



**THE ORGANIC
MEAT COMPANY LIMITED**

3rd **Quarter Report**

March 31st, 2022

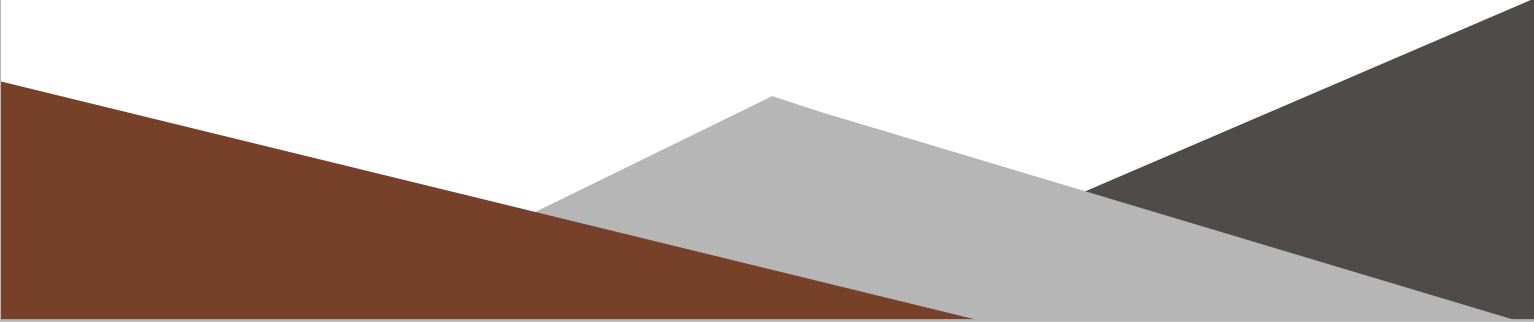
**Processors & Exporters
of Halal Beef, Mutton &
Offal Products**

www.tomcl.net



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COMPANY INFORMATION

Board of Directors

Mr. Nihal Cassim
(Chairman/Non-Executive Director)

Mr. Faisal Hussain
(Chief Executive Officer)

Mr. Ali Hussain
(Chief Operating Officer)

Mr. Rizwan Punjwani
(Independent Director)

Mr. Aneek Saleh Mohammad
(Independent Director)

Mr. Syed Owais Hasan Zaidi
(Independent Director)

Ms. Sehrish Hafeez
(Independent Director)

Audit Committee

Mr. Rizwan Punjwani
Chairman (Independent Director)

Mr. Nihal Cassim
Member (Non-Executive Director)

Mr. Syed Owais Hasan Zaidi
Member (Independent Director)

External Auditor

Grant Thornton Anjum Rahman
Chartered Accountants

Company Secretary

Imran Khan

Human Resource and Remuneration Committee

Mr. Aneek Saleh Mohammad
Chairman (Independent Director)

Mr. Rizwan Punjwani
Member (Independent Director)

Mr. Ali Hussain
Member (Executive Director)

IT Committee

Mr. Syed Owais Hasan Zaidi
Chairman (Independent Director)

Mr. Nihal Cassim
Member (Non-Executive Director)

Mr. Ali Hussain
Member (Executive Director)

Tax Advisor

Saleem and Co.

Legal Advisor

Pinjani & Vadria Lawyers

Share Registrar

F.D. Registrar Services (Pvt.) Limited

Internal Auditor

BDO Ebrahim & Co.
Chartered Accountants

DIRECTORS' REVIEW

The Board of Directors are pleased to present the condensed interim financial statements of the Company for the period ended March 31, 2022.

Operational Review

The primary business activities of The Organic Meat Company Limited ("TOMCL") are exporting fresh chilled meat, frozen meat and frozen offals to the Middle Eastern, Far Eastern CIS and South Asian markets. At present your Company has the ability to export to over a dozen countries. Our products are carefully packaged in cloth, vacuum packed, IWP (individually wrapped packing) and commercialized branded packaging, then exported via land, sea and air. The meat slaughtering facility and the animal fattening farm are located in Gadap, Karachi and the offal processing, cooked and pet food processing are at Korangi, Karachi.

