



**THE ORGANIC
MEAT COMPANY LIMITED**

HALF YEARLY Financial Statement December 31, 2023

**Processors & Exporters
of Quality Meat &
Offal Produces**

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

Korangi Plant & Correspondence Address:

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

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

E-mail:

info@tomcl.net

Website

www.tomcl.net



DIRECTORS REVIEW

The Board of Directors of your Company (TOMCL) is pleased to present before you the condensed interim financial statements of the Company for the period ended December 31, 2023.

Operational Review

Throughout the initial half of FY24, the economy has been in recession. Despite enduring high inflation rates, currency strengthening against the US Dollar, and prolonged uncertain trade conditions, TOMCL achieved commendable progress in export sales compared to the same period last year. Notably, there was a resurgence in offal export sales and the company commenced exports to China and increased its export volumes to the CIS. Your company managed robust export performance and retained its margins both on the top line and bottom line.

Financial Review

Your company experienced a remarkable 106% growth in sales, reaching PKR 5,241 Mn. However, the cost of sales escalated by 111% due to inflationary effects. This surge was primarily attributed to heightened fuel and power consumption charges, stemming from increased fuel prices and elevated costs of raw and packing materials during the period. Despite efforts to mitigate expenses, operating expenses surged by 38%, primarily driven by a 42% spike in freight costs. The company employed stringent cost management practices, yet faced higher finance costs, escalating by 78% due to increased State Bank of Pakistan (SBP) policy rates as compared to the prior period. Furthermore, increased inward remittances from export sales led to an 92% rise in tax expenses compared to the corresponding period last year.

Your Company has posted an EPS of PKR 1.25 compared to 1.37 (restated) same period last year.

The financial performance for the half year ended December 31, 2023 is summarized below:

Description	Dec 31, 2023	Dec 31, 2022	Change %
	----- (PKR) -----		Increase/(decrease)
Net Sales	5,241,381,871	2,543,216,508	106.09%
Gross Profit	708,323,514	391,097,481	81.11%
Operating Expenses	(320,234,055)	(231,475,039)	38.34%
Other Income/(Expense)	(18,572,377)	141,255,748	-113.15%
Finance Cost	(122,995,952)	(69,142,748)	77.89%



Description	Dec 31, 2023	Dec 31, 2022	Change %
	----- (PKR) -----		Increase/(decrease)
Profit Before Tax	237,303,157	230,777,040	2.83%
Tax	(51,770,717)	(26,908,615)	92.39%
Profit After Tax	185,532,440	203,868,425	-8.99%
EPS - Basic and diluted - restated	1.25	1.37	-8.76%

Update on IPO Funds Utilization:

The Company has fulfilled all of its IPO fund utilization commitments i.e., development of Korangi offals facility, investment in working capital requirements and acquisition of Mohammad Saeed Mohammad Hussain Limited (MSMHL) in the Karachi Export Processing Zone. Your company is in the process of taking control of MSMHL presently and expects this process to be completed by June 30th, 2024. Whereof the said investment will be consolidated as a wholly owned subsidiary of the Company.

Business Expansion Plans:

The company has embarked on a substantial expansion project at its Gadap facility, aimed at enhancing its meat chilling and freezing capacities. This endeavor entails a heightened investment of Rupees 600 million, marking an increase of Rupees 150 million from the originally approved budgetary estimates.

Future Outlook:

Despite the challenges and the uncertainty of the business, the Company is on a growth trajectory, and is expanding its product lines in various areas 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

February 28, 2024



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF THE ORGANIC MEAT COMPANY LIMITED

Report on review of condensed interim financial statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **The Organic Meat Company Limited** ("the Company") as at December 31, 2023 and the related condensed interim statement of profit or loss, the condensed interim statement of comprehensive income, the condensed interim statement of changes in equity, the condensed interim statement of cash flows and notes to the condensed interim financial statements for the half year then ended (here-in-after referred as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The condensed interim financial statements for the half year ended December 31, 2022 and annual financial statements of the company for the year ended June 30, 2023 were reviewed and audited by another firm of chartered accountants who had expressed an unmodified conclusion and unmodified opinion thereon vide their reports dated March 1, 2023 and October 05, 2023 respectively.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended December 31, 2023, and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI

DATED: February 28, 2024

UDIN: AR2023100679n3wmOWhU

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	Un-Audited December 31, 2023 Rupees	Audited June 30, 2023 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,764,132,470	2,505,487,450
Right-of-use asset		7,640,985	8,630,607
Intangible asset		2,381,201	1,979,199
Advance against acquisition of shares		132,285,704	-
TOTAL NON-CURRENT ASSETS		2,906,440,360	2,516,097,256
CURRENT ASSETS			
Stock-in-trade		154,609,624	244,793,633
Biological assets other than bearer plants		39,346,005	62,489,961
Trade debts - considered good	6	2,285,533,941	2,265,501,193
Loans and advances	7	180,990,597	353,215,227
Deposits, prepayments and other receivables		162,577,950	154,666,449
Cash and bank balances		205,399,472	218,645,543
TOTAL CURRENT ASSETS		3,028,457,589	3,299,312,006
TOTAL ASSETS		5,934,897,949	5,815,409,262
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital			
165,000,000 (June 30, 2023: 165,000,000) Ordinary shares of Rs.10 each		1,650,000,000	1,650,000,000
Issued, subscribed and paid up capital			
148,491,213 (June 30, 2023: 134,992,012) ordinary shares of Rs. 10 each		1,484,912,132	1,349,920,120
Bonus shares issuable			
		-	134,992,012
Reserves		2,264,704,148	2,043,448,140
Revaluation surplus on property, plant and equipment - net		975,426,878	1,011,150,446
Total shareholders' equity		4,725,043,158	4,539,510,718
NON-CURRENT LIABILITIES			
Long term borrowings - secured		54,480,978	67,316,339
Long term lease liability - secured		2,632,421	3,978,865
		57,113,399	71,295,204
CURRENT LIABILITIES			
Current maturity of long term finances - secured		25,513,697	24,557,949
Current portion of lease liability - secured		2,262,553	2,014,011
Short term borrowings - secured	8	864,538,322	944,907,362
Trade and other payables	9	116,444,011	129,725,041
Accrued expenses and other liabilities		79,160,298	57,956,897
Accrued mark-up		63,871,796	43,681,582
Unclaimed dividend		461,357	615,760
Taxation - net		489,358	1,144,738
Total current liabilities		1,152,741,392	1,204,603,340
TOTAL EQUITY AND LIABILITIES		5,934,897,949	5,815,409,262
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Note	Half Year Ended		Quarter Ended	
		December 31, 2023 Rupees	December 31, 2022 Rupees	December 31, 2023 Rupees	December 31, 2022 Rupees
Sales - net	11	5,241,381,871	2,543,216,508	2,949,149,806	1,403,218,183
Cost of sales	12	(4,533,058,357)	(2,152,119,027)	(2,510,334,988)	(1,177,267,389)
Gross profit		708,323,514	391,097,481	438,814,818	225,950,794
Administrative expenses		(69,757,919)	(55,181,541)	(39,650,795)	(29,087,201)
Selling expenses		(250,476,136)	(176,293,498)	(137,163,461)	(113,214,727)
Allowance for doubtful debt	6.1	(9,217,973)	(5,153,431)	(2,459,863)	1,823,029
		(329,452,028)	(236,628,470)	(179,274,119)	(140,478,899)
Operating profit		378,871,486	154,469,011	259,540,699	85,471,895
Finance costs		(122,995,952)	(69,142,748)	(60,574,509)	(33,732,401)
Reversal of financial liabilities		-	4,195,029	-	4,195,029
Other income / (expense) - net		(18,572,377)	141,255,748	(37,060,959)	50,943,803
		(141,568,329)	76,308,029	(97,635,468)	21,406,431
Profit before taxation		237,303,157	230,777,040	161,905,231	106,878,326
Taxation		(51,770,717)	(26,908,615)	(28,296,327)	(14,696,677)
Profit for the period		185,532,440	203,868,425	133,608,904	92,181,649
Earnings per share - basic and diluted - <i>restated</i>		1.25	1.37	0.90	0.62

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Half Year Ended		Quarter Ended	
	December 31, 2023 Rupees	December 31, 2022 Rupees	December 31, 2023 Rupees	December 31, 2022 Rupees
Profit for the period	185,532,440	203,868,425	133,608,904	92,181,649
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>185,532,440</u>	<u>203,868,425</u>	<u>133,608,904</u>	<u>92,181,649</u>

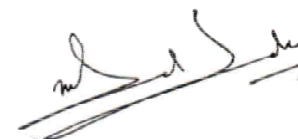
The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

