

THE ORGANIC MEAT COMPANY LIMITED

Ref: TOMCL/2024-25/Corp/006

September 28, 2024

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

FINANCIAL RESULTS FOR THE YEAR ENDED 30-06-2024

Dear Sir,

We inform you that the Board of Directors of the Company in its meeting held on Saturday, September 28, 2024 at 2:30 pm at the corporate office of the Company at Plot No 257, Sector 24, Korangi Industrial Area, Karachi, has recommended the following:

- | | |
|---|-----|
| 1) Final Cash Dividend | Nil |
| 2) Bonus Shares | Nil |
| 3) Right Shares | Nil |
| 4) Any other entitlement / Corporate Action | Nil |
| 5) Corporate Briefing Session | |

A corporate briefing session will be held on Friday, October 18, 2024 at 11:30 am at the Company's Corporate office situated at Plot No 257, Sector 24, Korangi Industrial Area, Karachi, and also through video conference on zoom to brief the investors / analysts about Company's current financial performance and outlook. Details on joining the session will be shared separately.

6) Any other price sensitive information:

- Financial Results:** The financial results of the Company for the year ended June 30, 2024 are annexed.
- Annual General Meeting:** The Company's Annual General Meeting will be held on Monday, October 28, 2024 at 11:30 am at the Company's corporate office at Plot No 257, Sector 24, Korangi Industrial Area, Karachi.
- Authorized Share Capital:** The Company's Board of Directors has approved the proposed increase in authorized Share Capital of the Company from Rs.1,650,000,000 comprising of 165,000,000 shares of Rs.10 each to Rs.2,000,000,000 comprising of 200,000,000 shares of Rs.10 each. This represents an increase of 35,000,000 shares of Rs.10 each amounting to Rs.350,000,000.

Book Closure Dates:

The Share Transfer Books of the Company will be closed from Monday, October 21, 2024 to Monday, October 28, 2024 (both days inclusive). Transfers received at the office of our Share Registrar, M/s. Corptec Associates (Private) Ltd., Share Registrar and Corporate Consultants, 503-E, Johar Town, Lahore at the close of business on Friday, October 18, 2024 will be treated in time for the purpose of the above entitlement.

The Company's Annual Report will be transmitted through PUCARS at least 21 days before holding the Annual General Meeting.

Yours truly,

For The Organic Meat Company Limited



Imran Khan

Company Secretary

Cc: Company Law Division – SECP Islamabad



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THE ORGANIC MEAT COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees (Restated)
Sales - net	26	11,797,754,504	6,365,238,225
Cost of sales	27	(10,218,713,730)	(5,512,346,738)
Gross profit		1,579,040,774	852,891,487
Administrative expenses	28	(170,636,689)	(122,690,485)
Selling expenses	29	(581,598,234)	(411,534,376)
Allowance for expected credit loss	10.1	(35,179,868)	(5,334,011)
		(787,414,791)	(539,558,872)
Operating profit		791,625,983	313,332,615
Finance costs	30	(231,486,545)	(181,028,297)
Other income	31	154,364,035	675,025,703
Other charges	32	(69,982,288)	(18,446,465)
		(147,104,798)	475,550,941
Profit before levies and taxation		644,521,185	788,883,556
Levies - Final Tax	33	(161,069,370)	(66,689,131)
Profit before taxation		483,451,815	722,194,425
Taxation	19.1	13,921,489	-
Profit for the year		497,373,304	722,194,425
			(Restated)
Earnings per share - basic and diluted	34	3.35	4.86

The annexed notes from 1 to 46 form an integral part of these financial statements.



Chief Financial Officer




Company Secretary

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THE ORGANIC MEAT COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