We are pleased to report that following exports to US, your company is now geared up for its first export of pet foods to Europe. Acceptance of this product line will pave the way for exports of a completely new line of high margin products to an untapped market. In addition, TOMCL's export of ready-to-cook frozen meat to private brands continues to gain traction in gulf countries.

Although in early stages, both these avenues represent secured forms of additional revenues and are part of the Company's growth strategy. Exports are continuing to Saudi Arabia and this should put to rest rumors of bans on Pakistani meat.

TOMCL exported 4,724 MT of chilled meat, frozen meat and frozen offals which are lower by 381 MT or 7% over the same period last year. Volumetric exports of frozen products declined by 64%, while sales of fresh chilled meat grew by 72%. The shrinkage in volumes is attributable to 27% lower offal sales due to covid restrictions in Hongkong and Vietnam. The UAE remained our largest market accounting for 72% of export sales.

Financial Review

The sales of your company grew by 28% over the same period last year, to reach PKR 3,449 mn. Selling prices were higher in each product category and were aided by a weak rupee. It is worth noting that the government has not yet renewed the duty drawback on local taxes and levies for FY22 resulting in lower net sales. Cost of sales were up by 29% due to inflationary effects on raw material, animal feed, payroll and higher depreciation on capitalized plant and machinery. The latter is expected to continue growing as the company's various expansion initiatives come online.

Gross profit margin remained flat when compared to the corresponding period last year. Operating expenses increased by 80% due to the rise in freight rates, PKR devaluation, salaries and wages, while other income stood at PKR 164 mn due to exchange gains and gain on sale

DIRECTORS' REVIEW

of biological assets (fattening farm cattle). Finance charges increased by 36% due to higher borrowings. The profit after tax stood at PKR 322 mn compared to PKR 208 mn for the same period last year, translating into an EPS of PKR 2.62 compared to PKR 1.69 last year. A table summarizing the financials is presented below:

Description	March 31, 2022	March 31, 2021	Change %
	----- (PKR) -----		Increase/(Decrease)
Net Sales	3,449,004,208	2,692,533,911	28.10%
Gross Profit	546,530,879	441,768,661	23.71%
Operating Expenses	-260,388,685	-144,700,554	79.95%
Other Income/Expense	164,518,266	-15,194,653	NA
Finance Cost	-57,440,963	-42,306,971	35.77%
Profit Before Tax	351,609,017	234,219,919	50.12%
Tax	-29,895,493	-26,595,836	12.41%
Profit After Tax	321,713,524	207,624,083	54.95%
EPS	2.62	1.69	

Update on Expansion Projects

Animal Fattening Project: Fattened animals are now being commercially utilized by the slaughter house at Gadap. The farm is fattening over 1000 heads at any given time. The planned capacity increment was put on hold in the current quarter due to Lumpy Skin Disease (LSD). The fattening farm had no case of LSD due to stringent sanitary and quarantine controls.

Korangi Factory: The production of offals commenced in 3QFY22, however negligible sales during the quarter were due to COVID closures and lockdowns in Vietnam and Hong Kong.

The processed food facility is up and ready for production after successful test runs. The registration process in China's new Single Window Trade platform has been slower than anticipated due to Covid closures and lockdowns in China. Your company is continuing its efforts to get registered with the platform to export heat treated beef to China by FY23.

DIRECTORS' REVIEW

The pet food facility is under production test runs ahead of timelines. Your company is looking forward to its first ever export of pet food to Europe within the current fiscal year. TOMCL is proud to be the pioneer Pakistani company to be able to export such value-added products to Europe.

KEPZA Project: Given the uncertainty in logistics and raw material availability brought about by COVID, shipping delays and now the Ukraine war, no meaningful progress has been made on this front.

Future Outlook

Your company continues to work diligently on expanding its product offerings and customer base from markets in Asia to America. We are confident that by offering value added products with extended shelf lives, our presence will grow in export markets. However, we caution that inflationary impact on inputs, freight and financial costs are cause of concern.

