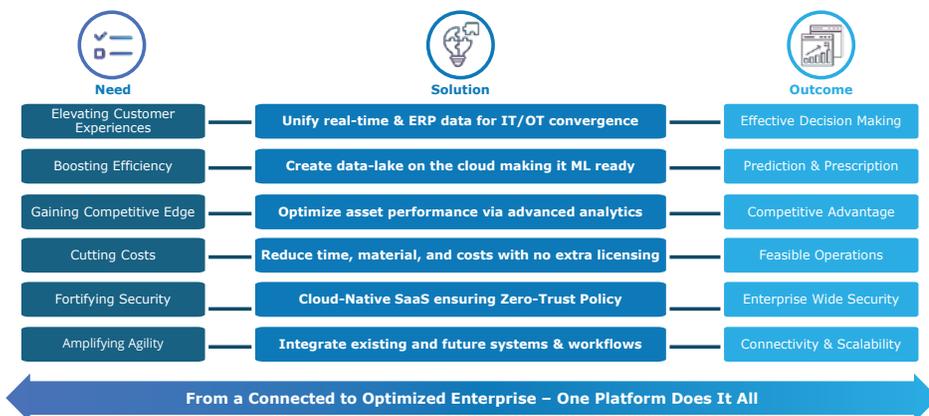
Prediction & Prescription
Leveraging our partnerships, we enable businesses with predictive insights and prescriptive strategies.

Holistic Optimization
Octopus Digital orchestrates optimization by connecting data for continuous operational improvements.

Our Platform and Apps



Octopus Need Solution Outcome (ONSO) Framework



Broadest Industry Compliance

Global	ISO 27001:2013 ISO 270017:2015 ISO 27018:2014	ISO 22301:2012 ISO 9001:2015 ISO 20000-1:2011	SOC 1 Type 2 SOC 2 Type 2 SOC 3 CIS Benchmark	CSA STAR Certification CSA STAR Attestation CSA STAR Self-Assessment WCAG 2.0 (ISO 40500:2012)
US	FedRAMP High FedRAMP Moderate EAR ITAR	DoD DISA SRG Level 5 DoD DISA SRG Level 4 DoD DISA SRG Level 2 DFARS	DoE 10 CFR Part 810 NIST SP 800-171 NIST CSF Section 508 VPATs	FIPS 140-2 CJIS IRS 1075 CNSSI 1253
Industry	PCI DSS Level 1 GLBA (US) FFIEC (US) Shared Assessments (US) SEC 17a-4 (US) CFTC 1.31 (US) FINRA 4511 (US) SOX (US) 23 NYCRR 500 (US)	OSFI (Canada) FCA + PRA (UK) APRA (Australia) FINMA (Switzerland) FSA (Denmark) RBI + IRDAI (India) MAS + ABS (Singapore) NBB + FSMA (Belgium) AFM + DNB (Netherlands)	AMF + ACPR (France) KNF (Poland) European Banking Authority (EBA) FISC (Japan) HIPAA BAA (US) HITRUST Certification GxP (FDA 21 CFR Part 11) MARS-E (US)	NHS IG Toolkit (UK) NEN 7510:2011 (Netherlands) FERPA (US) CDSA MPAA (US) FACT (UK) DPP (UK) HDS (France)
Regional	Argentina PDPA Australia IRAP Unclassified Australia IRAP PROTECTED Canada Privacy Laws China GB 18030:2005 China DJCP (MLPS) Level 3	China TRUCS / CCCPPF EU EN 301 549 EU ENISA IAF EU Model Clauses EU - US Privacy Shield GDPR Germany C5 Germany TISAX	Germany IT-Grundschutz workbook India MeitY Japan CS Mark Gold Japan My Number Act Korea ISMS Netherlands BIR 2012 New Zealand Gov CIO Framework	Singapore MTCS Level 3 Spain ENS High Spain DPA UK Cyber Essentials Plus UK G-Cloud UK PASF

Our Technology and Channel Partners



Our Customers



Support and Customer Care

Dedicated Support Portal: Each client receives a personalized Jira Support Portal for streamlined assistance.

Client-Centric Approach: Your success is our priority; we are committed to providing the highest level of support.

Seamless Experience: Our goal is to ensure your experience with OmniConnect™ is smooth and successful.

Accessible Assistance: We are always just a click or call away to address any questions, technical issues, or guidance you may need.



Core Competencies



AFTER MARKET SUPPORT -

At After Market Support, we stand committed to our customers to offer service partnership to maintain, support and optimize the performance of our installed base. The services transform how plant assets are managed, offering assured system performance and outcomes while allowing users to focus on operations.

Through our flexible support services level programs, we have helped our customers achieve sustained performance of the control systems by developing a proactive maintenance path with defined metrics and reporting to demonstrate performance. Our Services Level Agreement (SLA) offers a clear contract with defined metrics, active support management and outcomes that provide optimal results for users' process control investments.

AMS helps reduce unplanned events, resolve problems faster, improve performance and manage life cycle planning of systems to help create a more efficient plant and maximize return on investment.

What Does Octopus Digital Do - Octopus Digital helps businesses in their journey towards digital mastery through,

- ▢ Service-Based Business Model
- ▢ Monthly Subscription Service Packages
- ▢ Zero CAPEX. Total OPEX
- ▢ On-Demand and Self-Service Analytics
- ▢ Cyber-Secure. IoT/Cloud-Native

How Octopus Digital Accomplishes It - Octopus Digital's team of Design-Thinkers, Process Experts and Data Scientists help

- ▢ Develop a Comprehensive Digital Journey Roadmap
- ▢ Plant Information & Asset Management Dashboarding
- ▢ Optimization of Critical KPIs
- ▢ Multivariable Predictive & Prescriptive Insights
- ▢ AI-Powered Process Modelling

OCTOPUS DIGITAL PROVIDES END-TO-END DIGITALIZATION

Simply, Quickly and Securely

The Next Generation of Business Intelligence isn't siloed in systems or dependent on fancy dashboards. Instead, insights appear instantly,

making it easier to see change and take action.

- ▢ **Decision Support:** Receive automatic alerts for your most important KPIs and keep your eye on the big picture
- ▢ **Digital Twinning:** Topware™ creates a digital twin of every asset and entire process to connect, analyze and optimize.
- ▢ **Automate Reporting:** Measure productivity by exporting and emailing reports to stakeholders
- ▢ **Consulting 4.0:** Schedule periodical sessions with process experts and data scientists to deep dive into a single version of truth

CONNECT AND ANALYZE DATA FOR DECISION SUPPORT

We deliver insights on complex data so that every user across the organization can achieve better outcomes. Our Cloud-Native, AI-Powered Topware™ presents data in a way that lets even non-IT/OT professionals gain insight and take action.

Changing the Way you Think about Data

- ▢ **Simplify Complexity:** Topware™ compiles data from multiple sources in an enterprise to create Single Version of Truth
- ▢ **Deploy & Adapt Quickly:** Topware™ becomes operational in 07 days followed by a 30-minute user Orientation & Training
- ▢ **Drive Impact:** Topware™ aligns teams, their business objectives and key results on real-time basis

What's in it for the Customers -

Topware™ helps accelerate operational & strategic decision-making without IT/OT bottlenecks through a single-step monthly-subscription





- ▣ **Analytics as a Service** - The health of your organization on a single screen. Our Analytics as a Service provides additional insights that enable analysts and end-users to have easy access to data from multiple sources and explore the information at hand interactively and collaboratively.
- ▣ **Infrastructure as a Service** - Eliminate the capital expense and reduce operational costs. Our Infrastructure as a Service is robust and secure. We partner with the best to keep your data secure and readily available with no downtime. Respond quickly to shifting business trends through a stable and reliable infrastructure. Our proprietary BTMI (Build, Train, Maintain, and Improve) model provides our customers peace of mind with regard to their critical assets.
- ▣ **Aftermarket as a Service** - Our strategic approach enables our customers to focus on the core business while their systems are managed and maintained by Octopus Digital's highly reliable team of trained professionals

TOPWARE™ - Topware™ is subscription-based decision support solution for digital dashboarding, analytics and prediction.

The Topware™ Digitalization Service Suite is an end-to-end solution that automates the entire customer service and asset maintenance cycle – from short-term decision making in the control center to long-term maintenance p

- ▣ Advanced Dashboard with EDA
- ▣ Predictive Decision Support Service
- ▣ Prescriptive Decision Support Service

- ▣ Auto-ML Digitalized Command and Control

Decision Support Solution (DSS) for Business Intelligence and Valuable Insights

- ▣ Digital Dashboarding
- ▣ Prediction and Prescription
- ▣ Autonomous Command Centre

OMNICONNECT™ - OmniConnect™ establishes Big-Data Data Lake and dashboards within hours and on a fixed cost basis without any coding or programming.

Octopus Digital's Secret Sauce - Innovation in the Operational Technology (OT) space

- ▣ Big Data - Establishes Data Lake in a few clicks. Maintenance & Licensing-free
- ▣ Portable - Data travel in and out of Data Lake is fast, secure & hassle-free
- ▣ Machine Learning Ready - Can connect with any third-party tool for custom data treatment

OUR VALUE PROPOSITION

Decision Support Solution Enabled Within 1-2 Weeks on a Monthly Subscription Model

- ▣ No Upfront Investment
- ▣ No Hardware and Software Costs
- ▣ No Engineering Costs

Core Functions –

- ▣ A One-Way OPC Connection
- ▣ Quick Build Up to Enable Dashboards
- ▣ An Hour of Customers Time to get Started

What the Company Needs to Get Started –

- ▣ Key Parameters
- ▣ Indicators
- ▣ Performance Calculations
- ▣ Historical Analysis

CLOUD NATIVE DECISION SUPPORT SOLUTION

Partnership with Microsoft Corporation for Open-source, Cloud Native Digital Services

- ▣ Online accessibility via Microsoft Azure 24x7x365
- ▣ Data storage on a cloud native data lake for analytics
- ▣ Oil accounting and asset performance monitoring
- ▣ Dashboarding & reporting secured from Cloud
- ▣ Power-BI for reports & data analysis
- ▣ Perpetual changes and modifications included

To find out more about Octopus Digital's products and services, contact support@octopusdtl.com.



Customer Portfolio

Octopus Digital offers state-of-the-art Decision Support System enabled within 1-2 weeks on a monthly subscription basis. No upfront investment, no software and hardware costs and no engineering costs are incurred to the customer. The Octopus Digital value proposition includes scalable, reliable, maintainable, and secured services which is available on a single click, from anywhere, at any time.



Octopus Digital has partnered with Microsoft Corporation for open-source, cloud native digital services offering online accessibility through Microsoft Azure 24x7x365. Dashboarding and Reporting Secured from Cloud. Data storage on a cloud native data lake for analytics. Power Bi for reports and data analysis. Oil accounting and asset performance monitoring. Perpetual changes and modifications included.

Octopus Digital has successfully developed Proofs of Concepts for major multinationals.

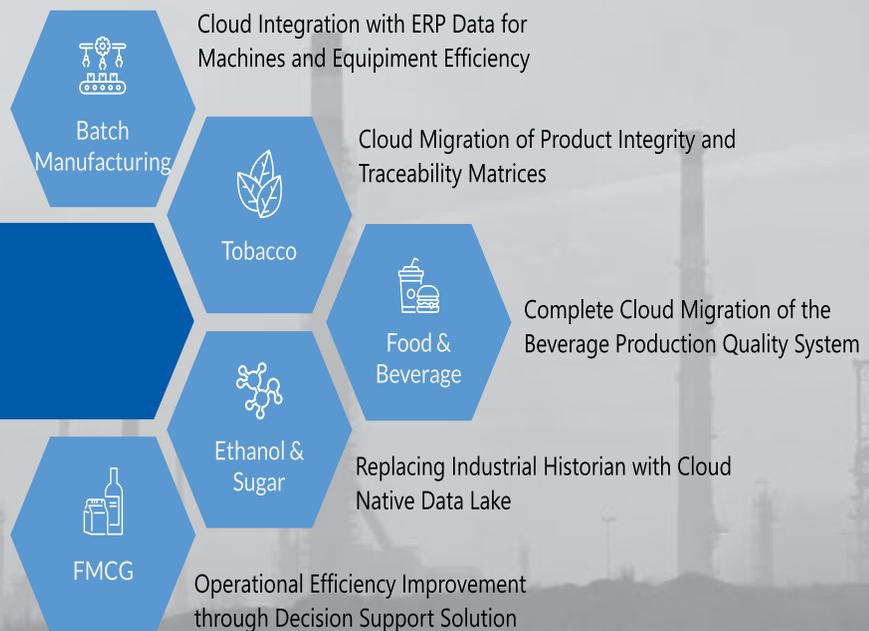
Octopus Digital secured multiple high value contracts in 2021. Here is a rundown of some of the major successes



Recent Proofs of Major multinationals Solution, Prediction without any Capex In



Concepts
for Decision Support
via Machine Learning
Investment



HR Updates

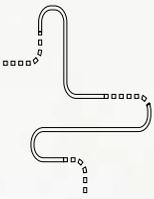
Octopus Digital's Human Resource Dept. has a clear vision for the next three years. It aims to build a strong, productive, and engaged team and have Octopus Digital recognized as a preferred employer and provider of innovative and results oriented human resources services, policies, and systems. Octopus Digital plans to hire 84 resources till the end of FY 2024. The concentration of the recruitment will be spread over different departments.

The core objectives of the Octopus Digital Human Resource Dept. will be to,

- Define Organizational Structure and Drive Productivity
- Build Coordination between Departments
- Establish and Sustain Employee Satisfaction and Wellbeing
- Keep Up with Societal and Ethical Models
- Achieve Organizational Goals

The Human Resource Dept. must assist employees in achieving their personal goals, such as higher wages and salaries, job satisfaction, better

working conditions, standard working hours, promotion, motivation, welfare facilities, prestige, recognition, status, social security leading to employee satisfaction. The Human Resource Dept. should motivate the employees and keep their morale high. It is imperative to convert the organization into an engaged workplace by bringing together both engaged employees and engaged employer. Employee engagement ideas encourage employees to gain confidence in the organization. The Octopus Digital Human Resource Dept. aims to accomplish these objectives and more over the next few years.



Open Positions



Apply now



Corporate Governance

Achieving High standard of corporate governance level entails transparency & Completeness of information, ethical behavior and a strong internal control system. Striking the balance in interests of all stakeholders whether internal or external is the key output of a strong corporate governance environment.

The international standard on social responsibility, defines organizational governance as “a system by which an organization makes and implements decisions in pursuit of its objectives.” Governance systems include the management processes designed to deliver on performance objectives while considering shareholder’s interest.

We believe in the philosophy of “doing the right things, the right way for the organization independent of personal interests”.

The Board of Directors is committed to the principles and do comply with requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

In this regard at Octopus Digital Limited, a strong internal control

system and risk management policies are in place. This ensures;

- Efficient and effective operations of the Company,
- Safeguarding of assets and shareholder wealth,
- Compliance with the local laws and regulations
- Financial accounting & reporting in accordance with the International Accounting Standards [IAS] and International Financial Reporting Standards [IFRS].

ROLE OF THE BOARD OF DIRECTORS

The Board has a fiduciary duty for the proper line of action and management of the Companies affairs, exercised within its defined powers, this duty includes at the minimum:

- Company’s Business Risks- Identification and Control
- Management Information system transparency
- Timely and effective reporting to shareholders

The Board is also responsible primarily for a strong Internal Control environment thus evolving and implementing the

required overall control system. The Internal Control system includes:

- Procedures, policies & guidelines,
- Division of responsibility and Authority Organogram,
- Internal audit,
- Qualified Professionals manning to run the key jobs and
- Continuous rigorous training for improvement.

STATEMENT OF DIRECTORS’

Responsibilities

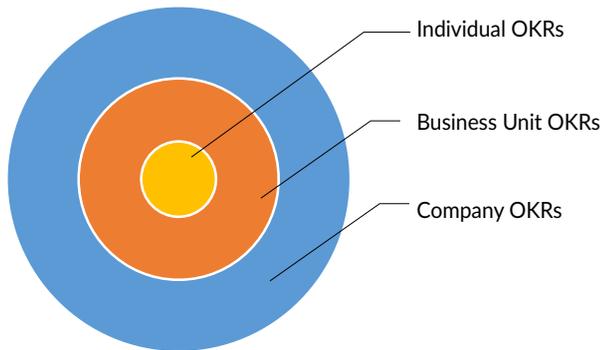
The Board regularly reviews the Company’s strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed in total by the Board in the light of the Company’s overall objectives. The Board is committed to maintain the high standard of good corporate governance. The Company acts in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and accordingly amended listing rules of the Pakistan Stock Exchange.

Following are the Statements on Corporate and Financial Reporting Framework:

- a. The financial statements, prepared by the management of the Company, present its state of affairs fairly, the



Corporate Governance



- results its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
 - Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
 - International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
 - The system of internal control is sound in design and has been effectively implemented and monitored.
 - There are no doubts upon the Company's ability to continue as a going concern.
 - The best practices of the Corporate Governance, as detailed in the listing regulations have been followed.

RESPECTIVE ROLE OF THE CHAIRMAN & THE CEO

The Chairman of the Board manages and provides leadership to the Board of Directors of Octopus Digital, with its focus on all strategic matters.

During the year the Chairman introduced the idea of a technical advisory board that consist of independent directors/technical advisors from strong digital/technical background to assist in setting the strategic goals for digitalization. Mr. Arif Janjua (Non-Executive Director) is the first person/initial step on this initiative.

The other roles and responsibilities of the CEO include developing the Company strategy, supported by yearly business plans and budgets, for Board approval; running the business in accordance with Board decisions; achieving the Company's financial and operating goals and objectives; succession planning; information technology planning; monitoring and reporting the Company's performance and compliance

imperatives to the Board.

The Board comprises of two executive and five non-executive directors including two independent directors. All the directors keenly take interest in the proper stewardship of the Company's affairs. the existing directors' tenure will complete three years period on 08 June 2024. The Board has constituted the following committees:

- Audit Committee
- Human Resource and Remuneration Committee / ESOS Compensation Committee
- Executive(s) Board
- Technical advisory board

Through its committees, the Board provides proactive oversight in some of the key areas of business and the performance of CEO. The Board regularly reviews the respective charters of these committees.

THE EXECUTIVE BOARD

The Executive Board is responsible for the overall achievement of Objectives Key Results (OKRs). A management methodology that helps to ensure that the company focuses efforts on the same important issues (role alignment) throughout the organization. This encompass mapping leadership OKRs on company's success, drive performance and review to track progress using OKRs score card.

The Executive Board Comprises of key management leadership across the board from sales, engineering, finance, HR and Corporate globally. The Executive Board's mandate is to steward the corporate plan, via monthly/Quarterly meetings, ensuring projects delivery on time, improving execution and removing any hitches, availability of free cashflows, fixed cost event-oriented analysis, taking preventive/corrective actions and increasing the wealth of shareholders. The main driving factors include

- PO Generation
- Revenue recognition
- Invoicing
- Collection

CEO PERFORMANCE REVIEW BY THE BOARD

The Board of Directors evaluates the chief executive officer annually in light of corporate goals and objectives including performance of the business, accomplishment of long-term



strategic objectives, development of management, etc., as established. The evaluation has been communicated to the chief executive officer and the chairman of the Board.

MANAGEMENT INITIATIVES ON CORPORATE GOVERNANCE-

The Company is in line with a clear plan to train its key management personnel starting from the CEO & Chairman of the Board down to key executives inclusive of female executives in line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019. During the financial year 2022 two (02) directors Mr. Mohammad Shahid Mir (Independent Director) and Mr. Adeel Khalid (Executive Director) were imparted director’s training under the code of corporate governance to enhance their skills and understanding of the corporate affairs.

ETHICS

Ethics are an integral part of the professional culture cultivated at Octopus Digital.

The yard stick for measurement lay a line of guidance for the behavior and conduct of all employees enabling them to meet objectives efficiently, transparently and fairly. There is a comprehensive, well-structured ethics program, based on a code of conduct, which has been approved by the board and is applicable to all employees.

The ethics program includes:

- Code of ethics
- Training for employees
- Whistle Blower Policy

CODE OF CONDUCT

The Board has adopted a code of conduct for its members, executives and staff, specifying the business standards and ethical considerations in conducting its business. The code includes:

- Corporate governance
- Relationship with employees, customers, and regulators
- Confidentiality of information
- Trading in Company’s shares
- Environmental responsibilities
- Harassment Policy

SUSTAINABILITY

Avanceon group takes corporate social responsibility seriously. Through giving back to the people that work with us and the communities where we operate, we create meaningful societal values and traits.

The same legacy continues at Octopus, we support the children of our support staff all the way from primary school enrollment inclusive if all financial support up to university level, and not only that, but also work towards finding them a suitable job.

OCCUPATIONAL ENVIRONMENT PROTECTION, SAFETY AND HEALTH

A Healthy and safe team is one which brings excellent results, we take proud in investing in safe work environment. Octopus Digital carries out regular activities to ensure safety and health of its resources and maintains a clear and clean work environment. Recently a plantation drive was created under which more than 50 employees participated in the tree plantation within office and their homes.

Regular fumigation, air purifiers, sanitization, facilities of filtered drinking water, equipment for firefighting, and safe driving sessions are a few to mention.

Regular fumigation, air purifiers, sanitizat

The Company has established a safety department led by an experienced member of staff, equipped with sophisticated firefighting and safety equipment. The Company is dedicated and committed towards protection of the environment, energy conservation and welfare of all staff and broader society.

EQUAL OPPORTUNITY EMPLOYER

The Company is proud to be an equal opportunity employer. At Octopus Digital we are totally blind to gender, religion, disability, ethnicities, and discrimination. To think out of the box is a major ingredient required to be part of the Octopus team.



The most critical factor for any business strategy & long-term sustainability is robust corporate governance practices. Octopus Digital’s overall governance framework is devised to ensure a strong oversight, board and management accountability. We believe bottom line demonstrates commitment to transparency, independence, and diversity.

Ahsan Khalil – ACA-FPFA (Company Secretary)

Whistle Blower Policy

“SPEAK OUT!”

The Core Values that we talk about is the “Candor & Ethics”, The Company and all its subsidiaries have applied a number of policies related to ethics and responsible behavior ‘which define the high standard of governance and business conduct.

A concrete Whistleblower system is in effect at Octopus Digital Group. The Company expects employees, suppliers, and contractors at all affiliated companies to not only abide by our standards of business conduct but come forward without fear and;

“Speak-out !”

about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance.

Considerable efforts are made to maintain the confidentiality of complainants and to protect them from any form of retaliation or victimization for genuinely held concerns that are raised in good faith

Speak-outs are encouraged to report serious concerns that could have a significant impact on these

organizations, such as actions that

- are unlawful or may damage the reputation of Octopus Digital or an affiliate.
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct.
- are in violation of Safety Health & Environmental standards applicable to the business
- give rise to harassment, discrimination or other unfair

Independent “Speak Out” hotline 0092-42-37515129 or email to speakout@octopusdtl.com. to raise concerns. You can also write to Speak Out (PO Box 4012, Lahore - Pakistan.)

Note: During the year 2023 no cases were reported, highlighting ethical commitment of Company’s stakeholders’.

OCTOPUS

DIGITAL



I am
OCTOPUS
DIGITAL
Speakout
Make a difference

Independent Auditor's Review Report To the Members of Octopus Digital Limited

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Octopus Digital Limited (the Company) for the year ended December 31, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2023.



LAHORE

DATED: April 26, 2024

UDIN: CR202310087LKPzD6wq

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS
Engagement Partner: Sajjad Hussain Gill

Statement of Compliance

Annexure A
[see regulation 36(1)]

with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: **Octopus Digital Limited**
For the year ended: December 31, 2023

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following, -
 - a. Male: Six (06)
 - b. Female: One (01)
2. The composition of Board is as follows:

Category	Name
Independent Directors	Mr. Mohammad Shahid Mir Mr. Mohammad Arif Janjua Ms. Saleha Asif
Non-Executive Directors	Mr. Bakhtiar Hameed Wain
Executive Directors	Mr. Tanveer Karamat Mr. Asmar Ahmed Atif Mr. Adeel Khalid
Female Directors	Ms. Saleha Asif
3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act

and these Regulations;

9. The Board has arranged Directors' Training Program for Ms. Saleha Asif in 2023, The Company is focused towards professional grooming of all its directors and take initiative to arrange training programs for all the Directors as encouraged the Listed Companies (Code of Corporate Governance) Regulations, 2019, except below Directors who are already trained as per the Regulations.

Mr. Bakhtiar Hameed Wain	Non-Executive Director
Mr. Tanveer Karamat	Executive Director
Mr. Mohammad Shahid Mir	Independent Director
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The board has formed committees comprising of members given below:
 - a) **Audit Committee**

Mr. Mohammad Shahid Mir	Chairman/Independent Director
Mr. Bakhtiar Hameed Wain	Member/ Non-Executive Director
Mr. Mohammad Arif Janjua	Member/ Independent Director
 - b) **HR and Remuneration Committee (Name of members and Chairman)**

Mr. Mohammad Shahid Mir	Chairman/ Independent Director
Mr. Bakhtiar Hameed Wain	Member/ Non-Executive Director
Mr. Tanveer Karamat	Member/ Executive Director
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following,



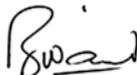
- a) Audit Committee Quarterly 4
- b) HR and Remuneration Yearly 1

6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with;

15. The Board has set up an effective internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

On Behalf of the Board

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;


Bakhtiar H. Wain
Chairman / Director


Tanveer Karamat
Chief Executive Officer
Lahore, Pakistan

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

Octopus Digital Limited
January 18, 2024

18. We confirm that all requirements of regulations 3,

Corporate Policies



DISCLOSURE OF POLICY FOR ACTUAL AND PERCEIVED CONFLICTS OF INTEREST

Octopus Digital's disclosure of policy for actual and perceived conflicts of interest is covered in the Conflict-of-Interest Policy, which requires employees to disclose relationships with a potential Guarantor or Vendor and provides guidance on managing conflicts. The purpose of this policy is to provide guidance in identifying and handling potential and actual conflicts of interest involving the organization, and is applicable to all permanent, contractual, and daily wage employees. Any action by an employee, which deliberately or recklessly breaches this conflict-of-interest policy, may result in disciplinary action which may lead to termination of employment.

DISCLOSURE FOR IT GOVERNANCE POLICY

Information Security governing policy is covered in the Acceptable Use of IT Resources. The policy describes the acceptable use of IT resource for the Company. The purpose is to outline the usage of Octopus Digital IT resources by all its employees. This policy applies to the use of all Octopus Digital IT resources (e.g., desktop computers, laptops, printers, disk space storage, software, telecommunications equipment, networks, Internet, E-mail, etc.) and supporting infrastructure that is owned, leased, or controlled by Octopus Digital and used by its employees, contractors, interns, or other personnel at the Central, Regional, and Satellite office locations.

OCTOPUS DIGITAL'S WHISTLEBLOWER POLICY – "SPEAK OUT!"

The Board of Directors of Octopus Digital have adopted several policies related to ethics and responsible behavior which define the high standard of governance and business conduct to which we pledge ourselves as an organization. This

has always been our core strength and is reinforced through voluntary reporting of irregularities and periodic reviews of business practices.

As an additional measure, a Whistleblower system has also been established. The Company expects employees, suppliers, and contractors at all affiliated companies to not only abide by our standards of business conduct but also to speak out about any concerns they have regarding business ethics, safety, environmental performance, harassment and other employment related matters or other possible breaches of compliance.

They can use the independent "Speak Out" hotline 0092-42- 37515129 or email to speakout@octopusdtl.com to raise their concerns.

They can also write to Speak Out (PO Box 4012, Lahore - Pakistan.)

Every effort is made to maintain the confidentiality of complainants and to protect them from any form of retaliation or victimization for genuinely held concerns raised in good faith.

Speak-outs are encouraged to report serious concerns that could have a significant impact on the organization. Actions that:

- are unlawful or may damage the reputation of Octopus Digital or an affiliate
- are fraudulent and lead to a loss of assets
- may be intended to result in incorrect financial reporting
- are in violation of various corporate policies governing business conduct
- are in violation of Safety Health & Environmental standards applicable to the business
- give rise to harassment, discrimination, or other unfair employment practices

HUMAN RESOURCE MANAGEMENT POLICIES INCLUDING PREPARATION OF SUCCESSION PLAN

Human Resource Management
Human Resource Management at Octopus Digital is covered across several policies, which serve as a comprehensive framework to managing people, workplace, and culture. Hiring and confirmation provisions ensure that Octopus Digital reserves the right to assess prior work experience and skill levels, and to confirm applicants where applicable when considering full- time or part-time employment.

Compensation encompasses 10 policies, the purpose of which is to ensure employee's wellbeing and growth. These include Vehicle Benefit, Education Allowance, Employee Professional Accreditations, Performance Bonus, Sales Incentive, Technical Services Employee Incentive, Variable Pay Plan for managers and support staff, Umrah as well as Employee Stock Option Plan amongst others. Human Resources management that encompasses Salaries, Attendance, Asset Utilization, Rewards, health, and other guidelines such as Mobile Usage are covered across 11 policies.

MEDICAL AND INSURANCE POLICY

One of the most important tasks in creating a high- performance culture is taking care of your employees. When employees' needs are met, they feel aligned with the mission, vision, and values of the organization. This results in high levels of engagement and commitment. They come to work with enthusiasm and are willing to go the extra mile to support the organization. At Octopus Digital we ensure that the baseline rewards are fair and sufficient. These include some of the basic needs of an employee. One such need is medical and hospitalization cover. At Octopus Digital, we have hence, very carefully devised a medical policy to cover this criterion. With

the best hospitals on our panel, we provide extensive hospitalization cover to the employee and his/her family, and unlimited OPD coverage as well. Life insurance is also available under which employees are covered for permanent partial disability, temporary total disability, accidental death, and extended death benefit.

COMPASSIONATE LEAVES

All permanent and contractual employees are entitled to compassionate or bereavement leaves which is in addition to casual/sick and annual leaves. Compassionate leaves can be taken when a member of an employee's immediate family* or household passes away or suffers a life-threatening illness or injury and requires extensive medical care.

**Immediate family of an employee includes spouse, child, parent, sibling, grandparent and grandchild.*

PAY CONTINUATION PLAN

The demise of an earner can have a debilitating effect on a household. To ensure that none of our employee's families must worry about their finances, life insurance policy has been revised to include the Pay Continuation Plan. In addition to employee benefits, in the event of an employee's demise, the grieved family will receive 50% of the employee's monthly gross salary for the period of ten years.

SUCCESSION PLANNING POLICIES

Succession Planning Policy for Octopus Digital encompasses the Company's best practice in terms of Human Resources Management. The purpose of the policy is to ensure replacement for key executive, management, and technical positions within the organization. This policy covers middle management positions and above in Octopus Digital Limited. The point is to identify high-potential employees, ensure systematic and long-term development and provide a continuous flow of talent. The business-critical engineering skill set is being maintained through an engineering skill set matrix and managed for all engineering resources.

SOCIAL & ENVIRONMENTAL POLICY

This policy requires designation wise mandatory trainings for all employees. It has four stages, and each employee

is required to achieve desired level of training. The HSE Team will maintain the attendance records of all employees and to achieve the next cadre, it will be mandatory to pass the next training level. These training levels have been carefully designed while keeping the job-related requirements of all associates in mind. The training will help to raise the associate's skill level in HSE while performing their daily tasks. Each training will have a post training test which will be conducted via Docebo and it will be mandatory to pass it.

POLICY AND PROCEDURE FOR STAKEHOLDER ENGAGEMENT

Stakeholder engagement policies and procedures map out all aspects of outreach with the broader audience interested in Octopus Digital. The Company involves committees at regular points throughout the year both for specific projects and general insights. The policies ensure that different parties are aware of the conduct and the function of the Company including Institutional Investors, Customers & Suppliers, Banks and other lenders, Media, regulators, and analysts. Business Conduct for Octopus Digital addresses Stakeholder Engagement through five key commitments: Ethics, Ownership, Customer Delight, Continuous Improvement and Community Care, which need to be translated across all its communications.

INVESTOR GRIEVANCE POLICY

Investor grievances are covered in the Securities & Exchange Commission of Pakistan rules as at May 11, 2001. These statutory rules have been published by the Government. The information pertaining to financial performance, shareholding pattern, compliance with Corporate Governance and announcements can be viewed or requested by the shareholders on www.octopusdtl.com. Apart from this, the website also contains comprehensive information about the Company, its products, services, solutions, press releases and investor's information.

