



**THE ORGANIC
MEAT COMPANY LIMITED**

Half Yearly Accounts

December 31, 2021




Processors & Exporters
of Halal Beef, Mutton &
Offal Products

www.tomcl.net



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COMPANY INFORMATION

Board of Directors

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

Mr. Faisal Hussain
(Chief Executive Officer)

Mr. Ali Hussain
(Chief Operating Officer)

Mr. Rizwan Punjwani
(Independent Director)

Mr. Aneek Saleh Mohammad
(Independent Director)

Mr. Syed Owais Hasan Zaidi
(Independent Director)

Ms. Sehrish Hafeez
(Independent Director)

Audit Committee

Mr. Rizwan Punjwani
Chairman (Independent Director)

Mr. Nihal Cassim
Member (Non-Executive Director)

Mr. Syed Owais Hasan Zaidi
Member (Independent Director)

External Auditor

Grant Thornton Anjum Rahman
Chartered Accountants

Company Secretary

Imran Khan

Human Resource and Remuneration Committee

Mr. Aneek Saleh Mohammad
Chairman (Independent Director)

Mr. Rizwan Punjwani
Member (Independent Director)

Mr. Ali Hussain
Member (Executive Director)

IT Committee

Mr. Syed Owais Hasan Zaidi
Chairman (Independent Director)

Mr. Nihal Cassim
Member (Non-Executive Director)

Mr. Ali Hussain
Member (Executive Director)

Tax Advisor

Saleem and Co.

Legal Advisor

Pinjani & Vadria Lawyers

Share Registrar

F.D. Registrar Services (Pvt.) Limited

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



Samba Bank Limited



National Bank Of Pakistan



The Bank of Punjab



Bank Islami Pakistan Limited



Bank Alfalah



Website

www.tomcl.net

Registered Address

Office Address: Sector 24, Plot No. 257

Korangi Industrial Area,

Karachi - Pakistan

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

Plant Address: Survey Number 310-Deh Shah

Mureed, Gadap, Karachi, Pakistan.

Contact # 034688224601-30

DIRECTORS' REVIEW

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

Operational Review

The primary business activities of The Organic Meat Company Limited ("TOMCL") is exporting fresh chilled meat, frozen meat and frozen offals to the Middle Eastern, Far Eastern CIS and South Asian markets. At present your Company has the ability to export to over a dozen countries. Our products are carefully packaged in cloth, vacuum packed or IWP (individually wrapped packing), and commercialized branded 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.

We are pleased to report that following approvals from Jordan, Egyptian authorities have also permitted TOMCL and some other Pakistani companies to export meat to their market. Requisite approvals from the Egyptian Quarantine delegation have been received. In addition, TOMCL began export of ready-to-cook frozen meat to private brands in a few gulf countries. While in early stages, this represents a secured form of additional revenues and is part of the Company's growth strategy

TOMCL exported 3,153 MT of chilled meat, frozen meat and frozen offals which are lower by 356 MT or 10% over the same period last year. Volumetric sales of frozen products declined by 60%, while sales of fresh chilled meat grew by 80%. Total meat sales were down by 10% due to lower demand by quality customers, and offal sales were down by 10% due to lower availability of containers. The UAE remained our largest market accounting for 70% of export sales

Financial Review

Despite the fall in volumes by 10%, your Company's sales grew by 26% over the same period last year, to reach PKR 2,267 mn, selling prices were higher in each product category and were aided by a weak rupee. It is worth noting that the government has not yet renewed the duty drawback on local taxes and levies for FY22 resulting in lower net sales. Cost of sales were also higher by 26% due to inflationary effects on raw material, animal feed, salaries and wages as well as higher depreciation on capitalized plant and machinery. The latter is expected to continue growing as the company's various expansion initiatives come online. Gross profit margin remained constant when compared to the corresponding period last year.