Acknowledgement

The Board would like to express its gratitude to all stakeholders for their trust and continued support to the Company. The Board would also like to place on record its appreciation to all employees of the Company for their dedication, diligence and hard work.

On behalf of the Board of Directors



Nihal Cassim
Chairman



Faisal Hussain
Chief Executive Officer

Karachi: March 25, 2022

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022 (UN-AUDITED)

	Note	Un-Audited March 31, 2022 Rupees	Audited June 30, 2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,878,805,843	1,826,719,293
Right-of-use asset		1,608,750	-
Intangible asset		275,000	350,000
Total non-current assets		1,880,689,593	1,827,069,293
CURRENT ASSETS			
Stock-in-trade		221,846,174	188,264,543
Biological assets other than bearer plants		39,867,067	24,725,136
Trade debts - considered good	6	1,460,746,261	911,677,539
Loans and advances	7	301,579,625	336,290,680
Deposits and prepayments		1,513,985	29,289,576
Other receivables		184,832,928	201,375,673
Cash and bank balances		108,942,008	124,624,729
Total current assets		2,319,328,048	1,816,247,876
TOTAL ASSETS		4,200,017,641	3,643,317,169
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 135,000,000 (June 30, 2021: 135,000,000) Ordinary shares of Rs.10 each		1,350,000,000	1,350,000,000
Issued, subscribed and paid up capital 122,999,555 (June 30, 2021: 111,817,777) ordinary shares of Rs.10 each		1,229,995,550	1,118,177,770
Reserves		1,409,251,175	1,151,324,675
Revaluation surplus on property, plant and equipment - net		426,000,303	474,031,059
Total shareholders' equity		3,065,247,028	2,743,533,504
NON-CURRENT LIABILITIES			
Long term borrowings - secured	9	89,260,590	29,653,010
Long term lease liability		937,035	-
		90,197,625	29,653,010
CURRENT LIABILITIES			
Current maturity of long term borrowings - secured	9	17,125,689	8,472,289
Current portion of lease liability		429,333	-
Short term loan from related parties - unsecured	10	133,987,592	133,987,592
Short term borrowings - secured	11	654,992,071	568,166,129
Trade and other payables		176,285,425	88,665,487
Accrued expenses and other liabilities		47,837,806	53,706,831
Accrued mark-up		12,881,427	15,769,192
Unclaimed dividend		810,034	1,271,827
Taxation - net		223,611	91,308
Total current liabilities		1,044,572,988	870,130,655
TOTAL EQUITY AND LIABILITIES		4,200,017,641	3,643,317,169
CONTINGENCIES AND COMMITMENTS			

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



Chief Executive Officer



Director



Chief Financial Officer

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

	Note	Nine Months Ended		Quarter Ended	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		Rupees	Rupees	Rupees	Rupees
Sales - net	13	3,449,004,208	2,692,533,911	1,182,237,718	896,807,993
Cost of sales	14	(2,902,473,329)	(2,251,086,250)	(1,019,434,917)	(760,551,881)
Gross profit		546,530,879	441,447,661	162,802,801	136,256,112
Administrative expenses		(72,333,088)	(49,890,137)	(28,086,997)	(17,074,664)
Selling expenses		(188,055,597)	(94,810,417)	(81,064,437)	(20,825,816)
Allowance for doubtful debt	6.1	(41,610,480)	(5,025,563)	(6,541,214)	(1,681,863)
		(301,999,165)	(149,726,117)	(115,692,648)	(39,582,343)
Operating profit		244,531,714	291,721,544	47,110,153	96,673,768
Finance costs		(57,440,963)	(42,306,971)	(20,025,623)	(15,463,461)
Other income / (expense) - net	15	164,518,266	(15,194,653)	54,470,641	(10,900,224)
		107,077,303	(57,501,624)	34,445,018	(26,363,685)
Profit before taxation		351,609,017	234,219,919	81,555,171	70,310,083
Taxation		(29,895,493)	(26,595,836)	(11,651,706)	(6,075,106)
Profit after taxation		321,713,524	207,624,083	69,903,465	64,234,977
Earnings per share - basic and diluted - restated		2.62	1.69	0.57	0.52