		<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
	Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from operating activities	13	538,338,095	32,567,160
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(330,740,132)	(75,777,456)
Profit received on saving account		5,509,907	165,039
Consideration paid against acquisition of subsidiary		(132,285,704)	-
Net cash used in investing activities		(457,515,929)	(75,612,417)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(154,403)	(118,111)
Loan re-paid to financial institutions - net		(11,879,613)	(8,255,550)
Lease rentals paid		(1,665,181)	(546,491)
Due to related parties (repaid) - net		-	(13,795,227)
Net cash used in financing activities		(13,699,197)	(22,715,379)
Net increase/(decrease) in cash and cash equivalent		67,122,969	(65,760,636)
Cash and cash equivalent at beginning of the period		(726,261,819)	(503,194,471)
Cash and cash equivalent at end of the period	14	<u>(659,138,850)</u>	<u>(568,955,107)</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 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	-	-	-	203,868,425	-	203,868,425
Transactions with owners in their capacity as owners recognized directly in equity						
Bonus shares issued during the period at 0.975 for every ten shares	119,924,570	-	-	(119,924,570)	-	-
Revaluation surplus on property, plant and equipment realized on account of incremental depreciation - net of tax	-	-	-	32,020,504	(32,020,504)	-
Balance as at December 31, 2022	<u>1,349,920,120</u>	<u>-</u>	<u>377,152,913</u>	<u>1,253,772,203</u>	<u>377,969,546</u>	<u>3,358,814,782</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	-	-	-	185,532,440	-	185,532,440
Transactions with owners in their capacity as owners recognized directly in equity						
Bonus shares issued during the period at 0.975 for every ten shares	134,992,012	(134,992,012)	-	-	-	-
Revaluation surplus on property, plant and equipment realized on account of incremental depreciation - net of tax	-	-	-	35,723,568	(35,723,568)	-
Balance as at December 31, 2023	<u>1,484,912,132</u>	<u>-</u>	<u>377,152,913</u>	<u>1,887,551,235</u>	<u>975,426,878</u>	<u>4,725,043,158</u>

The annexed notes from 1 to 19 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 (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

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

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.


- 1.2 The Company entered into a Share Purchase Agreement (SPA) with the shareholders of Mohammad Saeed Mohammad Hussain Limited (MSMHL), an unlisted public company, for acquisition of 100% of its outstanding shares of MSMHL at a cash, cum deferred price arrangement, of Rs. 170 million on May 16, 2023. The terms of the SPA stated that the rights in shares of MSMHL shall be transferred to the Company upon payment of Rs. 104 million to the existing shareholders of MSMHL on or before August 15, 2023, and the balance Rs. 66 million to be settled in next two years on or before August 15, 2025 from the profits and funds generated from the operations of MSMHL. Based on the supplementary agreement between the Company and the shareholders of MSMHL dated November 15, 2023, the effective control over the operations of MSMHL shall be assumed on or before June 30, 2024 (revised long stop date). Therefore control under IFRS 3 is not established as of the reporting date. The Company is committed to pay Rs. 37.714 million at the reporting date (June 30, 2023: Rs 66 million) as deferred consideration in respect of shares in MSMHL.

2. BASIS OF PREPARATION

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
- Provisions 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.

- 2.2 The condensed interim financial statements are un-audited, and are being submitted to members as required by section 237 of the Companies Act, 2017 (the "Act"). The figures for the half year ended December 31, 2023 have, however, been subjected to a limited scope review by the auditors.

The condensed interim financial statements do not include all the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2023. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last audited financial statements.

3. MATERIAL ACCOUNTING POLICIES

- 3.1 The accounting policies adopted for the preparation of these condensed financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2023, except for the adoption of new and amended standards as set-out below.

3.1.1 Initial application of standards, amendments or an interpretation to the existing standards

3.1.2 Amendments and interpretations to the accounting standards that are effective in the current period.

There are certain amendments to the accounting and reporting standards which became mandatory for the Company during the period. However, these do not have any significant impact on the Company's financial reporting, and therefore have not been detailed in these condensed interim financial statements.

3.1.3 Amendments and interpretation to the existing standards that are not yet effective and have not been early adopted by the Company.

There are certain amendments to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2024. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

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 these condensed interim financial statements, the significant judgements made by the 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.

		Un-Audited December 31, 2023	Audited June 30, 2023
	Note	----- Rupees -----	
5. Property, plant and equipment			
Operating fixed assets - at net book value	5.1	2,555,660,261	2,498,731,811
Capital work-in-progress - at cost	5.4	208,472,209	6,755,639
		<u>2,764,132,470</u>	<u>2,505,487,450</u>
5.1 Operating fixed assets - at net book value			
Opening written down value		2,498,731,811	1,796,099,847
Additions during the period/year - net		113,638,947	57,515,305
Revaluation surplus		-	662,369,936
Transfers from CWIP during the period/year	5.4	15,384,615	115,513,282
		129,023,562	835,398,523
Depreciation			
Charge for the period/year	5.3	(72,095,112)	(132,766,559)
Closing written down value		<u>2,555,660,261</u>	<u>2,498,731,811</u>
5.2 Details of additions during the period/year - net			
Building		11,600,000	8,784,940
Office equipment		284,000	577,400
Plant and Machinery		101,754,947	46,781,965
Motor vehicles		-	1,371,000
		<u>113,638,947</u>	<u>57,515,305</u>