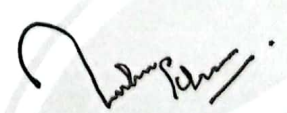
AS AT JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,910,153,056	2,505,487,450
Right-of-use assets	6	6,651,363	8,630,607
Intangible assets	7	2,331,203	1,979,199
Advance against acquisition of shares	1.2	170,000,000	-
TOTAL NON-CURRENT ASSETS		3,089,135,622	2,516,097,256
CURRENT ASSETS			
Stock-in-trade	8	184,079,742	244,793,633
Biological assets other than bearer plants	9	71,967,600	62,489,961
Trade debts - considered good	10	2,275,006,671	2,265,501,193
Loans and advances - unsecured	11	78,714,119	353,215,227
Deposits, prepayments and other receivables	12	190,917,666	154,666,449
Cash and bank balances	13	347,723,137	218,645,543
TOTAL CURRENT ASSETS		3,148,408,935	3,299,312,006
TOTAL ASSETS		6,237,544,557	5,815,409,262
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
165,000,000 (2023: 165,000,000) Ordinary shares of Rs.10 each		1,650,000,000	1,650,000,000
Issued, subscribed and paid up share capital	14	1,484,912,132	1,349,920,120
148,491,213 (2023: 134,992,012) Ordinary shares of Rs.10 each			
Bonus shares issuable		-	134,992,012
Reserves	15	2,610,482,400	2,043,448,140
Revaluation surplus on property, plant and equipment - net of tax	16	848,827,642	1,011,150,446
		4,944,222,174	4,539,510,718
NON-CURRENT LIABILITIES			
Long term borrowings - secured	17	44,204,210	67,316,339
Long term lease liabilities - secured	18	1,990,696	3,978,865
Deferred taxation	19	78,740,359	-
Deferred liability on acquisition of shares	20	37,714,296	-
		162,649,561	71,295,204
CURRENT LIABILITIES			
Current maturity of long term borrowings - secured	17	24,557,949	24,557,949
Current portion of lease liabilities - secured	18	2,014,011	2,014,011
Short term borrowings - secured	21	805,000,000	944,907,362
Trade and other payables	22	149,286,840	144,093,985
Accrued expenses and other liabilities		46,612,869	43,587,953
Taxation and levies - net		42,675,747	1,144,738
Accrued mark-up	23	60,148,620	43,681,582
Unclaimed dividend	24	376,786	615,760
TOTAL CURRENT LIABILITIES		1,130,672,822	1,204,603,340
TOTAL EQUITY AND LIABILITIES		6,237,544,557	5,815,409,262
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes from 1 to 46 form an integral part of these financial statements


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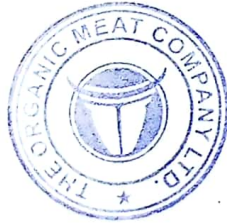
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from operating activities	36	969,739,495	47,230,226
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(558,810,909)	(116,859,626)
Sale proceed from disposal of property, plant and equipment		965,000	-
Right-of-use assets		-	(1,840,429)
Intangible assets		(452,000)	(1,354,599)
Advance against acquisition of shares		(132,285,704)	-
Profit received on bank accounts		16,408,936	5,809,395
Net cash used in investing activities		(674,174,677)	(114,245,259)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan repaid - net		(23,112,129)	(19,790,712)
Short term loan from related parties repaid		-	(133,987,592)
Payment of lease rentals		(3,228,759)	(2,106,146)
Dividends paid		(238,974)	(167,865)
Net cash used in financing activities		(26,579,862)	(156,052,315)
Net increase / (decrease) in cash and cash equivalents		268,984,956	(223,067,348)
Cash and cash equivalent at beginning of the year		(726,261,819)	(503,194,471)
Cash and cash equivalents at end of the year	35	(457,276,863)	(726,261,819)

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DIRECTORS' REPORT TO SHAREHOLDERS

The Board of Directors of The Organic Meat Company Limited (TOMCL) is pleased to present its report to the shareholders for the financial year ended June 30, 2024. The Organic Meat Company Ltd. is a world-class meat producer satisfying all the international standards of hygiene and agricultural produce practices. Our two processing plants and fattening farm based in Karachi, Pakistan, possesses various facilities to provide tender, fresh, and healthy meat to our valued customers globally. The Company's motto is: "We Produce The Best"

TOMCL has successfully navigated the challenging macroeconomic environment in Pakistan and internationally by focusing on sustainable growth, operational efficiencies, and expanding its presence in the Chinese and CIS markets. The Company now has the distinction as being the single largest exporter of frozen cooked beef to China and one of only two companies in Pakistan to have been approved by the Chinese authorities.