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



Chief Executive Officer



Director



Chief Financial Officer

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

	March 31, 2022	March 31 2021
	Rupees	Rupees
Profit for the period	321,713,524	207,624,083
Other comprehensive income:		
Items that will not be reclassified to condensed statement of profit or loss account in subsequent periods	-	-
Items that will be reclassified to condensed statement of profit or loss account in subsequent periods	-	-
Total comprehensive income for the period	321,713,524	207,624,083

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



Chief Executive Officer



Director



Chief Financial Officer

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

	Note	March 31, 2022 Rupees	March 31 2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the period		351,609,017	234,219,919
<i>Adjustment for non-cash items:</i>			
Depreciation on property, plant and equipment	5	99,610,303	90,639,559
Amortization of intangible asset		75,000	75,000
Finance costs		57,440,963	42,306,971
Profit on pls account		(44,175)	(5,907,410)
Unrealized exchange gain on trade debtors		(44,237,755)	4,845,432
Unrealized gain on biological assets		(21,379,784)	-
Allowance for doubtful debts		41,610,480	5,025,563
Gain on disposal of property, plant and equipment		-	(431,386)
Provision for Worker's Profit Participation Fund		17,058,422	12,956,996
Provision for Worker's Welfare Fund		2,396,491	1,520,263
		504,138,962	385,250,908
<i>Working capital changes</i>			
Stock-in-trade		(33,581,631)	(2,710,728)
Biological assets other than bearer plants		6,237,853	-
Trade debts		(546,441,447)	125,422,102
Loans and advances		34,711,055	(178,057,871)
Deposits and prepayments		23,371,903	(29,623,036)
Other receivables		16,542,745	(51,539,601)
Trade and other payables		62,296,000	(73,933,326)
		(436,863,522)	(210,442,461)
Cash (used in) / generated from operating activities		67,275,440	174,808,447
Income taxes paid		(29,721,195)	(28,598,031)
Finance costs paid		(55,925,040)	(51,161,355)
Net cash used in operating activities		(18,370,795)	95,049,061
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(151,696,853)	(505,781,030)
Right of use assets		(212,822)	-
Profit received on pls account		44,175	5,907,410
Sale proceeds from disposal of property, plant and equipment		-	1,500,000
Net cash used in investing activities		(151,865,500)	(498,373,619)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares- net		-	776,230,697
Dividend paid		(461,793)	(222,124,051)
Loan obtained from financial institutions - net		68,260,980	9,414,000
Payment of lease rentals		(71,556)	-
Due to related parties obtained / (repaid) - net		-	(11,769,282)
Net cash generated from financing activities		67,727,631	551,751,365
Net (decrease) / increase in cash and cash equivalent		(102,508,664)	148,426,806
Cash and cash equivalent at beginning of the period		(443,541,399)	(506,032,189)
Cash and cash equivalent at end of the period	16	(546,050,063)	(357,605,383)

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

Chief Executive Officer

Director

Chief Financial Officer

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

1. LEGAL STATUS AND NATURE OF BUSINESS

The Organic Meat Company Limited (the "Company") was incorporated in Pakistan on July 14, 2010 as a private limited company under the repealed Companies Ordinance 1984 (now Companies Act, 2017), and subsequently it was converted into public limited company on November 08, 2018. The Company's ordinary shares are listed in the Pakistan Stock Exchange Limited.

The registered address of the Company is situated at Plot No. 257, sector 24, Korangi Industrial Area, Karachi, and the factory premises at Survey No. 310, Deh Shah Mureed, Gadap, Karachi, Pakistan. The Company's principal activities are processing and sale of halal meat and allied products.

On August 03, 2020, Pakistan Stock Exchange had approved the Company's application for formal listing and quotation of the shares on the Pakistan Stock Exchange.