SAFETY OF RECORD

Safety of Record is ensured by the Information Security Governing Policy, which provides a framework for Information privacy, accessibility

and integrity to the operation and management of Octopus Digital, which are of great importance. Failure in any of these areas can result in disruption to the services, can hurt company business and can shake the confidence of existing and potential clients. Information and asset security therefore play a critical role in the successful operation of the company. The purpose of the Information Security Policy is to guarantee business continuity and curtail business damage by minimizing information security incidents to an acceptable level. Superior information security provision for our customers and employees is Octopus Digital's commitment to protect from internal or external information security threats, whether deliberate or accidental. Adherence to this policy is crucial to safeguarding these interests.

EMPLOYEE DEVELOPMENT AND TRAINING

Octopus Digital plans to launch a set of policies geared towards developing resources through qualifications and OEM certifications in 2022. Training and Development will have a Strategic Role in the future for Octopus Digital. The Employee Development and Training policies will have the following objectives,

- Attracting and retaining talents
- Developing our personnel's capabilities
- Creating a value-based culture
- Improving Octopus Digital's Reputation as an Employer
- Motivating Employees to Engage

By providing Octopus Digital's employees with opportunities to learn and develop new competencies within their career path, they are encouraged to engage with Octopus Digital as they are more satisfied and challenged at work. These set of policies will apply to all employees of Octopus Digital Limited.

Director's Report

The directors of Octopus Digital Limited "The Company" take pleasure in presenting their report together with the Company's audited annual financial statements for the year ended December 31, 2023. All financial statements and notes to the accounts have been prepared by the management of the company as under:

1. They presented fairly its state of affairs, the result of its operations, cash flows and all changes in equity,
2. Proper books of account of the company have been maintained,
3. Appropriate accounting policies have been adopted and consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments,
4. The financial statements have been prepared in conformity with the Companies Act 2017 and International Financial Reporting Standards as applicable in Pakistan, and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored
6. There are no significant doubts upon the company's ability to continue as a going concern
7. Where any statutory payment on account of taxes, duties, levies, and changes is outstanding, the amount together with a brief description and reasons for the same has been disclosed

The Directors' Report, prepared under relevant sections of the prevailing Companies Act, in Pakistan, will be put forward to the members at the 7th Annual General Meeting of the Company to be held on Monday, 29 April 2024 at 10:00 AM at Nishat Hotel, Gate No. 7, Imperial Ball Room - B, Adjacent to Emporium Mall, Abdul Haq Road, Johar Town, Lahore,

THE COMPANY:

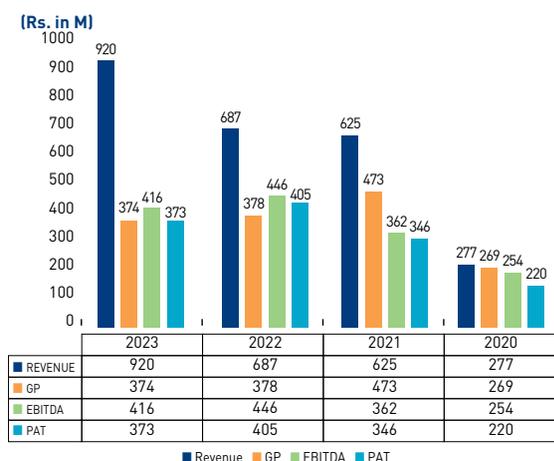
Octopus Digital helps businesses digitalize their manufacturing, supply chain and financial workflows backed by strategic and operational maintenance support services in the US, Middle East and South Asia. Thus, making decision support, actionable insights, and business intelligence available 24x7x365 as managed and unmanaged service on a multi-year monthly subscription basis.

THE REPORT:

The performance of the Company closed at a handsome increase in terms of order generation and revenues. Even though PBT and PAT both showed a decrease compared to last year primarily due to increased fixed costs in the newly driven digital business line. The business stands healthy and ready to capitalize on the orders won during 2023 to achieve our set targets in the coming days ahead.

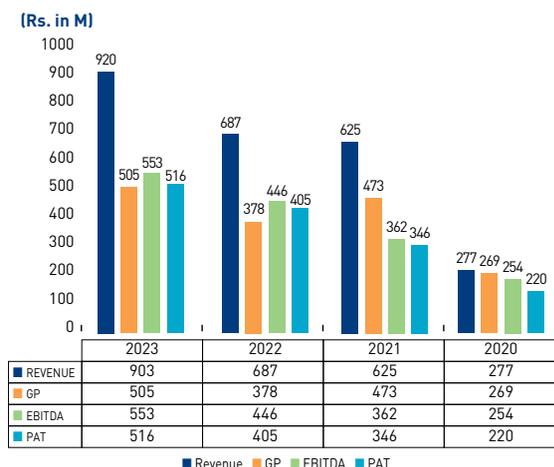
OPERATING RESULTS (CONSOLIDATED)

(Rupees in Million)	2023	2022	Variation	% Variation
Revenue	919,672,144	687,009,826	232,662,318	34%
Profit before tax	380,011,395	430,170,672	(50,159,277)	-12%
Profit after tax	373,412,234	405,062,817	(31,650,583)	-8%



OPERATING RESULTS (STANDALONE)

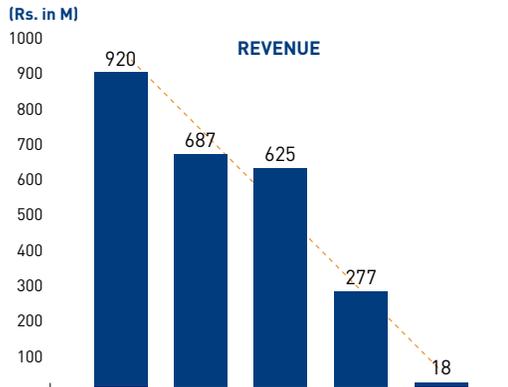
(Rupees in Million)	2023	2022	Variation	% Variation
Revenue	903,118,188	687,009,826	216,108,365	31%
Profit before tax	523,066,462	430,170,672	92,895,790	22%
Profit after tax	515,808,023	405,062,817	110,745,206	27%



FINANCIAL PERFORMANCE (CONSOLIDATED)

Revenue

The Company revenue of Rs. 920 million has 34% increased as compared to last financial year, It shows a handsome trend in the business growth in FY ended December 31, 2023 as per business plan. Rest we observed marginal growth of revenues over the years. The financial years 2020, 2021, 2022 and 2023 shows a steady growth trend.



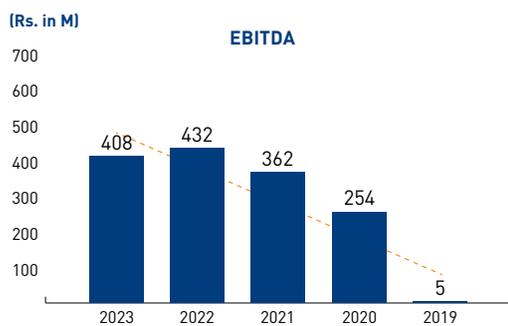
Gross Profit

The Company gross profit of Rs. 374 million is 14% decreased as compared to last financial year. This is mainly due to partial consolidation of subsidiaries newly acquired and increased fixed cost in the digital business line.



EBITDA

(Earning before Interest, Tax, Depreciation & Amortization)



Profit after Taxation

There is Rs. 373 million 8% decrease in net profit after taxation is due to consolidation of 02 newly bought subsidiary companies. The management is confident to maintain a positive trend and growth in gross and net profit



margins in upcoming FY 2024 and 2025 due to a strong pipeline. The digital drive business is now in the take-off phase and subscription-based orders would contribute more in the year 2024. The management is also very much confident to achieve the targeted revenues in FY 2024 as per the approved corporate plan.

Earnings Per Share

The basic earnings per share after tax is Rs. 2.52 whereas the EPS in FY 2022 was 2.74.

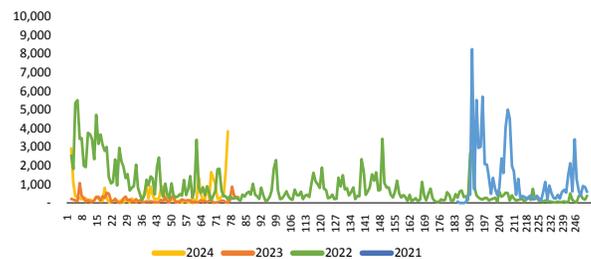
The diluted earnings per share after tax is Rs.2.50 whereas the EPS in FY 2022 was 2.74.

Reason for not Declaration of Dividend

Given the Current Pakistan economy situation and Company's growth plan in the digital drive, it is decided by the Board to reinvest cash generated during the year into the business. The Company has sufficient cash balances available at FY 2023 end, which company plans to spend on key areas such as marketing, product development and expansion activities into international markets.

Business generated from above mentioned activities shall contribute to earnings of the company which is expected to favorably impact the prospect of dividend payment in future.

Stock Liquidity



PATTERN OF SHAREHOLDING

Pattern of shareholding can be find at page no. 66 to 71.

S. No.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	7	68,081	0.04
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)	2	117,222,484	74.54
3	NIT and ICP			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	2	1,787,138	1.14
5	Insurance Companies	2	130,500	0.08
6	Modarabas and Mutual Funds	6	795,632	0.51
7	Share holders holding 10%	1	116,877,484	74.32
8	General Public: a. local b. Foreign	6,519	23,692,288	15.07
9	Others	83	13,566,379	8.63

Director's Report

SHARES TRADED BY EXECUTIVES

During the year, the below mentioned executives have traded the stock of Octopus Digital and informed to Stock Exchange:

Name of Company	Employee Name	Designation	Transaction Type	No. of shares	Price	Transaction Type	Date of Transaction	Date of Submission
Octopus Digital Limited	Mohammad Arif Janjua	Director	Buy	500	55.00	CDC	17/02/2023	22/02/2023
Octopus Digital Limited	Tanveer Karamat	Director	Buy	10,000	44.25	CDC	20/11/2023	23/11/2023

COMPOSITION OF BOARD AUDIT COMMITTEE

The board audit committee consists of three members listed below;

Sr. No.	Name of Members	Designation	Status / Directorship
1	Mohammad Shahid Mir	Chairman BAC	Independent Director / Non-Executive Director
2	Bakhtiar Hameed Wain	Member	Non-Executive Director
3	Mohammad Arif Janjua	Member	Independent Director / Non-Executive Director

COMPOSITION OF HR AND REMUNERATION COMMITTEE

The board of HR and Remuneration committee consists of three members listed below;

Sr. No.	Name of Members	Designation	Status / Directorship
1	Mohammad Shahid Mir	Chairman	Independent Director / Non-Executive Director
2	Bakhtiar Hameed Wain	Member	Non-Executive Director
3	Tanveer Karamat	Member	Executive Director

COMPOSITION OF BOARD OF DIRECTORS

The board consist of seven directors listed below;

Sr. No.	Name of Directors	Designation
1	Bakhtiar Hameed Wain	Chairman / Non-Executive Director
2	Tanveer Karamat	Chief Executive Officer / Executive Director
3	Asmar Ahmed Atif	Executive Director
4	Mohammad Shahid Mir	Independent Director / Non-Executive Director
5	Mohammad Arif Janjua	Independent Director / Non-Executive Director
6	Adeel Khalid	Executive Director
7	Saleha Asif	Independent Director / Non-Executive Director

The total number of directors are seven as per the following, -

- a. Male: Six
- b. Female: One

BOARD OF DIRECTOR'S MEETINGS

During the year, the Board of Directors has conducted 04 board meetings, the following honorable members participating:

Sr. No.	Name of Director	Present	Leave Granted
1.	Bakhtiar H. Wain	4	0
2.	Tanveer Karamat	4	0
3.	Asmar Ahmed Atif	4	0
4.	Mohammad Shahid Mir	4	0
5.	Mohammad Arif Janua	4	0
6.	Adeel Khalid	4	0
7.	Saleha Asif	4	0

CAPITAL STRUCTURE

The Company is not a geared business entity and maintains a balance capital structure which is evidence of its financial strength and excellent liquidity management.

LIQUIDITY STRATEGY

The Company has drafted and approved a liquidity plan in FY 2022 which includes repatriation of receivables from related party balances in order to achieve growing business financial needs and to achieve the corporate dividend policy outflows. The management is confident to achieve the targets as defined in liquidity strategy policy in FY 2023.

FUTURE PROSPECTS

A vision of the future is an important ingredient in the formation of our board and management strategy and plans.

The future prospects of the company look very promising as we embark on several key initiatives to expand our reach and capabilities. One of our top priorities is expanding our presence in the US and Middle Eastern markets. We believe there is a significant opportunity for growth in these regions and are committed to investing the necessary resources to succeed. Additionally, we are developing cutting-edge machine learning solutions that will enhance our ability to deliver innovative products and services to our customers. Another critical focus area is our move to become cloud agnostic, which will provide us with greater flexibility and scalability. We are also expanding our after-market support business in KSA and developing a nursery of data engineers by hiring top-tier university graduates. To further accelerate growth, we are developing channel partners across the globe and have implemented a structured program to enable them to propel revenue growth. Lastly, we are committed to improving our existing products and developing even

more products and solutions for the industry to maintain our position as a leader in the market.

SERVICE TO SOCIETY

As a company, we are committed to being active and responsible corporate citizens. We believe that businesses have a responsibility to give back to society and help address key issues such as education, healthcare, public safety, and environmental health. We are committed to creating powerful synergies by working with other entities to improve the conditions of the society in which we operate. Our company and employees have generously given their time and money to support flood relief activities, including donating tents, quilts, medicine, and ration bags to the affected population. We have set up medical camps in South Punjab in the Dera Ghazi Khan district, providing food, medical treatment, and financial support to approximately 5,000 affected individuals for rehabilitation. We are proud of our ongoing efforts to support those in need and make a positive impact in the communities where we operate.

HEALTH, SAFETY AND ENVIRONMENT

At Octopus Digital Limited, we take health, safety, and environmental (HSE) standards seriously. We recognize the importance of actively managing HSE risks associated with our business and are continuously working to improve our procedures to minimize the risk of fire, accidents, or injuries to our employees and visitors. Our commitment to HSE is reflected in our policies and practices, which aim to reduce, remove or control any potential hazards at our working sites and offices. Additionally, we ensure that our products are shipped safely, complying with all relevant safety standards and legal requirements. Our HSE efforts demonstrate our dedication to creating a safe and healthy work environment for our employees and visitors while also meeting our obligations to society and the environment. We will continue to prioritize HSE in all our operations to ensure the well-being of our employees, customers, and the broader community.

ISSUES RAISED IN THE LAST AGM

During the Annual General Meeting for the year ending 31 December 2022, No major issues were raised.

Agenda # 1:

To confirm the minutes of 5th Annual General Meeting.

Agenda # 2:

Consider the Audited Accounts for the year ended 31 December 2022.

Agenda # 3:

The re-appointment of present auditor BDO Ebrahim & Co.,

Director's Report

Chartered Accountants for FY 2023.

All above agenda items have been discussed, approved, and adopted. A question-and-answer session was conducted.

An interactive questions & answers session was held and director (Mr. Tanveer Karamat), CFO (Mr. Faisal Nadeem Sheikh) and Company Secretary (Mr. Ahsan Khalil) answered all queries explaining the industrial automation business of the company. The future outlook was discussed as to be prosperous and dependent on the growth of Pakistan Economy in line with the setting up of new industrial plants.

BOARD OF DIRECTORS' REMUNERATION

The board of directors of the Company is comprised of four Non-Executive Directors and three executive directors. The executive directors are paid fixed salary and benefits as per Company's HR policies and salary levels. Performance of executive directors is evaluated against approved criteria by the Human Resource and Remuneration Committee and recommended to the Board for approval. No other directors are being paid for attending board meetings except one independent director.

TRANSACTIONS WITH RELATED PARTIES

The transactions with related parties were carried out at arm's length prices and purely on commercial terms determined in accordance with the comparable uncontrolled prices method.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of Octopus Digital Limited is committed to the company principles and complies with requirements of Code of Corporate Governance included in the regulations of the Companies Act 2017.

ACKNOWLEDGEMENT

The Board is pleased with the continued dedication and efforts of the employees of the company.

For and on Behalf of the Board of Directors



Mr. Tanveer Karamat
Chief Executive Officer



Mr. Asmar Ahmed Atif
Director

Lahore:
April 03, 2024





Six Years at a Glance

RATIOS FOR 5 YEARS

Years	2023	2022	2021	2020	2019	2018
PROFITABILITY RATIOS						
Gross Profit ratio	41%	55%	76%	97%	100%	N/A
Operating Result Ratio	41%	63%	58%	92%	25%	N/A
Profit Before Tax	41%	63%	58%	92%	25%	N/A
Profit After Tax	41%	59%	55%	79%	13%	N/A
Return On Capital Employed	15%	21%	22%	110%	39%	100%
EBITDA (Rs. In million)	430	430	362	254	5	(0)
EBITDA Margin	47%	63%	58%	92%	27%	N/A
GROWTH RATIOS						
Net Sales	34%	10%	126%	1401%	N/A	N/A
Operating Results	-11%	19%	42%	5342%	-1016%	N/A
EBITDA	19%	19%	42%	4969%	-1132%	N/A
Profit After Tax	8%	17%	57%	8874%	-581%	N/A
COST RATIOS						
Cost of Sales (% of Sales)	59%	45%	24%	3%	0%	N/A
Administrative & selling Cost (% of Sales)	40%	30%	20%	6%	74%	N/A
RETURN TO SHAREHOLDERS						
Return on Equity-Before Tax	15%	21%	22%	110%	39%	100%
Return on Equity-After Tax	15%	20%	21%	95%	21%	100%
Earning per Share (Basic) (Rs.)	2.52	2.96	2.53	2.01	2.45	(254,463)
Earning per Share (Diluted) (Rs.)	2.50	2.96	2.53	2.01	2.45	(254,463)
Break Up value per share (Rs.)	0.16	0.15	0.12	0.02	0.12	(2,545)

Years	2023	2022	2021	2020	2019	2018	
EQUITY RATIOS							
Price Earning Ratio	18.94	19.13	30.74	-	-	-	
Dividend Per Share	0%	0%	0%	0%	0%	0%	
Dividend Payout Ratio	0%	0%	0%	0%	0%	0%	
Market Value at the end of The Year	47.72	56.65	77.76	0.00	0.00	0.00	
Market Value at the start of the Year	50.00	83.59	43.64	0.00	0.00	0.00	
Highest Value During Year	53.81	110.90	80.86	0.00	0.00	0.00	
Lowest Value During Year	34.14	56.13	43.64	0.00	0.00	0.00	
Dividend Yield Ratio	0.00%	0.00%	0.00%	N/A	N/A	N/A	
Dividend Cover Ratio	N/A	N/A	N/A	N/A	N/A	N/A	
ASSET UTILIZATION							
Total Asset turnover	(Times)	0.34	0.32	0.36	0.87	0.86	-
Fixed Asset Turnover	(Times)	29.84	173.81	156.30	92.37	197.71	-
Trade Debts Turnover	(Times)	6.44	0.52	0.85	0.94	18.56	N/A
Trade Creditors Turnover	(Times)	45.34	13.19	3.36	0.16	-	-
Capital Employed Turnover	(Times)	0.37	0.34	0.38	1.20	1.55	-
OPERATING CYCLE							
Trade Debt collection period	(No. of days)	57	708	427	389	20	N/A
Trade Creditors payment period	(No. of days)	8	28	109	2,223	N/A	N/A
LIQUIDITY/LEVERAGE							
Current ratio	(Times)	7.89	24.87	20.65	3.39	2.26	0.05
Quick ratio	(Times)	7.89	24.87	20.65	3.39	2.26	0.05
Cash to current liabilities	(Times)	0.18	0.25	11.17	0.00	0.39	0.01
Total liabilities to equity	(Times)	0.11	0.04	0.05	0.38	0.79	(1.22)

Analysis of Financial Statements

BALANCE SHEET

(Rupees in million)

Particulars	2023	2022	2021	2020	2019	2018
ASSETS						
Non-Current Assets						
Property and Equipment	31	4	4	3	0	0
Intangible assets	557	120	52	20	-	-
Deferred tax asset	21	10	3	-	-	-
Long term Investments	-	-	-	-	-	-
Long term advances and deposits	0	0	0	-	-	-
Total Non-Current Assets	608	134	59	23	0	0
Current Assets						
Stock in Trade	1	-	-	-	-	-
Trade debts	1,502	1,236	665	281	1	-
Contract assets	142	96	67	14	-	-
Advances, deposits, prepayments and other receivables	442	339	31	0	17	0
Short term investments	10	-	300	-	-	-
Short term loan	-	300	-	-	-	-
Cash and bank balances	38	20	599	0	4	0
Total Current Assets	2,135	1,991	1,662	296	21	0
Total Assets	2,744	2,125	1,721	319	21	0
EQUITY AND LIABILITIES						
Share Capital and reserves						
Issued, subscribed and paid up capital	1,573	1,368	1,368	1,094	10	0
Group restructuring reserve	(1,050)	(1,084)	(1,084)	(1,084)	-	-
Employees' share compensation reserve	9	-	-	-	-	-
Share premium	789	789	789	-	-	-
Un-appropriated profit	1,141	973	568	222	2	(1)
	2,462	2,045	1,640	232	12	(1)
NON CURRENT LIABILITIES						
Long term diminishing musharaka	11	-	-	-	-	-
Current Liabilities						
Creditors, accrued and other liabilities	203	23	45	47	7	0
Contract liabilities	12	7	18	4	-	-
Current portion of long term liabilities	3	-	-	-	-	-
Provision for taxation	53	50	17	36	2	-
Total Current Liabilities	271	80	80	87	9	1
Total Equity and Liabilities	2,744	2,125	1,721	319	21	0

PROFIT AND LOSS ACCOUNT

Particulars	(Rupees in million)					
	2023	2022	2021	2020	2019	2018
Revenue from contracts with customers	920	687	625	277	18	-
Cost of revenue	(546)	(309)	(152)	(8)	-	-
Gross Profit	374	378	473	269	18	-
Administrative and selling expenses	(367)	(204)	(124)	(15)	(14)	(1)
Other charges	(0)	(0)	-	(0)	(0)	-
Other operating income	376	257	11	-	-	0
	8	53	(113)	(16)	(14)	(1)
Profit/(loss) from operations	382	430	360	254	5	(1)
Finance cost	(2)	-	-	-	-	-
Profit/(loss) before tax	380	430	360	254	5	(1)
Taxation	(7)	(25)	(15)	(34)	(2)	-
Profit/(loss) after Tax	373	405	346	220	2	(1)
Combined earnings/(loss) per Share						
Basic in Rs.	2.52	2.96	2.53	2.01	2.45	(254,463)
Diluted in Rs.	2.50	2.96	2.53	2.01	2.45	(254,463)

CASH FLOW STATEMENT

Particulars	2023	2022	2021	2020	2019	2018
Cash flow from operating activities	56	(509)	(131)	20	(6)	(0)
Cash flow from investing activities	(51)	(70)	(333)	(24)	(1)	(0)
Cash flow from financing activities	14	-	1,063	-	10	1
Increase/(decrease) in cash & cash equivalent	18	[579]	598	(3)	3	0

Analysis of Financial Statements

CASH FLOW STATEMENT

(Rupees in million)

Particulars	2023	2022	2021	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash flows from operating activities						
Cash generated from operations	77	(514)	(81)	20	(6)	0
Profit received on term deposit certificate	1	5	2	-	-	-
Additions in long-term advances and deposits	(2)	-	0	-	-	-
Taxes paid	(21)	-	(52)	(0)	-	-
Net cash (used in) / generated from operating activities	56	(509)	(131)	20	(6)	0
Purchase of property and equipment	(29)	(2)	(1)	(4)	(0)	(0)
Addition in capital work in progress	(142)	(68)	(32)	(20)	-	-
Loan to Holding Company	131	(300)	-	-	-	-
Addition in short term investments	(10)	300	(300)	-	-	-
Net cash (used in) / generated from investing activities	(51)	(70)	(333)	(24)	(0)	(0)
CASH FLOWS FROM FINANCING ACTIVITIES						
Issuance of ordinary shares	-	-	274	-	10	0
Increase in share premium due to issuance of shares	-	-	789	-	-	-
Short term loan	14	-	-	-	-	1
Repayment of diminishing musharaka	(1)	-	1,063	-	10	-
Net cash (used in) / generated from financing activities	14	-	1,063	-	10	1
Net (decrease) / increase in cash and cash equivalents	18	(579)	599	(3)	4	0
Cash and cash equivalents at the beginning of the year	20	599	0	4	0	-
Effect of cash and Cash equivalents of subsidiary disposed off						
Cash and cash equivalents at the end of the year	38	20	599	1	4	0

CASH FLOW STATEMENT - INDIRECT METHOD

(Rupees in million)

Particulars	2023	2022	2021	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash flows from Customers	(254)	(394)	(491)	(284)	(18)	-
Cash flows from Creditors	186	(32)	10	51	3	(0)
Cash flows from Stocks	-	-	-	-	-	-
Other cash flows from operations	145	(87)	399	254	8	0
Cash (used in) / generated from continuing operations	77	(514)	(81)	20	(6)	0
Profit received on term deposit certificate	1	5	2	-	-	-
Additions in long-term advances and deposits	(2)	-	0	-	-	-
Taxes paid	(21)	-	(52)	(0)	-	-
Net cash (used in) / generated from operating activities	56	(509)	(131)	20	(6)	0
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property and equipment	(29)	(2)	(1)	(4)	(0)	(0)
Addition in capital work in progress	(142)	(68)	(32)	(20)	-	-
Loan to holding Company	131	(300)	-	-	-	-
Addition in short term investments	(10)	300	(300)	-	-	-
Net cash (used in) / generated from investing activities	(51)	(70)	(333)	(24)	(0)	(0)
CASH FLOWS FROM FINANCING ACTIVITIES						
Issuance of ordinary shares	-	-	274	-	10	0
Share premium	-	-	789	-	-	-
Long term diminishing musharaka	14	-	-	-	-	-
Repayment of diminishing musharaka	(1)	-	-	-	-	-
Net cash (used in) / generated from financing activities	13	-	1,063	-	10	1
Net (decrease) / increase in cash and cash equivalents	18	(579)	599	(4)	4	0
Cash and cash equivalents at the beginning of the year	20	599	0	4	0	-
Effect of cash and cash equivalents of subsidiary disposed off	-	-	-	-	-	-
Cash and cash equivalents at the end of the year	38	20	599	0	4	0

6 Years Vertical and Horizontal Analysis

BALANCE SHEET

Particulars	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
	2023	2022	2021	2020	2019	2018	2023	2022	2021	2020	2019	2018
ASSETS												
Non-Current Assets												
Property and Equipment	1%	0%	0%	1%	0%	74%	780%	99%	133%	3214%	N/A	N/A
Intangible assets	20%	6%	3%	6%	0%	0%	465%	230%	260%	N/A	N/A	N/A
Long term loans and deposits	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A
Long-term advances and deposits	0%	0%	0%	0%	0%	0%	100%	100%	N/A	N/A	N/A	N/A
Total Non-Current Assets	22%	6%	3%	7%	0%	74%	454%	227%	257%	24639%	N/A	N/A
Current Assets												
Trade debts	0%	58%	39%	88%	5%	0%	N/A	N/A	N/A	N/A	N/A	N/A
Contract assets	5%	4%	4%	4%	0%	0%	149%	143%	477%	N/A	N/A	N/A
Advances, deposits, prepayments and other receivables	16%	16%	2%	0%	78%	22%	130%	1109%	6513%	3%	69029%	N/A
Short term investments	0%	0%	17%	0%	0%	0%	N/A	0%	N/A	N/A	N/A	N/A
Short term loan	0%	14%	0%	0%	0%	0%	3%	N/A	N/A	N/A	N/A	N/A
Cash and bank balances	1%	1%	35%	0%	17%	5%	190%	3%	139277%	12%	73923%	N/A
Total Current Assets	78%	94%	97%	93%	100%	26%	107%	120%	562%	1391%	73302%	N/A
Total Assets	100%	100%	100%	100%	100%	100%	129%	124%	540%	1493%	19439%	N/A
EQUITY AND LIABILITIES												
Share Capital and reserves												
Issued, subscribed and paid up capital	57%	64%	79%	343%	47%	0%	115%	100%	125%	10940%	5000100%	N/A
Group restructuring reserve	-38%	-51%	-1763%	-340%	0%	0%	97%	100%	27%	N/A	N/A	N/A
Un-appropriated profit	42%	46%	33%	70%	9%	-463%	117%	171%	256%	11429%	-381%	N/A
	90%	96%	95%	73%	56%	-463%	120%	125%	708%	1940%	-2346%	N/A
Current Liabilities												
Creditors, accrued and other liabilities	7%	1%	3%	15%	34%	68%	867%	52%	96%	655%	N/A	N/A
Contract liabilities	0%	0%	1%	1%	0%	0%	181%	37%	455%	N/A	N/A	N/A
Current portion of long term liabilities	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A
Provision for taxation	0%	2%	1%	11%	10%	0%	105%	294%	47%	1625%	N/A	N/A
Total Current Liabilities	10%	4%	5%	27%	44%	563%	338%	100%	92%	925%	N/A	N/A
Total Equity and Liabilities	100%	100%	100%	100%	100%	100%	129%	124%	540%	1493%	N/A	N/A

PROFIT AND LOSS ACCOUNT

Particulars	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
	2023	2022	2021	2020	2019	2018	2023	2022	2021	2020	2019	2018
Revenue from contracts with customers	100%	100%	100%	100%	100%	N/A	134%	110%	226%	1501%	N/A	N/A
Cost of revenue	-59%	-45%	-24%	-3%	0%	N/A	176%	204%	1960%	N/A	N/A	N/A
Gross Profit	41%	55%	76%	97%	100%	N/A	99%	80%	176%	1459%	N/A	N/A
Administrative and selling expenses	-40%	-30%	-20%	-6%	-74%	N/A	180%	164%	805%	112%	2691%	N/A
Other charges	0%	0%	0%	0%	-1%	N/A	67%	N/A	0%	227%	N/A	N/A
Other operating income	41%	37%	2%	0%	0%	N/A	146%	2303%	N/A	N/A	0%	N/A
	1%	8%	-18%	-6%	-75%	N/A	15%	-47%	723%	113%	2710%	N/A
Profit/(loss) from operations	41%	63%	58%	92%	25%	N/A	89%	119%	142%	5442%	-916%	N/A
Finance cost	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Profit/(loss) before tax	41%	63%	58%	92%	25%	N/A	88%	119%	142%	5442%	-916%	N/A
Taxation	-1%	-4%	-2%	-12%	-12%	N/A	26%	173%	43%	1536%	N/A	N/A
Profit/(loss) after Tax	41%	59%	55%	79%	13%	N/A	92%	117%	157%	8974%	-481%	N/A
Combined earnings/(loss) per Share												
Basic	0.27%	0.43%	0.40%	0.72%	13.27%	N/A	92%	108%	126%	82%	0%	N/A
Diluted	0.27%	0.43%	0.40%	0.72%	13.27%	N/A	91%	108%	126%	82%	0%	N/A

CASH FLOW STATEMENT

Particulars	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
	2023	2022	2021	2020	2019	2018	2023	2022	2021	2020	2019	2018
Cash flow from operating activities	307%	88%	-22%	-623%	-194%	-8700%	-11%	388%	-643%	-327%	1434%	N/A
Cash flow from investing activities	-282%	12%	-56%	723%	-17%	-2080%	74%	21%	1407%	4271%	533%	N/A
Cash flow from financing activities	75%	0%	178%	0%	312%	10880%	N/A	0%	N/A	0%	1838%	N/A
Increase/(decrease) in cash and cash equivalent	100%	100%	100%	100%	100%	100%	-3%	-97%	-18262%	-102%	64151%	N/A