Despite the tough economic landscape, FY 2024 was a year of resilience and growth for TOMCL. The Company achieved impressive results across its operations, demonstrating its ability to manage costs effectively while expanding market share. The strong financial performance is a reflection of TOMCL's export-oriented strategy, product diversification, and ongoing efforts to optimize its cost base. These efforts allowed the Company to deliver robust growth in revenue and profitability, despite facing economic challenges with fluctuating energy costs, and continued high inflation putting additional pressure on cost of production and administration.

Key Highlights for FY 2024

During the financial year 2024, TOMCL achieved significant milestones that underscored its commitment to operational excellence and strategic market expansion. Below are some of the key highlights for the year:

- 1. Export Growth and Market Expansion:** TOMCL's export volumes rose by 62% year-on-year, driven by increased demand in key international markets such as the UAE, China, and other Gulf countries. The Company also successfully secured long-term export contracts and diversified its customer base by entering new markets, further solidifying its position as a leading exporter of meat products from Pakistan. This growth was fueled by

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the Company's strong reputation for delivering high-quality, halal certified meat to these international markets.

2. **Entry into the Chinese Market:** In October 2023, TOMCL became the first Pakistani company to receive approval from the General Administration of Customs China (GACC) to export heat-treated frozen beef. This milestone opened a new chapter for the Company, allowing it to tap into one of the world's largest meat markets. The initial shipments to China have been met with positive reception, and TOMCL expects this market to become a key revenue driver in the coming years.
3. **Cost Management Initiatives:** In an inflationary environment where raw material costs and energy prices were rising, TOMCL implemented a range of cost management strategies. These included renegotiating long-term supplier contracts to secure more favorable pricing, improving operational efficiencies through better utilization of resources, and reducing waste across all production lines. The Company also focused on optimizing its supply chain to mitigate the impact of rising fuel and transportation costs. In addition, the company has consistently been investing in BMR activities which has ensured that maintenance costs for plant, machinery and equipment are managed at acceptable levels.
4. **Operational Expansion and Facility Enhancement:** During the year, the Company completed the first phase of its capacities expansion project which added significant chilling and blast freezing capacities to its existing operations. In addition, a new beef deboning line was also installed to support the expected increase in exports to China. TOMCL in September 2024, completed the second phase of its production facility expansion. This expansion increased the Company's production capacity by 40%, enabling it to meet growing demand from both local and international markets. The additional capacity will allow TOMCL to produce a wider range of value-added meat products, catering to the newly entered Chinese market.
5. **Renewal of UAE Export Contract:** TOMCL successfully renewed its long-term export contract with the UAE in April 2024. The UAE has consistently been a key export market for TOMCL, and the renewal of this contract will ensure a steady stream of revenue from this critical region. This contract is a testament to the trust and confidence that international

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buyers have in TOMCL's products and its commitment to delivering top-quality meat products.

Financial Performance

TOMCL's financial performance for the year 2024 remained robust, with significant growth across all major financial metrics. The Company successfully navigated rising costs, particularly in raw materials and energy prices, while maintaining profitability. Below is a comparative analysis of TOMCL's financial performance for FY 2024 and FY 2023.

Financial Metric	(Rupees in Millions)	
	FY 2024	FY 2023
Net Sales	PKR 11,797.754	PKR 6,365.238
Gross Profit	PKR 1,579.041	PKR 852.448
Operating Expenses	PKR 787.414	PKR 539.559
Finance Cost	PKR 231.487	PKR 181.028
Other Income	PKR 154.364	PKR 675.026
Profit Before Tax	PKR 483.452	PKR 722.194
Profit For The Year	PKR 497.373	PKR 722.194
Earnings Per Share	PKR 3.35	PKR 4.86
Real EPS (after adjusting for exchange differences and deferred taxes)	PKR 2.80	PKR 0.71

The increase in net sales was driven by higher export volumes, particularly in the UAE, Uzbekistan and China. Despite rising costs of raw materials and energy prices due to high inflation in Pakistan, the Company was able to maintain a healthy gross profit margin by implementing various cost optimization strategies. Operating expenses increased marginally due to the expanded production capacity and the associated administrative costs, but TOMCL managed to keep these expenditures under control. The year saw a relatively stable exchange rate regime with controlled exchange rates throughout the year by monetary and fiscal intervention in the money markets by the Government.

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This has resulted in negligible exchange gains as compared to FY 2023 which is the major cause of the reduced net profitability.