2. BASIS OF PREPERATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The comparative condensed interim financial statements are un-audited, and are being submitted to members as required by section 237 of the Companies Act, 2017 (the "Act").

The condensed interim financial statements do not include all the information required for the annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2021. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the entity since the end of the last annual audited financial statements.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention using accrual basis of accounting, except for condensed interim statement of cash flows, property, plant and equipment, biological assets and derivative forward contracts.

2.3 Functional and presentation currency

Items included in the condensed interim financial statements are measured using the currency of the primary economic environment in which the Company operates. The condensed interim financial statements are presented in Pakistani Rupee which is the Company's functional and presentation currency. The figures have been rounded off to the nearest Rupee.

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2021.

3.1 Standards, amendments and interpretations to the published standards that may be relevant to the Company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

New or Revised Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2022
IFRS 16 'Covid-19-Related Rent Concessions beyond 30 June 2021'	April 1, 2022

Standards, amendments and interpretations to the published standards that may be relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Annual improvements to IFRSs 2018 - 2020 Cycle	January 1, 2022
IFRS 3 References to Conceptual Framework	January 1, 2022
IAS 16 Proceeds before intended use	January 1, 2022
IAS 37 Onerous Contracts- Cost of Fulfilling a contract	January 1, 2022
IAS 1 Classification of Liabilities as Current or Non-current	January 1, 2023
IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	January 1, 2023
'Definition of Accounting Estimates (Amendments to IAS 8)'	January 1, 2023

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 1, 2023

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the audited annual financial statements for the year ended June 30, 2021.

		Unaudited March 31, 2022 Rupees	Audited June 30, 2021 Rupees
5. Property, plant and equipment	Note		
Operating fixed assets - at net book value	5.1	1,705,776,492	1,529,709,086
Capital work-in-progress - at cost	5.3	173,029,351	297,010,207
		<u>1,878,805,843</u>	<u>1,826,719,293</u>
5.1 Operating fixed assets - at net book value			
Opening written down value		1,529,709,086	1,269,014,605
Additions during the period/year		1,327,585	138,483,890
Transfers from CWIP during the period/year	5.3	274,350,123	250,656,678
Disposals during the period/year		-	(8,657,623)
		275,677,708	380,482,945
<i>Depreciation</i>			
Charge for the period/year		(99,610,302)	(125,783,320)
On disposals		-	5,994,856
Closing written down value		<u>1,705,776,492</u>	<u>1,529,709,086</u>

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

	Note	Unaudited March 31, 2022 Rupees	Audited June 30, 2021 Rupees
5.2 Details of additions during the period/year			
Land - Leasehold		-	122,520,612
Building		237,052,347	167,838,097
Motor vehicles		1,000,000	10,809,000
Plant and Machinery		-	86,116,550
Office equipment		327,585	1,055,400
Furniture and Fixture		-	800,909
		238,379,932	389,140,568
5.3 Capital work-in-progress - at cost			
Balance at the beginning of the period/year		297,010,207	150,983,003
Additions during the period/year		145,187,711	370,427,998
Transfers during the period/year		(269,168,567)	(250,656,678)
Advance against fixed assets		-	26,255,884
Balance at the end of the period/year		173,029,351	297,010,207
6. TRADE DEBTORS			
Secured and considered good			
Foreign debtors		16,177,632	29,120,789
Unsecured and considered good			
Foreign		1,419,559,882	860,443,181
Local		25,008,747	22,113,569
		1,444,568,629	882,556,750
Considered doubtful			
Foreign		208,590,784	166,980,304
		1,669,337,045	1,078,657,843
Provision for bad debts	6.1	(208,590,784)	(166,980,304)
		1,460,746,261	911,677,539
6.1 Movement in provision against doubtful debts			
Balance at the beginning of the period/year		166,980,304	154,307,575
Allowance for doubtful debts			
- expected credit loss		41,610,480	12,672,729
		208,590,784	166,980,304