Operating expenses increased by 41.2% due to higher freight charges in USD terms, augmented by a depreciating PKR and higher salaries and wages. Other income stood at PKR 110 mn due to exchange gains recorded. Finance charges increased by 39.4% due to higher borrowing. We

DIRECTORS' REVIEW

expect finance costs to increase given the rising interest rate environment. Lower taxes are primarily due to lower proceeds on export sales at which point export taxes are deducted. The profit after tax stood at PKR 251.8 mn compared to PKR 143.4 mn for the same period last year, translating into an EPS of PKR 2.05 versus PKR 1.17 last year. A table summarizing the financials is presented below:

Description	Dec 31, 2021	Dec 31, 2020	Change %
	----- (PKR) -----		
Net Sales	2,266,766,490	1,795,725,918	26.23%
Gross Profit	383,728,078	305,512,549	25.60%
Operating Expenses	-151,237,251	-107,121,074	41.18%
Other Income/Expense	110,047,625	-4,294,429	NA
Finance Cost	-37,415,340	-26,843,509	39.38%
Profit Before Tax	270,053,846	163,909,836	64.76%
Tax	-18,243,787	-20,520,730	-11.10%
Profit After Tax	251,810,059	143,389,106	75.61%
EPS	2.05	1.17	75.21%

Update on Expansion Projects

Animal Fattening Project: Fattened animals are now being commercially utilized by the slaughter house at Gadap. The farm is fattening over 1000 heads at any given time. The next step is to enhance the head count stock to 2000 animals in 4QFY22.

Korangi Project: As indicated previously, trial runs for processing offals are to commence in 3QFY22 with full scale production to follow shortly thereafter.

The processed meat facility will undergo test runs for equipment in 3QFY22 and is expected to be operational soon thereafter. Your Company is working to get registered with China's new Single Window Trade Platform to export heat treated beef to China by FY23.

The pet food facility's development is continuing, installation of equipment is planned for 4QFY22. A training program in Europe was attended by your Company's personnel, to acquire the required skills and product development expertise.

DIRECTORS' REVIEW

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

Future Outlook

Your Company continues to work diligently on expanding its product offerings and customer base from markets in Asia to America. We are confident that by offering value added products with extended shelf lives, our presence will grow in export markets.

Acknowledgement

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

On behalf of the Board of Directors



Nihal Cassim
Chairman



Faisal Hussain
Chief Executive Officer

Karachi: February 26, 2022

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

Report on review of Interim Financial Statements

**Grant Thornton Anjum
Rahman**

1st & 3rd Floor,
Modern Motors House,
Beaumont Road,
Karachi, Pakistan.

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of **The Organic Meat Company Limited** (the Company) as at December 31, 2021 and the related condensed interim statement of profit or loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this 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 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 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 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 figures of the condensed interim statement of profit or loss account for the quarter ended December 31, 2021 have not been reviewed, and we do not express a conclusion thereon.



The engagement partner on the review resulting in this independent auditor's review report is **Muhammad Shaukat Naseeb.**

Grant Thornton Anjum Rahman
Grant Thornton Anjum Rahman

Chartered Accountants

Karachi

Date: February 28, 2022

UDIN Number: RR202110126dvuJq73zV

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	Un-Audited December 31, 2021 Rupees	Audited June 30, 2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,912,171,576	1,826,719,293
Intangible asset		300,000	350,000
Total non-current assets		1,912,471,576	1,827,069,293
CURRENT ASSETS			
Stock-in-trade	6	137,249,371	188,264,543
Biological assets other than bearer plants		48,823,395	24,725,136
Trade debts - considered good	7	1,401,679,531	911,677,539
Loans and advances	8	332,210,660	336,290,680
Deposits and prepayments	9	747,701	29,289,576
Other receivables	10	210,947,794	201,375,673
Cash and bank balances	11	117,529,944	124,624,729
Total current assets		2,249,188,396	1,816,247,876
TOTAL ASSETS		4,161,659,972	3,643,317,169
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 135,000,000 (June 30, 2021: 135,000,000) Ordinary shares of Rs.10 each		1,350,000,000	1,350,000,000
Issued, subscribed and paid up capital 122,999,555 (June 30, 2021: 111,817,777) ordinary shares of Rs.10 each		1,229,995,550	1,118,177,770
Reserves	12	1,317,730,168	1,151,324,675
Revaluation surplus on property, plant and equipment - net		447,617,845	474,031,059
Total shareholders' equity		2,995,343,563	2,743,533,504
NON-CURRENT LIABILITIES			
Long term borrowings - secured	13	89,260,590	29,653,010
CURRENT LIABILITIES			
Current maturity of long term finances - secured	13	17,125,689	8,472,289
Short term loan from related parties - unsecured	14	133,987,592	133,987,592
Short term borrowings - secured	15	644,923,407	568,166,129
Trade and other payables	16	217,483,039	88,665,487
Accrued expenses and other liabilities		42,817,914	53,706,831
Accrued mark-up		19,538,338	15,769,192
Unclaimed dividend		810,034	1,271,827
Taxation - net		369,806	91,308
Total current liabilities		1,077,055,819	870,130,655
TOTAL EQUITY AND LIABILITIES		4,161,659,972	3,643,317,169
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

