



**THE ORGANIC
MEAT COMPANY LIMITED**




**QUARTERLY
REPORT**
September 30, 2023

www.tomcl.net



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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)

Syed Owais Hasan Zaidi
(Independent Director)

Ms. Sehrish Hafeez Mastoor
(Independent Director)

Audit Committee

Mr. Rizwan Punjwani
Chairman

Mr. Nihal Cassim
Member

Syed Owais Hasan Zaidi
Member

External Auditor

BDO Ebrahim & Co.
Chartered Accountants

Internal Auditor

Grant Thornton Anjum Rahman
Chartered Accountants

Company Secretary

Mr. Imran Khan

Human Resource and Remuneration Committee

Mr. Aneek Saleh Mohammad
Chairman

Mr. Rizwan Punjwani
Member

Mr. Ali Hussain
Member

IT Committee

Syed Owais Hasan Zaidi
Chairman

Mr. Nihal Cassim
Member

Mr. Ali Hussain
Member

Tax Advisor

Saleem and Co.

Legal Advisor

Pinjani & Vadria Lawyers

Share Registrar

CorpTec Associates (Pvt.) Limited

BANKERS

Al Baraka Bank Pakistan Limited



Habib Metropolitan Bank Limited



Bank Al Habib Limited



Faysal Bank Limited



Habib Bank Limited



Soneri Bank Limited



Dubai Islamic Bank Pakistan Limited



Samba Bank Limited



National Bank Of Pakistan



Bank Islami Pakistan Limited



Bank Alfalah limited



JS Bank Limited



Askari Bank Limited



Telenor Microfinance Bank Limited
(Digital Banking Partners)



ADDRESS:

Registered Address:

Survey Number 310-Deh Shah Mureed, Gadap, Karachi, Pakistan.

Contact # +92-346-8224601, +92-346-8224630

E-mail:

info@tomcl.net

Website

www.tomcl.net

Gadap Plant: Survey Number 310-Deh Shah Mureed, Gadap, Karachi, Pakistan.

Contact # +92-346-8224601, +92-346-8224630

Korangi Plant Address:

Plot No. 257, Sector 24, Korangi Industrial Area, Karachi - Pakistan

Tel: +92-21-35059969, +92-21-35079969

DIRECTORS' REVIEW

The Board of Directors are pleased to present the condensed interim financial statements of the Company for the period ended September 30, 2023.

Operational Review

The primary business activities of The Organic Meat Company Limited ("TOMCL") is exporting fresh chilled meat, frozen meat and frozen offal to the Middle Eastern, Far Eastern, CIS, and South Asian markets as well as pet foods to the USA and other Eastern European markets. At present your Company has the ability to export to more than a dozen countries. Our products are carefully packaged in cloth, vacuum packed or IWP (individually wrapped packing) food grade plastic, MAP (Modified Atmospheric Packaging) and are 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.

TOMCL sold 2155 MT of chilled meat, frozen meat and frozen offal including pet chews during the first quarter of the current financial year. Volumetric sales of frozen products grew by 442%, while sales of fresh chilled meat were 40% of total sales volume.

During this quarter your Company has started exports of MAP vacuum chilled meat products to the UAE market and expects that this new product category will have a steady demand in the UAE market. The UAE continued to remain our largest market with about 48% of volumetric sales. Further, the exports of offal have picked up in the current quarter to the far East and pet chews exports to North and South America.

Financial Review

During the first quarter of the current financial year, your Company's sales grew by 101% to reach at PKR 2,292.23 million. Margin were maintained due to reduction in prices of raw materials and packing materials due to the reduced US\$ / PKR parity.

Decreased selling prices averaged around 0.45% for every product category in US\$ terms and devaluation of PKR against USD average 47.10%, as against the comparative financial period. The 107% increase in cost is directly attributable to increased sales.

Operating expenses increased primarily due to net increase as compared to the previous period is due to the rising freight rates, and PKR devaluation against USD which also led to increase in freight rates.

