



**THE ORGANIC
MEAT COMPANY LIMITED**

Quarterly Report

March 31, 2021

Processors & Exporters
of Halal Beef, Mutton &
Offal Products



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COMPANY INFORMATION

Board of Directors

Mr. Nihal Cassim
(Chairman/Independent 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. Salman Hussain
(Executive 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 (Independent Director)

Mr. Syed Owais Hasan Zaidi
Member (Independent Director)

External Auditor

Grant Thornton Anjum Rahman
Chartered Accountants

Company Secretary

Abdul Quadir

Human Resource and Remuneration Committee

Mr. Aneek Saleh Mohammad
Chairman (Independent Director)

Mr. Rizwan Punjwani
Member (Independent Director)

Mr. Salman Hussain
Member (Executive Director)

Tax Advisor

Saleem and Co.

Legal Advisor

Pinjani & Vadria Lawyers

Share Registrar

F.D. Registrar Services (Pvt.) Limited

Bankers

Al Baraka Bank Pakistan Ltd
Bank Islami Pakistan Ltd
Bank Al Habib Limited
Dubai Islamic Bank Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Soneri Bank Limited

Website

www.tomcl.net

Registered Address

Office Address: 9th Floor, Room # 902,
Port Way Trade Tower, Plot # 189/A, S.M.C.H.S,
Karachi, Pakistan.
Contact # 021-34552146-7

Plant Address: Survey Number 310-Deh Shah
Mureed, Gadap, Karachi, Pakistan.
Contact # 034688224601-30



DIRECTORS' REVIEW

DIRECTORS' REVIEW

The Board of Directors are pleased to present the condensed interim financial statements of the Company for the period ended March 31, 2021.

Operational Review

The Organic Meat Company's (TOMCL) primary business is 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 about a dozen countries. Our products are carefully packaged in cloth, vacuum packed or IWP (individually wrapped packing) food grade plastic, and are exported via land, sea and air. Our primary facility is located in Gadap, Karachi.

TOMCL sold 5,106 MT of chilled meat, frozen meat and frozen offals which is higher by 511 MT for the same period last year. Volumetric sales of frozen meat grew by 77% while sales of fresh chilled meat fell by 33%, resulting in a net decline in meat volumes by about 4%. Offal sales increased by 258% albeit at lower margins due to a wider product range sold to the far east. Conversion of middle eastern customers from fresh chilled to frozen meat continued during the quarter. Sales to CIS have resumed during this period as COVID related restrictions on the road transport routes were eased, and the UAE remained our largest market with about 72% of volumetric sales.

We are pleased to inform you that subsequent to quarter end, we received approvals and registration by Chinese customs authorities to export heat treated beef to the People's Republic - of China. We also exported our first shipment to the USA, which included offals for use in pet foods and are working towards the next similar shipment. Lastly, we purchased our first lot of cattle for the animal fattening farm and over the next two quarters we expect to complete construction of the farm and populate it with approximately 3,000 to 3,500 animals.

Financial Review

Your Company's sales grew by 9.17% to reach at PKR 2,692 mn and 11% to reach at 5,106 MT, compared to same period last year. Cost of sales were higher due to inflationary effects, higher cost of raw material, higher depreciation expense and wages. While selling prices increased by in every product category in USD terms, the PKR appreciation reduced realized prices in local currency. As a result, the gross margin declined from 19.94% to 16.41%.

Operating expenses declined by 13.96% primarily due to a provisioning reversal as per IFRS 9 due to better recovery ratio of receivables. Other income was up due to profit on saving account which also helped to offset the exchange loss of the current period. Finance charges declined by 36.33% due to lower markup rates and repayment of short term loans. As a result, profit after tax stood at PKR 207.62mn compared to PKR 197.68mn profit for the same period last year. The increase in tax is due to prior-period tax adjustment as well as reversal of deferred tax which decreased the total tax expense of the previous period. Your Company has posted an EPS of PKR 1.86 for 9M FY21 as against PKR 1.77, based on current outstanding shares. A table summarizing the financials is presented below:

	March 31, 2021	March 31, 2020	Change % Increase/(decrease)
	----- (PKR) -----		
Sales – Net	2,692,533,911	2,466,409,009	9.17%
Gross Profit	441,768,661	491,849,429	(10.18%)
Operating Expenses	(150,047,117)	(174,386,518)	(13.96%)
Other Income/(Expense)	1,626,539	(24,328,828)	NA