THE ORGANIC MEAT COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

	Note	Half Year Ended		Quarter Ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		Rupees	Rupees	Rupees	Rupees
Sales - net	18	2,266,766,490	1,795,725,918	1,197,264,728	879,649,764
Cost of sales	19	(1,883,038,412)	(1,490,213,369)	(993,565,479)	(712,238,926)
Gross profit		383,728,078	305,512,550	203,699,249	167,410,838
Administrative expenses	20	(44,246,091)	(33,136,473)	(23,540,632)	(17,833,606)
Selling expenses	21	(106,991,160)	(73,984,601)	(59,022,975)	(63,604,202)
Allowance for doubtful debt	7.1	(35,069,266)	(3,343,700)	(28,065,002)	19,563,650
		(186,306,517)	(110,464,774)	(110,628,609)	(61,874,158)
Operating profit		197,421,561	195,047,775	93,070,640	105,536,680
Finance costs	22	(37,415,340)	(26,843,510)	(20,328,500)	(15,913,507)
Other income / (expense) - net	23	110,047,625	(4,294,429)	106,109,359	(7,438,115)
		72,632,285	(31,137,939)	85,780,859	(23,351,622)
Profit before taxation		270,053,846	163,909,837	178,851,499	82,185,058
Taxation		(18,243,787)	(20,520,730)	(10,853,162)	(10,214,213)
Profit after taxation		251,810,059	143,389,107	167,998,337	71,970,845
Earnings per share - basic and diluted - restated	25	2.05	1.17	1.37	0.59

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

THE ORGANIC MEAT COMPANY LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

	<u>December 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
	Rupees	Rupees
Profit for the period	251,810,059	143,389,107
Other comprehensive income:		
Items that will not be reclassified to condensed statement of profit or loss account in subsequent periods	-	-
Items that will be reclassified to condensed statement of profit or loss account in subsequent periods	-	-
Total comprehensive income for the period	<u>251,810,059</u>	<u>143,389,107</u>

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

THE ORGANIC MEAT COMPANY LIMITED
 CONDENSED INTERIM STATEMENT OF CASH FLOWS
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021 (UN-AUDITED)

		December 31, 2021	December 31, 2020
	Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation for the period		270,053,846	163,909,836
Adjustment for non-cash items:			
Depreciation on property, plant and equipment	5	65,171,514	58,266,695
Amortization of intangible asset		50,000	50,000
Finance costs		37,415,340	26,843,510
Profit on pls account	23	(20,172)	(5,886,600)
Unrealized exchange gain on trade debtors		(36,998,064)	(1,674,474)
Unrealized gain on biological assets		(9,008,511)	-
Allowance for doubtful debts		35,069,266	3,343,700
Gain on disposal of property, plant and equipment		-	(581,386)
Provision for Worker's Profit Participation Fund	23	13,330,160	9,563,792
Provision for Worker's Welfare Fund	23	1,462,971	1,504,525
		376,526,350	255,339,598
Working capital changes			
Stock-in-trade		51,015,172	14,154,935
Biological assets other than bearer plants		(15,089,748)	-
Trade debts		(488,073,194)	123,837,177
Loans and advances		4,080,020	(218,011,477)
Deposits and prepayments		24,138,187	(25,272,884)
Other receivables		(9,572,121)	(33,596,405)
Accrued expenses and other liabilities		(10,888,917)	(14,221,872)
Trade and other payables		114,024,421	(46,965,450)
		(330,366,179)	(200,075,977)
Cash (used in) / generated from operating activities		46,160,171	55,263,621
Income taxes paid		(17,965,290)	(20,103,703)
Finance costs paid		(29,242,506)	(37,614,552)
Net cash used in operating activities		(1,047,625)	(2,454,634)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(150,623,798)	(381,451,165)
Profit received on pls account		20,172	5,886,600
Sale proceeds from disposal of property, plant and equipment		-	1,500,000
Net cash used in investing activities		(150,603,626)	(374,064,565)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares- net		-	776,230,697
Dividend paid		(461,793)	(221,968,959)
Loan obtained from financial institutions - net		68,260,980	-
Due to related parties obtained / (repaid) - net		-	730,719
Net cash generated from financing activities		67,799,187	554,992,457
Net (decrease) / increase in cash and cash equivalent		(83,852,064)	178,473,258
Cash and cash equivalent at beginning of the period		(443,541,399)	(506,032,189)
Cash and cash equivalent at end of the period	24	(527,393,463)	(327,558,931)