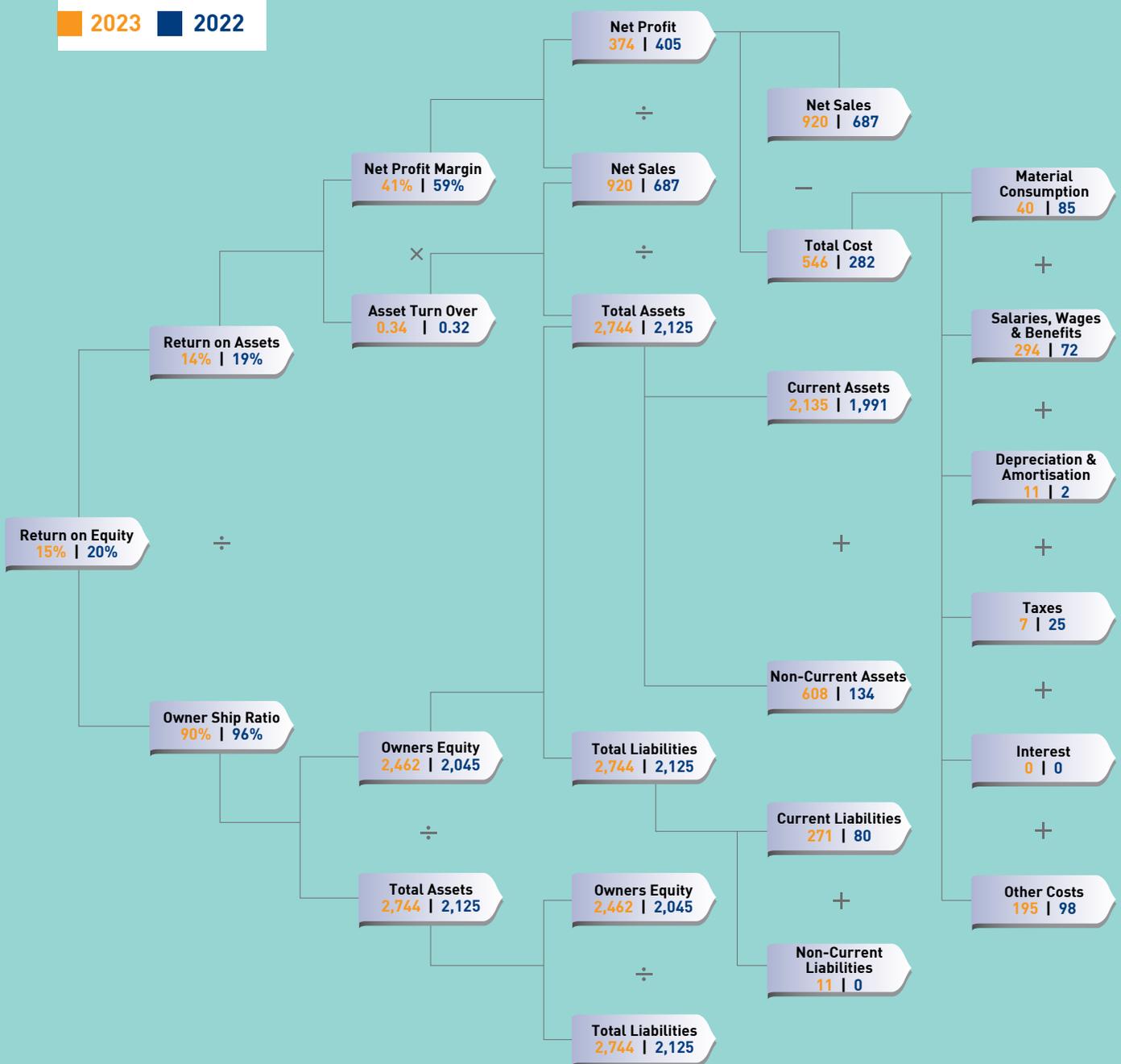
6 Years Vertical and Horizontal Analysis

CASH FLOW STATEMENT

Particulars	VERTICAL ANALYSIS						HORIZONTAL ANALYSIS					
	(in %age)						(in %age)					
	2023	2022	2021	2020	2019	2018	2023	2022	2021	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES												
Cash generated from operations	425%	89%	-14%	-624%	-168%	10%	-15%	635%	-396%	-327%	-12231%	N/A
Profit received on term deposit certificate	4%	-1%	0%	0%	0%	0%	15%	268%	N/A	N/A	N/A	N/A
Additions in long-term advances and deposits	-9%	0%	0%	0%	0%	0%	N/A	0%	N/A	N/A	N/A	N/A
Taxes paid	-113%	0%	-9%	1%	0%	0%	N/A	0%	207656%	N/A	N/A	N/A
Net cash (used in) / generated from operating activities	307%	88%	-22%	-623%	-168%	10%	-11%	389%	-642%	-327%	-12231%	N/A
CASH FLOWS FROM INVESTING ACTIVITIES												
Purchase of property and equipment	-162%	0%	0%	111%	-1%	-21%	1681%	121%	40%	6636%	53%	N/A
Addition in capital work in progress	-783%	12%	-5%	611%	0%	0%	209%	214%	158%	N/A	N/A	N/A
Addition in short term investments	-56%	-52%	-50%	0%	0%	0%	-3%	-100%	N/A	N/A	N/A	N/A
Net cash (used in) / generated from investing activities	-1001%	-40%	-56%	723%	-1%	-21%	74%	21%	1407%	43053%	53%	N/A
CASH FLOWS FROM FINANCING ACTIVITIES												
Issuance of ordinary shares	0%	0%	46%	0%	270%	0%	N/A	0%	N/A	0%	500000000%	N/A
Increase in share premium due to issuance of shares	0%	0%	132%	0%	0%	0%	N/A	0%	N/A	N/A	N/A	N/A
Short term loan	-4%	0%	0%	0%	0%	111%	0%	0%	N/A	N/A	0%	N/A
Net cash (used in) / generated from financing activities	-4%	0%	178%	0%	270%	111%	N/A	0%	N/A	0%	1842%	N/A
Net (decrease) / increase in cash and cash equivalents	-698%	48%	100%	100%	100%	100%	-3%	-97%	-18274%	-88%	757%	N/A

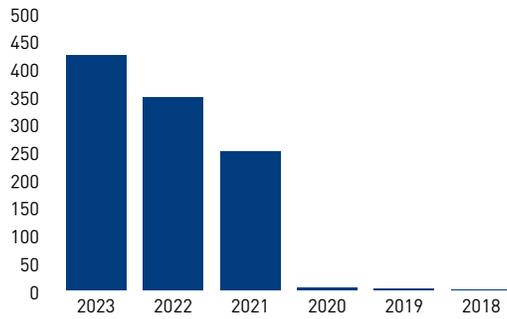
DuPont Analysis

2023 2022

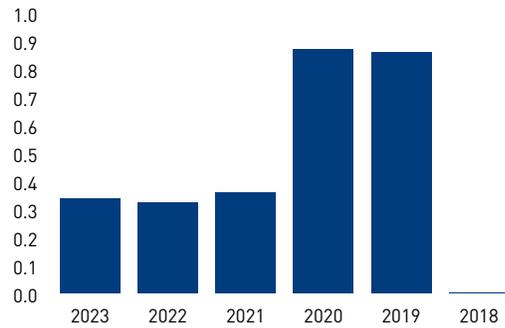


Graphical Representation

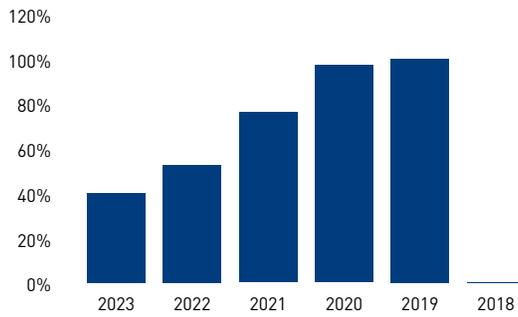
EBITDA



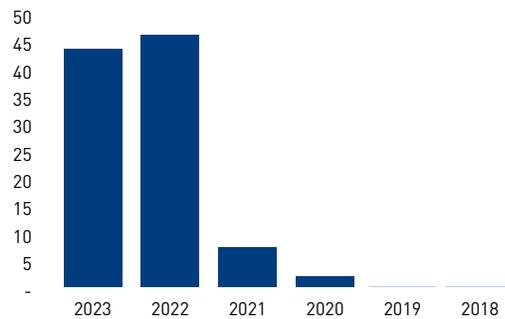
Total Asset Turnover



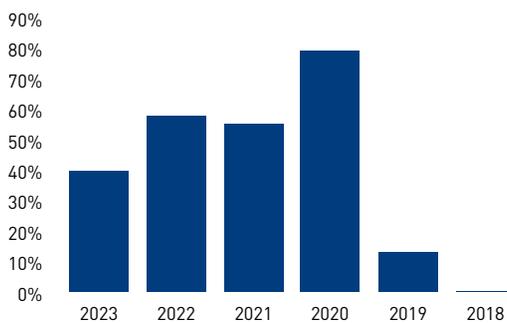
Gross Profit Ratio



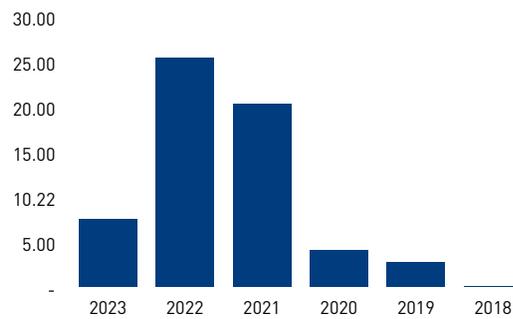
Trade Creditors Turnover



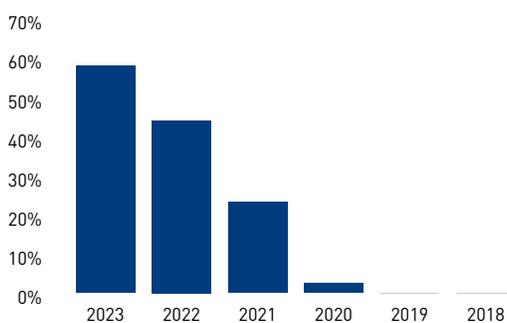
Profit After Tax



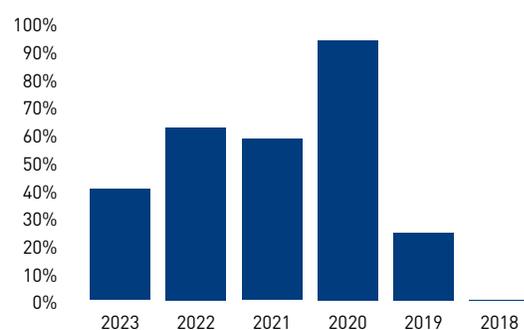
Quick Ratio



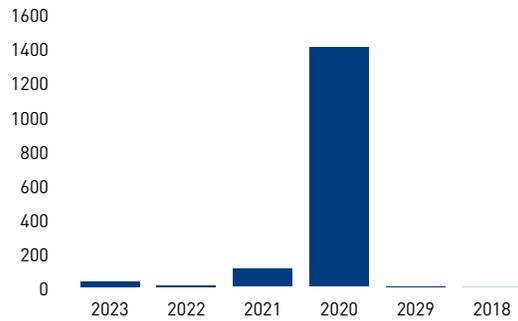
Cost of Sales (% of Sales)



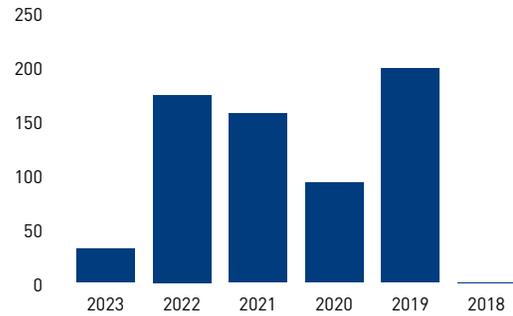
Operating Result Ratio



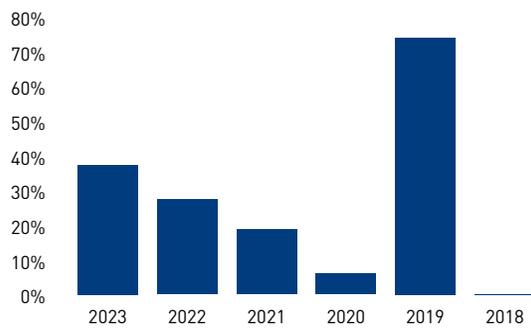
Net Sales (in % Growth)



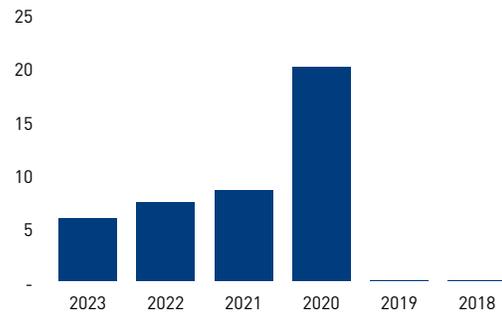
Fixed Asset Turnover



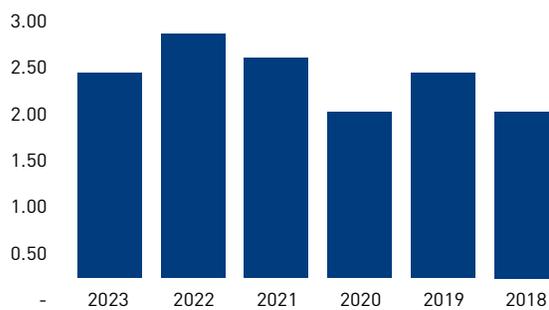
Administrative & Selling Cost (% of Sales)



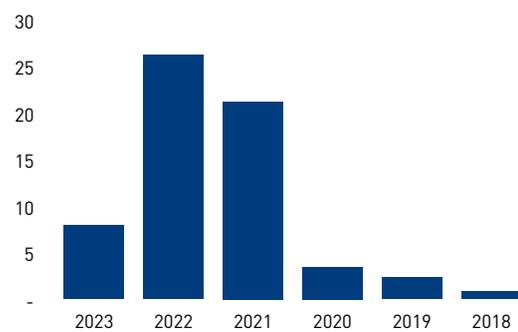
Trade Debts Turnover



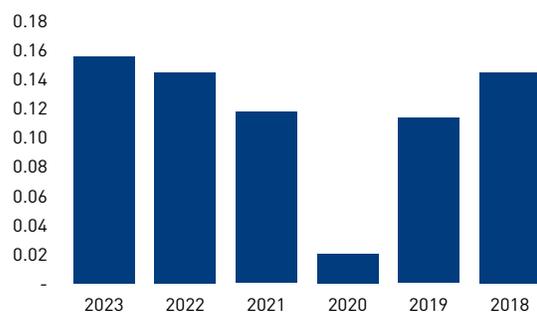
Earning per Share (Basic)



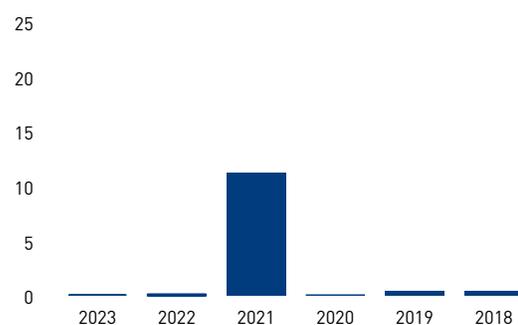
Current Ratio



Break Up Value per Share

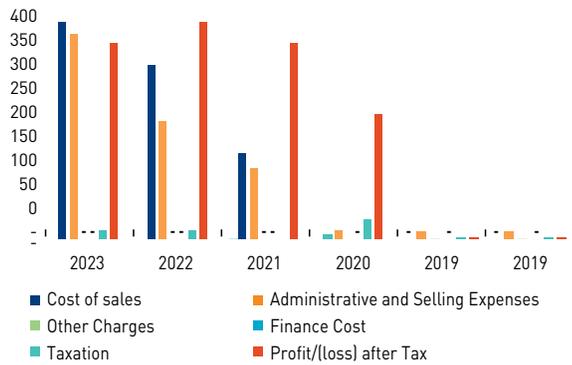


Cash to Current Liabilities

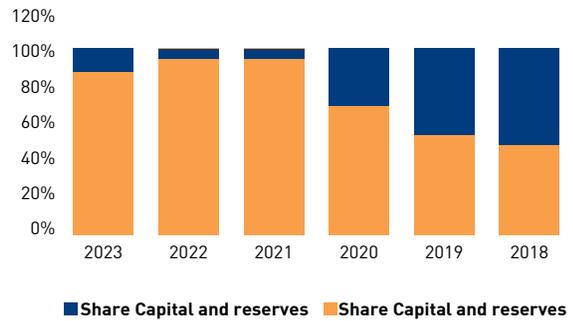


Graphical Presentation

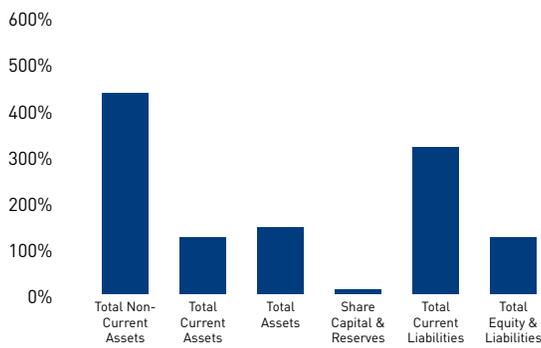
Profit & Loss Analysis



Total Liabilities Analysis



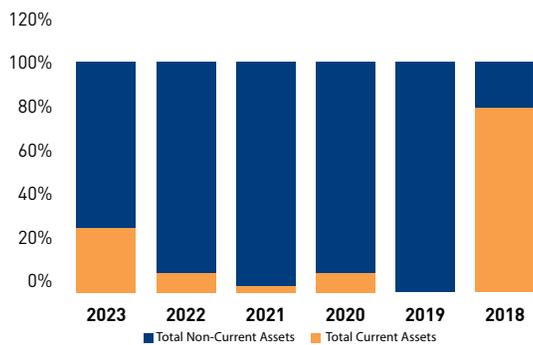
Balance Sheet Horizontal Analysis



Cash Flow Analysis



Total Asset Analysis





Pattern of Shareholding

AS AT DECEMBER 31, 2023

No. of Shareholders	No. of Shareholdings		Total Shares
	From	To	
554	1	100	19,988
787	101	500	267,859
2,665	501	1,000	1,691,711
1,857	1,001	5,000	4,002,309
327	5,001	10,000	2,357,812
123	10,001	15,000	1,529,802
77	15,001	20,000	1,383,328
44	20,001	25,000	996,157
23	25,001	30,000	651,676
23	30,001	35,000	750,584
15	35,001	40,000	583,393
15	40,001	45,000	630,400
26	45,001	50,000	1,268,713
4	50,001	55,000	206,449
12	55,001	60,000	688,580
1	60,001	65,000	61,750
2	65,001	70,000	132,551
4	70,001	75,000	291,825
8	75,001	80,000	621,419
4	80,001	85,000	328,493
7	85,001	90,000	608,108
1	90,001	95,000	92,000
9	95,001	100,000	900,000
4	100,001	105,000	408,678
2	105,001	110,000	215,250
3	110,001	115,000	345,000
1	130,001	135,000	130,360
1	155,001	160,000	156,104
2	170,001	175,000	345,687
1	180,001	185,000	182,637
2	185,001	190,000	374,915
1	190,001	195,000	192,178
1	195,001	200,000	198,000
1	200,001	205,000	204,375
1	250,001	255,000	252,103
1	265,001	270,000	266,568
1	305,001	310,000	305,325
1	340,001	345,000	345,000
1	345,001	350,000	348,425
1	370,001	375,000	373,750
1	595,001	600,000	600,000
1	730,001	735,000	734,216
1	920,001	925,000	920,681
1	1,265,000	1,265,000	1,265,000
1	1,560,000	1,560,000	1,560,000
1	1,585,000	1,585,000	1,585,000
1	9,020,000	9,020,000	9,020,000
1	116,880,000	116,880,000	116,880,000
6,621			157,262,502

Catagories of Shareholding

AS AT DECEMBER 31, 2023

S.No.	Shareholders Category	No. of Shareholder	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	7	68,081	0.04
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)	2	117,222,484	74.54
3	NIT and ICP	-	-	-
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	2	1,787,138	1.14
5	Insurance Companies	2	130,500	0.08
6	Modarabas and Mutual Funds	6	795,632	0.51
7	Share holders holding 10%	1	116,877,484	74.32
8	General Public:			
	a. local	6,519	23,692,288	15.07
	b .Foreign	-	-	-
9	Others	83	13,566,379	8.63
Total (excluding : share holders holding 10%)		6,621	157,262,502	100.00

Category Details of Shareholding

AS AT DECEMBER 31, 2023

S.No.	Folio	Name	Holding
Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)			
1	00307-150395	MOHAMMAD SHAHID MIR	1
2	03525-112897	BAKHTIAR HAMEED WAIN	1
3	05264-48871	TANVEER KARAMAT	67,501
4	10629-168776	ADEEL KHALID	1
5	10629-169329	ASMAR AHMED ATIF	1
6	10629-285760	SALEHA ASIF	1
7	14746-81294	MOHAMMAD ARIF JANJUA	575
TOTAL >>			68,081
Associated Companies, Undertakings and related Parties (to be confirm by Company)			
1	03277-116359	AVANCEON LIMITED	116,877,484
2	12732-3143	AVANCEON LTD. EMPLOYEES PEOVIDENT FUND	345,000
TOTAL >>			117,222,484
Banks, Development Financial Institutions, Non Banking Financial Institutions			
1	01875-39	SAMBA BANK LIMITED	204,375
2	04127-28	MCB BANK LIMITED-TREASURY	1,582,763

Category Details of Shareholding

AS AT DECEMBER 31, 2023

			TOTAL >>	1,787,138
S.No.	Folio	Name	Holding	
Insurance Companies				
1	03277-7330	RELIANCE INSURANCE COMPANY LTD.	57,500	
2	03277-90405	DAWOOD FAMILY TAKAFUL LIMITED	73,000	
			TOTAL >>	130,500
Modarabas and Mutual Funds				
1	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	130,360	
2	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	373,750	
3	16188-28	CDC - TRUSTEE NITIPF EQUITY SUB-FUND	103,500	
4	16733-20	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	63	
5	18002-26	CDC - TRUSTEE NIT ASSET ALLOCATION FUND	187,915	
6	18721-29	CDC- TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND	44	
			TOTAL >>	795,632
Others				
1	00307-120612	IGI INVESTMENTS (PVT.) LIMITED	16,675	
2	00695-12417	BMA FUNDS LIMITED [PK1555-0]	57,593	
3	01339-29876	FRANCISCANS OF ST JOHN THE BAPTIST PAKISTAN	11,500	
4	01651-27	FORTUNE SECURITIES LIMITED	22,500	
5	01651-33341	SAGE CONSULTING (PRIVATE) LIMITED	5,750	
6	01826-102285	ESSITY PAKISTAN LIMITED EMPLOYEES PROVIDENT FUND	900	
7	01826-119222	DESCON STAFF PROVIDENT FUND TRUST	3,509	
8	01826-185066	OTO PAKISTAN (PRIVATE) LIMITED	284	
9	01826-198390	SARMAAYA FINANCIALS (PRIVATE) LIMITED	15,500	
10	01826-199752	DYNASYS NETWORKS (PRIVATE) LIMITED	5,750	
11	01826-34	BMA CAPITAL MANAGEMENT LTD.	11,593	
12	01826-84699	SHAHNAWAZ (PRIVATE) LIMITED	3,165	
13	03244-90174	PITCO (PVT.) LIMITED	31,193	
14	03277-104940	AL HAYY TRADING (PRIVATE) LIMITED	266,568	
15	03277-105054	KODVAWALA TRUST	86,593	
16	03277-13154	TRUSTEES HOMMIE&JAMSHED NUSSERWANJEE C.T	3,450	
17	03277-146	DAWOOD HERCULES CORPORATION LIMITED	9,017,996	
18	03277-26972	WESTBURY (PRIVATE) LTD	6,093	
19	03277-26973	TRADING ENTERPRISES (PVT) LTD	57,500	
20	03277-40179	YOUSUF YAQOOB KOLIA AND COMPANY (PVT) LTD	600,000	
21	03277-4841	BULK MANAGEMENT PAKISTAN (PVT.) LTD.	42,200	
22	03277-48863	CUMBERLAND (PVT) LIMITED	86,593	
23	03277-4931	SOFIAN BUSINESS CORPORATION (PRIVATE) LIMITED	75,093	
24	03277-49694	MARINE SERVICES (PVT.) LIMITED	3,119t	
25	03277-82361	TRUSTEES OF HAMID ADAMJEE TRUST	300	
26	03277-87162	PAKISTAN SYNTHETICS LIMITED	85,486	
27	03277-94268	AL-RAHIM TRADING COMPANY (PRIVATE) LIMITED	34,500	
28	03277-96883	IGI INVESTMENTS (PVT.) LIMITED	58,487	

29	03350-22	ZAHID LATIF KHAN SECURITIES (PVT) LTD.	1,156
30	03525-110187	AFFINITY CAPITAL (PVT.) LIMITED	31,185
S.No.	Folio	Name	Holding
Others			
31	03525-48327	SURAJ COTTON MILLS LTD.	31,661
32	03525-67537	SHAMALIK BROTHERS (PVT) LTD	47,725
33	03525-93319	IQBAL HAMID TRUST	25,889
34	04366-29417	SUPER PETROCHEMICALS PRIVATE LIMITED	192,178
35	04457-45	FDM CAPITAL SECURITIES (PVT) LIMITED	28,750
36	04457-62573	KARACHI GRAINS (PRIVATE) LIMITED	75,093
37	04457-83348	ALOO & MINOCHER DINSHAW CHARITABLE TRUST	15,000
38	04705-126512	SARMAAYA FINANCIALS (PRIVATE) LIMITED	35,000
45	04705-78456	TRUSTEES OF PAKISTAN MOBILE COMMUNICATION LTD-PROVIDENT FUND	182,637
40	04903-23	AMPLE SECURITIES (PRIVATE) LIMITED	30,000
41	05264-100201	FIVE RIVERS TECHNOLOGIES (PVT.) LIMITED	100,000
42	05348-21	HH MISBAH SECURITIES (PRIVATE) LIMITED	2,374
43	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	156,104
44	05884-12161	DULJEE DINSHAW HOLDING COMPANY (PVT) LTD	4,756
45	05884-539	ISMAIL INDUSTRIES LIMITED	27,986
46	05884-9779	TRUSTEE ALOO & MINOCHER DINSHAW CHARITABLE TRUST	14,600
47	06122-24612	FIVE RIVERS TECHNOLOGIES (PVT.) LTD	1,265,000
48	06445-28	DARSON SECURITIES LIMITED	20,750
49	06452-51103	BPS GROUP COMPANIES EMPLOYEES PROVIDENT FUND	6,394
50	06452-99052	LEONINE GLOBAL SPORTS PAKISTAN (PRIVATE) LIMITED	83,093
51	06502-5986	UNITED TOWEL EXPORTERS (PVT.) LIMITED	13,000
52	06684-154214	YOUSUF YAQOOB KOLIA AND COMPANY (PRIVATE) LIMITED	21,341
53	06700-58	SUMMIT CAPITAL (PRIVATE) LIMITED	5,000
54	07450-1040	TRUSTEE-FIRST DAWOOD INV. BANK LTD. & OTHER EMPOLYEES P.FUND	17,500
55	07450-24497	B. R. R. INVESTMENT (PRIVATE) LIMITED	5,000
56	07450-24620	BRR FINANCIAL SERVICES (PVT.) LIMITED	5,000
57	07450-35337	DIYANAH ISLAMIC FINANCIAL SERVICES (PVT.) LIMITED	2,306
58	07450-521	B.R.R. GUARDIAN LIMITED	40,000
59	10629-1035	AQEEL KARIM DHEDHI SECURITIES (PVT.) LIMITED STAFF PRO.FUND	3,899
60	10629-236961	MIANSONS TEXTILES (PRIVATE) LIMITED	1,650
61	10827-25	MOONACO SECURITIES (PRIVATE) LIMITED	10,000
62	11387-29150	B. K. SAADAAN (PVT) LIMITED	4,600
63	11692-21	ABA ALI HABIB SECURITIES (PVT) LIMITED	71,300
64	12286-20	JSK SECURITIES LIMITED	1,150
65	12666-2169	HRSG OUTSOURCING (PVT) LIMITED EMPLOYEES GRATUITY FUND	30,606
66	12666-908	GETZ PHARMA (PRIVATE) LIMITED EMPLOYEES PROVIDENT FUND	154
68	12997-24	TOPLINE SECURITIES LIMITED - MF	10,000
69	13649-24	JS GLOBAL CAPITAL LIMITED - MF	8,500
70	14118-27	ASDA SECURITIES (PVT.) LTD.	7,587

Category Details of Shareholding

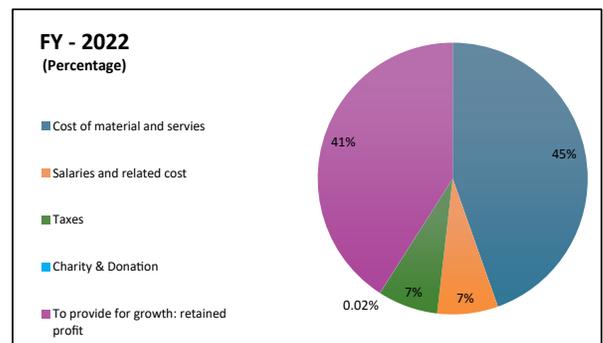
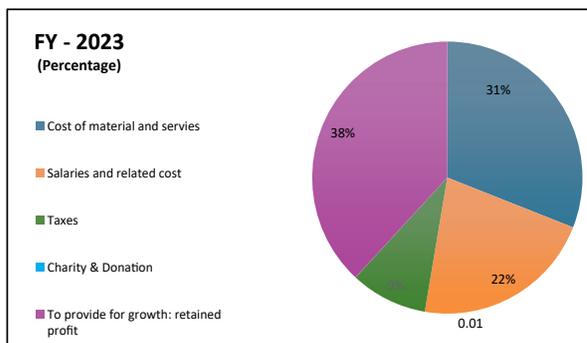
AS AT DECEMBER 31, 2023

71	14720-23	SHAJARPAK SECURITIES (PVT) LIMITED	11,988
72	15057-24	NINI SECURITIES (PRIVATE) LIMITED	12,881
S.No.	Folio	Name	Holding
Others			
73	16261-28	AXIS GLOBAL LIMITED - MF	2,000
74	16642-21	BACKERS & PARTNERS (PRIVATE) LIMITED - MF	10,000
75	16857-26	MRA SECURITIES LIMITED - MF	77,500
76	16865-25	BAWA SECURITIES (PVT) LTD. - MF	45,000
77	16899-22	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF	101,000
78	16949-25	DAWOOD EQUITIES LIMITED - MF	30,000
79	17004-27	FAWAD YUSUF SECURITIES (PRIVATE) LIMITED - MF	1,000
80	18432-5594	SALIM SOZER SECURITIES (PRIVATE) LIMITED	575
81	18432-5594	Z. A GHAFAR SECURITIES (PRIVATE) LIMITED	3,000
82	18531-4149	SARMAAYA FINANCIALS (PRIVATE) LIMITED	13,500
83	18572-28	CDC - TRUSTEE FAYSAL PENSION FUND-EQUITY SUB FUND	8,025
84	18614-22	CDC - TRUSTEE FAYSAL ISLAMIC PENSION FUND-EQUITY SUB FUND	4,096
TOTAL >>			13,566,379
GENERAL PUBLIC LOCAL >>			23,692,288

Statement of Value Addition



	FOR THE YEAR ENDED			
	31 December, 2023		31 December, 2022	
	(Rupees in '000)	%age	(Rupees in '000)	%age
Wealth Generated				
Sales included sales tax	1,020,524	75%	733,168	74%
Other operating income	333,110	25%	256,625	26%
	1,353,633		989,793	
Wealth Distributed				
Cost of material and services	419,142	31%	441,047	45%
To Employees				
Salaries and related cost	293,870	22%	72,195	7%
To Government				
Taxes	124,664	9%	71,266	7%
To Society				
Charity & Donation	150	0.0%	223	0.0%
Retain in the business				
To provide for growth: retained profit	515,808	38%	405,063	41%
	1,353,633		989,793	



Unconsolidated Financial Statements
for the year ended December 31, 2023

Independent Auditor's Report

To the Members of Octopus Digital Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of OCTOPUS DIGITAL LIMITED (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2023, and unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2023 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the unconsolidated financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO

Following are the key audit matters:

S.No.	Key audit matters	How our audit addressed the key audit matter
1.	<p>Revenue Recognition</p> <p>The Company's revenue is derived from After Market Support (AMS) segment under various revenue streams, as referred to in Note 26 to the accompanying unconsolidated financial statements which primarily includes provision of services as well as end-to-end solutions in form of short-term and long-term projects, which in most of the cases lead to revenue being recognized over multiple accounting periods. Revenue is recognized based on performance obligations as mentioned in Note 7.12 to the accompanying unconsolidated financial statements, which requires significant management judgement and estimates in relation to assessment of distinct performance obligations along with respective standalone selling prices and budgeting the cost to complete. Due to complexity of accounting for multiple revenue streams, significant judgement and estimation involved in the revenue recognition process we have identified measurement of revenue recognition as a key audit matter.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding and evaluated the appropriateness of the Company's revenue recognition policies, in accordance with IFRS 15, including those relating to the stage of completion method and related management assessments based on the Company's operating model and its system of recording revenue related transactions; • Tested operating effectiveness of internal controls relating to the Company's revenue recognition process including budgetary control, appropriate review and approval practices and its recognition in the books of accounts; • Performed substantive analytical procedures including, amongst others, developing an expectation of project revenue for the year based on contracts entered to date and analyzing the amounts recognized against the same, month-wise and project wise revenue and margin analysis. We compared the actual cost of projects completed during the year with their forecast cost; • Performed test of details including examination of a sample of underlying contracts, review of the contractual terms and conditions and evaluating appropriate accounting treatment thereof; • Selected a sample of revenue transactions recognized during the year and recalculated the revenue recognized along with evaluation of the management basis used in determining the performance obligations in accordance with accounting policies; and • Assessed the appropriateness of disclosures in the unconsolidated financial statements in relation to revenue.
2.	<p>Related Party Transactions</p> <p>The Company is a subsidiary of Avanceon Limited (the Parent Company) having the following subsidiary: Empiric AI (Private) Limited, (100% shareholding) and Dubai base Octopus Digital FZ-LLC (100% shareholding). The Parent Company has the following subsidiaries including as disclosed in above para: Avanceon FZE, Avanceon Automation and Control W.L.L (AVAC), Avanceon Saudi Energy Company and USA- based</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained a list of related parties and transactions entered into with them during the year from management;

BDO

Independent Auditor's Report

To the Members of Octopus Digital Limited

S.No.	Key audit matters	How our audit addressed the key audit matter
2.	<p>Related Party Transactions</p> <p>The sub-subsidiary Octopus Digital Inc. (formerly Innovative Automation Inc. (100% shareholding)).</p> <p>Nature of transactions with related parties includes rendering of after-market service (AMS) and subcontracting services, management fee, back office support, fee for technical services, markup on short term loan, payments and receipts on behalf of each other's (as disclosed in note 34 to the accompanying unconsolidated financial statements) leading to a significant amount of trade debts, short term loans and other receivable balances of Rs. 1,607.60 million (2022: Rs. 1,307.23 million), Rs. Nil (2022: Rs. 300 million) and Rs. 382.40 million (2022: Rs. 300.88 million) as disclosed in Notes 13, 16 and 15 respectively which in aggregate contribute to 70.33% of total assets.</p> <p>The inter-company transactions and balances require significant auditor attention as the amounts are material to the unconsolidated financial statements as a whole and are hence considered as Key Audit Matter.</p>	<ul style="list-style-type: none"> Performed substantive procedures on related party transactions and balances including review of contract terms, underlying invoices, analytical procedures, balance confirmations and assessment of recoverability of receivable balances vis-à-vis financial position of respective Group entities; Reviewed the approval process for related party transactions including approval by those charged with governance including the compliance of contractual terms with the Companies (Related Party Transactions and Maintenance of Related Records) Regulations 2018; Performed procedures using substantive analytical procedures as well as review of documentation such as minutes of Board meetings and forms submitted with regulatory authorities for ensuring completeness of related party transactions; Assessed whether appropriate disclosures have been made in unconsolidated financial statements regarding related party transactions and balances in accordance with IAS 24 and requirements under the fourth schedule to the Companies Act, 2017; Obtained an understanding of the company's policies and procedures for calculating and recording Expected Credit Losses (ECL) on related party balances; Performed analytical procedures to assess the reasonableness and adequacy of ECL calculations across group entities; Obtained an understanding of the Company's policies and procedures for determining and booking markups on intercompany balances, in accordance with Section 199 of the Companies Act 2017; and Performed analytical procedures to assess the consistency and reasonableness of markup calculations applied to intercompany balances.