For the quarter ended March 31, 2021

Other Charges	(16,821,291)	(16,065,301)	4.71%
Finance Cost	(42,306,971)	(66,444,029)	(36.33%)
Profit before taxation	234,219,919	210,624,753	11.20%
Taxation	(26,595,836)	(12,938,456)	105.56%
Net Profit	207,624,083	197,686,297	5.03%
EPS*	1.86	1.77	5.08%

*based on current shares outstanding

Update on Expansion Projects

Korangi Offal Project: We are pleased to report that the developmental works for cold chain management installations have completed and procurement and installation of refrigeration equipment is expected to complete by end of June 2021. Construction is planned to be completed by year end and full-fledged operations are expected in 1Q FY22.

Animal Fattening Project: In furtherance of backward integration for the purpose of securing the supply of animals, the animal holding sheds for 1,000 animals have become operational and we have started the trials for fattening on various breeds from end April 2021. The remaining sheds for another 2,000 to 2,500 animals is expected to complete and be operational by year end.

Korangi Head Office Project: Given the acquisition of a larger premises and factory building for the offal project in Korangi, we have decided to move our head office and staff to one centralized location. This move is expected to be completed by year end.

Facility in Export Processing Zone: We continue to work with authorities which will enable us to establish a presence in the EPZ.

Future Outlook

We are aggressively working on expanding our markets and customer base from Asia to America to create a customer base in the US and Canadian markets. We are confident that by offering value added products with extended shelf life, our presence will grow in export markets.

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

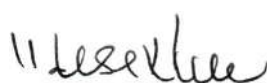
Karachi : April 27, 2021

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021 (UN-AUDITED)

		Un-audited March 31, 2021	Audited June 30, 2020
	Note	-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,813,070,465	1,419,997,608
Intangible assets		375,000	450,000
Total non-current assets		1,813,445,465	1,420,447,608
CURRENT ASSETS			
Stock-in-trade	7	241,649,960	238,939,232
Trade debts - unsecured	8	587,242,493	701,862,880
Loans and advances	9	368,403,805	190,345,934
Deposits and prepayments	10	25,665,306	-
Other receivables	11	222,932,936	171,393,335
Taxation - net		1,344,304	-
Cash and bank balances	12	200,934,366	7,456,022
Total current assets		1,648,173,170	1,309,997,403
TOTAL ASSETS		3,461,618,635	2,730,445,011
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	13	1,118,177,770	718,177,770
Reserves	14	1,039,466,468	631,216,486
Revaluation surplus on property, plant and equipment		490,041,312	538,072,068
Total shareholder's equity		2,647,685,550	1,887,466,324
NON - CURRENT LIABILITIES			
Long term borrowings		9,414,000	-
CURRENT LIABILITIES			
Current maturity of long term borrowings - secured		8,272,060	12,408,089
Accrued mark-up		16,600,138	25,454,521
Trade and other payables	15	85,758,044	145,363,103
Short term loan from related party - unsecured		133,837,592	145,606,873
Short term borrowings - secured		558,539,749	513,488,211
Unclaimed dividend		1,511,503	-
Taxation - net		-	657,890
Total current liabilities		804,519,085	842,978,687
Total liabilities		813,933,085	842,978,687
TOTAL EQUITY AND LIABILITIES		3,461,618,635	2,730,445,011

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

		Nine Months Ended		Quarter Ended	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Note		-----Rupees-----			
Sales - net	16	2,692,533,911	2,466,409,009	896,807,993	746,576,692
Cost of sales	17	(2,250,765,250)	(1,974,559,580)	(760,551,881)	(629,019,595)
Gross profit		441,768,661	491,849,429	136,256,112	117,557,097
Administrative expenses	18	(50,211,137)	(48,240,358)	(17,074,664)	(16,071,369)
Selling expenses	19	(94,810,417)	(98,240,162)	(20,825,816)	(27,820,095)
Allowance for doubtful debt	8.1	(5,025,563)	(27,905,998)	(1,681,863)	-
		(150,047,117)	(174,386,518)	(39,582,343)	(43,891,464)
Operating profit		291,721,543	317,462,911	96,673,768	73,665,633
Finance costs		(42,306,971)	(66,444,029)	(15,463,461)	(20,051,028)
Other income / (expense)	20	1,626,639	(24,328,828)	(6,643,715)	15,299,070
Other charges	21	(16,821,291)	(16,065,301)	(4,256,508)	(4,163,830)
Profit before taxation for the period		234,219,919	210,624,753	70,310,083	64,749,845
Taxation		(26,595,836)	(12,938,456)	(6,075,106)	(8,949,213)
Profit for the period		207,624,083	197,686,297	64,234,977	55,800,632
Earnings per share - basic and diluted		1.86	2.75	0.57	0.78