The annexed notes from 1 to 30 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
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Reserves		Revaluation surplus on property, plant and equipment - net	Total shareholders' equity	
	Capital	Revenue			
	Share premium	Unappropriated profit			
	----- Rupees -----				
Balance as at July 01, 2020 - (Audited)	718,177,770	922,216	630,294,270	538,072,068	1,887,466,324
Total comprehensive income for the period	-	-	143,389,106	-	143,389,106
Transactions with owners in their capacity as owners recognized directly in equity					
Shares issued during the period	400,000,000	400,000,000	-	-	800,000,000
Final cash dividend 2020 @ Rs. 2.00 per share	-	-	(223,635,554)	-	(223,635,554)
	400,000,000	400,000,000	(223,635,554)	-	576,364,446
Share issuance cost	-	(23,769,303)	-	-	(23,769,303)
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, 2020 (Unaudited)	<u>1,118,177,770</u>	<u>377,152,913</u>	<u>582,068,326</u>	<u>506,051,564</u>	<u>2,583,450,573</u>
Balance as at July 01, 2021 - (Audited)	1,118,177,770	377,152,913	774,171,762	474,031,059	2,743,533,504
Total comprehensive income for the period	-	-	251,810,059	-	251,810,059
Transactions with owners in their capacity as owners recognized directly in equity					
- Bonus shares issued during the period at one for every ten shares	111,817,780	-	(111,817,780)	-	-
Revaluation surplus on property, plant and equipment realized on account of incremental depreciation - net of tax	-	-	26,413,214	(26,413,214)	-
Balance as at December 31, 2021 (Unaudited)	<u>1,229,995,550</u>	<u>377,152,913</u>	<u>940,577,255</u>	<u>447,617,845</u>	<u>2,995,343,563</u>

The annexed notes from 1 to 30 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

2. BASIS OF PREPERATION

2.1 Statement of compliance

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

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

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

The comparative condensed interim financial statements are un-audited, and are being submitted to members as required by section 237 of the Companies Act, 2017 (the "Act"). The figures for the half year ended December 31, 2021 have, however, been subjected to limited scope review by the statutory auditors of the Company, as required under section 237 of Companies Act, 2017.

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

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

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

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

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

	Unaudited December 31, 2021	Audited June 30, 2021
Note	----- Rupees -----	
5. Property, plant and equipment		
Operating fixed assets - at net book value	5.1 1,637,513,850	1,529,709,086
Capital work-in-progress - at cost	5.4 274,657,726	297,010,207
	1,912,171,576	1,826,719,293
5.1 Operating fixed assets - at net book value		
Opening written down value	1,529,709,086	1,269,014,605
Additions during the period/year	5,528,086	138,483,890
Transfers from CWIP during the period/year	5.4 167,448,192	250,656,678
Disposals during the period/year	-	(8,657,623)
	172,976,278	380,482,945
<i>Depreciation</i>		
Charge for the period/year	5.3 (65,171,514)	(125,783,320)
On disposals	-	5,994,856
Closing written down value	1,637,513,850	1,529,709,086