BDO

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify

Independent Auditor's Report

To the Members of Octopus Digital Limited

our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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



BDO Ebrahim & Co.

Chartered Accountants

Lahore: 26 April 2024

UDIN: AR20231008793gseXAop

Unconsolidated Statement of Financial Position

AS AT DECEMBER 31, 2023

	Note	2023 (Rupees)	2022 (Rupees)
ASSETS			
Non-current assets			
Property and equipment	8	28,534,012	3,952,552
Intangible assets	9	262,063,730	119,683,815
Deferred tax assets	10	21,056,098	10,334,468
Long-term investments	11	447,892,509	-
Long-term advances and deposits		100,000	100,000
		759,646,349	134,070,835
Current assets			
Stock in trade	12	623,526	-
Trade debts	13	1,490,621,557	1,236,092,159
Contract assets	14	102,637,737	95,620,662
Advances, prepayments and other receivables	15	434,348,991	339,098,592
Short term loan	16	-	300,000,000
Short term investment	17	10,118,841	-
Bank balances	18	29,359,272	20,223,076
		2,067,709,924	1,991,034,489
Total assets		2,827,356,273	2,125,105,324
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	19.1	2,500,000,000	2,500,000,000
Issued, subscribed and paid up share capital	19.2	1,572,625,020	1,367,500,020
Capital reserves			
Group restructuring reserve	20	(1,084,000,000)	(1,084,000,000)
Employees' share compensation reserve		9,263,716	-
Share premium		789,209,284	789,209,284
Revenue reserve - Unappropriated profits		1,283,377,775	972,694,744
		2,570,475,795	2,045,404,048
LIABILITIES			
Non current liabilities			
Long term diminishing musharaka	21	11,102,017	-
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	22	180,338,160	23,086,119
Contract liabilities	23	12,042,897	6,669,187
Current portion of long term liabilities	21	2,587,820	-
Taxation - Net	24	50,809,584	49,945,970
		245,778,461	79,701,276
Total equity and liabilities		2,827,356,273	2,125,105,324

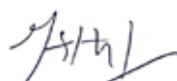
CONTINGENCIES AND COMMITMENTS

25

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Statement of Profit or Loss

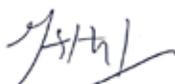
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 (Rupees)	2022 (Rupees)
Revenue from contracts with customers - net	26	903,118,189	687,009,826
Cost of revenue	27	(397,654,619)	(309,421,705)
Gross profit		505,463,570	377,588,121
Administrative and selling expenses	28	(313,852,167)	(203,819,740)
Other operating income	29	333,109,772	256,625,154
Other operating expenses	30	(150,000)	(222,863)
		(1,504,705)	-
		17,602,900	52,582,551
Profit before taxation		523,066,470	430,170,672
Taxation	31	(7,258,439)	(25,107,855)
Profit after taxation		515,808,031	405,062,817
			Restated
Earnings per share - Basic (Rupees)	32	3.49	2.74
Earnings per share - Diluted (Rupees)	32	3.45	2.74

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Statement of Comprehensive Income

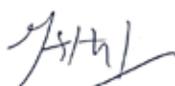
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 (Rupees)	2022 (Rupees)
Profit after taxation for the year	515,808,031	405,062,817
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Total comprehensive income for the year	505,808,031	405,062,817

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2023

	Issued, subscribed and paid-up capital	Group restructuring reserve	Capital reserve		Revenue reserves		Total Equity
			Employees share Compensation Reserve	Share premium	Unappropriated profits		
(Rupees)							
Balance as at January 01, 2022	1,367,500,020	(1,084,000,000)	-	789,209,284	567,631,927	1,640,341,231	
Total comprehensive income for the year	-	-	-	-	405,062,817	405,062,817	
Balance as at December 31, 2022	1,367,500,020	(1,084,000,000)	-	789,209,284	972,694,744	2,045,404,048	
Bonus shares issued @15%	205,125,000	-	-	-	(205,125,000)	-	
Total comprehensive income for the year	-	-	-	-	515,808,031	515,808,031	
Employee share option reserve	-	-	9,263,716	-	-	9,263,716	
Balance as at December 31, 2023	1,572,625,020	(1,084,000,000)	9,263,716	789,209,284	1,283,377,775	2,570,475,795	

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Director

Unconsolidated Statement of Cash Flows

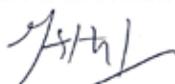
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 (Rupees)	2022 (Rupees)
Cash flow from operating activities			
Net profit before taxation		523,066,470	430,170,672
Adjustment for:			
Depreciation - owned assets	8	4,870,716	1,530,229
(Reversal) / allowance for expected credit losses - trade debts	28	1,436,624	10,083,064
(Reversal) / allowance for expected credit losses - contract asset	28	11,002,113	10,178,807
Employees' share option reserve		9,263,716	-
(Reversal) / Allowance for expected credit losses - related party	28	59,613,294	17,466,016
Exchange gain	29	(241,665,030)	(165,124,940)
Markup income on loan to Parent Company	29	(91,304,929)	(86,747,735)
Finance cost		1,504,705	-
Profit on short term investment	29	(139,813)	(4,750,685)
Operating profit before working capital changes		277,647,866	212,805,428
Adjustments for working capital changes			
Decrease / (increase) in current assets			
Stock in trade		(623,526)	-
Trade debts	13	(73,914,286)	(433,054,163)
Contract assets	14	(18,019,188)	(39,057,048)
Advances, prepayments and other receivables	15	(175,844,593)	(222,111,109)
		(268,401,593)	(694,222,320)
Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities	22	181,258,655	(21,415,277)
Contract liabilities	23	5,373,710	(10,870,169)
		186,632,365	(32,285,446)
Cash generated from operations		195,878,638	(513,702,338)
Profit received on short term investment		139,813	4,750,685
Finance cost paid		(1,504,705)	-
Income tax paid		(17,116,455)	-
Net cash generated from/ (used in) operating activities		177,397,291	(508,951,653)
Cash flows from investing activities			
Purchase of property and equipment	8	(29,452,176)	(1,752,339)
Additions in capital work-in-progress	9	(142,379,915)	(67,962,253)
Loan to Holding Company		-	(300,000,000)
Short term investment		(10,118,841)	-
Receipts on disposal of short term investment	17	-	300,000,000
Net cash used in investing activities		(181,950,932)	(69,714,592)
Cash flows from financing activities			
Long term diminishing musharaka	21	14,418,000	-
Repayment of diminishing musharaka	21	(728,163)	-
Net cash generated from financing activities		13,689,837	-
Net increase / (decrease) in cash and cash equivalents		9,136,196	(578,666,245)
Cash and cash equivalents at the beginning of the year		20,223,076	598,889,321
Cash and cash equivalents at the end of the year		29,359,272	20,223,076

The annexed notes from 1 to 43 form an integral part of these unconsolidated financial statements.



Chief Executive



Chief Financial Officer



Director

Notes to the Unconsolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

1. LEGAL STATUS AND NATURE OF THE BUSINESS

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

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

2. INVESTMENTS IN SUBSIDIARIES

2.1 Acquisition of Empiric AI (Private) Limited

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

The consideration is settled by adjusting the short term loan 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 financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

4. BASIS OF MEASUREMENT

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

4.1 Functional and presentation currency

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of unconsolidated 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 financial statements are as follows:

5.1 Provision for expected credit losses

For trade and other receivables, the Company has applied the standard’s simplified approach and has calculated ECLs based on lifetime expected credit losses as explained in note 13.8, 13.10 and 14.3. The Company has established a provision matrix that is based on the Company’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

5.2 Cost to complete the projects and related revenue

As part of application of cost to cost method on contract accounting, the Company estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized.

These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods. In accordance with the matching principle, the revenue recognition is based on percentage of completion method.

Other areas where estimates and judgments involved are disclosed in respective notes to the unconsolidated financial statements.

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

6.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2023

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
Amendments to IAS A ‘Presentation of Financial Statements’ and IFRS Practice Statement 2	
Making Materiality Judgement- Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’ - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 ‘Income Taxes’ - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 ‘Income Taxes’ - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

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

The amendments require the disclosure of ‘material’ rather than ‘significant’ accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the unconsolidated financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 7 Material accounting policies

Notes to the Unconsolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

(2022: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

6.2 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 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions liabilities with covenants	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 'Insurance contracts'	January 01, 2026

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

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

7. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented in these financial statements except as stated otherwise in notes to these financial statements.

7.1 Property, plant and equipment

a) Owned assets

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss.

Depreciation is charged to profit or loss using the straight line method whereby the cost less residual value of an operating asset is written off over its estimated useful life. Depreciation is charged on additions from the month of its acquisition whereas no depreciation is charged on assets disposed off during the month. The rates of depreciation are stated in note 6 to the financial statements. The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant.

The Company assesses at each reporting date whether there is any indication that property and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of

their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the period in which it is incurred.

7.2 Intangible assets

Intangible assets (including computer software) acquired by the Company are stated at cost less accumulated amortization and impairment losses, if any.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

Amortization is charged to statement of profit or loss on straight line basis over a period of five years. Amortization on addition is charged from the year the asset is put to use while no amortization is charged in the year the asset is disposed off.

7.2.1 Capital work-in-progress

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing The intangible asset so that The asset will be available for use or sale
- Its intention to complete and Its ability and intention to use or sell The asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated impairment losses.

7.3 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.

Notes to the Unconsolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

7.4 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such assets designation on a regular basis.

Investments in equity instruments of subsidiaries

Investments in equity instruments of subsidiaries are measured at cost in the Company's unconsolidated financial statements. Cost in relation to investments made in foreign currency is determined by translating the consideration paid in foreign currency into rupees at exchange rates prevailing on the date of transactions.

The Company is required to issue consolidated financial statements along with its unconsolidated financial statements, in accordance with the requirements of IFRS 10 "Consolidated Financial Statements" and Companies Act, 2017.

7.5 Stock in trade

Stock in trade, except for those in transit are valued principally at the lower of weighted average cost and net realizable value. Cost of finished goods comprises cost of direct materials, labour and appropriate overheads.

Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make a sale.

7.6 Financial instruments Initial Recognition and Subsequent Measurement

7.6.1 Financial instruments: assets

i) Classification and measurement of financial instruments

Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument.

IFRS 9 states that classification is based on two aspects; the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet the solely payments of principal and interest ('SPPI') test.

IFRS 9 includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The Company determines the classification at initial recognition.

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has trade debts, due from related parties, short term investments, other receivables and bank balances classified as financial assets at amortized cost.

b) Financial assets at fair value through OCI (FVTOCI)

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling

financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment by investment basis.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company does not have any financial asset under this category.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset is mandatorily classified in this category if it is acquired principally for the purpose of selling in the short term, or if it fails the SPPI test. Derivatives are classified as FVTPL as they do not meet the SPPI criteria.

A financial asset can be classified in this category by choice if so designated by management at inception. This designation is because the relevant assets and liabilities (including derivatives) are managed together and internal reporting is evaluated on a fair value basis.

The Company defines fair value as the price, as at the measurement date, that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The Company does not have any financial asset under this category.

ii) Initial recognition

At initial recognition, the Company recognizes a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

iii) Subsequent measurement

Gains and losses arising from changes in the fair value of assets classified as fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of debt instruments classified as fair value through other comprehensive income are recognized as other comprehensive income until the financial asset is derecognized or impaired, at which time the cumulative gain or loss previously recognized in statement of comprehensive income is recognized in the statement of profit or loss. Any premium or discount paid on the purchase of securities held at amortized cost is amortized through the statement of profit or loss using the effective interest rate method.

iv) Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in statement of profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to equity.

7.6.2 Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the Unconsolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, contract assets and due from related parties, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

7.6.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

7.6.4 Financial Instruments: liabilities

i) Classification of financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

ii) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities measured at amortized cost, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables.

iii) Subsequent measurement

Financial liabilities at amortized cost are subsequently measured at amortized cost. Whereas, financial liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in statement of comprehensive income. Currently, there are no financial liabilities designated at FVTPL.

iv) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

7.7 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.

7.8 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

7.9 Contingent Liability

Contingent liability is disclosed when:

- there is possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

7.10 Foreign currencies

All monetary assets and liabilities in foreign currencies are translated into rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into rupees at the spot rate. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss.

7.11 Contract balances

Contract asset

A contract asset is initially recognised for revenue earned from projects and service contracts because the receipt of consideration is conditional on successful completion of the projects and service contracts. Upon completion and acceptance by the customer, amount recognized as contract asset is reclassified to trade receivables. Contract assets are also subject to impairment assessment. Refer to accounting policies on impairment of financial assets in Note 7.6.2.

Trade receivables

Trade debts and other receivables are recognized and carried at original invoice amount less expected credit losses (ECL) as explained in Note 13.8 & 13.10.

Contract liabilities

A contract liability is recognized if a payment is received or the company has an unconditional right to an amount of consideration (whichever is earlier) from a customer before the related goods or services are transferred. Contract liabilities are recognized as revenue as and when performance obligations are delivered under contract.

7.12 Revenue recognition

The Company records its revenue on following basis as discussed below:

Sale of goods

Revenue from sale of goods is to be recognized at a point in time when control of the goods is transferred to the customers, generally on delivery of products to customers.

Rendering of services

Maintenance and service income comprises of revenue earned from service level agreements, where the customer enters into a contract with the Company for a fixed period of time and fee amount, both pre-defined in the contract, for various technical and engineering services. Revenue is recognized on the basis of percentage of rendering of services, i.e. on the number of days of services performed out of the total contracted days for service level agreements. Revenue from rendering of services is recognized at point over time.

Project revenue

These comprise of projects such as Hardware and Software Automation, Efficiency solution, Scada Upgradation etc. Revenue from these projects is accounted for using cost to cost method, according to which the Company's progress towards satisfaction of performance obligations is determined by dividing actual cost incurred on the project to date by total forecasted cost, which is calculated by a team of engineers on the inception of the project. Project revenue is recognized at a point over time.

Notes to the Unconsolidated Financial Statements

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7.13 Related party transactions

Transactions with related parties occurring in the normal course of business adhere to terms of the respective agreements as approved by the board of directors.

7.14 Group restructuring reserve

"The Security and Exchange Commission of Pakistan (SECP) issued an accounting standard "Accounting for Common Control Transactions," which prescribes use of measurement principal of predecessor accounting for business combinations under common controls, which states that, at the date of common control transaction, there shall be no:

- a) fair value adjustment to the assets and liabilities of the transferred / transferring entity; or
- b) recognition of new assets and liabilities for the transferred / transferring entity.

This standard also requires the Company, as receiving entity, to recognize the difference between consideration transferred and net carrying amount of assets received against the consideration transferred, as a transferring entity, within its equity. Accordingly, the Group restructuring reserve has been created for 108,400,000 ordinary shares issued to its Parent Company against transfer of after market service (AMS) business segment."

7.15 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable. For assets which can generally be sold in the market, the prevailing market price is used as an indicator of current recoverable amount. Technical analysis and market data is used to arrive at the recoverable amount for specialized assets.

7.16 Share based payment transactions

The Parent Company operates an equity settled share based Employee Stock Option Scheme. The compensation committee of the Board of Directors of the company evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfilment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of company's shares at exercise price determined on the date of grant of options.

The fair value of options determined at the grant date is recognized as an employee compensation expense on a straight line basis over the vesting period. Fair value of options is arrived at using Black Scholes pricing model.

When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

7.17 Earnings per share - basic and diluted

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

7.18 Provident fund

The parent company operates an approved contributory provident fund for all permanent employees by establishing a separate

8. PROPERTY AND EQUIPMENT

	Note	2023 [Rupees]	2022 [Rupees]
8.1 Operating fixed assets	8.1.1	28,534,012	3,952,552

The following is the statement of operating fixed assets:

8.1.1	Description	Tools and equipment	Office equipment	Furniture	Computer	Vehicles	Total
		----- (Rupees) -----					
	Net carrying value basis						
	Year ended December 31, 2023						
	Opening net book value (NBV)	2,422,886	13,862	-	1,515,804	-	3,952,552
	Additions (at cost)	1,109,105	314,910	20,000	10,375,821	17,632,340	29,452,176
	Depreciation charge	(1,036,387)	(45,106)	(2,667)	(2,611,067)	(1,175,489)	(4,870,716)
	Closing net book value	2,495,604	283,666	17,333	9,280,558	16,456,851	28,534,012
	Gross carrying value basis						
	Year ended December 31, 2023						
	Cost	5,352,667	370,353	20,000	13,091,514	17,632,340	36,466,874
	Accumulated depreciation	(2,857,063)	(86,687)	(2,667)	(3,810,956)	(1,175,489)	(7,932,862)
	Net book value	2,495,604	283,666	17,333	9,280,558	16,456,851	28,534,012
	Net carrying value basis						
	Year ended December 31, 2022						
	Opening net book value (NBV)	2,616,516	24,950	-	1,088,976	-	3,730,442
	Additions (at cost)	592,609	-	-	1,159,730	-	1,752,339
	Depreciation charge	(786,239)	(11,088)	-	(732,902)	-	(1,530,229)
	Closing net book value	2,422,886	13,862	-	1,515,804	-	3,952,552
	Gross carrying value basis						
	Year ended December 31, 2022						
	Cost	4,243,562	55,443	-	2,715,693	-	7,014,698
	Accumulated depreciation	(1,820,676)	(41,581)	-	(1,199,889)	-	(3,062,146)
	Net book value	2,422,886	13,862	-	1,515,804	-	3,952,552
	Depreciation rate % per annum	20	20	20	33.33	20	

8.2 The depreciation charge for the year has been allocated as follows:

	Note	2023 [Rupees]	2022 [Rupees]
Cost of revenue	27	2,435,358	765,115
Administrative and selling expenses	28	2,435,358	765,114
		4,870,716	1,530,229

9. INTANGIBLE ASSETS

Capital work-in-progress - software:			
Opening book value		119,683,815	51,721,562
Add : Additions during the year - cost		142,379,915	67,962,253
Closing book value	9.1	262,063,730	119,683,815

9.1 This relates to the development of software for providing digital services.

	Note	2023 (Rupees)	2022 (Rupees)
13.1 Due from related party			
Avanceon Limited - Local	13.3	469,013,701	365,169,210
Avanceon Free Zone Establishment, UAE - Export	13.4	55,107,144	258,731,308
Avanceon Automation & Control WLL, Qatar - Export	13.5	1,037,893,204	683,331,658
Octopus Digital FZ LLC - Export	13.6	20,033,224	-
Avanceon Saudi for Energy Company - Export	13.7	25,550,255	-
		1,607,597,528	1,307,232,176
Less: Allowance for expected credit losses	13.8	(143,987,201)	(84,373,907)
		1,463,610,327	1,222,858,269
13.2 Due from others			
Trade receivables - Others	13.9	27,108,112	15,071,760
Less: Allowance for expected credit losses	13.10	(96,882)	(1,837,870)
		27,011,230	13,233,890
13.3 Ageing of Avanceon Limited			
Not yet due		105,103,285	324,000,000
30 days		10,348,385	16,862,757
30 - 90 days		8,652,391	7,830,610
90 - 180 days		25,287,886	8,561,217
Above 180 days		319,621,787	7,914,626
		469,013,701	365,169,210
13.4 Ageing of Avanceon Free Zone Establishment, UAE			
Not yet due		-	-
30 days		55,107,144	19,485,069
30 - 90 days		-	10,477,459
90 - 180 days		-	67,283,778
Above 180 days		-	161,485,002
		55,107,144	258,731,308
13.5 Ageing of Avanceon Automation & Control WLL, Qatar			
Not yet due		205,238,305	-
30 days		72,162,079	33,061,301
30 - 90 days		33,367,720	21,183,721
90 - 180 days		40,708,797	169,136,735
Above 180 days		686,416,303	459,949,901
		1,037,893,204	683,331,658
13.6 Octopus Digital FZ LLC			
Not yet due		20,033,224	-
30 days		-	-
30 - 90 days		-	-
90 - 180 days		-	-
Above 180 days		-	-
		20,033,224	-
13.7 Avanceon Saudi for Energy Company			
Not yet due		6,582,269	-
30 days		-	-
30 - 90 days		345,254	-
90 - 180 days		9,174,976	-
Above 180 days		9,447,756	-
		25,550,255	-

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	Note	2023 (Rupees)	2022 (Rupees)
13.8 Allowance for expected credit losses - Related party			
As of January 01		84,373,907	58,068,864
Add: Allowance for the year		59,613,294	26,305,043
As at December 31	13.8.1	143,987,201	84,373,907

13.8.1 This represents the ECL on the account of time value of money based upon the duly approved management plan to recovery these balances within twelve months from the reporting date. The credit loss is not expected in respect of these balances as all these parties are controlled by the parent Company.

		2023 (Rupees)	2022 (Rupees)
13.9 Ageing of others			
Not yet due		-	-
Less than one year		23,452,733	12,985,429
One to two years		2,280,340	1,272,592
Two to three years		1,375,039	813,740
		27,108,112	15,071,761
13.10 Allowance for expected credit losses - Others			
As of January 01		1,837,870	593,833
Written off during the year		(304,364)	-
Add: Allowance for the year		(1,436,624)	1,244,037
As at December 31		96,882	1,837,870

13.11 The maximum amount outstanding at any time during the year calculated by reference to month end balances is as follows:

	Note	2023 (Rupees)	2022 (Rupees)
Avanceon Limited		469,013,701	768,289,941
Avanceon Free Zone Establishment		480,403,310	800,992,501
Avanceon Automation & Control WLL		1,172,234,893	675,050,135
Octopus Digital FZ LLC		20,033,224	-
Avanceon Saudi for Energy Company		25,550,255	-

14. CONTRACT ASSETS

Earnings in excess of billings		58,162,078	51,911,441
Project deferred revenue		46,752,967	56,727,819
Project deferred cost		-	260,823
	14.1	104,915,045	108,900,083
Less: Allowance for expected credit losses	14.3	(2,277,308)	(13,279,421)
		102,637,737	95,620,662

	Note	2023 (Rupees)	2022 (Rupees)
14.1 This also includes project deferred revenue from the following related parties :			
Avanceon Limited		7,159,280	7,504,653
Avanceon Free Zone Establishment, UAE - Export		1,461,002	5,618,530
Avanceon Automation & Control WLL, Qatar - Export		8,203,884	364,447
		16,824,166	13,487,630

	Note	2023 (Rupees)	2022 (Rupees)
14.2 Ageing of contract asset			
Not yet due		-	-
Less than one year		38,371,065	51,911,441
One to two years		19,791,013	-
Two to three years		-	-
		58,162,078	51,911,441
14.3 Allowance for expected credit losses			
As of January 01		13,279,421	3,100,614
Add: Allowance for the year	28	(11,002,113)	10,178,807
As at December 31		2,277,308	13,279,421
14.4 The maximum amount outstanding at any time during the year calculated by reference to month end balances is as follows:			
	Note	2023 (Rupees)	2022 (Rupees)
Avanceon Limited		7,159,280	7,504,653
Avanceon Free Zone Establishment, UAE - Export		1,461,002	5,618,530
Avanceon Automation & Control WLL, Qatar - Export		8,203,884	364,447
	Note	2023 (Rupees)	2022 (Rupees)
15. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - considered good			
To employees against expenses		13,414,417	6,511,768
To suppliers		7,903,804	6,979,675
		21,318,221	13,491,443
Prepayments		1,422,330	1,748,563
Other receivables - related party	15.1	382,404,259	260,639,510
Markup receivable from parent Company	16	-	40,244,660
Tax refunds due from government - Income tax		24,632,486	22,974,416
Advance tax paid to FBR		4,389,390	-
Other receivables - considered good		182,305	-
		434,348,991	339,098,592
15.1 Other receivables - related party			
Other receivables - related party (AVL)	15.2	69,202,314	260,639,510
Other receivables - related party (ODFZLLC)	15.3	247,449,963	-
Other receivables - related party (AVFZE)	15.4	65,751,982	-
		382,404,259	260,639,510
15.2 Other receivables - related party (AVL)			
Opening balance		260,639,510	-
Payments made to or on behalf of parent Company		62,864,160	628,195,859
Receipts / adjustments		(288,789,534)	(414,059,424)
		34,714,136	214,136,435
Interest charged	15.2.1	34,488,178	46,503,075
		69,202,314	260,639,510

15.2.1 The interest has been charged at one month KIBOR prevailing on the start of each month.

15.2.2 This was receivable from the parent Company Avanceon Limited. This loan is adjusted during the year against the acquisition of Empiric AI Private Limited as disclosed in note 2.

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	Note	2023 (Rupees)	2022 (Rupees)
15.3 Other receivables - related party (ODFZLLC)			
Opening balance		-	-
Payments made to or on behalf of parent Company		362,594,434	-
Receipts / adjustments		(126,290,419)	-
		236,304,015	-
Interest charged	15.3.1	11,145,948	-
		247,449,963	-

15.3.1 The interest has been charges at one month KIBOR prevailing on the start of each month.

	Note	2023 (Rupees)	2022 (Rupees)
15.4 Other receivables - related party (AVFZE)			
Opening balance		-	-
Payments made to or on behalf of parent Company		79,327,554	-
Receipts / adjustments		(7,869,299)	-
		71,458,255	-
Interest charged	15.4.1	(5,706,273)	-
		65,751,982	-

15.4.1 The interest has been charged at one month KIBOR prevailing on the start of each month.

15.5 The maximum amount outstanding at any time during the year calculated by reference to month end balances is as follows:

	Note	2023 (Rupees)	2022 (Rupees)
Avanceon Limited		291,528,783	300,884,170
Avanceon Free Zone Establishment		313,065,291	-
Other receivables - related party (ODFZLLC)		247,449,963	-

16. SHORT TERM LOAN

	Note	2023 (Rupees)	2022 (Rupees)
Opening		300,000,000	-
Loan paid / adjusted		(300,000,000)	300,000,000
Markup charged		51,377,076	40,244,660
		51,377,076	340,244,660
Markup transferred to markup receivable		(51,377,076)	(40,244,660)
Closing		-	300,000,000

16.1 Short-term loan and markup receivable from Avanceon Limited are adjusted in consideration of the acquisition of 100% ownership of Empiric AI Private Limited during the year as disclosed in note 2.

17. SHORT TERM INVESTMENT - EVTPL

	Note	2023 (Rupees)	2022 (Rupees)
Investment in MCB fund	17.1	10,118,841	-
17.1 MCB Fund			
Opening		-	-
Acquired during the year		10,000,000	-
Bonus /dividend		118,841	-
Gain during the year		-	-
Closing		-	-
		10,118,841	-

17.2 This represents an investment in MCB fund during the year. The Company obtained 100,492 units at the rate of 99.51 per unit.

	2023 (Rupees)	2022 (Rupees)
18. BANK BALANCES		
Current account	29,359,272	20,223,076

19. SHARE CAPITAL**19.1 Authorized share capital**

	2023 (Number of Shares)	2022		2023 (Rupees)	2022 (Rupees)
	250,000,000	250,000,000	Ordinary shares of Rs. 10 each	2,500,000,000	2,500,000,000
19.2 Issued, subscribed and paid up capital					
	28,350,002	28,350,002	Ordinary shares of Rs.10 each fully paid in cash	283,500,020	283,500,020
	108,400,000	108,400,000	Ordinary shares of Rs.10 each issued for consideration other than in cash (Note 19.3)	1,084,000,000	1,084,000,000
	20,512,500	-	Bonus shares (Note 19.2.1)	205,125,000	-
	157,262,502	136,750,002		1,572,625,020	1,367,500,020

19.2.1 Movement of share capital is as follows:

	2023 (No. of shares)	2022	Note	2023 (Rupees)	2022 (Rupees)
Opening balance	136,750,002	136,750,002		1,367,500,020	1,367,500,020
Issued during the year	20,512,500	-	19.2.2	205,125,000	-
Closing balance	157,262,502	136,750,002		1,572,625,020	1,367,500,020

19.2.2 The Board of Directors of the Group in its meeting held on May 26, 2023 accord approval to issue bonus shares in the proportion 15 shares for every 100 shares held i.e. 15%.

19.3 These shares were issued against the transfer of business of After Market Support segment from Ultimate Parent Company to the Company.

20. RESERVES

	Note	2023 (Rupees)	2022 (Rupees)
Capital			
Share premium	20.1	789,209,284	789,209,284
Employees' share compensation reserve	20.2	9,263,716	-
Group restructuring reserve		(1,084,000,000)	(1,084,000,000)
		(285,527,000)	(294,790,716)

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

20.2 Share options scheme

Employee Share Option Scheme, 2022 was approved by Securities and Exchange Commission of Pakistan (SECP) on 04 March 2022 which comprises of an entitlement pool of 10% of the paid-up capital of the Company as increased from time to time. As of December 31, 2021, the pool consisted of 13.675 million shares. 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. 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

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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.

	Note	2023 (Rupees)	2022 (Rupees)
Movement in the amount of options granted is as follows:			
Balance as at January 01,		-	-
Employee compensation expense		9,263,716	-
Balance as at December 31,		9,263,716	-

Movements during the year:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2023		2022	
	Number	WAEP Rupees	Number	WAEP Rupees
Outstanding at January 01,	-	-	-	-
Granted during the year	1,444,877	10.00	-	-
Outstanding at December 31,	1,444,877	10.00	-	-
Exercisable at December 31,	1,444,877	-	-	-

The fair of options granted during the year was Rs. 47.623 (2022: Nil).

The weighted average share price at the date of exercise of these options was Rs. 46.36 (2022: Nil).

The weighted average remaining contractual life for the share options outstanding as at December 31, 2023 was 2.42 year (2022: Nil).