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE OFFICER


 DIRECTOR


 CHIEF FINANCIAL OFFICER

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

	March 31, 2021	March 31, 2020
	-----Rupees-----	
Profit for the period	207,624,083	197,686,297
Other comprehensive income:		
Items that will not be reclassified to statement of profit or loss in subsequent periods	-	-
Total comprehensive income for the period	<u>207,624,083</u>	<u>197,686,297</u>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

	Share capital	Reserves		Revaluation surplus on property, plant and equipment	Total shareholders' equity
		Capital	Revenue		
		Share premium	Unappropriated profit		
Rupees					
Balance as at July 01, 2019 - (Audited)	718,177,770	922,216	308,958,429	593,055,398	1,621,113,813
Total comprehensive income for the period	-	-	197,686,297	-	197,686,297
Revaluation surplus on property, plant and equipment realized on account of incremental depreciation - net of tax	-	-	47,741,077	(47,741,077)	-
Balance as at March 31, 2020 (Un-audited)	718,177,770	922,216	554,385,803	545,314,321	1,818,800,110
Balance as at July 01, 2020 - (Audited)	718,177,770	922,216	630,294,270	538,072,068	1,887,466,324
Total comprehensive income for nine months	-	-	207,624,083	-	207,624,083
Transactions with owners in their capacity as owners recognized directly in equity					
Shares issued during the period	400,000,000	400,000,000	-	-	800,000,000
Final cash dividend 2020 @ Rs. 2.00 per share	-	-	(223,635,554)	-	(223,635,554)
Share issuance cost	400,000,000	400,000,000	(223,635,554)	-	576,364,446
		(23,769,303)			(23,769,303)
Revaluation surplus on property, plant and equipment realized on account of incremental depreciation - net of tax	-	-	48,030,756	(48,030,756)	-
Balance as at March 31, 2021 (Un-audited)	1,118,177,770	377,152,913	662,313,555	490,041,312	2,647,685,550

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.


 CHIEF EXECUTIVE OFFICER


 DIRECTOR

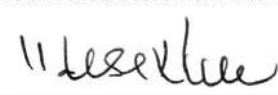

 CHIEF FINANCIAL OFFICER

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

	Note	March 31, 2021	March 31, 2020
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the period		234,219,919	210,624,753
Adjustment for non-cash items:			
Depreciation on property, plant and equipment	6.1	90,639,559	83,298,412
Amortization of intangible asset	18	75,000	-
Finance costs		42,306,971	66,444,029
Profit on pls account		(5,907,410)	-
Unrealized exchange (gain) / loss on trade debtors		4,845,432	30,714,685
Provision for bad debts	8.1	5,025,563	27,905,998
(Gain) / loss on disposal of property, plant and equipment		(431,386)	550,381
Provision for Worker's Profit Participation Fund	21	12,956,996	12,626,955
Provision for Worker's Welfare Fund	21	1,520,263	165,296
		<u>385,250,908</u>	<u>432,330,509</u>
Working capital changes			
Stock-in-trade		(2,710,728)	(26,335,226)
Trade debts		125,422,102	(107,619,798)
Loans and advances		(178,057,871)	(89,459,436)
Deposits and prepayments		(29,623,036)	(6,710,355)
Other receivables		(51,539,601)	(8,246,226)
Trade and other payables		(73,933,326)	66,033,649
		<u>(210,442,461)</u>	<u>(172,337,391)</u>
Cash generated from operating activities		<u>174,808,447</u>	<u>259,993,118</u>
Income taxes paid		(28,598,031)	(22,684,452)
Finance costs paid		(51,161,355)	(64,277,342)
Net cash (used in) / generated from operating activities		<u>95,049,061</u>	<u>173,031,324</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(505,781,030)	(106,131,150)
Profit received on pls account		5,907,410	-
Sale proceeds from disposal of property, plant and equipment		1,500,000	-
Net cash used in investing activities		<u>(498,373,619)</u>	<u>(106,131,150)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares- net		776,230,697	-
Dividend paid		(222,124,051)	-
Long term loan obtained		9,414,000	-
Repayment of loan from financial institutions - net		-	(33,866,856)
Due to related parties obtained / (repaid) - net		(11,769,282)	(15,941,970)
Net cash generated from / (used in) financing activities		<u>551,751,365</u>	<u>(49,808,826)</u>
Net increase in cash and cash equivalent		<u>148,426,806</u>	<u>17,091,348</u>
Cash and cash equivalent at beginning of the period		(506,032,189)	(554,826,728)
Cash and cash equivalent at end of the period	22	<u>(357,605,383)</u>	<u>(537,735,380)</u>