	Note	Un-Audited December 31, 2023	Audited June 30, 2023
		----- Rupees -----	
5.3 Allocation of depreciation			
Cost of sales		69,848,313	127,247,166
Administrative expense		2,246,799	5,519,393
		<u>72,095,112</u>	<u>132,766,559</u>
5.4 Capital work-in-progress - at cost			
Balance at the beginning of the period/year		6,755,639	62,924,600
Additions during the period / year		217,101,185	59,344,321
Transfers during the period / year	5.4.1	<u>(15,384,615)</u>	<u>(115,513,282)</u>
Balance at the end of the period/year		<u>208,472,209</u>	<u>6,755,639</u>
5.4.1 Transfers from CWIP during the period/year are as follows:			
Factory building on leasehold land		15,384,615	102,963,666
Plant and machinery		-	12,549,616
		<u>15,384,615</u>	<u>115,513,282</u>
6. TRADE DEBTORS			
Unsecured and considered good			
Foreign		2,170,062,373	2,181,637,994
Local		115,471,568	83,863,199
		2,285,533,941	2,265,501,193
Considered doubtful			
Foreign		213,292,456	204,074,483
		2,498,826,397	2,469,575,676
Provision for bad debts	6.1	<u>(213,292,456)</u>	<u>(204,074,483)</u>
		<u>2,285,533,941</u>	<u>2,265,501,193</u>
6.1 Movement in provision against doubtful debts			
Balance at the beginning of the period/year		204,074,483	198,740,472
Allowance for doubtful debts - expected credit loss		9,217,973	5,334,011
		<u>213,292,456</u>	<u>204,074,483</u>

		Un-Audited December 31, 2023	Audited June 30, 2023
	Note	----- Rupees -----	
7. LOANS AND ADVANCES			
Unsecured and considered good			
Advance to suppliers		172,306,020	345,773,539
Advance against fixed assets		547,220	2,566,513
Advance against expenses		1,056,595	1,634,307
Loans to employees		7,080,762	3,240,868
		<u>180,990,597</u>	<u>353,215,227</u>
8. SHORT TERM BORROWINGS - secured			
Financial Institution - secured	8.1	<u>864,538,322</u>	<u>644,792,563</u>
8.1	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%).		
9. TRADE AND OTHER PAYABLES			
Trade creditors		18,324,883	19,865,214
Workers' profit participation fund payable		80,454,534	80,454,534
Workers' welfare fund payable		12,445,544	12,445,544
Advances from customers		-	12,834,000
Payable to contractors		5,219,050	2,028,808
Staff Provident Fund		-	2,096,941
		<u>116,444,011</u>	<u>129,725,041</u>
10. CONTINGENCIES AND COMMITMENTS			
10.1 Contingencies			

There Company has received notice for recovery of Super Tax under section 4C of the Income Tax Ordinance, 2001 for the tax year 2022. The Company has been granted a stay order on recovery proceedings up to 50% of the Super Tax amount by the Sindh High Court, and has filed an application for the adjustments of the demand raised against outstanding tax refunds with the Federal Board of Revenue (FBR) (June 30, 2023: Nil).

10.2 Commitments

10.2.1 The Company is committed to pay Rs.37.714 million (June 30, 2023: Rs. 66 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.

	Un-Audited December 31, 2023	Audited June 30, 2023
10.2.2 Commitments		
Commitments in respect of letter of credits and purchase order for capital	<u>55,384,615</u>	<u>1,813,605</u>

	Un-Audited Half year ended December 31, 2023	Un-Audited December 31, 2022
----- Rupees -----		

11. SALES - NET

Export sales	4,976,733,302	2,399,200,284
Local sales	<u>264,648,569</u>	<u>144,016,224</u>
	<u>5,241,381,871</u>	<u>2,543,216,508</u>

12. COST OF SALES

Cost of material consumed	4,093,125,613	1,960,084,961
Depreciation expense	5.3 69,848,313	56,562,098
Salaries, wages and other benefits	53,053,475	29,763,259
Fuel and power	100,640,609	40,782,849
Animal feed and other consumables	25,121,169	8,334,964
Cutting and deboning	49,799,161	23,988,957
Packing materials consumed	94,163,939	17,941,971
Repairs and maintenance	36,612,388	9,004,709
Transportation	2,447,856	1,201,811
Insurance	1,905,008	2,395,612
Printing and stationary	1,388,174	1,062,926
Janitorial expense	4,192,231	426,115
Communication expense	760,421	568,795
	<u>4,533,058,357</u>	<u>2,152,119,027</u>