The exercise price for options outstanding at the end of the year was Rs. 10 (2022: Nil)

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

	Note	2023 (Rupees)	2022 (Rupees)
21. Long Term Diminishing Musharaka			
Long term financing			
Opening balance as at January 01,		-	-
Addition during the year		14,418,000	-
Payments / adjustments during the year		(728,163)	-
		13,689,837	-
Less: Current portion		(2,587,820)	-
		11,102,017	-

21.1 The finance has been obtained under the Islamic mode of financing from First Habib Modaraba. The financed amount is repayable in four years starting from September 2023. This carry profit at one year KIBOR plus 2.25% per annum and to be paid on monthly basis.

	Note	2023 (Rupees)	2022 (Rupees)
22. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Unsecured			
Trade creditors		18,657,173	8,865,724
Payable to related parties	22.1	127,390,178	193,409
Accrued liabilities		1,685,375	1,193,166
Advance from employees against vehicles		8,980,000	-
Payable to employees		9,536,456	8,727,409
Tax deducted at source		6,043,165	3,845,295
Sales tax payable		8,045,813	261,116
		180,338,160	23,086,119

	Note	2023 (Rupees)	2022 (Rupees)
22.1 Payable to related parties			
Avanceon Saudi Energy Company		-	193,409
Empiric AI Private Limited	22.1.1	127,390,178	-
		127,390,178	193,409

22.1.1 This amount represents the collection receive by the Company from a customer on behalf of Empiric AI Private Limited.

	Note	2023 (Rupees)	2022 (Rupees)
23. CONTRACT LIABILITIES			
Advances from customers	23.1	6,882,355	790,981
Billing in excess of earnings	23.2	5,160,542	5,877,206
		12,042,897	6,669,187

23.1 This amount relates to the advance received from customers for invoices to be recorded in the future.

23.2 Movement of billings in excess of earnings:

	2023 (Rupees)	2022 (Rupees)
As at January 01	5,877,206	879,431
Addition during the year	1,080,360	4,997,775
Recognized as revenue during the year	(1,797,024)	-
As at December 31	5,160,542	5,877,206

24. TAXATION - NET

Opening	49,945,970	17,136,036
Provision for taxation	17,980,069	32,809,934
Income tax paid	(17,116,455)	-
	50,809,584	49,945,970

25. CONTIGENCIES AND COMMITMENTS

25.1 There are no contingencies and commitments of the Company as at December 31, 2023 (2022: Nil).

26. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Note	2023 (Rupees)	2022 (Rupees)
Local sales and services	26.2	243,492,067	246,141,952
Export sales	26.3	659,626,122	440,867,874
		903,118,189	687,009,826

26.1 Timing of revenue recognition

Revenue from contracts with customers			
At a point in time	26.2	2,525,096	377,029
Over the time		900,593,093	686,632,797
		903,118,189	687,009,826

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	Note	2023 (Rupees)	2022 (Rupees)
26.2 Local sales and services			
Sale of goods		2,979,613	454,252
Less: Sales tax		(454,517)	(77,223)
		2,525,096	377,029
Services rendered		114,942,300	130,048,153
Less: Sales tax		(15,854,110)	(20,807,704)
		99,088,190	109,240,449
Fee for technical services - Avanceon Limited		-	27,840,000
Less: Sales tax		-	(3,840,000)
		-	24,000,000
AMS business services - Avanceon Limited		119,597,849	71,480,314
Less: Sales tax		(15,963,409)	(11,436,850)
		103,634,440	60,043,464
Avanceon Limited (Subcontracted)		44,363,436	62,477,393
Less: Sales tax		(6,119,095)	(9,996,383)
		38,224,341	52,481,010
Net sales		243,492,067	246,141,952
26.3 Export sales			
Avanceon Automation And Control W.L.L, AVFZE & AVSEC-transfer of profits		134,432,938	178,101,949
Revenue from Export Sales (FZE & AVAC, ODFZ LLC and AVSEC)-Subcontracted		525,193,184	262,765,925
		659,626,122	440,867,874
26.4 Contract balances			
Trade receivables		1,490,621,557	1,236,092,159
Contract assets		102,637,737	95,620,662
Contract liabilities		12,042,897	6,669,187

Performance Obligation

Sale of goods

The performance obligation is satisfied upon delivery of goods and payment is generally due within 30 days from delivery.

Services

The performance obligation is satisfied over-time and payment is generally due within 30 days of the end of term period. In some contracts, short-term advances are required before the technical and engineering services are provided.

Project revenue

The performance obligation is satisfied over-time and payment is generally due within 30 days from reaching a milestone as per contract and acceptance of the customer. In some contracts, short-term advances are required before the services are provided under the contract.

As at year end, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) amounted to Rs. 689.292 million (2022: Rs. 892.405 million) and the Company expects to recognize this as revenue when the milestones are achieved in future or when the services are rendered.

Contract assets and liabilities mainly arise from the projects as the Company recognizes revenue using cost to complete method while the respective customers are billed when a milestone is achieved as agreed in the contract.

	Note	2023 (Rupees)	2022 (Rupees)
27. COST OF REVENUE			
Materials consumed	12	40,004,404	85,270,746
Salaries, wages, allowances and other benefits	27.1	19,375,214	10,295,763
Installation charges relating to engineering services		227,893,587	142,675,370
Travelling and conveyance relating to engineering services		59,543,345	36,518,609
Back office support	28.3	27,447,750	25,200,000
Telephone, postage and telex		2,705,594	918,542
Entertainment relating to engineering services		476,363	1,352,346
Fee and subscription		3,959,133	1,138,712
Rent, rates and taxes		262,500	268,000
Repairs and maintenance		766,899	294,801
Import Cost		818,837	175,300
Training and tuition		66,390	-
Insurance		239,636	-
Depreciation on Property and equipment	8.2	2,435,358	765,115
Other expenses		11,659,609	4,548,401
		397,654,619	309,421,705

27.1 These include contribution to provident fund amounting to Rs. 645,841 (2022: 231,267) by the Company.

	Note	2023 (Rupees)	2022 (Rupees)
28. ADMINISTRATIVE AND SELLING EXPENSES			
Salaries, wages, allowances and other benefits	28.1	135,894,913	61,898,812
Employee's share option expense		28,889,723	-
Travelling and conveyance		10,307,745	3,283,638
Back office support		27,447,750	25,200,000
Telephone, postage and telex	28.3	2,705,594	918,542
Rent, rates and taxes		262,500	268,000
Sales promotion expense		4,763,930	417,114
Legal and professional charges		39,502,303	6,487,151
Penalty paid to Pakistan Stock Exchange		85,000	-
Auditors' remuneration	28.2	2,250,875	1,502,500
Fee and subscription		7,414,577	8,569,513
Bank charges		121,895	29,495,966
Advertisement		1,112,060	137,600
Repairs and maintenance		766,899	294,801
Management Fee		-	30,000,000
Insurance		239,636	-
Allowance for expected credit losses - trade debts	13.10	(1,436,624)	10,083,064
Allowance for expected credit losses - Contract assets	14.3	(11,002,113)	10,178,807
Allowance for expected credit losses - related parties	13.8	59,613,294	17,466,016
Depreciation on property and equipment		2,435,358	765,114
Other expense	8.2	2,476,852	853,102
		313,852,167	203,819,740

28.1 This include Rs. 3,652,774 (2022: Rs. 1,374,247) representing provident fund contribution by the Company.

	Note	2023	2022
28.2 Auditor's remuneration			
Statutory audit	28.4	1,267,875	1,102,500
Half year review fee		483,000	400,000
Out of pocket expenses		500,000	-
		2,250,875	1,502,500

28.3 This represents the management fee charged by the parent Company for sharing office premises, operational, human resource and administrative support as per the agreement between the parties. This has been equally allocated to cost of sales and admin and selling expenses.

28.4 This represents the audit fee which is inclusive of sales tax amounting to Rs. 83,375.

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	Note	2023 (Rupees)	2022 (Rupees)
29. OTHER OPERATING INCOME			
Exchange gain - net		241,665,030	165,124,940
Markup from related parties		91,304,929	86,747,735
Dividend on short term investment		139,813	4,752,479
		333,109,772	256,625,154
30. OTHER OPERATING EXPENSES			
Donation	30.1	150,000	222,863
		150,000	222,863
30.1	This amount is paid to Irfan Ahmed as charity by Company.		
31. TAXATION			
Current tax	31.1	31,276,061	32,809,921
Final tax on exports		1,649,065	-
Prior period adjustment		(14,945,057)	-
Deferred tax		(10,721,630)	(7,702,066)
		7,258,439	25,107,855
31.1 Relationship between tax expenses and accounting profit			
Profit before tax		523,066,470	430,170,672
Excess on allowable expenses		(33,181,640)	38,510,467
Income chargeable under final tax regime		(382,036,344)	(355,543,481)
		107,848,486	113,137,658
Applicable income tax rate		29%	29%
Current tax		31,276,061	32,809,921
31.2 Comparison of tax provision against tax assessments			
Years	Excess/ (Short)	Tax Provision	Tax assessment/ Tax Return
2021-22	14,945,057	32,809,921	17,864,864
2020-21	10,472,552	17,136,036	6,663,484
2019-20	678,947	34,018,735	33,339,788
		2023	2022
32. EARNINGS PER SHARE			
32.1 Basic earnings per share from continuing operations			
Net profit for the year	Rupees	515,808,031	405,062,817
			Restated
Weighted average number of ordinary shares	Numbers	147,989,728	147,989,728
Earnings per share	Rupees	3.49	2.74
32.2 Diluted earnings per share from continuing operations			
Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.			
		2023	2022
Net profit for the year	Rupees	515,808,031	405,062,817
Weighted average number of ordinary shares	Numbers	147,989,728	147,989,728
Adjustment for share options	Numbers	1,444,877	-
Weighted average number of ordinary shares for diluted earnings per share	Numbers	149,434,605	147,434,605
Diluted earnings per share	Rupees	3.45	2.74

32.3 The weighted average number of ordinary shares of 2022 has been restated in accordance with the requirements of IAS 33 due to issuance of 20,512,500 bonus shares in 2023.

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2023 (Rupees)	2022 (Rupees)	2023 (Rupees)	2022 (Rupees)	2023 (Rupees)	2022 (Rupees)
Managerial remuneration	9,224,976	-	7,762,916	4,508,155	46,331,512	8,341,667
House Rent	3,689,990	-	2,285,166	1,709,991	18,532,605	3,204,473
Utilities	922,498	-	571,292	427,496	4,314,270	801,111
Provident Fund	922,498	-	571,292	427,497	4,633,151	801,117
Other	17,100	-	134,305	9,100	950,700	72,800
	14,777,062	-	11,324,971	7,082,239	74,762,238	13,321,168
Number of Persons	1	-	3	2	17	8

33.1 The company also provides the director and certain executives with company maintained cars. No remuneration has been paid to non-executive directors of company.

33.2 During the year, the Director's and other executives were granted 200,000 (2022: Nil) and 530,500 (2022: Nil) share options respectively, which have a vesting period of three years. Further, the impact of benefits available to the Director's and other executives recognized by the Company on account of share-based payment plans aggregated to Rs. 1.488 million (2022: Rs. Nil) and Rs. 3.947 million (2022: Rs. Nil), respectively.

34. RELATED PARTY TRANSACTIONS

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. Significant related party transactions, other than remuneration of directors which is disclosed in Note 33, are as follows:

Name of related party	Basis of Relationship	Nature of transactions	December 31, 2023		December 31, 2022	
			Transactions during the year	Closing Balance	Transactions during the year	Closing Balance
----- (Rupees) -----						
Avanceon FZE (AVFZE)	Associated Company due to common directorship	Sub-contracted services	110,119,544	-	93,794,073	-
		AMS business services rendered	59,722,117	-	47,770,079	-
		Trade debts	-	55,107,144	-	258,731,308
		Contract asset	-	1,461,002	-	5,618,530
		Other receivables	-	65,751,982	-	-
		Expenses incurred on behalf of the Company by AVFZE	10,431,418	-	41,581,547	-
		Payments to suppliers by AVFZE on behalf of the Company	119,609,550	-	16,144,205	-
		Markup payable on current account	5,706,273	-	-	-
		Collection / adjustment from AVFZE	274,747,697	-	30,550,734	-
		Avanceon Automation And Control WLL (AVAC)	Associated Company due to common directorship	Payments to suppliers by AVAC	19,401,614	-
AMS business services rendered	52,293,440			-	193,055,187	-
Trade debts	-			1,037,893,204	-	683,331,658
Contract asset	-			8,203,884	-	364,447
Sub-contracted services	392,341,101			-	114,271,971	-
Payment to employees by AVAC on behalf of the Company	22,969,055			-	63,436,140	-
Avanceon Limited (AVL)	Parent Company	Loan to Avanceon Limited	-	-	300,000,000	300,000,000
		Loan adjusted/recovered during the year	300,000,000	-	50,000,000	-
		Management fee	-	-	30,000,000	-
		Trade debts	-	469,013,701	-	365,169,210
		Contract asset	-	7,159,280	-	7,504,653
		Other receivables	-	69,202,314	-	260,639,510

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Name of related party	Basis of Relationship	Nature of transactions	December 31, 2023		December 31, 2022	
			Transactions during the year	Closing Balance	Transactions during the year	Closing Balance
----- (Rupees) -----						
		Mark-up charged on loan	51,377,076	-	40,244,660	40,244,660
		Payments made to or on behalf of parent Company **	552,901,384	-	628,195,859	-
		Receipts / adjustments from AVL	126,450,273	-	414,059,424	-
		Markup on current Account - AVL	34,488,178	-	46,503,075	-
		Purchase of Empiric AI from AVL	440,023,210	-	-	-
		Acquisition of Empiric AI	111,265,634	-	-	-
		Payment to Suppliers by ODL	29,557,271	-	-	-
		Products purchases	-	-	72,645,748	-
		Mark-up received/adjusted from Back office Support	91,621,736	-	-	-
		Building rent charged by AVL	54,895,500	-	50,400,000	-
		AMS business services rendered	360,000	-	360,000	-
		Fee for technical service charged by the Company	103,634,440	-	60,043,464	-
		Sub-contracted services	-	-	24,000,000	-
			38,244,341	-	44,169,360	-
Avanceon Saudi Energy Company - KSA (AVSEC)	Associated	Payment to Suppliers by AVSEC	6,025	-	190,331	-
		Subcontracted projects	2,699,315	-	-	-
		Trade debts	-	25,550,255	-	-
		Payable to AVSEC	-	-	-	193,409
		Payments to Employee by	178,916	-	-	-
		Payment/ADJ to AVSEC	555,845	-	-	-
		Collection/ADJ from AVSEC	615,734	-	-	-
Octopus Digital Free Zone LLC (ODFZ LLC)	Subsidiary	Subcontracted projects	20,033,224	-	-	-
		Adj of Receivable from AVFZE	386,665,399	-	-	-
		Investment in Subsidiary	7,869,299	-	-	-
		Trade debts	-	20,033,224	-	-
		Other receivables	-	247,449,963	-	-
		Payment to Suppliers by ODFZE	10,199,400	-	-	-
		Markup on current Account	11,145,948	-	-	-
Empiric AI Private Limited	Subsidiary	Payment to Employees by ODL	1,074,424	-	-	-
		Payment to Suppliers by EAI	3,037,407	-	-	-
		Payable to Empiric AI	-	127,390,178	-	-
		Salary Payments by ODL	9,534,615	-	-	-
		Receipts from EAI	142,069,995	-	-	-
		Collection/Adj to EAI	2,794,500	-	-	-
		Payment to Suppliers by ODL	27,813,686	-	-	-

** The Company is in the process of obtaining shareholder's approval under section 199 of the Companies Act, 2017.

34.1 The contribution to provident fund related to employees of the Company is made through the Parent Company.

34.2 Name of undertaking, registered address and country of incorporation in respect of companies incorporated outside Pakistan with whom the Company has entered into transactions during the year is as follows:

Name of Company	Registered address	Country of incorporation	Basis of Association	Chief Executive	Operational Status	Auditor's Opinion on last available FS
Avanceon FZE	Plot # MO-0240, Street # N403, Jabel Ali Free Zone (North) Dubai U.A.E	Dubai	Common Directorship	Bakhtiar Hameed Wain	Active	Unmodified
Avanceon Automation And Control WLL	Al Jaber Engg. HO Building Box: 15976, Fox Hills, Lusail, Doha - Qatar	Qatar	Common Directorship	Bakhtiar Hameed Wain	Active	Unmodified
Avanceon Saudi Energy Company - KSA (AVSEC)	3141 Ans Ibn Malik - AlMalqa Dist. Unit No. 718, Riyadh, 13521-8292	Kingdom of Saudi Arabia	Common Directorship	Junaid Ul Islam	Active	Modified
Octopus Digital Free Zone LLC (ODFZLLC)	DMC-BLD05 VD G 00-792, Ground Floor, DMCS, Dubai Madina City, Dubai, United Arab Emirates	Dubai	Subsidiary	Bakhtiar Hameed Wain	Active	Unmodified

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 Financial risk factors

The Company's principal financial liabilities comprises of creditors and other liabilities. The Company's financial assets include trade debts, due from related parties, cash and bank balances that arrive directly from its operations. In addition to these, the Company also has receivables from related parties.

The Company's activities expose it to a variety of financial risks: Credit risk, liquidity risk and market risk (including currency risk and interest rate risk),. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board), and Finance Department. The Board provides principles for overall risk management, as well as policies covering specific areas such as credit risk, liquidity risk, market risk and interest rate risk.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Company's activities.

35.1.1 Credit Risk

Exposure to credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties. The Company does not believe it is exposed to major concentration of credit risk, however, to manage any possible exposure the Company applies approved credit limits to its customers.

The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of allowance for expected credit losses, if any, and through expected recoverability of amounts. The Company is exposed to credit risk on long term deposits, trade debts and bank balance. The maximum exposure to credit risk at the reporting date is as follow:

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	Note	2023 (Rupees)	2022 (Rupees)
Long term loans and deposits		100,000	100,000
Contract asset	14	104,915,045	95,620,662
Trade debts - others	13	27,108,112	15,071,760
Trade debts - related party	13.1	1,607,597,528	1,307,232,176
Deposits and other receivables	15	182,305	-
Short-term investment	17	10,118,841	-
Bank balances	18	29,359,272	20,223,076
		1,779,381,103	1,438,247,674

The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows:

	2023 (Rupees)	2022 (Rupees)
Domestic	27,011,230	13,233,890
Export	96,882	1,837,870
	27,108,112	15,071,760

Country	Sales			Trade debts	
	LC	Other (Rupees)	Total	Outstanding Balance	
				2023	2022
Pakistan	-	243,492,066	243,492,066	496,121,813	380,240,970
Qatar	-	444,634,541	444,634,541	1,037,893,204	683,331,658
Dubai	-	189,874,886	189,874,886	75,140,368	258,731,308
Saudi Arabia	-	25,116,696	25,116,696	25,550,255	-
Total	-	903,118,189	903,118,189	1,634,705,640	1,322,303,936

Set out below is the information about the credit risk exposure on the Company's local trade receivables assets using a provision matrix:

	2023								Total
	0-90 days	90-180 days	180-270 days	270 to 360 days	360 to 450 days	450 to 540 days	Over 540 days		
	Rupees								
Estimated total gross carrying amount at default	16,336,175	3,373,534	3,287,002	456,024	320,104	1,811,714	1,523,559	27,108,112	
Estimated total gross carrying amount - secured	-	-	-	-	-	-	-	-	
Expected credit loss	26,233	70,036	622	-	-	-	-	96,881	

	2022								Total
	0-90 days	90-180 days	180-270 days	270 to 360 days	360 to 450 days	450 to 540 days	Over 540 days		
	Rupees								
Estimated total gross carrying amount at default	7,731,876	5,558,806	-	3,157	441,043	51,000	746,029	14,531,911	
Estimated total gross carrying amount - secured	-	-	-	-	-	-	-	-	
Expected credit loss	250,334	716,463	-	845	140,777	25,319	575,956	1,709,694	

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as the trade debts / advances and other receivables of the Company relate to sales / purchase of equipment / services under binding contract terms.

As at December 31, 2023, the Company has 8 (2022: 4) customers owing more than Rs. 1 million (2022: Rs. 1 million) each which account for 90% (2022: 85%) of total trade debts.

35.1.2 Bank balances - Credit quality

Credit risk from balances with banks and financial institutions is managed by the Company's finance department

in accordance with the Company's policy. The Company deals with banks having credit ratings in the top categories therefore, considers these as low risk and does not expect credit loss to arise on the balances. Following are the credit ratings of banks with which balances are held:

The credit quality of receivables can be assessed with reference to Company credit control policy and their historical performance with negligible default rate. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Counter party	Rating Short term	Long term	Agency	2023 (Rupees)	2022 (Rupees)
JS Bank Limited	A1+	AA-	PACRA	58,274	2,033,223
Faysal Bank Limited	A-1+	AA	JCR-VIS	29,043,081	1,819,998
Dubai Islamic Bank	A-1+	AA	JCR-VIS	70,133	15,369,856
MCB Islamic Bank	A1+	AAA	PACRA	187,784	999,999
				29,359,272	20,223,076

35.1.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its parents of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The foreign currency transaction of the Company are mainly receivable from related parties.

This exists due to the Company's exposure resulting from outstanding import payments or foreign creditors and in respect of export revenue. A foreign exchange risk management guideline has been provided by the Corporate Centre. The policy allows the Company to take currency exposure within predefined limits while open exposures are monitored. The Company aims to protect itself against adverse currency movements by either linking the price of its products to foreign currency.

The Company is exposed to currency risk arising primarily with respect to the United States Dollar (USD). The Company's exposure to foreign currency changes for all other currencies is not material. Currently, the Company's foreign exchange risk exposure is restricted to foreign currency creditors, debtors and bank balances as shown below:

	2023	
	Rupees	USD
Trade debts		
- Avanceon FZE Dubai - Export	55,107,144	195,139
- Avanceon Automation and Control W.L.L, Qatar - Export	1,037,293,204	3,675,259
- Octopus Digital FZ LLC - Export	20,033,224	70,939
- Avanceon Saudi for Energy Company - Export	25,550,255	90,475
	1,138,583,827	4,031,812
Trade Payables		
- Empiric AI Private Limited	(127,390,178)	(451,098)
- Net Exposures	1,011,193,649	3,580,714
	2022	
	Rupees	USD
Trade debts		
- Avanceon FZE Dubai	258,731,308	1,140,288
- Avanceon Automation and Control W.L.L, Qatar	683,331,658	3,011,598
	942,062,966	4,151,886
Trade Payables		
- Othres	(193,409)	(852)
- Net Exposures	941,869,557	4,151,034

The following significant exchange rates were applied during the year:

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	2023	2022
Rupees per USD		
Average rate	254.65	202.39
Reporting date rate	282.40	226.90

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in the US Dollar exchange rate, with all other variables held constant, of the Company's profit before tax and equity.

	Change in Exchange rate	Effect on profit/(loss) before tax	Effect on equity
		(USD)	
2023	5%	50,559,682	35,897,374
	-5%	(50,559,682)	(35,897,374)
2022	5%	47,093,481	33,436,372
	-5%	(47,093,481)	(33,436,372)

b) Other price risk

Other price risk is a risk that fair value or future cash flows of a financial instruments will fluctuate because of changes in the market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by specific to the individual financial instruments or its issuer, or factors effecting all similar instruments traded in the market.

As at December 31, 2023, the Company is not exposed to any significant price risk. (2022: Nil).

c) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from lease liabilities and liabilities against finances under mark-up arrangements. These liabilities are benchmarked to variable rates which expose the Company to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

Floating rate instruments	2023 (Rupees)	2022 (Rupees)
Financial assets		
Short-term investment	10,118,841	-
Financial liabilities		
Net exposure	(3,570,996)	-

Cash flow sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on floating rate borrowings and balances, with all other variables held constant, of the Company's profit before tax:

	Increase/ decrease in basis points	Effect on profit/(loss) before tax	Effect on equity
		(Rupees)	
2023	+100	(35,709,96)	(25,354,07)
	-100	35,709,96	25,354,07
2022	+100	-	-
	-100	-	-

35.1.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities.

Financial liabilities in accordance with their contractual maturities are presented below:

	Total	On demand	Within 1 year	Between 1 and 5 years	Over 5 years
	(Rupees)				
As at December 31, 2023					
Trade and other	166,249,182	-	166,249,182	-	-
As at December 31, 2022					
Trade and other	18,979,708	-	18,979,708	-	-

35.1.5 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date. The Company has no financial instruments categorizing at fair value through profit and loss or at fair value through other comprehensive income.

35.1.6 Financial instruments by category

	2023			
	At fair value through OCI	At fair value through profit or loss	At amortized cost	Total
	(Rupees)			
Financial assets				
Debt instruments at amortized cost				
Long term loans, deposits and other receivables	-	-	100,000	100,000
Trade debts	-	-	1,490,621,557	1,490,621,557
Cash and bank balances				
Short term investment	-	10,118,841	-	10,118,841
Total financial assets	-	10,118,841	1,520,080,829	1,530,199,670
				2023
				Financial liabilities at amortized cost
				(Rupees)
Financial liabilities				
Creditors, accrued and other liabilities				166,249,182
	2022			
	At fair value through OCI	At fair value through profit or loss	At amortized cost	Total
	(Rupees)			
Financial assets				
Debt instruments at amortized cost				
Long term loans, deposits and other receivables	-	-	100,000	100,000
Trade debts	-	-	1,236,092,159	1,236,092,159
Cash and bank balances				
Equity instruments at fair value through profit and loss	-	-	20,223,076	20,223,076
Short term investment	-	-	300,000,000	300,000,000
Total financial assets	-	-	1,556,415,235	1,556,415,235

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	2022
	Financial liabilities at amortized cost
	(Rupees)
Financial liabilities	
Creditors, accrued and other liabilities	18,979,708

36. FAIR VALUE MEASUREMENT

Fair value of short term investments is derived from quoted market prices in active markets.

The Company has not disclosed the fair value of assets and liabilities because their carrying amounts are a reasonable approximation of fair value.

36.1 Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable either, directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

37. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares or sell assets to reduce debt.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company finances its operations through equity, and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Consistent with others in the industry and the requirements of the lenders the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings less cash and bank balances.

Consistent with others in the industry and the requirements of the lenders the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The gearing ratio as at year ended December 31, 2023 and 2022 are as follows:

	2023	2022
Borrowing	13,689,837	-
Less: Cash and bank balances	(29,359,272)	-
Net debt	(15,669,435)	-
Total equity - excluding surplus on revaluation and exchange revaluation reserve	2,570,475,795	-
Total capital	2,554,806,360	-
Gearing ratio	-0.61%	-

Reconciliation of movement of liabilities to cash flows arising from financing activities

	2023		
	Issuance of shares	Share premium	Total
	(Rupees)		
Balance as at 01 January 2023	1,367,500,020	789,209,284	2,156,709,304
Cash flows			
Issuance of shares	-	-	-
Total changes from financing cash flows	-	-	-
Other changes including non-cash			
Shares issuance against transfer of business	-	-	-
Total liability related other changes	-	-	-
Closing as at 31 December 2023	1,367,500,020	789,209,284	2,156,709,304
	2022		
	Issuance of shares	Share premium	Total
	(Rupees)		
Balance as at 01 January 2022	1,367,500,020	789,209,284	2,156,709,304
Cash flows			
Issuance of shares	-	-	-
Total changes from financing cash flows	-	-	-
Other changes including non-cash			
Shares issuance against transfer of business	-	-	-
Total liability related other changes	-	-	-
Closing as at 31 December 2022	1,367,500,020	789,209,284	2,156,709,304

38. NUMBER OF EMPLOYEES

	2023	2022
Number of employees at year end	85	57
Average number of employees	75	46

39. CORRESPONDING FIGURES

Corresponding figures have been re-arranged or reclassified wherever necessary, for better and fair presentation. No significant re-arrangement or reclassification has been made during the year.

Notes to the Unconsolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

40. UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING (IPO)

The Company has raised funds in the prior year through Initial Public Offering (IPO) to meet working capital requirements, in order to expand the existing business of the Company. Below is the summary of utilization proceeds from IPO:

	Note	2023	2022 Rupees
Issuance of 27,350,000 ordinary shares at Rs. 40.6 per share		534,359,511	896,569,566
Less: Expenses related to IPO*		-	-
Net proceeds received from IPO		534,359,511	896,569,566
Less: Short term loan to Parent Company	16	-	(300,000,000)
Less: Other receivable - related party	15.2	(34,714,136)	(214,136,435)
Less: Expenditures incurred on intellectual property		(138,330,048)	(67,962,254)
Less: Expenditures incurred on human resource cost of marketing		(11,493,109)	(417,114)
Less: Expenditures incurred on human resource and direct cost of sales		(83,129,914)	(55,018,042)
Less : Cash used in working capital and capital expenditures		(266,692,304)	(238,812,645)
Balance amount		-	20,223,076

41. DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with the reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to all shares Islamic Index.

Description	Explanation	2023 (Rupees)	2022 (Rupees)
Loan obtained - Islamic mode	Interest bearing	14,418,000	-
Bank balance as at December 31,	Placed under shariah permissible	257,917	16,369,855
Mark up paid on Islamic mode of Financing		1,194,706	-

Relationship with banks having Islamic windows

Bank Name	Nature of transaction
First Habib Modaraba	Long term diminishing musharaka
MCB Islamic Bank	Current account
Dubai Islamic Bank	Current account

Interest paid on any conventional loan or advance has been disclosed in the relevant note to these unconsolidated financial statements.

42. EVENT AFTER THE REPORTING DATE

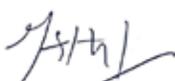
The Board of Directors of the Company in its meeting held on April 03, 2024 has recommended dividend: Nil (December 31, 2022: Nil).

43. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Company on April 03, 2024.



Chief Executive



Chief Financial Officer



Director

Consolidated Financial Statements
for the year ended December 31, 2023

Independent Auditor's Report

To the Members of Octopus Digital Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Octopus Digital Limited and its Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1.1, the Holding Company acquired EmpiricAI (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 prepare 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. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO

Following are the key audit matters:

S.No.	Key audit matters	How our audit addressed the key audit matter
1.	<p>Revenue Recognition</p> <p>The Group's revenue is derived from various revenue streams, as referred to in Note 24 to the accompanying consolidated financial statements which primarily includes sale of goods, provision of services as well as end-to-end solutions in form of short-term and long-term projects, which in most of the cases lead to revenue being recognized over multiple accounting periods. Revenue is recognized based on performance obligations as mentioned in Note 6.12 to the accompanying consolidated financial statements, which requires significant management judgement and estimates in relation to assessment of distinct performance obligations along with respective standalone selling prices and budgeting the cost to complete.</p> <p>Due to complexity of accounting for multiple revenue streams, significant judgement and estimation involved in the revenue recognition process we have identified measurement of revenue recognition as a key audit matter.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding and evaluated the appropriateness of the Group's revenue recognition policies, in accordance with IFRS 15, including those relating to the stage of completion method and related management assessments based on the Group's operating model and its system of recording revenue related transactions; • Tested operating effectiveness of internal controls relating to the Group's revenue recognition process including budgetary control, appropriate review and approval practices and its recognition in the books of accounts; • Performed substantive analytical procedures including, amongst others, developing an expectation of project revenue for the year based on contracts entered to date and analyzing the amounts recognized against the same, month-wise and project wise revenue and margin analysis. We compared the actual cost of projects completed during the year with their forecast cost; • Performed test of details including examination of a sample of underlying contracts, review of the contractual terms and conditions and evaluating appropriate accounting treatment thereof; • Selected a sample of revenue transactions recognized during the year and recalculated the revenue recognized along with evaluation of the management basis used in determining the performance obligations in accordance with accounting policies; and • Assessed the appropriateness of disclosures in the consolidated financial statements in relation to revenue.
2.	<p>Related Party Transactions</p> <p>The Group is a subsidiary of Avanceon Limited (the Ultimate Parent Company). The Ultimate Parent Company has the following subsidiaries: Avanceon FZE, Avanceon Automation and Control W.L.L (AVAC), Avanceon Saudi Energy Company and USA- based sub-subsidiary Octopus Digital Inc. (formerly Innovative Automation Inc. (100% shareholding).</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained a list of related parties and transactions entered into with them during the year from management;

BDO

Independent Auditor's Report

To the Members of Octopus Digital Limited

S.No.	Key audit matters	How our audit addressed the key audit matter
3.	<p>Related Party Transactions</p> <p>Nature of transactions with related parties includes rendering of after-market service (AMS) and subcontracting services, management fee, back office support, fee for technical services, markup on short term loan, payments and receipts on behalf of each other's (as disclosed in note 32 to the accompanying consolidated financial statements) leading to a significant amount of trade debts, short term loans and other receivable balances of Rs. 1,610.16 million (2022: Rs. 1,307.23 million), Rs. Nil (2022: Rs. 300 million) and Rs. 382.26 million (2022: Rs. 300.88 million) as disclosed in Notes 11, 14 and 13 respectively which in aggregate contribute to 72.62% of total assets.</p> <p>The inter-company transactions and balances require significant auditor attention as the amounts are material to the consolidated financial statements as a whole and are hence considered as Key Audit Matter.</p>	<p>How the matter was addressed in our audit</p> <ul style="list-style-type: none"> • Performed substantive procedures on related party transactions and balances including review of contract terms, underlying invoices, analytical procedures, balance confirmations and assessment of recoverability of receivable balances vis-à-vis financial position of respective Group entities; • Reviewed the approval process for related party transactions including approval by those charged with governance including the compliance of contractual terms with the Group (Related Party Transactions and Maintenance of Related Records) Regulations 2018; • Performed procedures using substantive analytical procedures as well as review of documentation such as minutes of Board meetings and forms submitted with regulatory authorities for ensuring completeness of related party transactions; • Assessed whether appropriate disclosures have been made in consolidated financial statements regarding related party transactions and balances in accordance with IAS 24 and requirements under the fourth schedule to the Companies Act, 2017; • Obtained an understanding of the company's policies and procedures for calculating and recording Expected Credit Losses (ECL) on related party balances; • Performed analytical procedures to assess the reasonableness and adequacy of ECL calculations across group entities; • Obtained an understanding of the Company's policies and procedures for determining and booking markups on intercompany balances, in accordance with Section 199 of the Companies Act 2017; and • Performed analytical procedures to assess the consistency and reasonableness of markup calculations applied to intercompany balances.