Finance charges have increased significantly by 76% due to the net effect of the rising mark-up costs on borrowings during the past year. Another significant change in the income is attributable to reduction in exchange gains on realizations of export proceeds due to strengthening of PKR as against USD.

Your Company has posted an EPS of PKR 0.38 for this quarter compared to 0.83 (restated) for the same period last year. A table summarizing the financials is presented below:

	Sept 30, 2023	Sept 30, 2022	Change % Increase/(decrease)
	----- (PKR) -----		
Sales – Net	2,292,232,065	1,139,998,325	101%
Gross Profit	269,508,696	165,146,687	63%
Operating Expenses	(150,177,909)	(96,149,571)	56%
Other Income/(Expense)	18,488,582	90,311,945	-80%
Finance Cost	(62,421,443)	(35,410,347)	76%
Profit before taxation	75,397,926	123,898,714	-39%
Taxation	(23,474,390)	(12,211,938)	92%
Net Profit	51,923,536	111,686,776	-54%
EPS	0.38	0.83	-54%

Muhammad Saeed Muhammad Hussain Limited Acquisition:

Your Company is in the process of acquiring management and Board control of MSMHL subject to formal intimation and notification by SECP and is expecting this process to complete by Q2Y24.

Future Outlook:

Despite the challenges and the uncertainty of the sociopolitical climate, the Company is on an aggressive growth trajectory and is expanding its operations in the areas where it is inevitable in line with our business strategy and market demands.



Acknowledgement:

The management would like to thank our shareholders, customers, bankers, auditors and suppliers for their continued support. We would also like to thank our employees and consultants for their loyalty and commitment towards the Company.

For and on behalf of the Board of Directors



NIHAL CASSIM
Chairman



FAISAL HUSSAIN
Chief Executive Officer

October 30, 2023

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023 (UN-AUDITED)

	Note	(Un-audited) September 30, 2023 Rupees	(Audited) June 30, 2023 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,490,546,025	2,505,487,450
Right-of-use asset		8,135,796	8,630,607
Intangible asset		1,954,200	1,979,199
Total non-current assets		2,500,636,021	2,516,097,256
CURRENT ASSETS			
Stock-in-trade		277,888,486	244,793,633
Biological assets other than bearer plants		32,757,448	62,489,961
Trade debts - considered good	5	2,297,296,726	2,265,501,193
Advance against investment		147,272,301	-
Loans and advances		326,426,933	353,215,227
Deposits, prepayments and other receivables		174,185,320	154,666,449
Cash and bank balances	6	123,605,762	218,645,543
Total current assets		3,379,432,976	3,299,312,006
TOTAL ASSETS		5,880,068,997	5,815,409,262
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 135,000,000 (2021: 135,000,000) Ordinary shares of Rs.10 each		1,650,000,000	1,650,000,000
Issued, subscribed and paid up share capital (134,992,012 (2023: 122,999,555) Ordinary shares of Rs.10 each	7	1,349,920,120	1,349,920,120
Bonus shares issuable	7.1	134,992,012	134,992,012
Reserves	8	2,113,233,461	2,043,448,140
Revaluation surplus on property, plant and equipment - net		993,288,661	1,011,150,446
		4,591,434,254	4,539,510,718
NON-CURRENT LIABILITIES			
Long term borrowings - secured	9	61,352,803	67,316,339
Long term lease liability		3,393,691	3,978,865
		64,746,494	71,295,204
CURRENT LIABILITIES			
Current maturity of long term borrowings - secured	9	24,557,949	24,557,949
Current portion of lease liability		2,014,011	2,014,011
Short term loan from related parties - unsecured		-	-
Short term borrowings - secured	10	919,986,356	944,907,362
Trade and other payables		144,063,854	144,093,985
Accrued expenses and other liabilities		66,230,149	43,587,953
Accrued mark-up		64,365,690	43,681,582
Unclaimed dividend		471,492	615,760
Taxation - net		2,198,748	1,144,738
Total current liabilities		1,223,888,249	1,204,603,340
TOTAL EQUITY AND LIABILITIES		5,880,068,997	5,815,409,262
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes from 1 to 21 form an integral part of these financial statements.