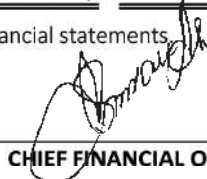
The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.



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, 2021 (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 Suite No. 902, Portway trade center, Plot 189/A, S.M.C.H.S, Karachi and 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.

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 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, 2020. 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 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.

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.

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, 2020.

3.1 Standards, amendments and interpretations to existing standards not yet effective and not applicable/relevant to the Company

There are certain new International Financial Reporting Standards (standards), amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2020. These are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in this condensed interim financial information.

3.2 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.

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 16 - COVID-19 Rent Related Concessions	June 1, 2020
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 (Amendments)	January 1, 2021
IFRS 17 - Insurance Contracts	January 1, 2022
IFRS 3 - Reference to the Conceptual Framework	January 1, 2022
IAS 16 - Proceeds before Intended Use (Amendments)	January 1, 2022
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 1, 2022
IFRS 1, IFRS 9, IFRS 16 and IAS 41 - Annual Improvements to accounting standards (2018-2020 cycle)	January 1, 2022
IAS 1 - Classification of Liabilities as Current or Non-current (Amendments)	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.	

3.3 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, 2022
IFRS 9 - ECL model on the financial assets due from Government	July 1, 2021
The changes laid down by these standards do not have any significant impact on these condensed interim financial statements of the Company.	

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, 2020.

5. TAXATION

The charge for current taxation is based on Final Tax Regime (FTR) in case of exports and other sales, at the applicable rate of taxation after taking into account tax credits and tax rebates available, if any. Provision for current tax on other source of incomes is based on the taxable income in accordance with Income Tax Ordinance, 2001.

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

	Note	Unaudited March 31, 2021	Audited June 30, 2020
		-----Rupees-----	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - at net book value	6.1	1,468,248,037	1,269,014,605
Capital work-in-progress - at cost	6.2	344,822,428	150,983,003
		<u>1,813,070,465</u>	<u>1,419,997,608</u>
6.1 Operating fixed assets			
Opening written down value		1,269,014,605	1,199,126,256
Additions during the period/year	6.1.1	131,749,312	70,711,220
Transfers from CWIP during the period/year	6.2.1	159,942,293	114,102,723
Disposals during the period/year		(5,056,827)	(3,600,796)
		<u>286,634,778</u>	<u>181,213,147</u>
<i>Depreciation</i>			
Charge for the period/year	6.1.2	(90,639,559)	(113,652,433)
On disposals		3,238,213	2,327,635
Closing written down value		<u>1,468,248,037</u>	<u>1,269,014,605</u>
6.1.1 Details of additions during the period/year are as follows:			
Korangi Land		116,516,962	-
Motor vehicles		9,129,000	1,200,000
Factory Land - Leasehold		5,379,650	66,000,000
Plant and machinery		355,200	-
Office equipment		368,500	2,211,220
Generators		-	1,300,000
		<u>131,749,312</u>	<u>70,711,220</u>
6.1.2 Basis of allocation of depreciation			
Cost of sales - 90%		81,575,603	102,287,190
Administrative expense - 10%		9,063,956	11,365,243
		<u>90,639,559</u>	<u>113,652,433</u>
6.2 Capital work-in-progress - at cost			
Balance at the beginning of the period/year		150,983,003	46,274,437
Additions during the period/year		353,781,718	219,311,289
Transfers during the period/year	6.2.1	(159,942,293)	(114,602,723)
Balance at the end of the period/year		<u>344,822,428</u>	<u>150,983,003</u>
6.2.1 Transfers from CWIP during the period/year are as follows:			
Factory building on leasehold land		75,869,402	4,524,550
Plant and machinery		84,072,891	109,578,173
Intangible asset		-	500,000
		<u>159,942,293</u>	<u>114,602,723</u>
7. STOCK IN TRADE			
Finished goods		215,855,637	173,733,660
Raw material and livestock		22,552,876	57,427,523
Work in process		-	4,592,070
Packing material		3,241,447	3,185,979
		<u>241,649,960</u>	<u>238,939,232</u>