BDO

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report

To the Members of Octopus Digital Limited

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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



BDO Ebrahim & Co.
Chartered Accountants

Lahore: 26 April 2024
UDIN: AR202310087slmwdcrbU

Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2023

	Note	2023 (Rupees)	2022 (Rupees)
ASSETS			
Non-current assets			
Property and equipment	7	30,824,638	3,952,552
Intangible assets	8	556,513,005	119,683,815
Deferred tax assets	9	21,056,098	10,334,468
Long-term advances and deposits		100,000	100,000
		608,493,741	134,070,835
Current assets			
Stock in trade	10	623,526	-
Trade debts	11	1,502,001,089	1,236,092,159
Contract assets	12	142,077,026	95,620,662
Advances, prepayments and other receivables	13	441,922,902	339,098,592
Short term loan	14	-	300,000,000
Short term investment	15	10,118,841	-
Bank balances	16	38,403,319	20,223,076
		2,135,146,703	1,991,034,489
Total assets		2,743,640,444	2,125,105,324
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital	17.1	2,500,000,000	2,500,000,000
Issued, subscribed and paid up share capital	17.2	1,572,625,020	1,367,500,020
Capital reserves			
Group restructuring reserve	18	(1,050,258,972)	(1,084,000,000)
Employees' share compensation reserve		9,263,716	-
Share premium		789,209,284	789,209,284
Revenue reserve - Unappropriated profits		1,140,981,979	972,694,744
		2,461,821,027	2,045,404,048
LIABILITIES			
Non current liabilities			
Long term diminishing musharaka	19	11,102,017	-
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	20	203,407,982	23,086,119
Contract liabilities	21	12,042,897	6,669,187
Current portion of long term liabilities	19	2,587,820	-
Taxation - Net	22	52,678,701	49,945,970
		270,717,400	79,701,276
Total equity and liabilities		2,743,640,444	2,125,105,324

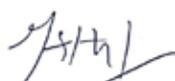
CONTINGENCIES AND COMMITMENTS

23

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

Consolidated Statement of Profit or Loss

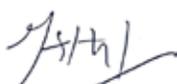
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 (Rupees)	2022 (Rupees)
Revenue from contracts with customers - net	24	919,672,144	687,009,826
Cost of revenue	25	(546,081,401)	(309,421,705)
Gross profit		373,590,743	377,588,121
Administrative and selling expenses	26	(367,494,390)	(203,819,740)
Other operating income	27	375,662,743	256,625,154
Other operating expenses	28	(150,000)	(222,863)
Finance cost		(1,597,700)	-
		6,420,653	52,582,551
Profit before taxation		380,011,396	430,170,672
Taxation	29	(6,599,161)	(25,107,855)
Profit after taxation		373,412,235	405,062,817
			Restated
Earnings per share - Basic (Rupees)	30	2.52	2.74
Earnings per share - Diluted (Rupees)	30	2.50	2.74

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

Consolidated Statement of Comprehensive Income

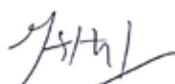
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023 (Rupees)	2022 (Rupees)
Profit after taxation for the year	373,412,235	405,062,817
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
	-	-
Total comprehensive income for the year	373,412,235	405,062,817

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

Consolidated Statement of Changes in Equity

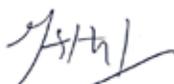
FOR THE YEAR ENDED DECEMBER 31, 2023

	Issued, subscribed and paid-up capital	Group restructuring reserve	Capital reserve		Revenue reserves		Total Equity
			Employees share Compensation Reserve	Share premium	Unappropriated profits		
(Rupees)							
Balance as at January 01, 2022	1,367,500,020	(1,084,000,000)	-	789,209,284	567,631,927	1,640,341,231	
Total comprehensive income for the year	-	-	-	-	405,062,817	405,062,817	
Balance as at December 31, 2022	1,367,500,020	(1,084,000,000)	-	789,209,284	972,694,744	2,045,404,048	
Bonus shares issued @15%	205,125,000	-	-	-	(205,125,000)	-	
Total comprehensive income for the year	-	-	-	-	373,412,235	373,412,235	
Adjustment due to acquisition of subsidiary	-	33,741,028	-	-	-	33,741,028	
Employee share option reserve	-	-	9,263,716	-	-	9,263,716	
Balance as at December 31, 2023	1,572,625,020	(1,050,258,972)	9,263,716	789,209,284	1,140,981,979	2,461,821,027	

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

Consolidated Statement of Cash Flows

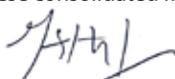
FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 (Rupees)	2022 (Rupees)
Cash flow from operating activities			
Net profit before taxation		380,011,396	430,170,672
Adjustment for:			
Depreciation - owned assets	7	5,571,024	1,530,229
(Reversal) / allowance for expected credit losses - trade debts	26	(1,436,624)	10,083,064
(Reversal) / allowance for expected credit losses - contract asset	26	(11,002,113)	10,178,807
Employees' share option reserve	26	28,889,723	-
Allowance for expected credit losses - related party	26	59,613,294	17,466,016
Exchange gain	27	(233,740,897)	(165,124,940)
Markup income on loan to Parent Company	27	(83,540,459)	(86,747,735)
Finance cost		1,597,700	-
Profit on short term investment	27	(721,557)	(4,750,685)
Operating profit before working capital changes		145,241,487	212,805,428
Adjustments for working capital changes			
Decrease / (increase) in current assets			
Stock in trade		(623,526)	-
Trade debts	11	(90,344,703)	(433,054,163)
Contract assets	12	(35,454,251)	(39,057,048)
Advances, prepayments and other receivables	13	(127,279,313)	(222,111,109)
		(253,701,593)	(694,222,320)
Increase / (decrease) in current liabilities			
Creditors, accrued and other liabilities	20	178,130,363	(21,415,277)
Contract liabilities	21	5,373,710	(10,870,169)
		183,509,073	(32,285,446)
Cash generated from operations		75,043,767	(513,702,338)
Profit received on short term investment		721,557	4,750,685
Finance cost paid		(1,597,700)	-
Income tax paid		(18,323,004)	-
Net cash generated from/ (used in) operating activities		55,844,620	(508,951,653)
Cash flows from investing activities			
Purchase of property and equipment	7	(29,452,176)	(1,752,339)
Additions in capital work-in-progress	8	(142,379,915)	(67,962,253)
Loan to Holding Company		130,596,718	(300,000,000)
Short term investment		(10,118,841)	-
Receipts on disposal of short term investment	15	-	300,000,000
Net cash used in investing activities		(51,354,214)	(69,714,592)
Cash flows from financing activities			
Long term diminishing musharaka	19	14,418,000	-
Repayment of diminishing musharaka	19	(728,163)	-
Net cash generated from financing activities		13,689,837	-
Net increase / (decrease) in cash and cash equivalents		18,180,243	(578,666,245)
Cash and cash equivalents at the beginning of the year		20,223,076	598,889,321
Cash and cash equivalents at the end of the year		38,403,319	20,223,076

The annexed notes from 1 to 41 form an integral part of these consolidated financial statements.



Chief Executive



Chief Financial Officer



Director

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

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 Ultimate Parent Company). Its registered office is situated at 19 KM Main Multan Road, Lahore.

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

- 1.1 During the year, the Holding Company acquired EmpiricAI (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	The Avanceon Building, 19 km, Multan Road, Lahore 54660.

- 1.2 The "Group" consists of:

Holding Company

Octopus Digital Limited (ODL)

Subsidiary

	Note	% age of Holding
- EmpiricAI (Private) Limited	1.2.1	100%
- Octopus Digital FZ LLC	1.2.2	100%

- 1.2.1 The EmpiricAI (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 EmpiricAI (Private) Limited is located at the Avanceon Building, 19 km, Multan Road, Lahore 54660.
- 1.2.2 The registered office of the Octopus Digital FZ LLC is located at the DMC-BLD05-VD-G00-792, ground floor, DMC5 Dubai Media City, United Arab Emirates. It was established with primary objective of software consultancy, customer service, solution provider, support service provider.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidation 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 (IFRS) 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 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 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of 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 financial statements are as follows:

4.1 Provision for expected credit losses

For trade 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 forward-looking factors specific to the debtors and the economic environment.

4.2 Cost to complete the projects and related revenue

As part of application of cost to cost method on contract accounting, the Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognized.

These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods. In accordance with the matching principle, the revenue recognition is based on percentage of completion method.

Other areas where estimates and judgments involved are disclosed in respective notes to the financial statements.

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

5.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2023

The following standards, amendments and interpretations are effective for the year ended December 31, 2023. These standards, amendments and interpretations are either not relevant to the Group's operations or did not have significant impact on the consolidated financial statements other than certain additional disclosures.

Standard or Interpretation	Effective date (annual periods beginning on or after)
Amendments to IAS A 'Presentation of Financial Statements' and IFRS Practice Statement 2	
Making Materiality Judgement- Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'-	
Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities	
arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding	
deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

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

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Group to provide useful entity-specific accounting policy information that users need to understand other information in the consolidated financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 6 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

5.2 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.

Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
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Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
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Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
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Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
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Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
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Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
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IFRS 17 Insurance Contracts	January 01, 2026
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IFRS 1 standard has been issued by IASB effective from 01, July 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

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

6. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented in these consolidated financial statements except as stated otherwise in notes to these consolidated financial statements.

6.1 Property, plant and equipment

a) Owned assets

Property and equipment are stated at cost less accumulated depreciation and any identified impairment loss.

Depreciation is charged to profit or loss using the straight line method whereby the cost less residual value of an operating asset is written off over its estimated useful life. Depreciation is charged on additions from the month of its acquisition whereas no depreciation is charged on assets disposed off during the month. The rates of depreciation are stated in note 7 to the consolidated financial statements. The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant.

The Group assesses at each reporting date whether there is any indication that property and equipment may be impaired. If such indication exists, the carrying amount of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss currently. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense in the period in which it is incurred.

6.2 Intangible assets

Intangible assets (including computer software) acquired by the Group are stated at cost less any accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditures are expensed as incurred.

Amortization is charged to statement of profit or loss on straight line basis over a period of five years. Amortization on addition is charged from the year the asset is put to use while no amortization is charged in the year the asset is disposed off.

6.2.1 Capital work-in-progress

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing The intangible asset so that The asset will be available for use or sale
- Its intention to complete and Its ability and intention to use or sell The asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated impairment losses.

6.3 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

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

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.

6.4 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such assets designation on a regular basis.

6.5 Stock in trade

Stock in trade, except for those in transit are valued principally at the lower of weighted average cost and net realizable value. Cost of finished goods comprises cost of direct materials, labour and appropriate overheads.

Materials in transit are stated at cost comprising invoice value plus other charges incurred thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business less cost necessary to be incurred in order to make a sale.

6.6 Financial instruments - Initial recognition and subsequent measurement

6.6.1 Financial instruments: assets

i) Classification and measurement of financial instruments

Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument.

IFRS 9 states that classification is based on two aspects; the business model within which the asset is held (the business model test) and the contractual cash flows of the asset which meet the solely payments of principal and interest ('SPPI') test.

IFRS 9 includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL). The Company determines the classification at initial recognition.

a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has trade debts, due from related parties, short term investments, other receivables and bank balances classified as financial assets at amortized cost.

b) Financial assets at fair value through OCI (FVTOCI)

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment by investment basis.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group does not have any financial asset under this category.

c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset is mandatorily classified in this category if it is acquired principally for the purpose of selling in the short term, or if it fails the SPPI test. Derivatives are classified as FVTPL as they do not meet the SPPI criteria.

A financial asset can be classified in this category by choice if so designated by management at inception. This designation is because the relevant assets and liabilities (including derivatives) are managed together and internal reporting is evaluated on a fair value basis.

The Group defines fair value as the price, as at the measurement date, that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The Group does not have any financial asset under this category.

ii) Initial recognition

At initial recognition, the Group recognizes a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

iii) Subsequent measurement

Gains and losses arising from changes in the fair value of assets classified as fair value through profit or loss are included in the statement of profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of debt instruments classified as fair value through other comprehensive income are recognized as other comprehensive income until the financial asset is derecognized or impaired, at which time the cumulative gain or loss previously recognized in statement of comprehensive income is recognized in the statement of profit or loss. Any premium or discount paid on the purchase of securities held at amortized cost is amortized through the statement of profit or loss using the effective interest rate method.

iv) Derecognition

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in statement of profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to equity.

6.6.2 Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, contract assets and due from related parties, the group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the group may also consider a financial asset to be in default when internal or external information indicates that the group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

6.6.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set off the recognized amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

6.6.4 Financial Instruments: liabilities

i) Classification of financial liabilities

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

ii) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of financial liabilities measured at amortized cost, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

iii) Subsequent measurement

Financial liabilities at amortized cost are subsequently measured at amortized cost. Whereas, financial liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in statement of comprehensive income. Currently, there are no financial liabilities designated at FVTPL.

iv) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

6.7 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and bank balances.

6.8 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at year end and adjusted to reflect the current best estimate.

6.9 Contingent Liability

Contingent liability is disclosed when:

- there is possible obligation that arises from past events and whose existence will be confirmed only by occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

6.10 Foreign currencies

The Group's consolidated financial statements are presented in Pak Rupee, which is also the Holding Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are

measured using that functional currency.

The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

i) Transactions and balances

Transactions in foreign currency are converted in functional currency at the rates of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies at the consolidated statement of financial position date are translated into functional currency at the rate of exchange prevailing on the reporting date. Net exchange differences are recognized as income or expense in the period in which they arise.

ii) Group Companies

The assets and liabilities of foreign operations are translated into Pak Rupee at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the consolidated statement of profit or loss.

6.11 Contract balances

Contract asset

A contract asset is initially recognised for revenue earned from projects and service contracts because the receipt of consideration is conditional on successful completion of the projects and service contracts. Upon completion and acceptance by the customer, amount recognized as contract asset is reclassified to trade receivables. Contract assets are also subject to impairment assessment. Refer to accounting policies on impairment of financial assets in Note 6.6.2.

Trade receivables

Trade debts and other receivables are recognized and carried at original invoice amount less expected credit losses (ECL) as explained in Note 11.7 & 11.9.

Contract liabilities

A contract liability is recognized if a payment is received or the Group has an unconditional right to an amount of consideration (whichever is earlier) from a customer before the related goods or services are transferred. Contract liabilities are recognized as revenue as and when performance obligations are delivered under contract.

6.12 Revenue recognition

The Group records its revenue on following basis as discussed below:

Sale of goods

Revenue from sale of goods is to be recognized at a point in time when control of the goods is transferred to the customers, generally on delivery of products to customers.

Rendering of services

Maintenance and service income comprises of revenue earned from service level agreements, where the customer enters into a contract with the Group for a fixed period of time and fee amount, both pre-defined in the contract, for various technical and engineering services. Revenue is recognized on the basis of percentage of rendering of services, i.e. on the number of days of services performed out of the total contracted days for service level agreements. Revenue from rendering of services is recognized at point over time.

Project revenue

These comprise of projects such as Hardware and Software Automation, Efficiency solution, Scada Upgradation etc. Revenue from these projects is accounted for using cost to cost method, according to which the Group's progress towards satisfaction of performance obligations is determined by dividing actual cost incurred on the project to date by total forecasted cost, which is calculated by a team of engineers on the inception of the project. Project revenue is recognized at a point over time.

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

6.13 Related party transactions

Transactions with related parties occurring in the normal course of business adhere to terms of the respective agreements as approved by the board of directors.

6.14 Group restructuring reserve

"The Security and Exchange Commission of Pakistan (SECP) issued an accounting standard "Accounting for Common Control Transactions," which prescribes use of measurement principal of predecessor accounting for business combinations under common controls, which states that, at the date of common control transaction, there shall be no:

- a) fair value adjustment to the assets and liabilities of the transferred / transferring entity; or
- b) recognition of new assets and liabilities for the transferred / transferring entity.

This standard also requires the Group, as receiving entity, to recognize the difference between consideration transferred and net carrying amount of assets received against the consideration transferred, as a transferring entity, within its equity. Accordingly, the Group restructuring reserve has been created for 108,400,000 ordinary shares issued to its Ultimate Parent Company against transfer of after market service (AMS) business segment."

6.15 Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable. For assets which can generally be sold in the market, the prevailing market price is used as an indicator of current recoverable amount. Technical analysis and market data is used to arrive at the recoverable amount for specialized assets.

6.16 Earnings per share - basic and diluted

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Group and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.17 Share based payment transactions

The Parent Company operates an equity settled share based Employee Stock Option Scheme. The compensation committee of the Board of Directors of the company evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfilment of certain conditions. Upon vesting, employee are eligible to apply and secure allotment of company's shares at exercise price determined on the date of grant of options.

6.18 Accounting for Common Control Transactions

The Group applies the predecessor method in accounting for common control transactions. Under this method, the consolidated financial statements of the combining entities are combined as if the transaction occurred at the beginning of the earliest period presented, with the carrying amounts of assets and liabilities based on the historical cost of the transferring entity. The difference between the consideration transferred and net assets of the transferred entity will be recognized in equity.

6.19 Provident fund

Each entity within the Group, excluding ODFZ LLC., operates an approved contributory provident fund for all permanent employees. Equal monthly contributions, at a rate of 10% (2022: 10%) of the basic salary, are made by both the respective Group and the employees to the fund.

7. PROPERTY AND EQUIPMENT

	Note	2023 (Rupees)	2022 (Rupees)
7.1 Operating fixed assets	7.1.1	30,824,638	3,952,552

The following is the statement of operating fixed assets:

7.1.1	Description	Tools and equipment	Office equipment	Furniture	Computer	Vehicles	Total
----- (Rupees) -----							
	Net carrying value basis						
	Year ended December 31, 2023						
	Opening net book value (NBV)	2,422,886	13,862	-	1,515,804	-	3,952,552
	Additions (at cost)	1,109,105	668,364	20,000	13,013,301	17,632,340	32,443,110
	Depreciation charge	(1,036,387)	(135,459)	(2,667)	(3,221,022)	(1,175,489)	(5,571,024)
	Closing net book value	2,495,604	546,767	17,333	11,308,083	16,456,851	30,824,638
	Gross carrying value basis						
	Year ended December 31, 2023						
	Cost	5,352,667	723,807	20,000	15,728,994	17,632,340	39,457,808
	Accumulated depreciation	(2,857,063)	(177,040)	(2,667)	(4,420,911)	(1,175,489)	(8,633,170)
	Net book value	2,495,604	546,767	17,333	11,308,083	16,456,851	30,824,638
	Net carrying value basis						
	Year ended December 31, 2022						
	Opening net book value (NBV)	2,616,516	24,950	-	1,088,976	-	3,730,442
	Additions (at cost)	592,609	-	-	1,159,730	-	1,752,339
	Depreciation charge	(786,239)	(11,088)	-	(732,902)	-	(1,530,229)
	Closing net book value	2,422,886	13,862	-	1,515,804	-	3,952,552
	Gross carrying value basis						
	Year ended December 31, 2022						
	Cost	4,243,562	55,443	-	2,715,693	-	7,014,698
	Accumulated depreciation	(1,820,676)	(41,581)	-	(1,199,889)	-	(3,062,146)
	Net book value	2,422,886	13,862	-	1,515,804	-	3,952,552
	Depreciation rate % per annum	20	20-25	20-25	25-33.33	20	

7.2 The depreciation charge for the year has been allocated as follows:

	Note	2023 (Rupees)	2022 (Rupees)
Cost of revenue	25	2,774,241	765,115
Administrative and selling expenses	26	2,796,783	765,115
		5,571,024	1,530,230

8. INTANGIBLE ASSETS

Intangible assets	8.1	72,639,661	-
Capital work-in-progress - software	8.2	262,063,730	119,683,815
Goodwill	8.4	221,809,614	-
		556,513,005	119,683,815

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 2023

	Note	2023 (Rupees)	2022 (Rupees)
8.1. Intangible assets			
Opening book value		-	-
Add: Additions during the year - cost		77,741,269	-
Less: Amortization		(5,101,608)	-
Closing book balue		72,639,661	-
8.2. Capital work-in-progress - software			
Opening book value		119,683,815	51,721,562
Add: Additions during the year - cost		(142,379,915)	67,962,253
Closing book balue	8.3	262,063,730	119,683,815
8.3 This relates to the development of software for providing digital services.			
8.4 Goodwill arising from the acquisition has been recognised as follows:			
Year ended December 31,			
Consideration transferred		440,023,000	-
Carrying value of identifiable net assets		(218,213,386)	-
Goodwill		221,809,614	-
8.4.1 The goodwill is attributable to the skills and technical talent of EmpiricAI (Private) Limited's work force and the synergies expected to be achieved from integrating the Company into the Group's existing Standard Artificial Intelligence business. None of the goodwill recognised is expected to be deductible for tax purposes.			
	Note	2023 (Rupees)	2022 (Rupees)
9. DEFERRED TAXATION			
The net (asset) / liability for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation / amortization		(328,549)	(52,413)
Deferred tax on alternate corporate tax		9,924,550	-
Allowance for expected credit loss / earnings		11,460,097	10,386,881
		21,056,098	10,334,468
Reconciliation of deferred tax (asset) / liability net			
As of January 01		10,334,468	2,632,402
Tax (expense) / income recognized in profit and loss		10,721,630	7,702,066
As at December 31		21,056,098	10,334,468
10. STOCK IN TRADE			
Opening stock		-	-
Purchases during the year		40,627,930	85,270,746
Consumption during the year	25	(40,004,404)	(85,270,746)
Closing stock		623,526	-
11. TRADE DEBTS			
Unsecured			
Considered good			
Due from related party	11.1	1,466,172,242	1,222,858,269
Due from others	11.2	35,828,847	13,233,890
		1,502,001,089	1,236,092,159
11.1 Due from related party			
Avanceon Limited - Local	11.3	469,013,701	365,169,210
Avanceon Free Zone Establishment, UAE - Export	11.4	77,702,283	258,731,308
Avanceon Automation & Control WLL, Qatar - Export	11.5	1,037,893,204	683,331,658
Avanceon Saudi for Energy Company - Export	11.6	25,550,255	-
		1,610,159,443	1,307,232,176
Less: Allowance for expected credit losses	11.7	(143,987,201)	(84,373,907)
		1,466,172,242	1,222,858,269

	Note	2023 (Rupees)	2022 (Rupees)
11.2 Due from others			
Trade receivables - Others	11.8	39,050,356	15,071,760
Less: Allowance for expected credit losses	11.9	(3,221,509)	(1,837,870)
		35,828,847	13,233,890
11.3 Ageing of Avanceon Limited			
Not yet due		105,103,285	324,000,000
30 days		10,348,385	16,862,757
30 - 90 days		8,652,391	7,830,610
90 - 180 days		25,287,886	8,561,217
Above 180 days		319,621,787	7,914,626
		469,013,701	365,169,210
11.4 Ageing of Avanceon Free Zone Establishment, UAE			
Not yet due		-	-
30 days		55,107,144	19,485,069
30 - 90 days		22,595,139	10,477,459
90 - 180 days		-	67,283,778
Above 180 days		-	161,485,002
		77,702,283	258,731,308
11.5 Ageing of Avanceon Automation & Control WLL, Qatar			
Not yet due		205,238,305	-
30 days		72,162,079	33,061,301
30 - 90 days		33,367,720	21,183,721
90 - 180 days		40,708,797	169,136,735
Above 180 days		686,416,303	459,949,901
		1,037,893,204	683,331,658
11.6 Avanceon Saudi for Energy Company			
Not yet due		6,582,269	-
30 days		-	-
30 - 90 days		345,254	-
90 - 180 days		9,174,976	-
Above 180 days		9,447,756	-
		25,550,255	-
11.7 Allowance for expected credit losses - Related party			
As of January 01		84,373,907	58,068,864
Add: Allowance for the year		59,613,294	26,305,043
As at December 31	11.7.1	143,987,201	84,373,907

11.7.1 This represents the ECL on the account of time value of money based upon the duly approved management plan to recover these balances within twelve months from the reporting date. The credit loss is not expected in respect of these balances as all these parties are controlled by the ultimate parent Company.

	2023 (Rupees)	2022 (Rupees)
11.8 Ageing of others		
Not yet due	-	-
Less than one year	29,953,347	12,985,429
One to two years	7,721,970	1,272,592
Two to three years	1,375,039	813,740
	39,050,356	15,071,761

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	Note	2023 (Rupees)	2022 (Rupees)
11.9 Allowance for expected credit losses - Others			
As of January 01		1,837,870	593,833
Written off during the year		(304,364)	-
Add: (Reversal) / allowance for the year		(1,688,003)	1,244,037
As at December 31		3,221,509	1,837,870

11.10 The maximum amount outstanding at any time during the year calculated by reference to month end balances is as follows:

	Note	2023 (Rupees)	2022 (Rupees)
Avanceon Limited		469,013,701	768,289,941
Avanceon Free Zone Establishment		480,403,310	800,992,501
Avanceon Automation & Control WLL		1,172,234,893	675,050,135
Avanceon Saudi for Energy Company		25,550,255	-

12. CONTRACT ASSETS

Earnings in excess of billings		58,162,078	51,911,441
Project deferred revenue		86,192,256	56,727,819
Project deferred cost		-	260,823
		144,354,334	108,900,083
Less: Allowance for expected credit losses	12.3	(2,277,308)	(13,279,421)
		142,077,026	95,620,662

	Note	2023 (Rupees)	2022 (Rupees)
12.1 This also includes project deferred revenue from the following related parties :			
Avanceon Limited		7,159,280	7,504,653
Avanceon Free Zone Establishment, UAE - Export		1,461,002	5,618,530
Avanceon Automation & Control WLL, Qatar - Export		8,203,884	364,447
		16,824,166	13,487,630

12.2 Ageing of contract asset

Less than one year		38,371,065	51,911,441
One to two years		19,791,013	-
Above two years		-	-
		58,162,078	51,911,441

12.3 Allowance for expected credit losses

As of January 01		13,279,421	3,100,614
Add: (Reversal) / allowance for	26	(11,002,113)	10,178,807
As at December 31		2,277,308	13,279,421

12.4 The maximum amount outstanding at any time during the year calculated by reference to month end balances is as follows:

	Note	2023 (Rupees)	2022 (Rupees)
Avanceon Limited		7,159,280	7,504,653
Avanceon Free Zone Establishment, UAE		1,461,002	5,618,530
Avanceon Automation & Control WLL, Qatar		8,203,884	364,447

	Note	2023 (Rupees)	2022 (Rupees)
13. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances - (Unsecured - considered good)			
To employees against expenses		21,032,783	6,511,768
To suppliers		7,903,804	6,979,675
		28,936,587	13,491,443
Prepayments		1,422,330	1,748,563
Other receivables - related party	13.1	382,267,605	260,639,510
Markup receivable from ultimate parent Company		-	40,244,660
Tax refunds due from government - Income tax		24,632,486	22,974,416
Advance tax paid to FBR		4,481,589	-
Other receivables - considered good		182,305	-
		441,922,902	339,098,592
13.1 Other receivables - related party			
Other receivables - related party (AVL)	13.2	69,202,314	260,639,510
Other receivables - related party (AVFZE)	13.3	313,065,291	-
		382,267,605	260,639,510
13.2 Other receivables - related party (AVL)			
Opening balance		260,639,510	-
Payments made to or on behalf of ultimate parent Company		62,864,160	628,195,859
Receipts / adjustments		(288,789,534)	(414,059,424)
		34,714,136	214,136,435
Interest charged	13.2.1	34,488,178	46,503,075
		69,202,314	260,639,510
13.2.1 The interest has been charged at one month KIBOR prevailing on the start of each month.			
	Note	2023 (Rupees)	2022 (Rupees)
13.3 Other receivables - related party (AVFZE)			
Opening balance		-	-
Payments made to or on behalf of AVFZE		326,640,863	-
Receipts / adjustments		(7,869,299)	-
		318,771,564	-
Interest charged	13.3.1	(5,706,273)	-
		313,065,291	-
13.3.1 The interest has been charges at one month KIBOR prevailing on the start of each month.			
13.4 The maximum amount outstanding at any time during the year calculated by reference to month end balances is as follows:			
	Note	2023 (Rupees)	2022 (Rupees)
Avanceon Limited		291,528,783	300,884,170
Avanceon Free Zone Establishment		313,065,291	-
	Note	2023 (Rupees)	2022 (Rupees)
14. SHORT TERM LOAN			
Opening		300,000,000	-
Loan paid / Adjustment	14.1	(300,000,000)	300,000,000
Markup charged		51,377,076	40,244,660
		51,377,076	340,244,660
Markup transferred to markup receivable		(51,377,076)	(40,244,660)
Closing		-	300,000,000

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14.1 Short-term loan and markup receivable from Avanceon Limited are adjusted in consideration of the acquisition of 100% ownership of Empiric AI Private Limited during the year as disclosed in note 1.1.

15. SHORT TERM INVESTMENT - FVTPL

	Note	2023 (Rupees)	2022 (Rupees)
Investment in MCB fund	15.1	10,118,841	-
15.1 MCB Fund			
Opening		-	-
Acquired during the year		10,000,000	-
Bonus / dividend		118,841	-
		10,118,841	-

15.1 This represents an investment in MCB fund during the year. The Company obtained 100,492 units at the rate of 99.51 per unit.

	2023 (Rupees)	2022 (Rupees)
16. BANK BALANCES		
Balances with banks:		
in foreign currency account	957,275	-
in local currency	-	-
Current account	36,044,470	20,223,076
Savings account	1,401,574	-
	38,403,319	20,223,076

16.1 Profit on balances in saving accounts ranges from 15.10% to 19.25% (2022: 8.60% to 12.76%) per annum.

17. SHARE CAPITAL

17.1 Authorized share capital

	2023 (Number of Shares)	2022		2023 (Rupees)	2022 (Rupees)
	250,000,000	250,000,000	Ordinary shares of Rs. 10 each	2,500,000,000	2,500,000,000
17.2 Issued, subscribed and paid up capital					
	28,350,002	28,350,002	Ordinary shares of Rs.10 each fully paid in cash	283,500,020	283,500,020
	108,400,000	108,400,000	Ordinary shares of Rs.10 each issued for consideration other than in cash (Note: 17.3)	1,084,000,000	1,084,000,000
	20,512,500	-	Bonus shares	205,125,000	-
	157,262,502	136,750,002		1,572,625,020	1,367,500,020

17.2.1 Movement of share capital is as follows:

	2023 (No. of shares)	2022	Note	2023 (Rupees)	2022 (Rupees)
Opening balance	136,750,002	136,750,002		1,367,500,020	1,367,500,020
Issued during the year	20,512,500	-	17.2.2	205,125,000	-
Closing balance	157,262,502	136,750,002		1,572,625,020	1,367,500,020

17.2.2 The Board of Directors of the Holding Company in its meeting held on May 26, 2023 accord approval to issue bonus shares in the proportion 15 shares for every 100 shares held i.e. 15%.

17.3 These shares were issued against the transfer of business of After Market Support segment from Ultimate Parent Company to the Group.