 Chief Executive Officer


 Director


 Chief Financial Officer

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT - UNAUDITED
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Note	September 30, 2023 Rupees	September 30, 2022 Rupees
Sales - net	12	2,292,232,065	1,139,998,325
Cost of sales	13	(2,022,723,369)	(974,851,638)
Gross profit		269,508,696	165,146,687
Administrative expenses	14	(30,107,124)	(26,094,340)
Selling expenses	15	(113,312,675)	(63,078,771)
Allowance for doubtful debt		(6,758,110)	(6,976,460)
		(150,177,909)	(96,149,571)
Operating profit		119,330,787	68,997,116
Finance costs		(62,421,443)	(35,410,347)
Other income / (expense) - net		18,488,582	90,311,945
		(43,932,861)	54,901,598
Profit before taxation		75,397,926	123,898,714
Taxation		(23,474,390)	(12,211,938)
Profit after taxation		51,923,536	111,686,776
Earnings per share - basic and diluted	16	0.38	(Restated) 0.83

The annexed notes from 1 to 21 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	September 30, 2023 Rupees	September 30, 2022 Rupees
Profit for the period	51,923,536	111,686,776
Other comprehensive income:		
Items that will not be reclassified to profit or loss in subsequent periods	-	-
Total comprehensive income for the period	<u>51,923,536</u>	<u>111,686,776</u>

The annexed notes from 1 to 21 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS - UNAUDITED
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Note	September 30, 2023 Rupees	September 30, 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the period		75,397,926	123,898,714
Adjustment for non cash items:			
Depreciation on property, plant and equipment	4.1	35,413,425	38,038,148
Depreciation on right of use assets		494,811	143,896
Amortization expense		25,000	25,000
Provision against trade debtors		6,758,110	(6,976,460)
Unrealised exchange loss / (gain) on trade debtors		33,600,487	(10,293,863)
Unrealized gain on biological assets		(6,385,053)	(1,778,227)
Finance costs		62,421,443	35,410,347
Provision for Worker's Profit Participation Fund		-	5,391,577
Provision for Worker's Welfare Fund		-	975,156
		132,328,223	60,935,574
Working capital changes			
Stock-in-trade		(33,094,853)	(62,519,362)
Biological assets		36,117,566	5,998,499
Trade debts		(72,154,130)	2,107,481
Loans and advances		26,788,294	(26,931,891)
Deposits and prepayments and other receivables		(19,518,871)	920,497
Accrued expenses and other liabilities		22,642,196	(27,609,857)
Trade and other payables		(43,302,442)	(38,099,748)
		(82,522,240)	(146,134,381)
Cash generated from operating activities		125,203,909	38,699,907
Income taxes paid		(22,420,380)	(12,172,112)
Finance costs paid		(41,481,729)	(36,969,616)
Net cash generated / (used in) from operating activities		61,301,800	(10,441,821)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(20,472,000)	(5,286,078)
Addition to intangible assets		-	(339,000)
Advance paid against investment in subsidiary		(103,999,990)	-
Net cash used in investing activities		(124,471,990)	(5,625,078)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loan repaid		(5,963,536)	(2,545,850)
Payment of lease rentals		(840,781)	(181,426)
Dividends paid		(144,268)	(118,111)
Net cash used in financing activities		(6,948,585)	(2,845,387)
Net increase in cash and cash equivalent		(70,118,775)	(18,912,286)
Cash and cash equivalent at beginning of the period		(726,261,819)	(503,194,471)
Cash and cash equivalent at end of the period	17	(796,380,594)	(522,106,757)

The annexed notes from 1 to 21 form an integral part of these financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR



CHIEF FINANCIAL OFFICER

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED
FOR THE QUARTER ENDED SEPTEMBER 30, 2023