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

		Unaudited March 31, 2021	Audited June 30, 2020
		-----Rupees-----	
8. TRADE DEBTS - unsecured	Note		
Considered good			
- foreign debtors		513,880,707	634,296,281
- local debtors		73,361,786	67,566,599
		587,242,493	701,862,880
Considered doubtful		159,333,138	154,307,575
Trade receivables - gross		746,575,631	856,170,455
Less: provision against doubtful debts	8.1	(159,333,138)	(154,307,575)
Trade receivables - net		587,242,493	701,862,880
8.1 Movement in provision against doubtful debts			
Balance at the beginning of the period/year		154,307,575	227,313,827
Balances written-off		-	(142,750,480)
Allowance for doubtful debts			
- expected credit loss		5,025,563	28,921,847
- specific provisions		-	40,822,381
		5,025,563	69,744,228
		159,333,138	154,307,575
9. LOANS AND ADVANCES			
Unsecured			
Advance to suppliers		362,321,875	188,735,878
Loan to employees		1,626,930	1,217,635
Advance against fixed assets		4,455,000	-
		368,403,805	189,953,513
10. DEPOSITS AND PREPAYMENTS			
Prepaid insurance		179,580	392,421
LC Margin against import of machinery		25,485,726	-
		25,665,306	392,421
11. OTHER RECEIVABLES			
Sales tax refundable		15,651,589	10,473,849
Duty drawback	11.1	207,281,347	160,919,486
		222,932,936	171,393,335
11.1 Securities and Exchange Commission of Pakistan vide S.R.O. 985 (I)/2019 dated September 02, 2019 notified in respect of companies holding financial assets due from the Government of Pakistan, that the requirements contained in "IFRS 9 (Financial Instruments) with respect to application of Expected Credit Losses method" shall not be applicable till June 30, 2021.			
		Unaudited March 31, 2021	Audited June 30, 2020
		-----Rupees-----	
12. CASH AND BANK BALANCES			
Cash in hand		95,040	27,972
Saving account		616,308	-
Current account		198,711,515	7,428,050
Dividend account		1,511,503	-
		200,934,366	7,456,022

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

			Unaudited March 31, 2021	Audited June 30, 2020
13. SHARE CAPITAL				
13.1 Authorized share capital				
(Unaudited) (Audited)				
March 31, June 30,				
2021 2020				
Number of shares				
135,000,000 135,000,000	Ordinary shares of Rs. 10 each		1,350,000,000	1,350,000,000
13.2 Issued, subscribed and paid up share capital				
(Unaudited) (Audited)				
March 31, June 30,				
2021 2020				
	Ordinary shares of Rs. 10 each			
61,817,777 21,817,777	- fully paid in cash		618,177,770	218,177,770
50,000,000 50,000,000	- issued as bonus shares		500,000,000	500,000,000
111,817,777 71,817,777			1,118,177,770	718,177,770
14. RESERVES				
Capital				
Share premium	14.1		377,152,913	922,216
Revenue				
Un-appropriated profits			662,313,555	630,294,270
			1,039,466,468	631,216,486
14.1	This represents premium received over and above face value of the shares issued to institutional investors, high net worth individuals and general public through initial public offering (IPO). This reserve can be utilized by the Company only for the purposes specified under section 81 of the Companies Act, 2017.			
			Unaudited March 31, 2021	Audited June 30, 2020
15. TRADE AND OTHER PAYABLES				
Accrued expenses and other liabilities			10,942,910	16,794,393
Payable to contractors			255,000	53,660,944
Advance from customers			182,525	-
Worker's profit participation fund payable			43,735,096	30,778,100
Trade creditors			15,029,065	28,884,417
Salaries, benefits and allowances payable			9,225,946	9,543,291
Worker's welfare fund payable			5,569,069	4,048,806
Audit fee payable			549,766	1,439,600
Staff provident fund			268,667	213,552
			85,758,044	145,363,103
			Unaudited	Unaudited
			Nine months ended	
			March 31, 2021	March 31, 2020
16. SALES - NET	Note			
Export sales				
Direct exports			2,521,640,085	2,328,442,899
Duty drawback			70,754,501	89,752,823
			2,592,394,586	2,418,195,722
Other sales	16.1		100,314,825	76,995,890
Less: sales discount			(175,500)	(28,782,603)
			2,692,533,911	2,466,409,009

