



UNITY FOODS LIMITED
— food for life! —

UNPRECEDENTED GROWTH & BEYOND



HALF-YEARLY
REPORT
2019
(UN-AUDITED)



UNITY FOODS LIMITED

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**Condensed Interim Financial Statements
(Un-Audited)
for the Half Year Ended
December 31, 2019**



Banaspati & Cooking Oil

Sehat
ki Dastak...



UNITY FOODS LIMITED
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[/DastakCookingOil](#)
www.unityfoods.pk



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ANIMAL FEED BUSINESS SEGMENT

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Company Information

Board of Directors	Mr. Abdul Majeed Ghaziani Mr. Muhammad Farrukh Ms. Hina Safdar Mr. Muneer S. Godil Ms. Maria Abdul Hafeez Mr. Sheikh Ali Baakza Ms. Tayyaba Rasheed	Chairman-Non Executive Chief Executive Non-Executive Independent Non-Executive Non-Executive Independent
Audit Committee	Mr. Muneer S. Godil Mr. Abdul Majeed Ghaziani Ms. Maria Abdul Hafeez	Chairman
Human Resource & Remuneration Committee	Mr. Muneer S. Godil Mr. Muhammad Farrukh Ms. Hina Safdar	Chairman
Chief Financial Officer	Mr. Jalees Edhi	
Company Secretary	Syed Muhammad Tariq Nabeel Jafri	
External Auditor	Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants 1st Floor, Modern Motors House Beaumont Road Karachi	
Internal Auditor	Mr. Imran Ahmed Khan	
Bankers	Al Baraka Bank (Pakistan) Limited Habib Metropolitan Bank Limited Habib Bank Limited Bank Al-Habib Limited MCB Bank Limited Meezan Bank Limited Bank Alfalah Limited Dubai Islamic Bank Limited Askari Bank Limited United Bank Limited Bank Islami Pakistan Limited Bank of Punjab Standard Chartered Bank (Pakistan) Limited Faysal Bank Limited	



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Legal Advisor

Mohsin Tayebaly & Co.
1st Floor, Dime Centre, BC-4, Block-9
Kehkashan, Clifton, Karachi -75500
Phone # +92-21-111-682-529

Share Registrar

F.D. Share Registrar (SMC-Pvt) Ltd
17th Floor, Saima Trade Tower A,
I.I Chundrigar Road, Karachi
Phone # +92-21-32271905-6

Registered Office

Unity Tower, 8-C, P.E.C.H.S.,
Block-6, Karachi 75400.

Phone No.

+92 21 34373605-607, 34388666, 34387666

Fax No.

+92 21 34373608

Email

info@unityfoods.pk

Website

www.unityfoods.pk

Business

Import of Oil Seeds, Solvent Extraction, Refining and Marketing
of Edible Oil and processing of ancillary and by-products.

Status of Company

Public Listed Company (PLC)

Company Registration number

K-0023133

National Tax Number

0698412-6

Contact Person

Syed Muhammad Tariq Nabeel Jafri

Phone No.

+92-21-34373605-607

Email

info@untiyfoods.pk

Factories

Solvent Extraction Plant and Pellitising Mills
N-27 /B
S.I.T.E. Area, Kotri,
District Hyderabad.

Oil Refinery
Plot # E-32
S.I.T.E. Area, Karachi.

Crude Palm Oil Refinery
A-48, (Chemical Area), Eastern Industrial Zone,
Port Qasim Authority,
Karachi.



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A Perfect Blend of
Health & Taste





Directors' Review Report

On behalf of the Board of Directors we are pleased to present the Directors' Review Report for the half year ended December 31, 2019.

Alhamdulillah, during first six months of the current financial year, your Company has achieved an impressive topline sales of PKR 11.3 billion which is an over 68% increase from same period last year. This was made possible due to prudent decision making by senior management with respect to inventory management as well as a push to achieve maximum utilization of the installed oil refining capacity. During this time, the Company was also able to push its branded sales under the name "Dastak" which is being established as your Company's flagship brand. More importantly, the Company increased its dealership network from around 220 in July/August of this year to over 284 in December. City coverage of branded sale increased from 314 towns/cities in August this year to over 330 in December. The margins also improved during the last quarter.

All of the above was achieved in a tough national economic environment as well as fluctuating international commodity prices, especially edible oil (Palm Oil).