	Share capital	Bonus shares issuable	Reserves		Revaluation surplus on property, plant and equipment - net	Total shareholders' equity
			Capital	Revenue		
			Share premium	Unappropriated profit		
Rupees						
Balance as at July 01, 2022 (Audited)	1,229,995,550	-	377,152,913	1,137,807,844	409,990,050	3,154,946,357
Total comprehensive income for the period	-	-	-	51,923,536	-	51,923,536
Revaluation surplus on property, plant and equipment realized on account of incremental depreciation - net of tax	-	-	-	144,268	(144,268)	-
Balance as at September 30, 2022 (Unaudited)	<u>1,229,995,550</u>	<u>-</u>	<u>377,152,913</u>	<u>1,189,875,648</u>	<u>409,845,782</u>	<u>3,206,869,893</u>
Balance as at July 01, 2023 (Audited)	1,349,920,120	134,992,012	377,152,913	1,666,295,227	1,011,150,446	4,539,510,718
Total comprehensive income for the period	-	-	-	51,923,536	-	51,923,536
Revaluation surplus on property, plant and equipment realized on account of incremental depreciation - net of tax	-	-	-	17,861,784	(17,861,784)	-
Balance as at September 30, 2023 (Unaudited)	<u>1,349,920,120</u>	<u>134,992,012</u>	<u>377,152,913</u>	<u>1,736,080,547</u>	<u>993,288,662</u>	<u>4,591,434,254</u>



 Chief Executive Officer



 Director



 Chief Financial Officer

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

1. CORPORATE AND GENERAL INFORMATION

1.1 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 ordinary shares of the Company are listed on the Pakistan Stock Exchange Limited since August 03, 2020.

1.2 The registered address of the Company is situated at Survey No. 310, Deh Shah Mureed, Gadap, Karachi, Pakistan. The correspondence address and the offal processing facility is situated at Plot No. 257, Sector 24, Korangi Industrial Area, Karachi. 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 financial statements have been prepared in accordance with the accounting and reporting standards applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

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

2.2 Basis of measurement

These interim financial statements have been prepared under the historical cost convention, using accrual basis of accounting, except for the cash flows information and the following:

- a) Certain items of property, plant and equipment that are stated at revalued amount;
- b) Biological assets other than bearer plants which are carried at fair value of live stock; and

These condensed interim financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2023.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The 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.

3. ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are consistent with those applied in the preparation of audited annual financial statements for the year ended June 30, 2023.

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

- 3.2** 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.
- 3.3** 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, 2023.

	<i>Note</i>	(Un-audited) September 30, 2023 Rupees	(Audited) June 30, 2023 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - at net book value	4.1	2,463,790,386	2,498,731,811
Capital work-in-progress - at cost		26,755,639	6,755,639
		<u>2,490,546,025</u>	<u>2,505,487,450</u>
4.1 Operating fixed assets			
Opening written down value		2,498,731,811	1,796,099,847
Additions during the period / year	4.2	472,000	57,854,453
Transfer during the period / year		-	115,513,282
Revaluation surplus during the period / year		-	662,369,936
Disposals during the period / year		-	(339,148)
		472,000	835,398,523
Depreciation charged for the period / year - net		(35,413,425)	(132,766,559)
Closing written down value		<u>2,463,790,386</u>	<u>2,498,731,811</u>
4.2 Details of additions during the period / year are as follows:			
Factory Land - Leasehold		-	-
Factory building on leasehold land		-	8,784,940
Furniture and fixture		-	-
Office equipment		-	577,400
Plant and machinery		472,000	47,121,113
Motor vehicles		-	1,371,000
		<u>472,000</u>	<u>57,854,453</u>
4.3 Capital work-in-progress			
Balance at the beginning of the year		6,755,639	62,924,600
Additions during the period / year		20,000,000	59,344,321
Transfers during the period / year		-	(115,513,282)
Balance at the end of the period / year		<u>26,755,639</u>	<u>6,755,639</u>

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	<i>Note</i>	<i>(Un-audited)</i> <i>September 30,</i> <i>2023</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2023</i> <i>Rupees</i>
8. RESERVES			
Capital reserve			
Share premium		377,152,913	377,152,913
Revenue reserve			
Un-appropriated profit		1,736,080,547	1,666,295,227
		<u>2,113,233,460</u>	<u>2,043,448,140</u>

9. LONG TERM BORROWINGS

Financial institutions - secured	9.1	85,910,752	91,874,288
Less: Current maturity long term borrowings		<u>(24,557,949)</u>	<u>(24,557,949)</u>
		<u>61,352,803</u>	<u>67,316,339</u>

9.1 The Company has obtained State Bank of Pakistan's (SBP) Temporary Economic Refinance Facility for the purpose of capital expenditure, which carries mark-up at 1% SBP's prescribed rate plus bank's spread of 4%. The Company has also obtained various other financing facilities to finance its capital expenditure requirement from various other financial institutions.