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

- 16.1 This includes local sales made under new Qurbani Project introduced by the Company with the brand name "Meat Master".

17. COST OF SALES

Livestock and meat cost

Opening stock

- Livestock

- Work in process

Purchase of meat and allied products

Closing stock

- Livestock

- Work in process

Conversion cost

Depreciation on property, plant and equipment

Salaries, wages and other benefits

Cutting and deboning

Fuel and power

Packing materials purchased

Repairs and maintenance

Insurance

Transportation

Janitorial expense

Printing and stationary

Communication expense

Animal feed and other consumables

Finished goods

Opening stock

Closing stock

Packing material

Opening stock

Closing stock

	Unaudited Nine months ended March 31, 2021	Unaudited March 31, 2020
	-----Rupees-----	
	57,427,523	76,833,180
	4,592,070	14,485,530
	62,019,593	91,318,710
	2,077,463,862	1,802,002,145
	(11,179,500)	(23,769,950)
	-	(17,982,577)
	(11,179,500)	(41,752,527)
	2,128,303,955	1,851,568,328
	81,575,603	72,292,870
	31,546,286	29,980,289
	19,083,612	33,066,417
	18,123,734	21,713,289
	15,108,996	26,304,134
	5,925,526	7,658,695
	2,238,960	1,692,532
	1,091,095	2,297,769
	653,178	1,462,582
	484,177	385,316
	164,651	323,488
	16,300	1,715,280
	176,012,117	198,892,661
	173,733,660	106,319,991
	(227,229,013)	(184,385,138)
	(53,495,353)	(78,065,147)
	3,185,979	3,408,527
	(3,241,447)	(1,244,789)
	(55,468)	2,163,738
	2,250,765,250	1,974,559,580

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

	Unaudited Nine months ended March 31, 2021	Unaudited March 31, 2020
	-----Rupees-----	
18. ADMINISTRATIVE EXPENSES		
Salaries, benefits and other allowances	28,451,587	22,868,168
Depreciation on property, plant and equipment	9,063,955	11,005,542
Food and entertainment	5,197,623	4,819,223
Fee and subscription	3,543,691	4,370,043
Legal and professional	1,036,840	4,409,500
Travelling	650,000	-
Repair and maintenance	517,149	308,589
Security services	508,000	-
Vehicle running and maintenances	481,208	214,198
Internet charges	321,000	-
Insurances	296,883	220,000
Amortization of intangible asset	75,000	-
Printing and stationery	68,200	25,095
	<u>50,211,137</u>	<u>48,240,358</u>
19. SELLING EXPENSES		
Clearing and forwarding charges	64,920,872	51,267,219
Quarantine charges	12,212,693	10,458,297
Export duties	9,156,449	9,354,502
Business development	5,042,108	27,160,144
Courier charges	3,478,295	-
	<u>94,810,417</u>	<u>98,240,162</u>
20. OTHER INCOME / (EXPENSE)		
Exchange gain / (loss)	(4,845,432)	(23,786,097)
Profit on pls account	5,907,410	-
Gain/(loss) on disposal of vehicle	431,386	(623,161)
Scrap sales	133,274	80,430
	<u>1,626,639</u>	<u>(24,328,828)</u>
21. OTHER CHARGES		
Worker' profit participation fund	12,956,996	12,626,955
Worker's Welfare Fund	1,520,263	165,296
Donation and charity	1,260,100	2,723,050
Auditor's remuneration	1,083,932	550,000
	<u>16,821,291</u>	<u>16,065,301</u>
22. CASH AND CASH EQUIVALENTS		
Short term borrowings - banking companies	(558,539,749)	(540,000,000)
Cash and bank balances	200,934,366	2,264,620
	<u>(357,605,383)</u>	<u>(537,735,380)</u>