TOMCL has improved its real EPS considerably from Rs 0.71 per share last year to Rs 2.80 per share for the year ended June 30, 2024 after adjusting for extraordinary exchange gains earned during the year ended June 30, 2023 resulting from severe devaluation of the Pak Rupee against the US dollar.

Challenges and Economic Environment

Pakistan's economic environment during FY 2024 posed significant challenges for businesses across all sectors, including TOMCL. High inflation, which persisted in double digits, drove up the cost of raw materials, including livestock feed and packaging materials. In addition, rising energy prices due to global oil price fluctuations had a direct impact on the Company's production and transportation costs. These factors have resulted in the reduced net margins as exchange rates remained controlled by Government monetary and fiscal tightening initiatives and interventions.

Financial Reporting

Your Company's financial reporting is based on the approved International Accounting Standards and International Financial Reporting Standards as applicable in Pakistan as well as the provision of the Companies Act, 2017.

Related Party Transactions

Related party transactions are approved by the Board. These transactions were in line with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act, 2017. The Company maintains a thorough and complete record of all such transactions. The details of related party transactions are disclosed in notes to the financial statements.

Credit Rating

In 2024, VIS Credit Rating Company Limited (VIS) has reaffirmed the entity ratings of The Organic Meat Company Limited (TOMCL) at 'A/A-1' (Single A /A- One). The long-term rating of 'A' indicates good credit quality with adequate protection factors, while the short-term rating of 'A-1' reflects high certainty of timely payment with excellent liquidity factors and minor risk factors. The rating outlook is 'Stable'.

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Key factors supporting the rating upgrade include TOMCL's strong market position as a major processor and exporter of red meat, the largest capacity in slaughtering to packaging, and a significant presence in 16 export markets. TOMCL's product range includes various forms of processed meat, pet chews, and cooked meat products. The company's efficient business model minimizes wastage and leverages byproducts.

Manufacturing and Operations

We are thrilled to announce that your Company has achieved outstanding results across all production sites by significantly increasing efficiency levels. Our relentless focus on innovation, process optimization, and product development has driven us to not only enhance efficiency but also minimize waste, accelerate delivery times, and optimize stock management.

At Your Company, we continuously invest in modernizing and upgrading our production facilities, capitalizing on every opportunity to stay ahead in the industry. Our commitment to excellence is evident in our ongoing efforts to expand product lines and maintain the highest standards of quality and safety, catering to both local and global markets.

Through regular training programs conducted by SGS and other renowned institutions, we refine our manufacturing operations, ensuring top-tier efficiency and control. By harnessing cutting-edge technologies, we deliver value-added meat products with extended shelf life, empowering us to maintain a competitive edge in the most demanding environments.

Our diverse product portfolio is designed to meet the varying needs of our customers. From fresh chilled and frozen bone-in and boneless meats to cooked meat products and pet food, as well as all types of edible red and white offal, Your Company is dedicated to satisfying every meat requirement, ensuring superior quality and service.

Corporate Social Responsibility

Your Company is deeply committed to driving meaningful change for the planet, our nation, and the communities we serve. We actively support initiatives that reflect our core values and long-term vision for a better world. Additionally, we empower our employees to grow as civic leaders, encouraging them to embrace social responsibility both within the workplace and in their personal lives. Together, we are making a positive impact, one action at a time.

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Operating and Financial Data

The Company has provided its operating and financial data and key ratios for the last six years in the annexures to the Annual Report.

Future Prospects and Outlook

Despite the challenges faced in FY 2024, TOMCL remains optimistic about its future growth prospects. The successful entry into the Chinese market, coupled with the increased production capacity from the recent expansion, positions the Company well for sustained growth in the coming years. TOMCL will continue to focus on diversifying its product portfolio, entering new markets, and optimizing its cost structure to drive long-term profitability.

The Board of Directors (BOD) and its committees

Your Company is governed by a Board of seven directors who bring extensive experience and exercise the utmost care in their decision-making. The Board is composed of two executive directors and five independent directors, including a female director, ensuring diverse and balanced perspectives. The roles of the chairman and the chief executive are clearly defined, promoting strong leadership and effective governance.

The audit, IT, and HR committees are chaired by independent directors, further reinforcing our commitment to transparency and accountability. All directors have successfully completed the Directors Certification Training Program, which exceeds the standards set by the Code of Corporate Governance, Regulations 2019.