	<i>Note</i>	<i>(Un-audited)</i> <i>September 30,</i> <i>2023</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2023</i> <i>Rupees</i>
10. SHORT TERM BORROWINGS			
Financial institutions - secured	10.1	<u>919,986,356</u>	<u>944,907,362</u>

10.1 The Company has obtained various financing facilities to finance its working capital requirement from various financial institutions. The rates of mark-up on these facilities range between 1, 3 and 6 months KIBOR + 1.5% to 2% (June 30, 2023: 1,3 and 6 months KIBOR + 1.5% to 2%).

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There are no contingencies as on September 30, 2023 (June 30, 2022: Nil).

11.2 Commitments

11.2.1 Aggregate commitments in respect of acquisition of software and other contractual arrangements as at September 30, 2023, amounted to Rs. 1.82 million (June 30, 2023: Rs.1.82 million).

11.2.2 The Company is committed to pay Rs.66.00 million as deferred partial acquisition cost payable to the previous shareholders of Mohammad Saeed Mohammad Hussain Limited (MSMHL) as per the terms of the Share Purchase Agreement (SPA), dated May 16, 2023, entered into between the Company and the individual shareholders of MSMHL on or before August 15, 2025.

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	<i>(Un-audited)</i>	
	Quarter ended September 30,	
	2023	2022
	Rupees	Rupees
12. SALES - NET		
Export sales		
Direct exports	2,187,617,586	1,093,637,803
Duty drawback	-	-
	2,187,617,586	1,093,637,803
Local and other sales	104,614,479	46,360,522
	2,292,232,065	1,139,998,325
13. COST OF SALES		
Stocks at beginning of the period	244,793,633	116,605,359
Cost of goods manufactured		
Livestock and meat cost	1,875,925,221	935,187,850
Direct labour and factory overheads	179,893,001	102,183,150
	2,055,818,222	1,037,371,000
Stocks at the end of the period	(277,888,486)	(179,124,721)
	2,022,723,369	974,851,638
14. ADMINISTRATIVE EXPENSES		
Salaries, benefits and other allowances	12,943,761	11,938,886
Depreciation expense	1,115,737	6,910,141
Depreciation on right of use assets	494,811	143,896
Amortization expense	24,999	25,000
Fee and subscription	7,088,188	2,833,487
Travelling	177,800	140,000
Insurances	517,571	23,851
Legal and professional	70,000	600,000
Food and entertainment	3,784,508	2,360,994
Vehicle running and maintenances	2,085,366	73,677
Security services	627,663	611,500
Printing and stationery	938,950	158,608
Repair and maintenance	237,770	274,300
	30,107,124	26,094,340
15. SELLING EXPENSES		
Clearing and forwarding charges	98,160,543	55,415,846
Export duties	7,302,597	4,198,034
Business development	403,920	-
Quarantine charges	7,445,615	3,464,891
	113,312,675	63,078,771

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

		<i>(Un-audited)</i>	
		Quarter ended September 30,	
		2023	2022
		Rupees	Rupees
16. EARNINGS PER SHARE			
Profit after taxation for the period -	<i>Rupees</i>	51,923,536	111,686,776
			<i>(Restated)</i>
Number of ordinary shares	<i>Number</i>	134,992,012	134,992,012
			<i>(Restated)</i>
Earnings per share - basic and diluted	<i>Rupees</i>	0.38	0.83

17. CASH AND CASH EQUIVALENTS

Short term borrowings - banking companies	(919,986,356)	(644,987,192)
Cash and bank balances	123,605,762	122,880,435
	(796,380,594)	(522,106,757)