18. RESERVES

	Note	2023 (Rupees)	2022 (Rupees)
Capital			
Share premium	18.1	789,209,284	789,209,284
Employees' share compensation reserve	18.2	9,263,716	-
Group restructuring reserve	18.3	(1,050,258,972)	(1,084,000,000)
		(251,785,972)	(294,790,716)

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

18.2 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 Octopus Digital Limited (the Holding Company) as increased from time to time. As of December 31, 2021, the pool consisted of 13.675 million shares. Under the scheme, share options of the Holding Company will be granted to permanent employees of all cadres based on the performance ranking process of the Holding 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. 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 Holding 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 Holding 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.

	Note	2023 (Rupees)	2022 (Rupees)
Movement in the amount of options granted is as follows:			
Balance as at January 01,		-	-
Employee compensation expense		9,263,716	-
Balance as at December 31,		9,263,716	-

Movements during the year:

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	2023		2022	
	Number	WAEP Rupees	Number	WAEP Rupees
Outstanding at January 01,	-	-	-	-
Granted during the year	1,444,877	10.00	-	-
Outstanding at December 31,	1,444,877	10.00	-	-
Exercisable at December 31,	1,444,877	-	-	-

The fair of options granted during the year was Rs. 47.623 (2022: Nil).

The weighted average share price at the date of exercise of these options was Rs. 40.36 (2022: Nil).

The weighted average remaining contractual life for the share options outstanding as at December 31, 2023 was 2.42 year (2022: Nil).

The exercise price for options outstanding at the end of the year was Rs. 10 (2022: Nil)

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	Note	2023 (Rupees)	2022 (Rupees)
18.3 Group restructuring reserve			
Opening reserve as on December 31,		(1,084,000,000)	(1,084,000,000)
Employee compensation expense	18.3.1	33,741,028	-
Balance as at December 31,		(1,050,258,972)	(1,084,000,000)

18.3.1 This represents adjustment on account of acquisition of a subsidiary Empiric AI (Private) Limited from Avanceon Limited, the Ultimate Parent Company.

19. Long Term Diminishing Musharaka

	Note	2023 (Rupees)	2022 (Rupees)
Long term financing			
Opening balance as at January 01,		-	-
Addition during the year		14,418,000	-
Payments / adjustments during the year		(728,163)	-
		13,689,837	-
Less: Current portion		(2,587,820)	-
		11,102,017	-

19.1 The finance has been obtained under the Islamic mode of financing from First Habib Modaraba. The financed amount is repayable in four years starting from September 2023. This carry profit at one year KIBOR plus 2.25% per annum and to be paid on monthly basis.

20. CREDITORS, ACCRUED AND OTHER LIABILITIES

	Note	2023 (Rupees)	2022 (Rupees)
Unsecured			
Trade creditors		55,813,190	8,865,724
Payable to related parties	20.1	62,513,091	193,409
Accrued liabilities		7,438,851	1,193,166
Advance from employees against vehicles		8,980,000	-
Payable to employees		9,536,456	8,727,409
Tax deducted at source		6,043,165	3,845,295
Payable to provident fund		7,761,490	-
Sales tax payable		43,894,640	261,116
Other payable		1,427,099	-
		203,407,982	23,086,119
20.1 Payable to related parties			
Avanceon Limited		38,114,847	-
Avanceon Saudi Energy Company		14,780,062	193,409
Avanceon Automation and Control W.L.L.		4,106,243	-
Avanceon Free Zone Establishment, UAE		5,511,939	-
		62,513,091	193,409

21. CONTRACT LIABILITIES

	Note	2023 (Rupees)	2022 (Rupees)
Advances from customers	21.1	6,882,355	790,981
Billing in excess of earnings	21.2	5,160,542	5,877,206
		12,042,897	6,669,187

21.1 This amount relates to the advance received from customers for invoices to be recorded in the future.

21.2 Movement of billings in excess of earnings:

	2023 (Rupees)	2022 (Rupees)
As at January 01	5,877,206	879,431
Addition during the year	1,080,360	4,997,775
Recognized as revenue during the year	(1,797,024)	-
As at December 31	5,160,542	5,877,206

22 TAXATION - NET

Opening	49,945,970	17,136,036
Provision for taxation	17,320,791	32,809,934
Income tax paid/adjustment	(14,588,060)	-
	52,678,701	49,945,970

23. CONTINGENCIES AND COMMITMENTS

23.1 There are no contingencies and commitments of the Group as at December 31, 2023 (2022: Nil).

24. REVENUE FROM CONTRACTS WITH CUSTOMERS

	Note	2023 (Rupees)	2022 (Rupees)
Local sales and services	24.2	264,927,872	246,141,952
Export sales	24.3	654,744,272	440,867,874
		919,672,144	687,009,826

24.1 Timing of revenue recognition

Revenue from contracts with customers			
At a point in time	24.2	2,525,096	377,029
Over the time		917,147,048	686,632,797
		919,672,144	687,009,826

24.2 Local sales and services

Sale of goods		2,979,613	454,252
Less: Sales tax		(454,517)	(77,223)
		2,525,096	377,029
Services rendered		136,378,105	130,048,153
Less: Sales tax		(15,854,110)	(20,807,704)
		120,523,995	109,240,449
Fee for technical services - Avanceon Limited		-	27,840,000
Less: Sales tax		-	(3,840,000)
		-	24,000,000
AMS business services - Avanceon Limited		119,597,849	71,480,314
Less: Sales tax		(15,963,409)	(11,436,850)
		103,634,440	60,043,464
Avanceon Limited (Subcontracted)		44,363,436	62,477,393
Less: Sales tax		(6,119,095)	(9,996,383)
		38,224,341	52,481,010
Net sales		264,927,872	246,141,952

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	Note	2023 (Rupees)	2022 (Rupees)
24.3 Export sales			
Avanceon Automation And Control W.L.L., FZE & AVSEC-transfer of profits		134,432,938	178,101,949
Revenue from Export Sales (FZE & AVAC, ODFZ LLC and AVSEC)-Subcontracted		505,098,956	262,765,925
Professional services - Export		15,212,378	-
		654,744,272	440,867,874
24.4 Contract balances			
Trade receivables		1,502,001,089	1,236,092,159
Contract assets		142,077,026	95,620,662
Contract liabilities		12,042,897	6,669,187

Performance Obligation

Sale of goods

The performance obligation is satisfied upon delivery of goods and payment is generally due within 30 days from delivery.

Services

The performance obligation is satisfied over-time and payment is generally due within 30 days of the end of term period. In some contracts, short-term advances are required before the technical and engineering services are provided.

Project revenue

The performance obligation is satisfied over-time and payment is generally due within 30 days from reaching a milestone as per contract and acceptance of the customer. In some contracts, short-term advances are required before the services are provided under the contract.

As at year end, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) amounted to Rs. 689.292 million (2022: Rs. 892.405 million) and the Group expects to recognize this as revenue when the milestones are achieved in future or when the services are rendered.

Contract assets and liabilities mainly arise from the projects as the Group recognizes revenue using cost to complete method while the respective customers are billed when a milestone is achieved as agreed in the contract.

	Note	2023 (Rupees)	2022 (Rupees)
25. COST OF REVENUE			
Materials consumed	10	40,004,404	85,270,746
Salaries, wages, allowances and other benefits	25.1	155,029,074	10,295,763
Installation charges relating to engineering services		227,893,587	142,675,370
Travelling and conveyance relating to engineering		63,240,742	36,518,609
Back office support	26.3	27,447,750	25,200,000
Telephone, postage and telex		2,765,874	918,542
Entertainment relating to engineering services		476,363	1,352,346
Fee and subscription		6,854,870	1,138,712
Rent, rates and taxes		941,553	268,000
Repairs and maintenance		766,899	294,801
Import Cost		818,837	175,300
Training and tuition		66,390	-
Insurance		239,636	-
Depreciation on Property and equipment	7.2	2,774,241	765,115
Amortization	8.1	5,101,608	-
Other expenses		11,659,573	4,548,401
		546,081,401	309,421,705

25.1 These include contribution to provident fund amounting to Rs. 5.03 million (2022: 0.231 million) by the Group.

26. ADMINISTRATIVE AND SELLING EXPENSES

	Note	2023 (Rupees)	2022 (Rupees)
Salaries, wages, allowances and other benefits	26.1	138,840,896	61,898,812
Employee's share option expense		28,889,723	-
Travelling and conveyance		10,468,994	3,283,638
Back office support	26.3	41,171,625	25,200,000
Telephone, postage and telex		2,705,594	918,542
Rent, rates and taxes		1,067,553	268,000
Sales promotion expense		4,763,930	417,114
Legal and professional charges		33,769,673	6,487,151
Penalty paid to Pakistan Stock Exchange		85,000	-
Auditors' remuneration	26.2	4,032,590	1,502,500
Fee and subscription		11,236,214	8,569,513
Bank charges		121,895	29,495,966
Advertisement		1,112,060	137,600
Repairs and maintenance		766,899	294,801
Management Fee		-	30,000,000
Insurance		239,636	-
Bad debt expense		35,773,916	-
(Reversal) / Allowance for expected credit losses - trade	11.9	(1,436,624)	10,083,064
(Reversal) / Allowance for expected credit losses	12.3	(11,002,113)	10,178,807
Allowance for expected credit losses - related parties	11.7	59,613,294	17,466,016
Depreciation on property and equipment	7.2	2,796,783	765,115
Other expense		2,476,852	853,101
		367,494,390	203,819,740

26.1 This include Rs. 3.80 million (2022: Rs. 1.374 million) representing provident fund contribution by the Group.

	Note	2023 (Rupees)	2022 (Rupees)
26.2 Auditor's remuneration			
Statutory audit	26.4	3,049,590	1,102,500
Half year review fee		483,000	400,000
Out of pocket expenses		500,000	-
		4,032,590	1,502,500

26.3 This represents the management fee charged by the Ultimate Parent Company for sharing office premises, operational, human resource and administrative support as per the agreement between the parties. This has been equally allocated to cost of sales and admin and selling expenses.

26.4 This represents the audit free which is inclusive of sales tax amounting to Rs. 140,875.

	Note	2023 (Rupees)	2022 (Rupees)
27. OTHER OPERATING INCOME			
Profit on savings accounts		581,744	-
Exchange gain - net		233,740,897	165,124,940
Exchange gain - net		83,540,459	86,747,735
Markup from related parties		139,813	4,752,479
Dividend on short term investment	27.1	57,659,830	-
		375,662,743	256,625,154

27.1 This amount includes trade and other payables written off during the year amounting to Rs. 54.54 million.

	Note	2023 (Rupees)	2022 (Rupees)
28. OTHER OPERATING EXPENSES			
Donation		150,000	222,863

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	Note	2023 (Rupees)	2022 (Rupees)
29. TAXATION			
Current tax	29.1	31,276,061	32,809,921
Final tax on exports		2,580,336	-
Prior period adjustment		(16,535,606)	-
Deferred tax		(10,721,630)	(7,702,066)
		6,599,161	25,107,855

29.1 The Group is subject to taxation under jurisdictions of Pakistan and Dubai. Each of the Group's entities is subject to tax at varying tax regimes such as corporate tax and minimum taxation whereas one of the subsidiaries is exempt from taxation. Further, there are inter-company transactions which have been eliminated while computing the consolidated accounting profit. Due to this, a numerical reconciliation between accounting profit and tax expenses is not meaningful.

29.2 Comparison of tax provision against tax assessments

Years	Excess/ (Short) (Rupees)	Tax Provision (Rupees)	Tax assessment/ Tax Return (Rupees)
2021-22	14,945,057	32,809,921	17,864,864
2020-21	10,472,552	17,136,036	6,663,484
2019-20	678,947	34,018,735	33,339,788

	Note	2023	2022
30. EARNINGS PER SHARE			
30.1 Basic earnings per share from continuing operations			
Net profit for the year	Rupees	373,412,235	405,062,817
Weighted average number of ordinary shares	Numbers	147,989,728	147,989,728
Earnings per share	Rupees	2.52	2.74

30.2 Diluted earnings per share from continuing operations

Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

		2023	2022
Net profit for the year	Rupees	373,412,235	405,062,817
Weighted average number of ordinary shares	Numbers	147,989,728	147,989,728
Adjustment for share options	Numbers	1,444,877	-
Weighted average number of ordinary shares for diluted earnings per share	Numbers	149,434,605	147,434,605
Diluted earnings per share	Rupees	2.50	2.74

Share options issued by the Holding Company have a dilutive effect on the earnings per share since the fair value of the ordinary shares during the year exceeds the exercise price of the options.

The weighted average number of ordinary shares of 2022 has been restated in accordance with the requirements of IAS 33 due to issuance of 20,512,500 bonus shares in 2023.

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Group are as follows:

	Chief Executive		Directors		Executives	
	2023 (Rupees)	2022 (Rupees)	2023 (Rupees)	2022 (Rupees)	2023 (Rupees)	2022 (Rupees)
Managerial remuneration	9,224,976	-	12,262,916	4,508,155	110,759,933	8,341,667
House Rent	3,689,990	-	2,285,166	1,709,991	42,693,269	3,204,473
Utilities	922,498	-	571,292	427,496	12,367,825	801,111
Provident Fund	922,498	-	572,592	427,497	8,387,993	801,117
Other	17,100	-	319,100	9,100	1,694,300	72,800
	14,777,062	-	16,011,066	7,082,239	175,903,320	13,221,168
Number of Persons	1	1	4	2	30	8

31.1 The Group also provides the director and certain executives with company maintained cars. No remuneration has been paid to non-executive directors of Group.

31.2 During the year, the Director's and other executives were granted 200,000 (2022: Nil) and 530,500 (2022: Nil) share options respectively, which have a vesting period of three years. Further, the impact of benefits available to the Director's and other executives recognized by the Group on account of share-based payment plans aggregated to Rs. 1.488 million (2022: Rs. Nil) and Rs. 3.947 million (2022: Rs. Nil), respectively.

32. RELATED PARTY TRANSACTIONS

The related parties comprise the Group, associated undertakings, post employment benefit plans, other related companies, and key management personnel. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and due to related parties are shown under receivables and payables and remuneration of the key management personnel is disclosed in respective notes. Other significant transactions with related parties are as follows:

Name of related party	Basis of Relationship	Nature of transactions	December 31, 2023		December 31, 2022	
			Transactions during the year	Closing Balance	Transactions during the year	Closing Balance
----- (Rupees) -----						
Avanceon FZE (AVFZE)	Associated Company due to common directorship	Sub-contracted services	110,119,544	-	93,794,073	-
		AMS business services rendered	59,722,117	-	47,770,079	-
		Trade debts	-	77,702,283	-	258,731,308
		Contract asset	-	1,461,002	-	5,618,530
		Other receivables	-	313,065,291	-	-
		Payable to FZE	-	5,511,939	-	-
		Expenses incurred on behalf of the Company by AVFZE	10,431,418	-	41,581,547	-
		Payments to suppliers by AVFZE on behalf of the Company	119,609,550	-	16,144,205	-
		Markup payable on current account	5,706,273	-	-	-
		Collection / adjustment from AVFZE	274,747,697	-	30,550,734	-
Avanceon Automation And Control WLL (AVAC)	Associated Company due to common directorship	Payments to suppliers by AVAC	19,401,614	-	9,465,791	-
		AMS business services rendered	52,293,440	-	193,055,187	-
		Trade debts	-	1,037,893,204	-	683,331,658
		Contract asset	-	8,203,884	-	364,447
		Payable to AVAC	-	4,106,243	-	-
		Sub-contracted services	392,341,101	-	114,271,971	-
Avanceon Limited (AVL)	Parent Company	Payment to employees by AVAC on behalf of the Company	27,072,101	-	63,436,140	-
		Loan to Avanceon Limited	-	-	300,000,000	300,000,000
		Loan adjusted/recovered during the year	300,000,000	-	50,000,000	-
		Management fee	-	-	30,000,000	-
		Trade debts	-	469,013,701	-	365,169,210

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Name of related party	Basis of Relationship	Nature of transactions	December 31, 2023		December 31, 2022	
			Transactions during the year	Closing Balance	Transactions during the year	Closing Balance
----- (Rupees) -----						
		Contract asset	-	7,159,280	-	7,504,653
		Other receivables	-	69,202,314	-	260,639,510
		Payable to AVL	-	38,114,847	-	-
		Mark-up charged on loan	51,377,076	-	40,244,660	40,244,660
		Payments made to or on behalf of parent Company **	552,901,384	-	628,195,859	-
		Receipts / adjustments from AVL	165,379,122	-	414,059,424	-
		Markup on current Account - AVL	34,488,178	-	46,503,075	-
		Purchase of Empiric AI from AVL	440,023,210	-	-	-
		Acquisition of Empiric AI	111,265,634	-	-	-
		Payment to Suppliers by ODL	29,557,271	-	-	-
		Products purchases	-	-	72,645,748	-
		Mark-up received/adjusted from Back office Support	91,621,736	-	-	-
		Building rent charged by AVL	109,791,000	-	50,400,000	-
		AMS business services rendered	360,000	-	360,000	-
		Fee for technical service charged by the Company	103,634,440	-	60,043,464	-
		Sub-contracted services	-	-	24,000,000	-
		Payment to Suppliers by AVSEC	38,244,341	-	44,169,360	-
Avanceon Saudi Energy Company - KSA (AVSEC)	Associated	Subcontracted projects	6,025	-	190,331	-
		Trade debts	2,699,315	-	-	-
		Payable to AVSEC	-	25,550,255	-	-
		Payments to Employee by	-	14,780,062	-	193,409
		Payment/ADJ to AVSEC	178,916	-	-	-
		Collection/ADJ from AVSEC	1,040,623	-	-	-
			13,787,232	-	-	-

32.1 The contribution to provident fund related to employees of the Company is made through the Parent Company.

32.2 Name of undertaking, registered address and country of incorporation in respect of companies incorporated outside Pakistan with whom the Group has entered into transactions during the year is as follows:

Name of Company	Registered address	Country of incorporation	Basis of Association	Chief Executive	Operational Status	Auditor's Opinion on last available FS
Avanceon FZE	Plot # MO-0240, Street # N403, Jabel Ali Free Zone (North) Dubai U.A.E	Dubai	Common Directorship	Bakhtiar Hameed Wain	Active	Unmodified
Avanceon Automation And Control WLL	Al Jaber Engg. HO Building Box: 15976, Fox Hills, Lusail, Doha - Qatar	Qatar	Common Directorship	Bakhtiar Hameed Wain	Active	Unmodified
Avanceon Saudi Energy Company - KSA (AVSEC)	3141 Ans Ibn Malik - AlMalqa Dist. Unit No. 718, Riyadh, 13521-8292	Kingdom of Saudi Arabia	Common Directorship	Junaid Ul Islam	Active	Modified

33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

33.1 Financial risk factors

The Group's principal financial liabilities comprises of creditors and other liabilities. The Group's financial assets include trade debts, due from related parties, cash and bank balances that arrive directly from its operations. In addition to these, the Group also has receivables from related parties.

The Group's activities expose it to a variety of financial risks: Credit risk, liquidity risk and market risk (including currency risk

and interest rate risk),. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board), and Finance Department. The Board provides principles for overall risk management, as well as policies covering specific areas such as credit risk, liquidity risk, market risk and interest rate risk.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to react to changes in market conditions and the Group's activities.

33.1.1 Credit Risk

Exposure to credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties. The Group does not believe it is exposed to major concentration of credit risk, however, to manage any possible exposure the Group applies approved credit limits to its customers.

The management monitors and limits Group's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of allowance for expected credit losses, if any, and through expected recoverability of amounts. The Group is exposed to credit risk on long term deposits, trade debts and bank balance. The maximum exposure to credit risk at the reporting date is as follow:

	Note	2023 (Rupees)	2022 (Rupees)
Long term loans and deposits		100,000	100,000
Contract asset	12	142,077,026	95,620,662
Trade debts - others	11	39,050,356	15,071,760
Trade debts - related party	11.1	1,610,159,443	1,307,232,176
Deposits and other receivables	13	182,305	-
Short-term investment	15	10,118,841	-
Bank balances	16	38,403,319	20,223,076
		1,840,091,290	1,438,247,674

The maximum exposure to credit risk for trade debts at the reporting date by geographical region is as follows:

	2023 (Rupees)	2022 (Rupees)
Domestic	35,828,847	13,233,890
Export	3,221,509	1,837,870
	39,050,356	15,071,760

Country	LC	Sales		Trade debts	
		Others (Rupees)	Total	Outstanding Balance 2023	2022
Pakistan	-	243,492,066	243,492,066	508,064,057	380,240,970
Qatar	-	444,634,541	444,634,541	1,037,893,204	683,331,658
Dubai	-	206,428,841	206,428,841	77,702,283	258,431,308
Saudi Arabia	-	25,116,696	25,116,696	25,550,255	-
Total	-	919,672,144	919,672,144	1,649,209,799	1,322,303,936

Set out below is the information about the credit risk exposure on the Group's local trade receivables assets using a provision matrix:

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2023								
	0-90 days	90-180 days	180-270 days	270 to 360 days	360 to 450 days	450 to 540 days	Over 540 days	Total
Rupees								
Estimated total gross carrying amount at default	22,836,789	3,373,534	3,287,002	456,024	5,761,734	1,811,714	1,523,559	39,050,356
Estimated total gross carrying amount - secured	-	-	-	-	-	-	-	-
Expected credit loss	26,233	70,036	622	-	3,124,627	-	-	3,221,508

2022								
	0-90 days	90-180 days	180-270 days	270 to 360 days	360 to 450 days	450 to 540 days	Over 540 days	Total
Rupees								
Estimated total gross carrying amount at default	7,731,876	5,558,806	-	3,157	441,043	51,000	746,029	14,531,911
Estimated total gross carrying amount - secured	-	-	-	-	-	-	-	-
Expected credit loss	250,334	716,463	-	845	140,777	25,319	575,956	1,709,694

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Group believes that it is not exposed to major concentration of credit risk as the trade debts / advances and other receivables of the Group relate to sales / purchase of equipment / services under binding contract terms.

As at December 31, 2023, the Group has 9 (2022: 4) customers owing more than 90% (2022: 86%) of total trade debts.

33.1.2 Bank balances - Credit quality

Credit risk from balances with banks and financial institutions is managed by the Group's finance department in accordance with the Group's policy. The Group deals with banks having credit ratings in the top categories therefore, considers these as low risk and does not expect credit loss to arise on the balances. Following are the credit ratings of banks with which balances are held:

The credit quality of receivables can be assessed with reference to Group credit control policy and their historical performance with negligible default rate. The credit quality of Group's bank balances can be assessed with reference to external credit ratings as follows:

Counter party	Short term	Long term	Rating		2023 (Rupees)	2022 (Rupees)
			Agency			
JS Bank Limited	A1+	AA-	PACRA		58,274	2,033,223
Faysal Bank Limited	A-1+	AA	JCR-VIS		29,043,081	1,819,998
Dubai Islamic Bank	A-1+	AA	JCR-VIS		70,133	15,369,856
MCB Islamic Bank	A1+	AAA	PACRA		187,784	999,999
Habib Bank Limited	A-1+	AAA	JCR-VIS		7,642,473	-
Bank Al Habib	A1+	AAA	PACRA		1,241,557	-
United Bank Limited	A-1+	AAA	JCR-VIS		160,017	-
					38,403,319	20,223,076

33.1.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its parents of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The foreign currency transaction of the Group are mainly receivable from related parties.

This exists due to the Group's exposure resulting from outstanding import payments or foreign creditors and in respect of export revenue. A foreign exchange risk management guideline has been provided by the Corporate Centre. The policy allows the Group to take currency exposure within predefined limits while open exposures are monitored. The Group aims to protect itself against adverse currency movements by either linking the price of its products to foreign currency.

The Group is exposed to currency risk arising primarily with respect to the United States Dollar (USD). The Group's exposure

to foreign currency changes for all other currencies is not material. Currently, the Group's foreign exchange risk exposure is restricted to foreign currency creditors, debtors and bank balances as shown below:

	2023	
	Rupees	USD
Trade debts		
- Avanceon FZE Dubai	77,702,283	275,150
- Avanceon Automation and Control W.L.L, Qatar	1,037,893,204	3,675,259
- Avanceon Saudi for Energy Company	25,550,255	90,475
	1,141,145,742	4,040,884
Trade Payables		
- Avanceon Saudi Energy Company	(14,780,062)	(52,337)
- Avanceon Automation & Control W.L.L.	(4,106,243)	(14,541)
- Avanceon Free Zone Establishment, UAE	(5,511,939)	(19,518)
Net Exposures	1,116,747,498	3,954,488

	2022	
	Rupees	USD
Trade debts		
- Avanceon FZE Dubai	258,731,308	1,140,288
- Avanceon Automation and Control W.L.L, Qatar	683,331,658	3,011,598
	942,062,966	4,151,886
Trade Payables		
- Othres	(193,409)	(852)
- Net Exposures	941,869,557	4,151,034

The following significant exchange rates were applied during the year:

	2023	2022
Rupees per USD		
Average rate	254.65	202.39
Reporting date rate	282.40	226.90

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in the US Dollar exchange rate, with all other variables held constant, of the Group's profit before tax and equity.

	Change in Exchange rate	Effect on profit/(loss) before tax	Effect on equity
		(USD)	
2023	5%	55,837,371	39,644,533
	-5%	(55,837,371)	(39,644,533)
2022	5%	47,093,481	33,436,372
	-5%	(47,093,481)	(33,436,372)

b) Other price risk

Other price risk is a risk that fair value or future cash flows of a financial instruments will fluctuate because of changes in the market prices (other than those arising from currency risk and interest rate risk), whether those changes are caused by specific to the individual financial instruments or its issuer, or factors effecting all similar instruments traded in the market.

As at December 31, 2023, the Group is not exposed to any significant price risk. (2022: Nil).

c) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from lease liabilities and liabilities against finances under

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mark-up arrangements. These liabilities are benchmarked to variable rates which expose the Group to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was as follows:

Floating rate instruments	2023 (Rupees)	2022 (Rupees)
Financial assets		
Short-term investment	10,118,841	-
Financial liabilities	13,689,837	-
Net exposure	(3,570,996)	-

Cash flow sensitivity analysis

The following table demonstrates the sensitivity to a reasonable possible change in interest rates on floating rate borrowings and balances, with all other variables held constant, of the Group's profit before tax:

	Increase/ decrease in basis points	Effect on profit/(loss) before tax (Rupees)	Effect on equity
2023	+100	(35,709,96)	(25,354,07)
	-100	35,709,96	25,354,07
2022	+100	-	-
	-100	-	-

33.1.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credits facilities.

Financial liabilities in accordance with their contractual maturities are presented below:

	Total	On demand	Within 1 year	Between 1 and 5 years	Over 5 years
	(Rupees)				
As at December 31, 2023					
Trade and other	144,281,588	-	144,281,588	-	-
As at December 31, 2022					
Trade and other	18,979,708	-	18,979,708	-	-

33.1.5 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

33.1.6 Financial instruments by category

	2023			
	At fair value	At fair value through profit or loss	At amortized cost	Total
	(Rupees)			
Financial assets				
Debt instruments at amortized cost				
Long term loans, deposits and other receivables	-	-	100,000	100,000
Trade debts	-	-	1,502,001,089	1,502,001,089
Cash and bank balances	-	-	38,403,319	38,403,319
Short term investment	-	10,118,841	-	10,118,841
Total financial assets	-	10,118,841	1,540,504,408	1,550,623,249

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of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at year ended December 31, 2023 and 2022 are as follows:

	2023	2022
Borrowing	13,689,837	-
Less: Cash and bank balances	(38,403,319)	-
Net debt	(24,713,482)	-
Total equity - excluding surplus on revaluation and exchange revaluation reserve	2,461,821,027	-
Total capital	2,437,107,545	-
Gearing ratio	-1.01%	-

Reconciliation of movement of liabilities to cash flows arising from financing activities

	2023		
	Issuance of shares	Share premium	Total
	(Rupees)		
Balance as at 01 January	1,367,500,020	789,209,284	2,156,709,304
Cash flows			
Issuance of shares	-	-	-
Total changes from financing cash flows	-	-	-
Other changes including non-cash			
Shares issuance against transfer of business	-	-	-
Total liability related other changes	-	-	-
Closing as at 31 December	1,367,500,020	789,209,284	2,156,709,304

	2022		
	Issuance of shares	Share premium	Total
	(Rupees)		
Balance as at 01 January	1,367,500,020	789,209,284	2,156,709,304
Cash flows			
Issuance of shares	-	-	-
Total changes from financing cash flows	-	-	-
Other changes including non-cash			
Shares issuance against transfer of business	-	-	-
Total liability related other changes	-	-	-
Closing as at 31 December	1,367,500,020	789,209,284	2,156,709,304

36. NUMBER OF EMPLOYEES

	2023	2022
Number of employees at year end	102	57
Average number of employees	94	46

37. 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.

38. UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING (IPO)

The Group has raised funds in the prior year through Initial Public Offering (IPO) to meet working capital requirements, in order to expand the existing business of the Group. Below is the summary of utilization proceeds from IPO:

	2023 (Rupees)	2022 (Rupees)
Issuance of 27,350,000 ordinary shares at Rs. 40.6 per share	534,359,511	896,569,566
Less: Expenses related to IPO	-	-
Net proceeds received from IPO	534,359,511	896,569,566
Less: Short term loan to Parent Company	14	(300,000,000)
Less: Other receivable - related party	13.2	(214,136,435)
Less: Expenditures incurred on intellectual property	(138,330,048)	(67,962,254)
Less: Expenditures incurred on human resource cost of marketing	(11,493,109)	(417,114)
Less: Expenditures incurred on human resource and direct cost of sales	(83,129,914)	(55,018,042)
Less : Cash used in working capital and capital expenditures	(266,692,304)	(238,812,645)
Balance amount	-	20,223,076

39 DISCLOSURE REQUIREMENT FOR ALL SHARE ISLAMIC INDEX

Following information has been disclosed with the reference to disclosure requirements of fourth schedule of the Companies Act, 2017 relating to all shares Islamic Index.

Description	Explanation	2023 (Rupees)	2022 (Rupees)
Loan obtained - Islamic mode	Interest bearing	14,418,000	-
Bank balance as at December 31,	Placed under shariah permissible	257,917	16,369,855
Mark up paid on Islamic mode of Financing		1,194,706	-

Relationship with banks having Islamic windows

Bank Name	Nature of transaction
First Habib Modaraba	Long term diminishing musharaka
MCB Islamic Bank	Current account
Dubai Islamic Bank	Current account

Interest paid on any conventional loan or advance has been disclosed in the relevant note to these unconsolidated financial statements.

40. EVENT AFTER THE REPORTING DATE

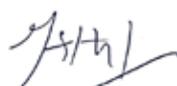
The Board of Directors of the Holding Company in its meeting held on April 03, 2024 has recommended dividend Nil (December 31, 2022: Nil).

41. DATE OF AUTHORIZATION

These consolidated financial statements have been authorized for issue by the Board of Directors of the Holding Company on April 03, 2024.



Chief Executive



Chief Financial Officer



Director

Definitions and Glossary of Terms

Capital employed

The value of all resources available to the company, typically comprising share capital, retained profits and reserves, long-term loans and deferred taxation. Viewed from the other side of the balance sheet, capital employed comprises fixed assets, investments and the net investment in working capital (current assets less current liabilities). In other words: the total long-term funds invested in or lent to the business and used by it in carrying out its operations.

Liabilities

General term for what the business owes. Liabilities are long-term loans of the type used to finance the business and short-term debts or money owing as a result of trading activities to date. Long term liabilities, along with Share Capital and Reserves make up one side of the balance sheet equation showing where the money came from. The other side of the balance sheet will show Current Liabilities along with various Assets, showing where the money is now.

Current Liabilities

Money owed by the business that is generally due for payment within 12 months of balance sheet date. Examples: creditors, current portion of long term loans and lease liabilities, taxation etc.

Current Assets

Cash and anything that is expected to be converted into cash within twelve months of the balance sheet date.

Fixed assets

Assets held for use by the business rather than for sale or conversion into cash, eg, fixtures and fittings, equipment, buildings.

Cost of goods sold (COGS)

The directly attributable costs of products or services sold, (like materials, installations, direct labour & wages etc.)

Gross Profit Ratio

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net Profit Ratio

Net profit ratio is the ratio of net profit (after taxes) to net sales or revenue.

Operating Profit Ratio

The operating profit margin ratio indicates how much profit a company makes after paying for variable costs of production.

Current Asset Ratio

The key indicator of whether you can pay your creditors on time. The relationship between current assets like cash, book debts, stock and work in progress and current liabilities like overdraft, trade and expense creditors and other current debt.

Current Ratio

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Debt-Equity Ratio

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For comparative purposes, debt-equity ratio is most useful for companies within the same industry.

Dividend

A dividend is a payment made per share, to a company's shareholders by a company, based on the profits of the year, but not necessarily all of the profits, arrived at by the directors and voted at the company's annual general meeting.

Earnings per Share (EPS)

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Profit Margin

Determined by dividing net income by net sales during a time period and is expressed as a percentage. Net profit margin is a measure of efficiency and the higher the margin, the better. Trends in margin can be attributed to rising/falling production costs or rising/falling price of the goods sold.