THE ORGANIC MEAT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Unaudited December 31, 2021	Audited June 30, 2021
Note	----- Rupees -----	
5.2 Details of additions during the period/year		
Land - Leasehold	-	122,520,612
Building	171,775,693	167,838,097
Motor vehicles	1,000,000	10,809,000
Plant and Machinery	-	86,116,550
Office equipment	200,585	1,055,400
Furniture and Fixture	-	800,909
	<u>172,976,278</u>	<u>389,140,568</u>
5.3 Allocation of depreciation		
Cost of sales	60,730,509	121,922,375
Administrative expense	4,441,005	3,860,945
	<u>65,171,514</u>	<u>125,783,320</u>
5.4 Capital work-in-progress - at cost		
Balance at the beginning of the period/year	297,010,207	150,983,003
Additions during the period/year	143,105,519	370,427,998
Transfers during the period/year	(167,448,192)	(250,656,678)
Borrowing cost capitalized	1,990,192	-
Advance against fixed assets	-	26,255,884
Balance at the end of the period/year	<u>274,657,726</u>	<u>297,010,207</u>
5.4.1 Transfers from CWIP during the period/year are as follows:		
Factory building on leasehold land	167,448,192	167,838,097
Plant and machinery	-	82,818,581
	<u>167,448,192</u>	<u>250,656,678</u>
6. STOCK-IN-TRADE		
Finished goods	122,443,806	95,507,025
Packing material	8,912,175	5,868,500
Animal feed	5,893,390	4,064,829
Livestock and raw material	-	82,824,189
	<u>137,249,371</u>	<u>188,264,543</u>

THE ORGANIC MEAT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Unaudited December 31, 2021	Audited June 30, 2021
Note	----- Rupees -----	
7. TRADE DEBTORS		
Secured and considered good		
Foreign debtors	16,177,632	29,120,789
Unsecured and considered good		
Foreign	1,360,703,345	860,443,181
Local	24,798,554	22,113,569
	1,385,501,899	882,556,750
Considered doubtful		
Foreign	202,049,570	166,980,304
	1,603,729,101	1,078,657,843
Provision for bad debts	7.1 (202,049,570)	(166,980,304)
	1,401,679,531	911,677,539
7.1 Movement in provision against doubtful debts		
Balance at the beginning of the period/year	166,980,304	154,307,575
Allowance for doubtful debts - expected credit loss	35,069,266	12,672,729
	202,049,570	166,980,304
8. LOANS AND ADVANCES		
Unsecured and considered good		
Advance to suppliers	329,835,360	334,344,155
Security deposit	630,000	-
Loans to employees	1,745,300	1,946,525
	332,210,660	336,290,680
9. DEPOSITS AND PREPAYMENTS		
LC Margin against import of machinery	-	29,030,496
Prepaid insurance	747,701	259,080
	747,701	29,289,576
10. OTHER RECEIVABLES		
Rebate receivable-net of provision	201,415,409	183,625,206
Sales tax refundable	9,532,385	17,750,467
	210,947,794	201,375,673

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Unaudited	Audited
	December 31,	June 30,
	2021	2021
	----- Rupees -----	
16. TRADE AND OTHER PAYABLES		
Trade creditors	125,353,282	28,106,048
Worker's profit participation fund payable	61,109,429	47,779,269
Payable to contractors	14,724,385	48,450
Worker's welfare fund payable	8,359,768	6,896,797
Salaries, benefits and allowances payable	6,407,335	3,640,436
Staff Provident Fund	803,177	373,244
Audit fee payable	725,663	1,821,243
	217,483,039	88,665,487

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

There are no contingencies as on December 31, 2021 (June 30, 2021: Nil).

17.2 Commitments

17.2.1 Aggregate commitments under letters of credits for the import of items of plant and machinery (capital expenditure) as at 31 December 2021 amounted to Nil (30 June 2021: Rs.9.24 million).

17.2.2 Commitments in respect of capital expenditure contracted for but not yet incurred amounts to Rs. 1.3 million (June 30, 2021: Rs. 1.3 million).

17.2.3 The Company has entered into an agreement to pay a monthly rent of Rs. 300,000 per month (June 30, 2021: Rs. 300,000/-) till April 2022 for a cold storage service contract at Korangi, Karachi

17.2.4 The Company has entered into an agreement to pay a monthly rent of Rs. 300,000 per month (2020: Rs. 300,000) till August 2021 for a cold storage service contract at EPZA.