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

	Unaudited	Audited
	March 31,	June 30,
	2022	2021
	Rupees	Rupees
7. LOANS AND ADVANCES		
Unsecured and considered good		
Advance to suppliers	298,629,691	334,344,155
Security deposit	630,000	-
Loans to employees	2,319,934	1,946,525
	<u>301,579,625</u>	<u>336,290,680</u>
8. OTHER RECEIVABLES		
This include an amount of Rs.174.95 million, receivable against drawback of local taxes and levies collected from exporters of eligible products, vide S.R.O. No. 711(I)/2018 issued by the Ministry of Commerce & Textile, Commerce Division. The Company is engaged in the export of processed meat, which is an eligible product for the purpose of drawback under the aforementioned circular.		
9. LONG TERM BORROWINGS - SECURED		
Financial Institutions	106,386,279	38,125,299
Less: Current maturity	<u>(17,125,689)</u>	<u>(8,472,289)</u>
	<u>89,260,590</u>	<u>29,653,010</u>
10. SHORT TERM LOAN FROM RELATED PARTIES - UNSECURED		
Associated Company	100,000,000	100,000,000
Director	33,987,592	33,987,592
	<u>133,987,592</u>	<u>133,987,592</u>
11. SHORT TERM BORROWINGS		
Financial Institution - secured	<u>654,992,071</u>	<u>568,166,129</u>
12. CONTINGENCIES AND COMMITMENTS		
12.1 Contingencies		
There are no contingencies as on March 31, 2021 (June 30, 2021: Nil).		
12.2 Commitments		
12.2.1	Aggregate commitments under letters of credits for the import of items of plant and machinery (capital expenditure) as at 31 March 2022 amounted to Nil (30 June 2021: Rs.9.24 million).	
12.2.2	The Company has entered into an agreement to pay a monthly rent of Rs. 300,000 per month (June 30, 2021: Rs. 300,000/-) till April 2022 for a cold storage service contract at Korangi, Karachi	
12.2.3	The Company has entered into an agreement to pay a monthly rent of Rs. 300,000 per month (2020: Rs. 300,000) till August 2021 for a cold storage service contract at EPZA.	

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2022 (UN-AUDITED)

	Un-Audited Nine months ended March 31, 2022 Rupees	Un-Audited March 31 2021 Rupees
13. SALES - NET		
Export sales		
Direct Exports	3,325,204,459	2,521,640,085
Duty drawback	32,016,756	70,754,501
	3,357,221,215	2,592,394,586
Other sales	91,782,993	100,314,825
Less: Sales discount	-	(175,500)
	3,449,004,208	2,692,533,911
14. COST OF SALES		
Cost of material consumed	2,650,316,844	2,074,753,133
Depreciation expense	88,280,210	81,575,603
Salaries, wages and other benefits	41,350,447	31,546,286
Animal feed and other consumables	31,557,833	16,300
Fuel and power	31,959,522	18,123,734
Cutting and deboning	23,049,243	19,083,612
Packing materials consumed	15,034,706	15,108,996
Repairs and maintenance	9,833,439	5,925,526
Transportation	3,855,907	1,091,095
Insurance	2,898,358	2,238,960
Rent	1,500,000	-
Printing and stationary	1,081,603	484,177
Janitorial expense	1,087,791	653,178
Communication expense	667,426	485,651
	2,902,473,329	2,251,086,250
15. OTHER INCOME / (EXPENSE) - NET		
This includes net exchange gain amounting Rs 164.56 million on realizations from foreign trade debts during the period, and revaluation of trade debts as at the period end.		
16. CASH AND CASH EQUIVALENTS		
Short term borrowings - financial institutions	(654,992,071)	(558,539,749)
Cash and bank balances	108,942,008	200,934,366
	(546,050,063)	(357,605,383)

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17. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise principal shareholders and their affiliates, directors, companies with common directorships, staff provident fund and key management personnel.