Our directors have understanding of their roles, responsibilities, and powers as outlined in the Companies Act, 2017, and the PSX Rule Book. In addition, the Company has implemented a well-structured remuneration policy for its non-executive and independent directors, ensuring alignment with industry best practices.

To enhance operational efficiency and governance, the Board has delegated specific functions to specialized committees, each of which plays a vital role in driving the Company's success. The committees are outlined as follows:

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a) Board Audit Committee (BAC)

The Audit Committee is composed of three independent directors, including the Chairman, in accordance with the Code of Corporate Governance, Regulations 2019. The Board of Directors has clearly outlined the terms of reference for the committee, ensuring its responsibilities are well-defined.

The Audit Committee plays a pivotal role in reviewing quarterly and annual financial statements, as well as internal audit reports, in preparation for Board meetings. Additionally, it is entrusted with the oversight of the company's internal control systems through close collaboration with the internal audit department, ensuring the effectiveness of both operational and financial controls.

The esteemed members of the committee are:

- Mr. Rizwan Abbas – Chairman
- Mr. Nihal Cassim
- Syed Owais Hasan Zaidi

This structure reflects the Board's commitment to upholding strong governance and maintaining the highest standards of transparency and accountability.

b) Human Resource & Remuneration Committee (HRRC)

The committee consists of three Board members: two independent directors and one executive director. The committee is chaired by an independent director, who is responsible for overseeing the formulation and execution of the Company's human resource management policies. Additionally, the committee sets employee remuneration, ensuring alignment with the business strategy and long-term objectives. The current members of the committee are:

- Mr. Aneek Saleh Mohammad - Chairman
- Mr. Rizwan Abbas
- Mr. Ali Hussain

c) Information Technology Committee (ITC)

The committee consists of three Board members, including two independent directors and one executive director. The committee is chaired by an independent director, ensuring impartial

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leadership. Its primary mission is to support the Board in maintaining robust, reliable IT systems and services. Additionally, the committee oversees the quality, integrity, and accuracy of system reporting and internal controls within the Company.

Current members of the committee are:

- Syed Owais Hasan Zaidi - Chairman
- Mr. Ali Hussain
- Ms. Sehrish Hafeez Mastoor

Meeting of the Board and its Committees

Throughout the year, the Board of Directors (BOD) held six meetings, the Audit Committee (BAC) convened four times, the Human Resource & Remuneration Committee (HRRC) met once, and the Information Technology Committee (ITC) held one meeting. The table below provides details on the attendance of each director at these meetings.

Name of Director	Number of Meetings attended			
	BOD	BAC	HRRC	ITC
Mr. Faisal Hussain	6/6	-	-	-
Mr. Ali Hussain	6/6	-	1/1	1/1
Mr. Nihal Cassim	5/6	2/4	-	-
Mr. Rizwan Abbas	6/6	4/4	1/1	-
Syed Owais Hasan Zaidi	5/6	3/4		1/1
Mr. Aneek Saleh Mohammad	6/6	-	1/1	-
Ms. Sehrish Hafeez Mastoor	5/6	-	-	1/1

Directors who were unable to attend board or committee meetings due to legitimate reasons were granted a leave of absence in accordance with applicable legal provisions.

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Corporate and Financial Reporting Framework

We are glad to report that our Company has complied with the Code of Corporate Governance in terms of corporate and financial reporting framework. The following points summarize our compliance status:

- The management of the Company has prepared the financial statements in a fair and accurate manner, reflecting its financial position, performance, cash flows and changes in equity.
- The Company has consistently applied appropriate accounting policies in preparing the financial statements and has made reasonable and prudent accounting estimates.
- The Company has maintained proper books of accounts as required by the law.
- The Company has followed the International Accounting Standards, as applicable in Pakistan, in preparing the financial statements.
- The Company has no significant doubt about its ability to continue as a going concern.
- The Company has a sound system of internal controls that is monitored by internal and external auditors. The Company strives to improve and strengthen its internal controls on a continuous basis.
- The details about taxes are provided in the notes to the accounts.

Risk Management and Strategy for Mitigating Risk

The Board has been closely monitoring the socioeconomic landscape and associated internal and external risks that could impact the Company's operations and overall performance. Proactive in its approach, the Board has focused on identifying, assessing, and managing these risks. The Audit Committee maintains a comprehensive risk register, which is reviewed on a regular basis. Additionally, relevant committees continuously reassess and update policies to ensure alignment with the evolving environment.