	Un-Audited	Un-Audited
	Half year ended	
	December 31,	December 31
	2021	2020
	----- Rupees -----	
18. SALES - NET		
Export sales		
Direct Exports	2,157,647,431	1,681,440,207
Duty drawback	32,016,756	33,819,096
	2,189,664,187	1,715,259,303
Other sales	77,102,303	80,642,115
Less: Sales discount	-	(175,500)
	2,266,766,490	1,795,725,918

Note

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Note	Un-Audited	Un-Audited
		Half year ended	
		December 31, 2021	December 31 2020
19. COST OF SALES		----- Rupees -----	
Cost of material consumed		1,715,488,515	1,373,510,691
Depreciation expense	5.3	60,730,509	52,440,026
Salaries, wages and other benefits		27,886,510	21,064,496
Animal feed and other consumables		19,065,115	16,300
Fuel and power		18,725,376	12,911,958
Cutting and deboning		17,489,170	14,418,445
Packing materials consumed		8,241,097	9,022,732
Repairs and maintenance		6,676,700	3,846,840
Transportation		2,944,452	776,805
Insurance		2,240,388	1,274,037
Rent		1,500,000	-
Printing and stationary		1,023,578	415,395
Janitorial expense		606,340	421,515
Communication expense		420,662	94,129
		<u>1,883,038,412</u>	<u>1,490,213,369</u>
20. ADMINISTRATIVE EXPENSES			
Salaries, benefits and other allowances		25,268,251	18,934,670
Food and entertainment		4,816,386	3,179,900
Fee and subscription		4,624,141	2,255,755
Depreciation expense	5.3	4,441,005	5,826,669
Legal and professional		2,216,627	716,125
Security services		1,246,215	292,400
Repair and maintenance		922,950	497,099
Vehicle running and maintenances		322,155	411,875
Staff trainings		221,000	-
Insurances		93,201	267,330
Amortization expense		50,000	50,000
Printing and stationery		24,160	67,650
Internet charges		-	237,000
Travelling		-	400,000
		<u>44,246,091</u>	<u>33,136,473</u>
21. SELLING EXPENSES			
Clearing and forwarding charges		94,394,918	51,642,818
Quarantine charges		6,953,017	8,040,748
Export duties		5,643,225	6,133,927
Business development		-	5,042,108
Courier charges		-	3,125,000
		<u>106,991,160</u>	<u>73,984,601</u>

THE ORGANIC MEAT COMPANY LIMITED
 NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
 FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Un-Audited Half year ended December 31, 2021	Un-Audited December 31 2020
	----- Rupees -----	
22. FINANCE COSTS		
On borrowings	30,123,380	23,190,622
Bank Charges	2,888,272	3,652,888
Re-measurement loss on financial assets carried at amortized cost	4,403,688	-
	<u>37,415,340</u>	<u>26,843,510</u>
23. OTHER (INCOME)/EXPENSES		
<i>Other Income</i>		
<i>Income from financial assets</i>		
Exchange gain/loss	116,249,328	1,739,494
Profit on pls account	20,172	5,886,600
	<u>116,269,500</u>	7,626,094
<i>Income from non-financial assets</i>		
Gain on biological assets-net	10,451,643	-
Other income	291,213	62,874
Gain on disposal of fixed assets	-	581,386
	<u>10,742,856</u>	644,260
<i>Other Charges</i>		
Auditors' remuneration	(656,100)	(551,966)
Donation and charity	(1,515,500)	(944,500)
Worker' profit participation fund	(13,330,160)	(9,563,792)
Worker's Welfare Fund	(1,462,971)	(1,504,525)
	<u>(16,964,731)</u>	<u>(12,564,783)</u>
	<u>110,047,625</u>	<u>(4,294,429)</u>
24. CASH AND CASH EQUIVALENTS		
Short term borrowings - financial institutions	(644,923,407)	(425,000,000)
Cash and bank balances	117,529,944	97,441,069
	<u>(527,393,463)</u>	<u>(327,558,931)</u>
25. EARNING PER SHARE-EPS		
Profit after taxation for the year - Rupees	251,810,059	143,389,107
Weighted average number of ordinary shares - Number	122,999,555	122,999,555
Earnings per share - basic and diluted - Rupees- restated	<u>2.05</u>	<u>1.17</u>
25.1 During the year company issued 10% bonus shares.		