Details of transactions and balances at period end with related parties, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

			Unaudited Nine months ended March 31, 2022 Rupees	Unaudited March 31, 2021 Rupees
17.1. Transactions for the period				
Name of related party	Nature	Relationship		
Mr. Faisal Hussain	<i>Loan obtained</i>	<i>CEO</i>	-	25,413,580
Mr. Faisal Hussain	<i>Loan repaid</i>	<i>CEO</i>	-	24,682,861
Sindh Gas Company (Pvt) limited	<i>Food and entertainment</i>	<i>Associate</i>	729,481	164,149
Remuneration of key management personnel	<i>Salary</i>		31,776,514	18,990,000
			Unaudited March 31, 2022 Rupees	Audited June 30 2021 Rupees
17.2. Balance as at period/year end				
Name of related party				
Ubiquity Trading Limited	<i>Short term borrowings</i>	<i>Associated Company</i>	100,000,000	100,000,000
Mr. Faisal Hussain	<i>Short term borrowings</i>	<i>Director</i>	33,987,592	33,987,592
Sindh Gas Company (Pvt) limited	<i>Accrued expenses</i>	<i>Associated Company</i>	83,786	53,112
Payable to executives	<i>Salary payable</i>		3,000,000	30,750,000

18. UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The principal purpose of the issue was to increase its current product output through the utilization of IPO funds as well as set up a new Facility for the processing of Offal sourced locally in Korangi Industrial Area and also a facility in the Export Processing Zone.

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Estimated break-up of utilization of the IPO proceeds is mentioned below:

Description	Funds Required --- Rupees ---	Allocation %	Actual Expenditure --- Rupees ---	IPO FUNDS	
				Utilization	Under/(Over) utilized
				----- Rupees-----	
Facility of Local Offal in Korangi Industrial Area:					
Land (1000 to 1200 Sq. yards)	100,000,000	60%	114,792,491	114,792,491	(14,792,491)
Construction of Office Building (12000 Sq.Feet)	31,000,000	19%	43,927,618	43,927,618	(12,927,618)
Equipment (Chillers + freezers Storages)	21,200,000	13%	30,562,083	30,562,083	(9,362,083)
Machinery	15,000,000	9%	15,099,437	15,099,437	(99,437)
Total	167,200,000	100%	204,381,629	204,381,628	(37,181,628)
Facility for Export Processing Zone:					
Land (1000 to 1200 Sq. yards)	60,000,000	57%	-	-	60,000,000
Construction of Office Building (12000 Sq.Feet)	22,000,000	21%	-	-	22,000,000
Equipment (Chillers + freezers Storages)	19,948,556	19%	-	-	19,948,556
Machinery	2,500,000	2%	-	-	2,500,000
	104,448,556	100%	-	-	104,448,556
Working Capital	448,351,444	100%	448,351,444	448,351,444	-
Utilization of excess proceeds					
Bank Islami loan repaid	40,000,000	50%	40,000,000	40,000,000	
IPO expenses	23,769,303	30%	23,769,303	23,769,303	
Fattening farm	16,230,697	20%	16,230,697	16,230,697	
	80,000,000	100%	80,000,000	80,000,000	
Total	800,000,000		732,733,073	732,733,072	67,266,928

The funds allocated for the working capital have been utilized, and have been rolled over multiple times in the working capital cycle. The ratio of fund utilization has been adjusted as per the demand pattern of different products over the period since the IPO date.

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

19.1 Financial risk management information and disclosures

The Company's activities exposed to a variety of financial risks, market risk (including currency risk), fair value risk, interest risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2021. There have been no change in any risk management policies since the year end.

19.2 Fair value of financial instruments

During the period, there were no significant changes in the business or economic circumstances that effect the fair value of the Company's financial assets and financial liabilities. Furthermore, there were no reclassification of financial assets.

19. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position has been compared with the balances of audited annual financial statements of the Company for the year ended June 30, 2021, whereas, the condensed interim statement of profit or loss account and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of condensed interim financial statements of the

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Company for the period ended March 31, 2021. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

20. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on April 25, 2022.



Chief Executive Officer



Director



Chief Financial Officer

The Organic Meat Company Limited

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