International Crude Palm Oil prices, in the last 6 months have seen an increase of 52.54%, from USD 531 per ton at the beginning of August to USD 810 per ton in December. Such fluctuations and current high prices have the potential of affecting Company's margins going forward.

The ongoing Coronavirus outbreak worldwide also has the potential to affect prices and supplies. Although almost all of the palm oil is imported from Malaysia and Indonesia, however, due to global nature of this issue, it may have a general effect on supplies.

Having said that, your Company is fully aware of the above-mentioned challenges and is making every effort to continue to maintain/increase sales and profitability.

Also, in order to maintain and build on the traction achieved for establishment of "Dastak" brand, the Company is embarking upon an aggressive marketing plan for the remaining of the year. This is very important to continue brand establishment and recognition and to gain additional market share. Your company is focusing on long-term growth and aims to be considered as one the largest edible oil suppliers in the Country.

Capital Expenditure and Expansion

The work is progressing satisfactorily on projects envisaged to be taken up through the proceeds of the Right Issue announced and completed in February and May 2019. In this regard, the Company has provided to the Securities and Exchange Commission of Pakistan and Pakistan Stock Exchange, quarterly progress report on utilization of proceeds of the Right Issue for the quarters ended September 30, 2019 & December 31, 2019.

The Company has also identified land for building oil terminal and saponification plant and is in the process of final negotiations to acquire the identified pieces of land.



Commitments and Contingencies

There has been no major changes in commitments affecting financial position of the Company's affairs between the balance sheet date and the date of this report.

Financial Results

During the half year ended December 31, 2019, the Company posted earnings of PKR 375 million (an EPS of PKR 0.69).

Summary of financial operations of the Company for half year ended December 31, 2019 is provided below:

	(Rupees)
Net Sales	11,310,210,933
Cost of Sales	(10,210,017,303)
Gross Profit	1,100,193,630
Selling and Distribution Expenses	(354,614,377)
Administrative Expenses	(106,638,481)
Other Operating Expenses	(27,989,141)
Total Expenses	(489,241,999)
Other Income	27,469,934
Operating Profit Before Finance Cost	638,421,565
Finance Cost	(244,208,311)
Profit Before Taxation	394,213,254
Taxation	(19,306,242)
Profit After Taxation	374,907,012
EPS (Basic and Diluted)	0.69

Compliance & Certifications

Following close of the quarter the Company has completed its certification process from Sindh Food Authority and has received requisite certificates for its Kotri plant, SITE refinery and Port Qasim refinery. These certifications speak volumes about the concerted efforts of the team and commitment of the management in complying with the stringent food safety and other requirements of regulatory authority. Out of the certifications mentioned below only those relating to Sindh and Punjab Food Authority and PSQCA relating to products are compulsory. The remaining certifications are voluntary and reflect the management resolve to ensure that the entire operations chain of the Company fulfill highest standards of compliance and the customers get the products of highest quality. The Company has already completed several other certifications as summarized below:



	Oil Refinery (SITE, Karachi)	Solvent Plant (Kotri)	Oil Refinery (Port Qasim Plant)
Standards (National & International)	ISO 9001 (Quality Management System)	ISO 9001 (Quality Management System)	ISO 9001 (Quality Management System)
	ISO 22000 (Food Safety Management System)	ISO 22000 (Food Safety Management System)	ISO 22000 (Food Safety Management System)
	HACCP	HACCP	HACCP
	PS 3733 & GSO/UAE 2055-1 (Halal Food Management System)	PS 3733 & GSO/UAE 2055-1 (Halal Food Management System)	PS 3733 & GSO/UAE 2055-1 (Halal Food Management System)
	Environmental Management System (ISO 14001:2015)	Environmental Management System (ISO 14001:2015)	Environmental Management System (ISO 14001:2015)
		- -	ISO 45001:2018 Occupational Health & Safety Management System
Membership & Certification		- -	Roundtable on Sustainable Palm Oil (RSPO) Certification
Food Safety System Certification	FSSC (Global Certification)	- -	FSSC (Global Certification)
PSQCA Licenses (Pakistan Standard & Quality Control Authority)	Product-wise License		
Sindh Food Authority License	Sindh Food Authority License	Sindh Food Authority License	Sindh Food Authority License
Punjab Food Authority License	Lahore Office		



The Environment

The Company's operations are being conducted under best practices and standards keeping in view the cause of environmental protection.