		Un-Audited Half year ended December 31, 2023	Un-Audited December 31, 2022
	Note	----- Rupees -----	
13. CASH FLOWS FROM OPERATIONS			
Profit before taxation for the period		237,303,157	230,777,040
Adjustment for non-cash items:			
Depreciation on property, plant and equipment	5	72,095,112	60,891,387
Depreciation on right of use assets		989,622	287,791
Amortization of intangible asset		49,998	50,000
Finance costs		122,995,952	69,142,748
Profit on pls account		(5,509,907)	(165,039)
Unrealized exchange loss/(gain) on trade debtors		63,142,718	(19,428,932)
Inventory written off		-	454,500
Gain on biological assets		(5,228,492)	(4,344,870)
Allowance for doubtful debts		9,217,973	5,153,431
Reversal of non-financial liabilities		-	(4,195,029)
Provision for Worker's Profit Participation Fund		-	10,841,249
Provision for Worker's Welfare Fund		-	2,115,302
		<u>495,056,133</u>	<u>351,579,578</u>
Working capital changes			
Stock-in-trade		90,184,009	(58,328,006)
Biological assets other than bearer plants		28,372,448	(31,616,928)
Trade debts		(92,393,439)	(111,501,124)
Loans and advances		171,772,630	(20,177,216)
Deposits, prepayments and other receivables		(7,911,501)	(4,118,269)
Trade and other payables		(13,281,030)	5,007,771
Accrued expenses and other liabilities		21,203,401	(19,137,109)
		<u>197,946,518</u>	<u>(239,870,881)</u>
Cash generated from operating activities		693,002,651	111,708,697
Income taxes paid		(52,426,097)	(26,175,857)
Finance costs paid		(102,238,459)	(52,965,680)
Net cash generated from operating activities		<u>538,338,095</u>	<u>32,567,160</u>
14. CASH AND CASH EQUIVALENTS			
Short term borrowings - financial institutions	8	(864,538,322)	(742,610,047)
Cash and bank balances		205,399,472	173,654,940
		<u>(659,138,850)</u>	<u>(568,955,107)</u>

15. 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:

15.1. Transactions during the period

Name of related party	Nature	Relationship	Un-Audited	Un-Audited
			Half year ended December 31, 2023	December 31, 2022
			————— Rupees —————	
Mr. Faisal Hussain	Salary	CEO	10,572,000	6,000,000
Mr. Ali Hussain	Salary	Director	7,100,000	6,000,000
	Consideration paid for acquisition of subsidiary		14,857,140	-
Remuneration of key management personnel	Salary	Executive other than CEO and Directors	16,119,105	6,828,100
Sindh Gas Company (Private) Limited	Food and entertainment	Associated Company	1,101,241	428,387

15.2. Balance as at period/year end

Name of related party	Nature	Relationship		
Sindh Gas	Accrued expenses	Associated Company	138,178	-
Mohammad Saeed Mohammad Hussain Limited	Trade debtors	Associated Company	6,184,260	-
	Other receivables		5,160,000	-

16. 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	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 has 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 shall assume control of the management and the Board of Directors of MSMHL upon the partial settlement date, and the balance PKR 66.00 million will be settled in next 2 years on or before August 15, 2025 from profits and funds generated from operations of MSMHL. The Company has assumed 100% control of MSMHL on August 15, 2023 upon settlement of the partial acquisition price and thus from August 15, 2023, MSMHL is a wholly-owned subsidiary of the Company.

17. FINANCIAL RISK MANAGEMENT

17.1. Financial Risk Factors

The Company's activities expose it to a variety of financial risk, such as market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2023.

There have been no changes in the risk management policies since the year ended June 30, 2023.

17.2. Fair Value Estimation

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

18. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison.

19. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company on February 28, 2024.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER



The Organic Meat Company Limited

Korangi Plant & Correspondence Address:

Plot No. 257, Sector 24, Korangi Industrial Area,
Karachi - Pakistan
Tel: +92-21-35059969, +92-21-35079969

Registered Address:

Survey Number 310-Deh Shah Mureed, Gadap, Karachi, Pakistan.
Contact # +92-346-8224601, +92-346-8224630

Email: info@tomcl.net | www.tomcl.net