Return on Assets

The amount of profits earned (before interest and taxes), expressed as a percentage of total assets. This is a widely followed measure of profitability, thus the higher the number the better. As long as a company's ROA exceeds its interest rate on borrowing, it's said to have positive financial leverage.

Return on Equity (ROE)

A percentage that indicates how well common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

Return on Investment (ROI)

Also known as return on invested capital (ROIC). ROI is a measure of how well management has used the company's resources. ROI is calculated by dividing earnings by total assets. It is a broader measure than return on equity (ROE) because assets include debt as well as equity. It is useful to compare a company's ROI with others in the same industry.

Event Calendar of the Company

FOLLOWS THE PERIOD OF 01 JANUARY 2023 TO 31 DECEMBER 2023.

FINANCIALS:

Financial Results announced as per the following schedule:

Corporate Briefing	17th May 2023
Annual General Meeting	26th May 2023
1st Quarter ended 31 March 2023	30th May 2023
Board Meeting Other Than Financials	31st May 2023
Half year ended 30 June 2023	29th August 2023
3rd Quarter ended 30 September 2023	27th October 2023
Board Meeting Other Than Financials	29th November 2023
Extraordinary General Meeting	22nd December 2023
Financial year ending 31 December 2023	03rd April 2024

ڈائریکٹرز رپورٹ

Chartered Accountants) کو اگلے مالی سال 2023 کے لیے دوبارہ منتخب کیا مندرجہ بالا ایجنڈے تفصیل کے ساتھ زیر بحث آئے ان کو منظور کیا گیا اور سوال و جواب کا تفصیلی مرحلہ منعقد کیا گیا جس میں چند ممبران نے کمپنی کے کاروباری معاملات مستقبل کی منصوبہ بندی اور انتظامی امور کے بارے میں سوالات کئے۔ کمپنی ڈائریکٹرز جناب تنویر کرامت اور چیف فنانشل آفیسر اور کمپنی سیکریٹری نے سوالوں کے جوابات دیے اور کمپنی کے کاروباری معاملات آٹومیشن کے کاروبار کے بارے میں آگاہی دی۔ کمپنی کے مستقبل کی مالیاتی منصوبہ بندی، کاروباری بڑھوتری اور نئے انڈسٹریل پلانٹس کے بارے میں بھی تبادلہ خیال کیا گیا۔

بورڈ آف ڈائریکٹرز کے معاوضے

(Board of Directors Remuneration):

کمپنی کا بورڈ آف ڈائریکٹرز چار (4) نان ایگزیکٹو ڈائریکٹرز اور تین (3) ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ ایگزیکٹو ڈائریکٹرز کو کمپنی کی ہیومن ریسورس کے منظور شدہ قواعد و ضوابط کے مطابق تنخواہیں اور دیگر مراعات دی جاتی ہیں جو کہ ان کی کارکردگی کی بنیاد پر ہیومن ریسورس ریوٹیشن کمیٹی کی سفارش پر بورڈ آف ڈائریکٹرز منظور کرتے ہیں۔ اسکے علاوہ اسواے ایک انڈیپنڈنٹ ڈائریکٹر کے کسی اور ڈائریکٹر کو کوئی بھی رقم مینٹنگ میں حاضری کیلئے نہیں دی جاتی۔

اپنے مشترکہ کاروباری اداروں کے ساتھ لین دین

(Transaction with Related Parties):

کمپنی مروجہ کاروباری قواعد و ضوابط کے مطابق اپنے مشترکہ کاروباری اداروں کے ساتھ کاروباری لین دین کرتی ہے جو کہ Arms Length Pricing اور Mechanism پر مشتمل ہے۔ کمپنی Transfer Pricing جو کہ پاکستان اسٹاک ایکسچینج کی لسٹنگ کے قواعد و ضوابط کے مطابق سرانجام دیتی ہے۔

کارپوریٹ گورننس کے امور (Corporate Governance Practice) آکٹوپس ڈیجیٹل لمیٹڈ کا بورڈ آف ڈائریکٹرز کمپنی کے اصول و ضوابط کا پابند ہے اور کمپنیز ایکٹ 2017 میں شامل کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل کرتا ہے۔

اعتراف (Acknowledgement):

بورڈ آف ڈائریکٹرز بڑے پرمسرت طریقے سے اپنے تمام ملازمین کی مسلسل لگن کے ساتھ خدمات کو سراہتا ہے۔

منجانب: بورڈ آف ڈائریکٹرز

تنویر کرامت (چیف ایگزیکٹو آفیسر)

اٹھارہ احمد عاطف (ڈائریکٹر)

لاہور، تاریخ: 03 اپریل 2024

ہم یقین رکھتے ہیں کہ کاروباری اداروں کی ذمہ داری ہے کہ وہ معاشرے میں تعلیم، صحت کی دیکھ بھال، عوامی تحفظ اور ماحولیاتی صحت جیسے اہم مسائل کو حل کرنے میں مدد کریں۔ ہم جس معاشرے میں کام کرتے ہیں اس کے حالات کو بہتر بنانے کے لئے دیگر اداروں کے ساتھ کام کر کے طاقتور ہم آہنگی پیدا کرنے کے لئے پرعزم ہیں۔ ہماری کمپنی اور ملازمین نے سیلاب سے بچاؤ کی سرگرمیوں میں مدد دینے کے لئے فراخ دلی سے اپنا وقت اور پیسہ دیا ہے، جس میں متاثرہ آبادی کو خیرے، رضائیاں، ادویات اور راشن بیگ عطیہ کرنا شامل ہیں۔ ہم نے جنوبی پنجاب کے ضلع ڈیرہ غازی خان میں میڈیکل کیمپ قائم کیے ہیں، جس میں تقریباً 5000 متاثرہ افراد کو بحالی کے لئے کھانا، طبی علاج اور مالی مدد فراہم کی گئی ہے۔ ہمیں ضرورت مندوں کی مدد کرنے اور ان کیونٹیز میں مثبت اثر ڈالنے کے لئے اپنی جاری کوششوں پر فخر ہے جہاں ہم کام کرتے ہیں۔

صحت، حفاظت اور ماحولیات (Health, Safety & Environment):

آکٹوپس ڈیجیٹل لمیٹڈ میں، ہم صحت، حفاظت، اور ماحولیاتی (ایچ ایس ای) معیارات کو سنجیدگی سے لیتے ہیں۔ ہم اپنے کاروبار سے وابستہ ایچ ایس ای خطرات کو فعال طور پر منظم کرنے کی اہمیت کو تسلیم کرتے ہیں اور اپنے ملازمین اور مہمانوں کو آگ، حادثات، یا چوٹوں کے خطرے کو کم سے کم کرنے کے لئے اپنے طریقہ کار کو بہتر بنانے کے لئے مسلسل کام کر رہے ہیں۔ ایچ ایس ای کے ساتھ ہماری وابستگی ہماری پالیسیوں اور طریقوں میں ظاہر ہوتی ہے، جس کا مقصد ہمارے کام کی جگہوں اور دفاتر میں کسی بھی ممکنہ خطرات کو کم کرنا، ہٹانا یا کنٹرول کرنا ہے۔ مزید برآں، ہم اس بات کو یقینی بناتے ہیں کہ ہماری مصنوعات کو محفوظ طریقے سے تمام متعلقہ حفاظتی معیارات اور قانونی تقاضوں کی تعمیل کرتے ہوئے بھیج دیا جاتا ہے۔ ہماری ایچ ایس ای کی کوششیں ہمارے ملازمین اور مہمانوں کے لئے محفوظ اور صحت مند کام کا ماحول پیدا کرنے کے لئے ہماری لگن کو ظاہر کرتی ہیں جبکہ معاشرے اور ماحول کے لئے ہماری ذمہ داریوں کو بھی پورا کرتی ہیں۔ ہم اپنے تمام آپریشنز میں ایچ ایس ای کو ترجیح دیتے رہیں گے تاکہ اپنے ملازمین، گاہکوں اور وسیع تر کمیونٹی کی فلاح و بہبود کو یقینی بنایا جاسکے۔

پچھلے سالانہ اجلاس عام میں اٹھائے گئے معاملات

(Issued Raised in Last AGM):

مالی سال 2022ء کے سالانہ اجلاس عام میں کوئی بھی خاص معاملہ نہیں اٹھایا گیا تھا۔
 پینڈا نمبر 1:- پانچواں سالانہ اجلاس عام کی تفصیلات کی تصدیق کی اور منظوری دی۔
 پینڈا نمبر 2:- ممبران نے اکاؤنٹس جو کہ مالی سال 31 دسمبر 2022 پر مشتمل ہیں کی تصدیق کی اور منظوری دی۔

پینڈا نمبر 3:- ممبران نے موجودہ آڈیٹر (BDO Ebrahim & Co.

نمبر شمار	ڈائریکٹر کا نام	تعداد حاضری	تعداد چھٹی
1	جناب بختیار جمیل دوائیں	4	0
2	جناب تنویر کرامت	4	0
3	جناب اثمرا احمد عاطف	4	0
4	جناب محمد شاہد میر	4	0
5	جناب محمد عارف جنجوعہ	4	0
6	جناب عدیل خالد	4	0
7	محترمہ مصالحو آصف	4	0

منصوبہ سرمایہ کاری (Capital Structure):-

کمپنی ایک تیز کاروباری ادارہ نہیں ہے اور سرمایے کا توازن برقرار رکھتی ہے جو اس کی مالی طاقت اور بہترین لیکویڈٹی مینجمنٹ کا ثبوت ہے۔

سرمایہ کی صورتحال کی حکمت عملی (Liquidity Strategy):-

کمپنی نے مالی سال 2024 میں لیکویڈٹی پلان کا مسودہ تیار کیا ہے اور اس کی منظوری دی ہے جس میں بڑھتی ہوئی کاروباری مالیتی ضروریات کو حاصل کرنے اور کارپوریٹ ڈیویڈنڈ پالیسی کو حاصل کرنے کے لئے متعلقہ پارٹی بیلنس سے وصولیوں کی واپسی شامل ہے۔ انتظامیہ مالی سال 2024 میں لیکویڈٹی حکمت عملی کی پالیسی میں بیان کردہ اہداف کو حاصل کرنے کے لئے پراعتماد ہے۔

مستقبل کی کاروباری منصوبہ بندی (Future Prospects):-

کمپنی کے مستقبل کے امکانات بہت امید افزا نظر آتے ہیں کیونکہ ہم نے اپنی رسائی اور صلاحیتوں کو بڑھانے کے لئے متعدد اہم اقدامات شروع کیے ہیں۔ ہماری اولین ترجیحات میں سے ایک امریکہ اور یورپی مارکیٹوں میں اپنی موجودگی کو بڑھانا ہے۔ ہمیں یقین ہے کہ ان خطوں میں ترقی کے لئے ایک اہم موقع موجود ہے اور کامیابی کے لئے ضروری وسائل کی سرمایہ کاری کے لئے پرعزم ہیں۔ مزید برآں، ہم جدید ترین مشین لرننگ حل تیار کر رہے ہیں جو ہمارے صارفین کو جدید مصنوعات اور خدمات فراہم کرنے کی ہماری صلاحیت میں اضافہ کرے گا۔ ایک اور اہم منصوبہ کلاؤڈ انگوٹسٹک بنانے کا ہے، جو ہمیں زیادہ چلک اور بڑے اسکیل پر کاروبار کے مواقع فراہم کرے گا۔ ہم سعودی عرب میں اپنے آفٹر مارکیٹ سپورٹ بزنس کو بھی بڑھا رہے ہیں اور اعلیٰ درجے کے یونیورسٹی گریجویٹس کی خدمات حاصل کر کے ڈیٹا انجینئرنگ کی نرسری تیار کر رہے ہیں۔ ترقی کو مزید تیز کرنے کے لئے، ہم دنیا بھر میں جھینل پارٹنرز تیار کر رہے ہیں اور انہیں آمدنی میں اضافے کو فروغ دینے کے قابل بنانے کے لئے ایک منظم پروگرام نافذ کیا ہے۔ آخر میں، ہم اپنی موجودہ مصنوعات کو بہتر بنانے اور مارکیٹ میں لیڈر کے طور پر اپنی پوزیشن برقرار رکھنے کے لئے صنعت کے لئے مزید مصنوعات اور حل تیار کرنے کے لئے پرعزم ہیں۔

معاشرے کی خدمت (Service to Society):-

ایک کمپنی کے طور پر، ہم فعال اور ذمہ دار کارپوریٹ شہری ہونے کے لئے پرعزم ہیں۔

افسران کی طرف سے حصص کی خرید و فروخت

(Shares Traded by Executives) :-

اس سال کے دوران جن افسران نے کمپنی (آکٹوپس ڈیجیٹل لمیٹڈ) کے حصص میں خرید و فروخت کی ہے ان کی تفصیل درج ذیل ہے:

کمپنی کا نام	افسر کا نام	عہدہ	فروخت یا خرید	قیمت	رقم	تعداد	تاریخ لین دین	تاریخ کرانے کی تاریخ
آکٹوپس ڈیجیٹل لمیٹڈ	محمد عارف جنجوعہ	ڈائریکٹر	خرید	55.00	500	55,000	17/02/2023	22/02/2023
آکٹوپس ڈیجیٹل لمیٹڈ	تنویر کرامت	ڈائریکٹر	خرید	44.25	10,000	442,500	20/11/2023	23/11/2023

بورڈ آڈٹ کمیٹی (Composition of Board Audit Committee)

- 1- جناب محمد شاہد میر چیئرمین انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر
 - 2- جناب بختیار جمیل دوائیں ممبر نان ایگزیکٹو ڈائریکٹر
 - 3- جناب محمد عارف جنجوعہ ممبر انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر
- ہیومن ریسورس اور ایچ آر کمیٹی

(Composition of Human Resource & HR Committee)

- 1- جناب محمد شاہد میر ممبر انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر
- 2- جناب بختیار جمیل دوائیں ممبر نان ایگزیکٹو ڈائریکٹر
- 3- جناب تنویر کرامت ممبر ایگزیکٹو ڈائریکٹر

بورڈ آف ڈائریکٹرز (Board of Directors)

بورڈ سات ڈائریکٹرز پر مشتمل ہے۔ جن میں چھ مرد اور ایک خاتون ڈائریکٹر شامل ہے تفصیل درج ذیل ہے

- 1- جناب بختیار جمیل دوائیں چیئرمین۔ نان ایگزیکٹو ڈائریکٹر
- 2- جناب تنویر کرامت چیف ایگزیکٹو آفیسر۔ ایگزیکٹو ڈائریکٹر
- 3- جناب اثمرا احمد عاطف ایگزیکٹو ڈائریکٹر
- 4- جناب محمد شاہد میر انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر
- 5- جناب محمد عارف جنجوعہ انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر
- 6- جناب عدیل خالد ایگزیکٹو ڈائریکٹر
- 7- محترمہ مصالحو آصف انڈیپنڈنٹ ڈائریکٹر۔ نان ایگزیکٹو ڈائریکٹر

ڈائریکٹرز کی کل تعداد مندرجہ ذیل کے مطابق سات ہے۔

مرد ڈائریکٹرز : چھ (6)

خاتون ڈائریکٹر: ایک (1)

بورڈ آف ڈائریکٹرز کا اجلاس

(Board of Director's Meeting):-

سال کے دوران بورڈ آف ڈائریکٹرز کی چار (4) بورڈ کی میٹنگز منعقد ہوئیں (تمام پاکستان میں منعقد کی گئیں) مندرجہ ذیل عزت مآب ممبران نے شمولیت اختیار کی:-

ڈائریکٹر رپورٹ

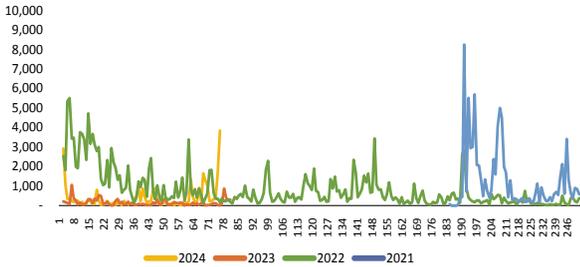
فی حصص آمدنی (Earning Per Share):

بنیادی (basic) کمائی فی کس شیئر بعد از ٹیکس کوٹنی مبلغ 2.52 روپے ہے جبکہ 2022 میں 2.74 روپے تھی۔
تیلی (diluted) کمائی فی کس شیئر بعد از ٹیکس کوٹنی مبلغ 2.50 روپے ہے جبکہ 2022 میں 2.74 روپے تھی۔

ڈیویڈنڈ دینے کی وجہ:

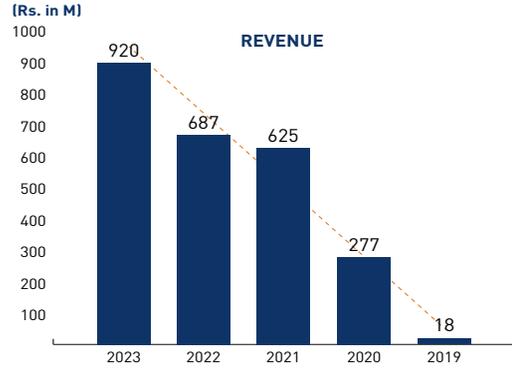
پاکستان کی موجودہ معیشت کی صورتحال اور ڈیجیٹل مہم میں کمپنی کی ترقی کے منصوبے کو مد نظر رکھتے ہوئے بورڈ کی جانب سے یہ فیصلہ کیا گیا ہے کہ کاروباری نمو اور اعلیٰ کچھ نسل پراپرٹی کے لیے آر اینڈ ڈی کے لیے نقد رقم کو محفوظ رکھا جائے، لہذا 15 فیصد بونس شیئرز کے ذریعے ذخائر کو سرمایے میں تبدیل کرنے کی تجویز ہے۔ کمپنی کے پاس مالی سال 2023 میں آئی پی او اور بزنس کے امتزاج کی نقد رقم موجود ہے جسے کمپنی اعلیٰ کچھ نسل پراپرٹی، مارکیٹنگ اور اینج آر کے براہ راست اخراجات کی ترقی پر خرچ کرنے کا ارادہ رکھتی ہے۔ مذکورہ بالا سرگرمیوں سے پیدا ہونے والا کاروبار کمپنی کی آمدنی میں حصہ ڈالے گا جس سے مستقبل میں ڈیویڈنڈ کی ادائیگی کے واضح اور مثبت امکانات ہوں گے۔

حصص کا رجحان (Stock Liquidity):



حصص مالکان کا پیٹرن (pattern of shareholding)

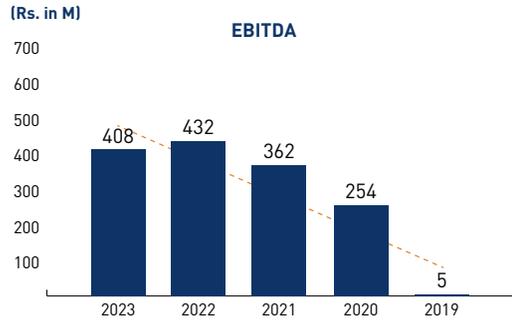
فیصد	شیئرز کی تعداد	شیئرز ہولڈرز کی تعداد	شیئرز ہولڈرز کی قسم
0.04	68,081	7	ڈائریکٹرز، چیف ایگزیکٹو اور ان کے فیملی ممبران اور تالیف پے
74.54	117,222,484	2	نسلک کمپنیاں، متعلقہ جماعتیں (کمپنی کی طرف سے تصدیق شدہ)
			این آئی ٹی اور آئی سی پی
1.14	1,787,138	2	بنکس، مالیاتی اور غیر مالیاتی ادارے
0.08	130,500	2	انشورنس کمپنیز
0.51	795,632	6	مضارب اور سیویٹل فنڈز
74.32	116,877,484	1	10 فیصد حصص رکھنے والے حصص دار
15.07	23,692,288	6,519	ای لوکل
			ب۔ فارن
8.63	13,566,379	83	دیگر
100	157,262,502	6,621	کل



مجموعی منافع

کمپنی کا مجموعی منافع 374 ملین روپے رہا جو کہ پچھلے سال کے مقابلے میں 14 فیصد کم ہے۔ اس کی بنیادی وجہ امریکی ڈالر کی پاکستانی روپے کی ویلیو میں کمی اور افراط زر میں اضافہ ہے جس کی وجہ سے محصولات کی لاگت زیادہ تھی اور مجموعی مارجن میں کمی واقع ہوئی ہے۔

منافع جات، سوڈ ٹیکس کوٹنی، فرسودگی اور کساد بازاری سے پہلے (EBITDA):



منافع بعد از ٹیکس (Profit after Taxation):

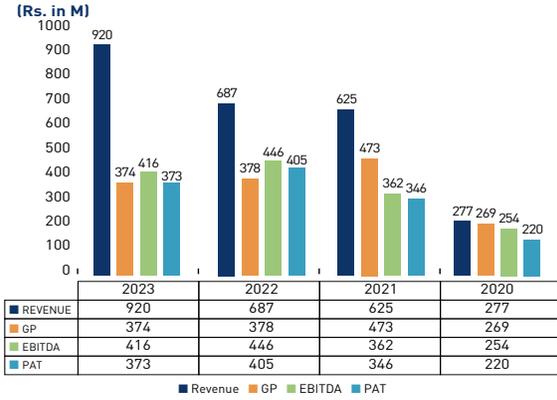
خالص منافع (بعد از ٹیکس کوٹنی) 373 ملین روپے جو کہ پچھلے سال کے مقابلے میں 8 فیصد کم ہے۔ کمپنی انتظامیہ بہت پر امید ہے کہ اس مجموعی آمدنی اور خالص منافع کے مارجن میں مالیاتی سال 2024 اور 2025 میں بہتر مثبت رجحان کو برقرار رکھے گی اور مزید اضافہ کرے گی ڈیجیٹل نریشن کے کاروبار کا اب بلندی کی طرف رجحان ہونے کی وجہ سے سبسکرپشن پرزنی آرڈرز 2024 کے آغاز میں محفوظ ہو جائیں گے۔ انتظامیہ مالی سال 2024 کے منظور شدہ کارپوریٹ پلان کے مقررہ اہداف کو حاصل کرنے میں پر امید ہے۔



ڈائریکٹرز رپورٹ

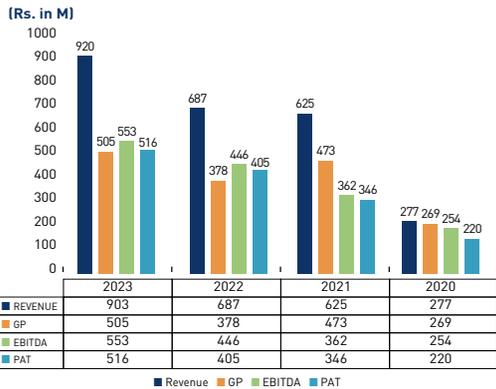
کاروباری نتائج (Operating Result Consolidated) :-

موازنہ فیصد	موازنہ	2022	2023	
34%	232,662,318	687,009,826	919,672,144	آمدن
-12%	(50,159,277)	430,170,672	380,011,395	منافع قبل از ٹیکس
-8%	(31,650,583)	405,062,817	373,412,234	منافع بعد از ٹیکس



کاروباری نتائج (Operating Result Standalone) :-

موازنہ فیصد	موازنہ	2022	2023	
31%	216,108,365	687,009,826	903,118,188	آمدن
22%	92,895,790	430,170,672	523,066,462	منافع قبل از ٹیکس
27%	110,745,206	405,062,817	515,808,023	منافع بعد از ٹیکس



مالیاتی کارکردگی

آمدن

کمپنی کی آمدنی 920 ملین روپے رہی جو کہ پچھلے سال کے مقابلے میں 34 فیصد اضافی ہے۔ اگرچہ یہ منصوبے کے مطابق نہیں ہے لیکن پھر بھی بیس لائن کو بہتر بنانے میں کامیاب رہے ہیں۔ یہ کاروباری منصوبے کے مطابق سال 2023 میں کاروبار کی ترقی میں ایک خوبصورت رجحان کو ظاہر کرتا ہے۔ باقی ہم نے ساہا سال موازنے میں اضافہ دیکھا۔ مالی سال 2020, 2021, 2022 اور 2023 میں عمدہ بڑھوتری کا مشاہدہ کیا۔

آکٹوپس ڈیجیٹل لمیٹڈ کے ڈائریکٹرز انتہائی پرمسرت طریقے سے کمپنی کے آڈٹ کیے گئے اکاؤنٹس (آڈیٹری رپورٹ کے ساتھ) جو کہ مالی سال 31 دسمبر 2023 پر مشتمل ہیں پیش کرتے ہیں۔ پیش کردہ تمام مالیاتی اعداد و شمار اس سے متعلقہ گوشوارے اور تفصیلی نوٹس کمپنی کی انتظامیہ نے بین الاقوامی اصول و ضوابط کے تحت تیار کر لیے ہیں جو کہ مندرجہ ذیل ہیں:-

1- انہوں نے کمپنی کے روزمرہ کاروباری اور کیش کے معاملات اور بنیادی سرمائے کی تبدیلی کے تمام معاملات کو منصفانہ اور بلا جھجک بیان کیا ہے۔
2- اصول و ضوابط کے مطابق مکمل حساب کتاب کا ریکارڈ محفوظ رکھا جا رہا ہے۔
3- مناسب حساب کی پالیسیاں اختیار کی گئی ہیں جو کہ ان مالیاتی گوشواروں کی تیاری میں لاگو کی گئی ہیں جو کہ حساب کتاب کے مناسب اصول و ضوابط اور دانشمندی پر مبنی ہیں۔
4- تمام مالیاتی گوشواروں کی تیاری میں کمپنیز ایکٹ 2017 اور بین الاقوامی اکاؤنٹنگ کے اصول و ضوابط (جن کا اطلاق پاکستان میں بھی ہے) اور بیان کرنے کے ضابطوں کو مد نظر رکھا گیا اور تمام اعداد و شمار کو احسن طریقے سے مکمل کرتے ہوئے بلا جھجک بیان کیا گیا ہے۔

5- کمپنی میں اندرونی معاملات کو چلانے اور اس کا جانچ پڑتال کا اصولی، جامع اور مضبوط نظام موجود ہے جسے نہایت عمدہ اور موثر انداز میں لاگو کیا اور چلا یا جا رہا ہے۔
6- کمپنی کو اپنی قابلیت اسی طرح جاری رکھنے پر کوئی شک و شبہ نہیں ہے۔
7- تمام سرکاری واجبات ڈیوٹی، ٹیکسز اور ان قوانین میں تبدیلی کی وجہ سے جو بھی رقم بنی وہ اچھے طریقے سے کمپنی کی کاروباری معاملات میں بیان کی گئی ہے۔
یہ ڈائریکٹرز کی رپورٹ کمپنیز آرڈیننس کے تحت تیار کی گئی ہے جو کہ ساتواں سالانہ اجلاس عام پرممبران کو بھجوائی جائے گی۔ یہ اجلاس 29 اپریل 2024ء بروز پیر صبح 10:00 بجے بمقام نشاط ہوٹل، گیٹ نمبر 7، امپیریل بال روم - بی، ایپو ریم مال، ملحق عبدالرحمن روڈ، جوہڑا ٹاؤن، لاہور پنجاب پاکستان میں منعقد ہوگا۔

کمپنی

آکٹوپس ڈیجیٹل امریکہ، مشرق وسطیٰ اور جنوبی ایشیا میں اسٹریٹیجک اور آپریشنل مینیجمنٹ سپورٹ سروسز کی مدد سے کاروباری اداروں کو اپنی مینوفیکچرنگ، سپلائی چین اور مالیاتی ورک فلوز کو ڈیجیٹل کرنے میں مدد کرتا ہے۔ اس طرح فیصلہ سازی کی حمایت، قابل عمل بصیرت، اور کاروباری اٹیلی جنس 24x7x365 کثیر سالہ/ماہانہ سبسکریپشن کی بنیاد پر منظم اور غیر منظم سروس کے طور پر دستیاب ہے۔

رپورٹ:-

آرڈرز کی پیداوار اور محصولات کے لحاظ سے کمپنی کی کارکردگی شاندار اضافہ پر بند ہوئی اگرچہ مجموعی اور خالص منافع دونوں نے پچھلے سال کے مقابلے میں کمی ظاہر کی جو کہ بنیادی طور پر نئے ڈیجیٹل کاروباری لائن میں مقررہ اخراجات میں اضافہ کی وجہ سے ہے کاروباری لائن بہت اچھی ہے اور آنے والے دنوں میں مقررہ اہداف کو حاصل کرنے کیلئے سال 2023 کے دوران حاصل کردہ آرڈرز سے فائدہ اٹھانے کے لئے تیار ہے۔

- ۲۔ حصص یافتگان جو کہ GDC میں رجسٹر ہیں ان سے درخواست کی جاتی ہے کہ وہ اپنا آئی ڈی نمبر اور اکاؤنٹ نمبر جو کہ CDC میں ہے، مہیا کریں۔
- ۳۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹران اپنے ٹرسٹیوں کی قرارداد/مختار نامہ بمعہ نامزد کیے گئے شخص کے دستخط نمونہ پیش کریں۔

پراسی کی تقرری کیلئے:-

- ۱۔ انفرادی فرد کی صورت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور زیادہ افراد جسکی سیورٹی گروپ اکاؤنٹ میں ہوں اور انکی رجسٹریشن کی تفصیلات قوانین کے مطابق جمع کروائی گئی ہوں، پراسی فارم مکمل اور صحیح طور پر تصدیق شدہ ہو جمع کروانا ہونگے۔
- ۲۔ پراسی فارم پر دو اشخاص گواہ ہونے چاہئیں جنکے نام، پتہ جات، شناختی کارڈ نمبر پراسی فارم پر لکھے ہوں۔
- ۳۔ حصص یافتگان اور پراسی کے درست شناختی کارڈ یا فائدہ مند مالکان کے پاسپورٹ کی تصدیق شدہ کاپیاں پراسی فارم کے ساتھ مہیا کریں۔
- ۴۔ پراسی اپنا شناختی کارڈ یا پاسپورٹ اجلاس کے وقت یا آن لائن رجسٹریشن کے وقت پیش کرے۔
- ۵۔ کارپوریٹ شناخت کی صورت میں مختار عام بورڈ آف ڈائریکٹران کارپوزیشن نامزد کیے گئے شخص کے دستخط نمونہ جات کے ساتھ اجلاس کے وقت یا آن لائن رجسٹریشن کے وقت پیش کرے۔

پراکسی فارم

نوٹس برائے ساتواں سالانہ اجلاس عام

میں / ہم _____ ساکن _____ بطور آکٹوپس ڈیجیٹل لمیٹڈ
 رکن و حامل _____ عام حصص برطانیق شیئر رجسٹرڈ
 فولیو نمبر _____ اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور
 ذیلی کھاتہ نمبر _____ ساکن _____ یا بصورت دیگر
 _____ ساکن _____ کو اپنی جگہ مورخہ 29 اپریل 2024ء
 منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کیلئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط بتاریخ _____ 2024ء

گواہان :-

براہ کرم پانچ روپے
 مالیت کے ریونیوٹکٹ
 چسپاں کریں

دستخط

دستخط کمپنی میں درج نمونہ کے
 مطابق ہونے چاہئیں

- 1 دستخط: _____
 نام: _____
 پتہ: _____
 قومی شناختی کارڈ یا پاسپورٹ نمبر: _____
- 2 دستخط: _____
 نام: _____
 پتہ: _____
 قومی شناختی کارڈ یا پاسپورٹ نمبر: _____

نوٹ: پراکسی فارم کے موثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کا کمپنی کارکن ہونا ضروری نہیں ہے۔ سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کروائیں۔



Form of Proxy**7th Annual General Meeting of Octopus Digital Limited**

I/We _____
of _____
being a member of Octopus Digital Limited and holder of _____ ordinary shares
as per share Register Folio (Number of Shares) No. _____ and / or CDC
Participant ID No. _____ and Sub
Account No. _____ hereby appoint _____ of
_____ or
failing him _____ of _____ as
my/our proxy to vote for me/us and on my/our behalf at the 7th Annual General Meeting of the company to
be held on the **29th day of April 2024** and at any adjournment thereof.

Signed this _____ day of _____ 2024

1) **Signature:** _____
Name : _____
Address : _____

Signature on Rs. 5/- Revenue Stamp

CNIC or: _____
Passport : _____

Signature
Signature should agree with the
specimen registered with the company

2) **Signature:** _____
Name : _____
Address : _____

3) CNIC or: _____
Passport : _____

Note:

Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.





www.octopusdtl.com

OCTOPUS

DIGITAL

Octopus Digital FZ-LLC

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Octopus Digital Inc.

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