Acknowledgements

Alhamdulillah, we are grateful to all our stakeholders including the shareholders, lenders and all stakeholders in facilitating the Company's rapid growth over past two years. Without their support and will of Allah SWT it would not have been possible for the management to achieve such remarkable progress. We remain committed to our ambition of sustainable growth and will continue to make steady progress in times to come. We are also grateful to Pakistan Stock Exchange, the SECP and the CDC for their continued support and cooperation with Unity Foods Limited. We hope that this support will continue in the future as well.

We also deeply appreciate and acknowledge the hard work and efforts of our dedicated and talented team of executives, staff and workers and their crucial role in success and growth of the Company. We expect our employees to continue to perform for achieving bigger goals going forward with even greater zeal and enthusiasm.

For and on behalf of the Board,

Muhammad Farrukh

Chief Executive

Karachi:

February 26, 2020

Abdul Majeed Ghaziani

Chairman



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Taste the Healthier Side of Life





سندھ فوڈ اتھارٹی لائسنس

سندھ فوڈ اتھارٹی لائسنس

سندھ فوڈ اتھارٹی لائسنس

سندھ فوڈ

اتھارٹی لائسنس

ماحول

کمپنی کے امور کو ماحولیاتی تحفظ کو مد نظر رکھتے ہوئے بہترین طریقوں اور معیارات کے مطابق انجام دیا جا رہا ہے۔

اظہار تشکر

الحمد للہ، ہم اپنے ان تمام اسٹیک ہولڈرز بشمول حصص یافتگان (شیئر ہولڈرز) قرض دہندہ اور دیگر کاشکر یہ ادا کرتے ہیں، جنہوں نے گزشتہ دو سال کمپنی کی تیزی کے ساتھ ترقی میں ہماری معاونت کی۔ اللہ سبحانہ تعالیٰ کی مرضی اور ان کی مدد کے بغیر ترقی کے سفر میں کامیابیوں کے ان اہداف کا حصول ممکن نہ تھا۔ ہم اپنی پائیدار ترقی کے مقصد کو مد نظر رکھتے ہوئے، آنے والے وقت میں مستحکم پیش رفت کی طرف گامزن ہیں۔ ہم پاکستان اسٹاک ایکسچینج، SECP اور CDC کی جانب سے کمپنی کی مسلسل معاونت اور تعاون پر ان کا تہ دل سے شکریہ ادا کرتے ہیں۔ ہم امید کرتے ہیں کہ یہ تعاون آئندہ بھی جاری رہے گا۔

ہم اس دوران اپنے پر خلوص اور صلاحیتوں سے بھرپور ایگزیکٹوز، اسٹاف اور ورکرز کی ٹیم کی جانب سے کی جانے والی سخت محنت پر، ان کے بھی مشکور و ممنون ہیں۔ ہم مزید آگے بڑھتے ہوئے نئی منازل کے حصول کے لیے اپنے ملازمین سے اسی طرح کی کوششوں کی توقع کرتے ہیں۔

حسب الحکم بورڈ

عبدالمجید غازیانی

چیئر مین

محمد فرخ

چیف ایگزیکٹو

کراچی

26 فروری، 2020



تعمیل اور تصدیق

سہ ماہی کے اختتام کے بعد کمپنی نے سندھ فوڈ اتھارٹی سے اپنی تصدیق (سرٹیفیکیشن) کا عمل بھی مکمل کر لیا ہے اور اپنے کوٹری پلانٹ، سائٹ ریفائٹری اور پورٹ قاسم ریفائٹری کے لیے مطلوبہ اسناد حاصل کر لی ہیں۔ یہ تمام تصدیق (سرٹیفیکیشنز) ٹیم کی شب و روز کی سخت محنت اور انتظامیہ کی جانب سے خوراک کے تحفظ کے لیے کئے جانے والے سخت اقدامات نیز ریگولیٹری اتھارٹی کے دیگر مطلوبہ تقاضوں پر بھرپور توجہ کی عکاسی کرتی ہیں۔ درج ذیل دی گئی تفصیل میں صرف PSQCA، سندھ اور پنجاب فوڈ اتھارٹی کی تصدیق ضروری تھی، باقی تصدیق (سرٹیفیکیشن) رضا کارانہ ہیں اور مینجمنٹ کی اس سوچ کی عکاس ہیں کہ کمپنی کے تمام آپریشنز بہترین معیار کے مطابق ہوں اور کسٹمرز کو بہترین درجے کی مصنوعات فراہم کی جائیں۔ کمپنی دیگر کی سرٹیفیکیشنز کا خلاصہ ذیل میں درج ہے:

آئل ریفائٹری (پورٹ قاسم پلانٹ)	سالوینٹ پلانٹ (کوٹری)	آئل ریفائٹری (سائٹ کراچی)
ISO 9001 (کوالٹی مینجمنٹ سسٹم)	ISO 9001 (کوالٹی مینجمنٹ سسٹم)	ISO 9001 (کوالٹی مینجمنٹ سسٹم)
ISO 22000 (فوڈ سیفٹی مینجمنٹ سسٹم)	ISO 22000 (فوڈ سیفٹی مینجمنٹ سسٹم)	ISO 22000 (فوڈ سیفٹی مینجمنٹ سسٹم)

معیارات

(قومی اور بین)

الاقوامی)

HACCP	HACCP	HACCP
PS 3733 & GSO/UAE	PS 3733 & GSO/UAE	PS 3733 & GSO/UAE
2055-1	2055-1	2055-1
(حلال فوڈ مینجمنٹ سسٹم)	(حلال فوڈ مینجمنٹ سسٹم)	(حلال فوڈ مینجمنٹ سسٹم)
انوار مینٹل مینجمنٹ سسٹم	انوار مینٹل مینجمنٹ سسٹم	انوار مینٹل مینجمنٹ سسٹم
(ISO 14001:2015)	(ISO 14001:2015)	(ISO 14001:2015)
ISO 45001:2018		
آکوپیشنل ہیلتھ اینڈ سیفٹی مینجمنٹ سسٹم		
Roundtable on		
Sustainable Palm Oil		
(RSPO) Certification		
FSSC (Global		FSSC (Global
Certification)		Certification)

رکنیت اور
سرٹیفیکیشن

فوڈ سیفٹی سسٹم



استعمال پر سہ ماہی کارکردگی رپورٹ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کو فراہم کر دی ہے۔
کمپنی نے آئل ٹرمینل اور صابن سازی کے پلانٹ کی تعمیر کے لیے زمین کی بھی نشاندہی کر دی ہے اور اس شناخت شدہ قطعہ اراضی کے حصول کے لیے بات چیت کا عمل حتمی مراحل میں ہے۔

ضمانت / وعدے اور امکانات

بیلنس شیٹ کی تاریخ اور رپورٹ ہذا کی تاریخ کے درمیان کمپنی کے معاملات کی مالی حیثیت کو متاثر کرنے کے لحاظ سے ضمانت / وعدوں میں کوئی اہم تبدیلی نہیں ہوئی ہے۔

مالیاتی نتائج

31 دسمبر، 2019 کو ختم ہونے والی ششماہی کے دوران، کمپنی نے 375 ملین پاکستانی روپے کی نقد آمدن (0.69 کا EPS) حاصل کی۔
31 دسمبر، 2019 کو ختم ہونے والی ششماہی کے حوالے سے کمپنی کے مالیاتی امور کا خلاصہ ذیل میں فراہم کیا گیا ہے:

روپے

11,310,210,933	مجموعی فروخت (صافی)
(10,210,017,303)	فروخت کی لاگت
1,100,193,630	مجموعی نفع
(354,614,377)	فروختگی اور ترسیل کے اخراجات
(106,638,481)	انتظامی اخراجات
(27,989,141)	دیگر آپریٹنگ اخراجات
(489,241,999)	مجموعی اخراجات
27,469,934	دیگر آمدن
638,421,565	قبل از مالیاتی لاگت آپریٹنگ نفع
(244,208,311)	مالیاتی لاگت
394,213,254	قبل از محصول (ٹیکس) نفع
(19,306,242)	محصول (ٹیکسیشن)
374,907,012	نفع بعد از محصول (ٹیکسیشن)
0.69	EPS (بنیادی اور غیر تکرز)



ڈائریکٹرز ریویو رپورٹ

ہم، بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر، 2019 کو ختم ہونے والی ششماہی کے حوالے سے ڈائریکٹرز ریویو رپورٹ بخوشی پیش کرتے ہیں۔