Key risks identified include fluctuations in the availability and pricing of raw materials, the appreciation of the Pakistani rupee affecting export revenues, changes in shipping logistics leading to increased freight charges, uncertainty surrounding duty drawback schemes, delays in payment receipts, rising interest rates on loans, potential credit losses from unsecured customers, currency devaluation in competing countries, and the spread of diseases among local livestock.

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To mitigate these risks, the Company has implemented hedging strategies for raw materials, currency, and shipping risks, and has taken steps to safeguard receivables and advances. Furthermore, the management has actively sought government support for the meat export sector by advocating for consistent pricing and policies. Industry associations have also been encouraged to adopt standardized trade practices.

Safety, Health and Environment

Your Company places a high priority on environmental protection and is committed to reducing the environmental impact of its operations and products. We strictly adhere to all relevant environmental legislation, regulations, and standards governing pollution control within our country.

We are proud to announce that Your Company has achieved environmental certification from the Sindh Environment Protection Agency (SEPA), further underscoring our dedication to fostering a greener Pakistan.

In addition, to safeguard the health and safety of our employees both at work and at home, we have implemented comprehensive compliance protocols across all operational premises.

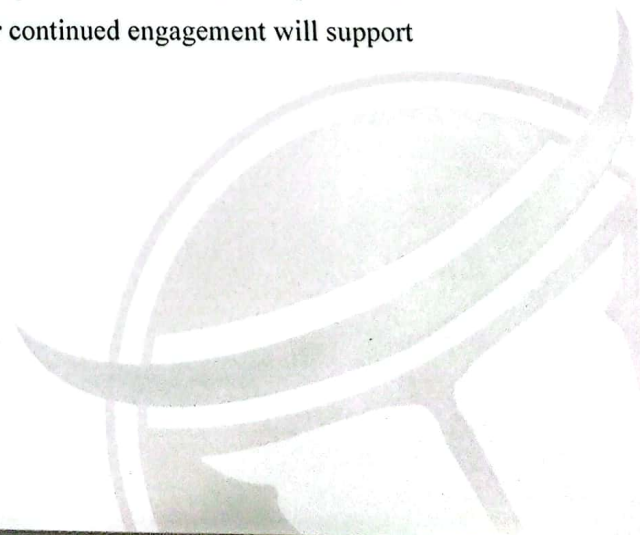
Code of Business Principles

As a prominent meat exporter, we take pride in our strong reputation for ethical integrity. We have implemented a comprehensive Code of Business Principles and Ethical Standards, which has been fully embraced and endorsed by all directors and employees of the company.

Auditors

The Board of Directors has recommended the re-appointment of BDO Ebrahim & Co. Chartered Accountants as the external auditors for the next financial year ending June 30, 2025. This recommendation is subject to the approval of the shareholders at the upcoming Annual General Meeting (AGM). BDO Ebrahim & Co. has demonstrated professionalism and expertise in conducting the company's audits, and the Board believes their continued engagement will support the company's financial reporting process effectively.

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THE ORGANIC MEAT COMPANY LIMITED

Pattern of Shareholding

The shareholding pattern, as mandated by the Code of Corporate Governance, is included in this report. It also provides details of any share transactions involving the Company's Directors, key management personnel, their spouses, and minor children.

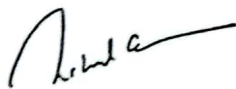
Board's Commitment

The Board remains committed to creating long-term value for its shareholders by pursuing strategic growth opportunities, improving operational efficiencies, and strengthening the Company's market position in the global meat industry.

Acknowledgements

The Board of Directors extends its heartfelt appreciation to our valued customers for their unwavering support, and to our bankers, shareholders, and all stakeholders for their continued trust in the Company. We are also grateful for the cooperation and guidance provided by the Securities & Exchange Commission of Pakistan and the Pakistan Stock Exchange. Above all, we would like to recognize and commend our employees for their dedication, teamwork, and outstanding performance, which are evident in the Company's achievements.

For and on behalf of the Board of Directors,



Nihal Cassim
Chairman



Faisal Hussain
CEO

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