18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

		<i>(Un-audited)</i>	
		Quarter ended September 30,	
		2023	2022
		Rupees	Rupees
Nature of relationship	Nature of transactions		
Associated companies	<i>Export sales</i>	3,896,750	-
	<i>Purchase of gas</i>	421,170	249,650
	<i>Trade and other payables</i>	123,507	98,098
Director, Chief Executive Officer and key management personnel	<i>Remuneration and other benefits</i>	13,167,375	10,460,025

19. 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	Allocation	Actual Expenditure	Utilization of Funds	
	--- Rupees ---	%	--- Rupees ---	IPO Funds Utilized	Under/(Over) Spent
				----- Rupees-----	
Facility of Local Offal in Korangi Industrial Area:					
Land (1000 to 1200 Sq. yards)	100,000,000	60%	114,792,491	100,000,000	(14,792,491)
Construction of Office Building (12000 Sq.Feet)	31,000,000	19%	83,648,929	31,000,000	(52,648,929)
Equipment (Chillers + freezers Storages)	21,200,000	13%	35,417,737	21,200,000	(14,217,737)
Machinery	15,000,000	9%	54,439,993	15,000,000	(39,439,993)
Total	167,200,000	100%	288,299,150	167,200,000	(121,099,149)
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%	-	-	-
Acquisition of KEPZA company	-	0%	170,000,000	104,448,556	(65,551,444)
	104,448,556	100%	170,000,000	104,448,556	(65,551,444)
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		986,650,594	800,000,000	(186,650,593)

The funds allocated for the working capital have been fully utilized, and 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. The amount over-spent against the committed capital expenditures have been made through the Company's own sources of funds.

The Company had tried to secure land in the Karachi Export Processing Zone (KEPZ) since the time of the IPO. However, due to regulatory changes and non-availability of vacant land in the KEPZ, the Company then looked at other options to fulfil its IPO fund utilization and application commitments. The management of the Company then identified an already existing offal processing facility and company in the KEPZ, and the Board of Directors of the Company approved an amount of up to PKR 170,000,000 (Pak Rupees one hundred and seventy million only) to acquire 100% shareholding in that target company in the Karachi Export Processing Zone (KEPZ), subject to negotiations with the existing shareholders of the said company.

After negotiations, the Company had entered into a Share Purchase Agreement (SPA) with the shareholders of Mohammad Saeed Mohammad Hussain Limited (MSMHL), a public limited company (unlisted) for acquiring 100% of the outstanding shares of MSMHL at a cash, cum deferred price arrangement, of PKR 170.00 million on May 16, 2023. The terms of the SPA stipulated that the rights in shares of MSMHL shall transfer to the Company upon payment of PKR 104.00 million to the shareholders of MSMHL on or before August 15, 2023. The Company was to assume control of the management and the Board of Directors of MSMHL upon the partial settlement date, and the balance PKR 66.00 million is to be settled in next two years on or before August 15, 2025 from the profits and funds generated from the operations of MSMHL. The Company has secured rights to shares on August 1, 2023 as per the terms of the SPA and is presently awaiting formal notification and intimation from the regulator (SECP) for assumption of control by its management and appointment of Board of Directors and expects the same to be in hand by or before December 31, 2023.

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20. 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, 2023, 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 Company for the period ended September 30, 2022. Corresponding figures have been rearranged and reclassified for better presentation wherever considered necessary, the effect of which is not material.

21. DATE OF AUTHORIZATION

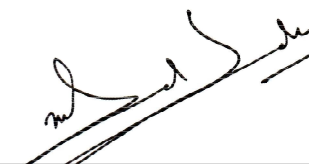
These condensed interim financial statements were authorized for issue on October 30, 2023 by the Board of Directors of the Company.



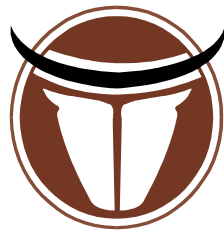
CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



The Organic Meat Company Limited

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