الحمد للہ، رواں مالی سال کے پہلے چھ ماہ کے دوران، آپ کی کمپنی نے 11.3 بلین پاکستانی روپے کی غیر معمولی فروختگی (سیلز) حاصل کی ہے جو گزشتہ سال کی اسی مدت سے 68% زیادہ ہے۔ یہ سب اعلیٰ انتظامیہ کی جانب سے انوینٹری مینجمنٹ کے حوالے سے کئے جانے والے محتاط فیصلے اور نصب شدہ آئل ریفائنری کی پیداواری صلاحیت کو زیادہ سے زیادہ بروئے کار لانے سے ممکن ہوا۔ اس وقت کمپنی "دستک" کے نام سے اپنی برانڈ ڈسٹریبیوٹرز کو مارکیٹ میں مزید آگے بڑھانے میں کامیاب ہوئی ہے، جو کمپنی کا سب سے اہم برانڈ بن گیا ہے۔ سب سے اہم بات یہ ہے کہ کمپنی نے اپنے ڈیلرز کے نیٹ ورک کو جو اس سال جولائی / اگست میں تقریباً 220 تھا، بڑھا کر دسمبر میں 284 کر دیا ہے۔ برانڈ ڈسٹریبیوٹرز کی تعداد اس سال اگست میں 314 شہروں پر محیط تھی، بڑھا کر دسمبر میں 330 کر دیا ہے۔ آخری سہ ماہی کے دوران منافع کی شرح میں بھی اضافہ ہوا۔ مذکورہ بالا تمام کامیابیاں شدید سخت قومی معاشی حالات اور بین الاقوامی سطح پر اجناس بالخصوص خوردنی تیل (پام آئل) کے اترتے چڑھتے نرخوں کے دوران حاصل کی گئیں۔

گزشتہ 06 ماہ میں بین الاقوامی سطح پر خام پام آئل کے نرخ میں 52.54% اضافہ دیکھنے میں آیا ہے۔ اگست کے آغاز میں خام پام آئل کے نرخ 531 امریکی ڈالر فی ٹن تھے جو بڑھ کر دسمبر میں 810 امریکی ڈالر فی ٹن ہو گئے۔ اس قسم کے اتار چڑھاؤ کی کیفیت اور موجودہ بلند نرخ آنے والے وقت میں ان حالات کے باوجود کمپنی کے منافع کو متاثر کر سکتے ہیں۔

دنیا بھر میں حالیہ کورونا وائرس کا پھیلنا بھی نرخوں اور سپلائرز کو متاثر کرنے کی استعداد رکھتا ہے۔ ہر چند یہ تقریباً تمام پام آئل، ملائیشیا اور انڈونیشیا سے درآمد کیا جاتا ہے تاہم اس قسم کے عالمی سطح کے مسئلے کی وجہ سے یہ تیل کی ترسیل کو عمومی طور پر متاثر کر سکتے ہیں۔ آپ کی کمپنی مذکورہ بالا تمام مسائل سے مکمل طور پر آگاہ ہے اور سیلز نیز منافع کو برقرار رکھنے / بڑھانے کے لیے ہر ممکن کوشش جاری رکھے ہوئے ہے۔

"دستک" برانڈ کے عروج اور اسے فلیگ شپ برانڈ بنانے کے حوالے سے حاصل ہونے والی کامیاب روش کو برقرار رکھنے اور اسے جاری رکھنے کے لیے کمپنی بقیہ سال کے حوالے سے ایک جارحانہ اور ہمہ جہتی مارکیٹنگ پلان شروع کر رہی ہے۔ برانڈ کے عروج اور اس کی شناخت کو جاری رکھتے ہوئے برقرار رکھنا نیز مارکیٹ سے اضافی شیئر حاصل کرنے کے لیے یہ انتہائی اہم ہے۔ آپ کی کمپنی طویل المدت نمو پر توجہ مرکوز کئے ہوئے ہے اور کمپنی کو ملک کی ایک بڑی خوردنی تیل فراہم کنندہ بنانے کا عزم کئے ہوئے ہے۔