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

26. 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:

			<u>Unaudited</u>	<u>Unaudited</u>
			<u>Half year ended</u>	
			<u>December 31,</u>	<u>December 31,</u>
			<u>2021</u>	<u>2020</u>
			-----Rupees-----	
26.1. Transactions for the period				
Name of related party	Nature	Relationship		
Mr. Ali Hussain	Salary	Director	<u>6,000,000</u>	<u>6,000,000</u>
	Loan			
Mr. Faisal Hussain	obtained	CEO	<u>-</u>	<u>25,413,580</u>
Mr. Faisal Hussain	Loan repaid	CEO	<u>-</u>	<u>24,682,861</u>
Mr. Faisal Hussain	Salary	CEO	<u>6,000,000</u>	<u>6,000,000</u>
Mr. Salman Hussain	Salary	Director	<u>6,384,422</u>	<u>-</u>
Remuneration of key management personnel	Salary	Executive other than CEO and Directors	<u>2,571,000</u>	<u>6,990,000</u>
Sindh Gas Company (Pvt) limited	Food and entertainment	Associate	<u>428,387</u>	<u>-</u>
			<u>Unaudited</u>	<u>Audited</u>
			<u>Half year ended</u>	
			<u>December 31,</u>	<u>June 30</u>
			<u>2021</u>	<u>2021</u>
			-----Rupees-----	
26.2. Balance as at period/year end				
Name of related party				
Ubiquity Trading Limited	Short term borrowings	Associated Company	<u>100,000,000</u>	<u>100,000,000</u>
Mr. Faisal Hussain	Short term borrowings	Director	<u>33,987,592</u>	<u>33,987,592</u>
Mr. Ali Hussain	Salary payable	Director	<u>1,000,000</u>	<u>9,375,000</u>
Mr. Faisal Hussain	Salary payable	CEO	<u>1,000,000</u>	<u>12,000,000</u>
Mr. Salman Hussain	Salary payable	Director	<u>1,000,000</u>	<u>9,375,000</u>
Sindh Gas Company (Pvt) limited	Accrued expenses	Associated Company	<u>220,007</u>	<u>53,112</u>

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

27. UTILISATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

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

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

Description	Funds Required --- Rupees ---	Allocation %	Actual Expenditure --- Rupees ---	IPO FUNDS	
				Utilization	Under/(Over) utilized ----- Rupees-----
Facility of Local Offal in Korangi Industrial Area:					
Land (1000 to 1200 Sq. yards)	100,000,000	60%	114,792,491	114,792,491	(14,792,491)
Construction of Office Building (12000 Sq.Feet)	31,000,000	19%	39,046,739	39,046,739	(8,046,739)
Equipment (Chillers + freezers Storages)	21,200,000	13%	30,562,083	30,562,083	(9,362,083)
Machinery	15,000,000	9%	15,099,437	15,099,437	(99,437)
Total	167,200,000	100%	199,500,750	199,500,749	(32,300,749)
Facility for Export Processing Zone:					
Land (1000 to 1200 Sq. yards)	60,000,000	57%	-	-	60,000,000
Construction of Office Building (12000 Sq.Feet)	22,000,000	21%	-	-	22,000,000
Equipment (Chillers + freezers Storages)	19,948,556	19%	-	-	19,948,556
Machinery	2,500,000	2%	-	-	2,500,000
	104,448,556	100%			104,448,556
Working Capital	448,351,444	100%	448,351,444	448,351,444	-
Utilization of excess proceeds					
Bank Islami loan repaid	40,000,000	50%	40,000,000	40,000,000	
IPO expenses	23,769,303	30%	23,769,303	23,769,303	
Fattening farm	16,230,697	20%	16,230,697	16,230,697	
	80,000,000	100%	80,000,000	80,000,000	
Total	800,000,000		727,852,194	727,852,193	72,147,807

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

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

28.1 Financial risk management information and disclosures

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

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

28.2 Fair value of financial instruments

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

THE ORGANIC MEAT COMPANY LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

29. GENERAL

The figures have been rounded off to the nearest rupee.

30. DATE OF AUTHORIZATION

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



Chief Executive Officer



Director



Chief Financial Officer

The Organic Meat Company Limited

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