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

23. 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:

			Nine months ended	
			March 31, 2021 (Unaudited)	March 31, 2020 (Unaudited)
			-----Rupees-----	
23.1 Transactions for the period				
Name of related party	Nature	Relationship		
Mr. Ali Hussain	Loan obtained	Director	-	317,291
Mr. Ali Hussain	Loan repaid	Director	-	621,300
Mr. Ali Hussain	Salary	Director	9,000,000	9,000,000
Mr. Faisal Hussain	Loan obtained	CEO	41,784,947	19,294,617
Mr. Faisal Hussain	Loan repaid	CEO	53,554,228	23,236,588
Mr. Faisal Hussain	Salary	CEO	9,000,000	4,500,000
Sindh Gas Private Limited	Purchase of gas	Common Director	164,149	-
M/s M. Saeed M. Hussain	Received against sales	Associated Company	9,008,667	10,798,629
M/s M. Saeed M. Hussain	Sales	Associated Company	6,363,900	4,152,250
Remuneration of key management personnel	Salary	Executive other than CEO and Directors	3,272,000	3,105,000
23.2 Balance as at period/year end				
Name of related party	Nature	Relationship	Unaudited March 31, 2021	Audited June 30, 2020
			-----Rupees-----	
Ubiquity Trading Limited	Short term borrowings	Associated Company	100,000,000	100,000,000
Zultec (Private Limited)	Trade payable	Associated Company	-	2,645,325
Due to director	Short term borrowings	Directors	33,837,592	45,606,873
Mr. Ali Hussain	Accrued salary	Director	1,000,000	-
Mr. Faisal Hussain	Accrued salary	CEO	1,000,000	-

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

24. 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.

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

Description	Funds Required --Rupees--	Allocation %	Actual Expenditure --Rupees--	Utilization (Over)/Under --Rupees--
Facility of Local Offal in Korangi Industrial Area:				
Land (1000 to 1200 Sq. yards)	100,000,000	60%	116,516,962	16,516,962
Construction of Office Building (12000 Sq.Feet)	31,000,000	19%	36,196,739	5,196,739
Equipment (Chillers + freezers Storages)	21,200,000	13%	14,925,342	(6,274,658)
Machinery	15,000,000	9%	10,560,384	(4,439,616)
	167,200,000	100%	178,199,427	10,999,427
Facility for Export Processing Zone:				
Land (1000 to 1200 Sq. yards)	60,000,000	57%	-	-
Construction of Office Building (12000 Sq.Feet)	22,000,000	21%	-	-
Equipment (Chillers + freezers Storages)	19,948,556	19%	-	-
Machinery	2,500,000	2%	-	-
	104,448,556	100%	-	-
Working Capital:				
Fresh Chilled Meat Via Sea and Air	187,586,833	42%	183,525,000	(4,061,833)
Fresh Chilled Boneless Vacuum Packed Meat	151,141,391	34%	-	(151,141,391)
Frozen meat via-sea	-	0%	175,472,163	175,472,163
Fresh and Frozen White & Red Offal	109,623,220	24%	96,397,145	(13,226,075)
	448,351,444	100%	455,394,308	7,042,864
Utilization of excess proceeds				
Bank Islami loan repaid	40,000,000	50%	40,000,000	-
IPO expenses	32,000,000	40%	23,769,303	(8,230,697)
Fattening farm	8,000,000	10%	16,230,697	8,230,697
	80,000,000	100%	80,000,000	-
Total	800,000,000	-	713,593,735	18,042,291

25. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

25.1 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, 2020. There have been no change in any risk management policies since the year end.

25.2 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.

26. CORRESPONDING FIGURES

In order to comply with the requirement of IAS-34, the condensed interim statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim changes in equity and condensed interim statement of cash flows have been compared with the balances of comparable period of immediate preceding financial year.

For the quarter ended March 31, 2021

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MARCH 31, 2021 (UN-AUDITED)

27. GENERAL

The figures have been rounded off to the nearest rupee.

28. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on 27 APR 2021 by the Board of Directors of the Company.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



The Organic Meat Company Limited

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