اصل اخراجات اور توسیع

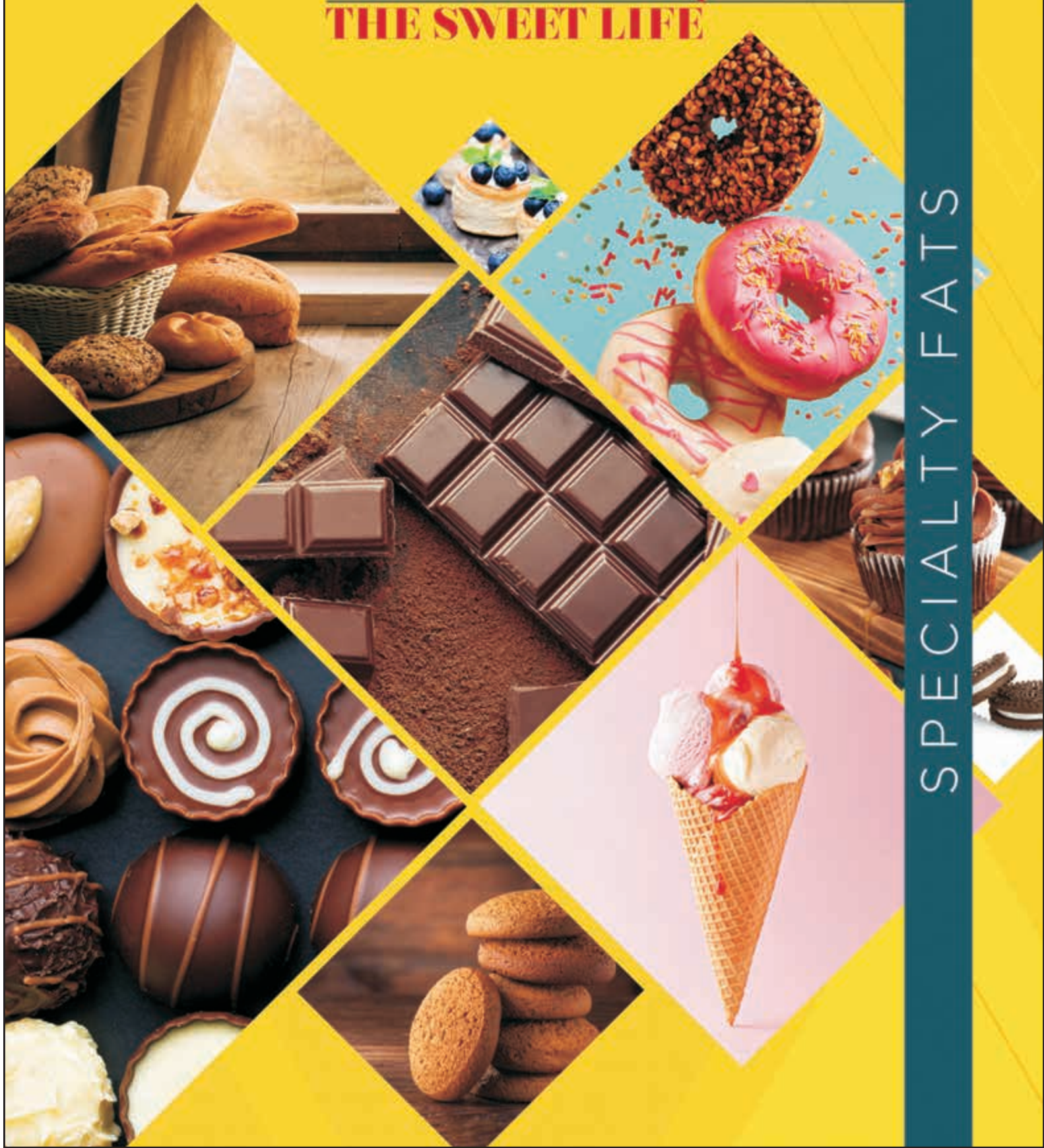
رائٹ ایجو جس کا اعلان فروری میں کیا گیا تھا اور مئی میں پایہ تکمیل کو پہنچا تھا، اس کے ساتھ شروع ہونے والے منصوبوں پر تسلی بخش کام جاری ہے اور اس حوالے سے کمپنی نے 30 ستمبر، 2019 اور 31 دسمبر، 2019 کو ختم ہونے والی سہ ماہی (کوارٹر) کے حوالے سے رائٹ ایجو کے



UNITY FOODS LIMITED
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SPECIALTY FATS

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Unity Foods Limited
Report on Review of Interim Financial Statement

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of **Unity Foods Limited** ("the Company") as at December 31, 2019 and the related condensed interim statement of profit or loss, 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 statement in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

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 statement 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 approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is **Ahsan Elahi Vohra**.

Chartered Accountants

Dated : February 26, 2020

Karachi:

Unity Foods Limited
Condensed Interim Statement of Financial Position
As at December 31, 2019

	Note	(Unaudited) December 31, 2019	(Audited) June 30, 2019
------(Rupees)-----			
ASSETS			
Non-current assets			
Property, plant and equipment	6	3,239,785,870	3,081,521,153
Intangible assets	7	7,702,670	8,654,439
Deferred tax		-	4,072,001
		3,247,488,540	3,094,247,593
Current assets			
Stock-in-trade	8	7,631,452,049	3,201,229,920
Stores, spares and loose tools		59,140,041	30,913,536
Trade debts	9	3,878,115,201	3,063,574,186
Advances, deposits and short term prepayments	10	165,385,695	30,920,000
Other receivables		2,222,354	1,050,000
Sales tax receivable		354,077,906	292,485,386
Taxation - net of provision		1,161,424,392	711,161,726
Cash and bank balances	11	70,238,166	40,043,834
		13,322,055,804	7,371,378,588
Total assets		16,569,544,344	10,465,626,181
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
1,000,000,000 (June 30, 2019: 1,000,000,000) ordinary shares of Rs. 10/- each		<u>10,000,000,000</u>	<u>10,000,000,000</u>
Issued, subscribed and paid-up capital	12	5,440,500,000	5,440,500,000
Unappropriated profit		574,469,190	253,967,178
		<u>6,014,969,190</u>	<u>5,694,467,178</u>
Deferred Tax	13	15,234,240	-
Current liabilities			
Trade and other payables		6,248,780,708	1,983,666,956
Accrued mark-up		87,436,879	39,065,955
Short term borrowings	14	3,940,890,958	2,567,371,277
Unclaimed dividend		921,794	1,188,311
Loan from related party	15	261,310,575	179,866,504
		10,539,340,914	4,771,159,003
Contingencies and commitments	16	-	-
Total equity and liabilities		16,569,544,344	10,465,626,181

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chairman
Abdul Majeed Ghaziani



Chief Executive
Muhammad Farrukh



Chief Financial Officer
Jalees Edhi



Unity Foods Limited
Condensed Interim Statement of Profit or Loss (Un-audited)
For the Half Year Ended December 31, 2019

Note	Half year ended December 31,		Quarter ended December 31,	
	2019	2018	2019	2018
	----- (Rupees) -----			
Net Sales	11,310,210,933	6,713,616,361	6,754,968,358	3,604,052,086
Cost of sales	(10,210,017,303)	(6,222,821,662)	(6,093,222,518)	(3,334,143,126)
Gross profit	1,100,193,630	490,794,699	661,745,840	269,908,960
Selling and distribution expenses	(354,614,377)	(107,005,855)	(170,511,320)	(75,872,275)
Administrative expenses	(106,638,481)	(84,566,512)	(59,038,663)	(55,834,378)
Other operating expenses	(27,989,141)	(76,336,145)	(20,693,828)	(52,700,043)
	(489,241,999)	(267,908,512)	(250,243,811)	(184,406,696)
Other income	27,469,934	5,807,083	16,601,942	3,347,729
Operating profit before finance cost	638,421,565	228,693,270	428,103,971	88,849,993
Finance cost	(244,208,311)	(88,605,659)	(136,641,597)	(51,694,769)
Profit before taxation	394,213,254	140,087,611	291,462,374	37,155,224
Taxation	(19,306,242)	6,424,889	(9,243,142)	(1,888,231)
Profit after taxation	374,907,012	146,512,500	282,219,232	35,266,993
Basic and diluted earnings per share	17	Restated 0.69	Restated 0.52	Restated 0.19

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.


Chairman
Abdul Majeed Ghaziani


Chief Executive
Muhammad Farrukh


Chief Financial Officer
Jalees Edhi

Unity Foods Limited
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the Half Year Ended December 31, 2019

	Half year ended December 31,		Quarter ended December 31,	
	2019	2018	2019	2018
	----- (Rupees) -----			
Profit after taxation for the period	374,907,012	146,512,500	282,219,232	35,266,993
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>374,907,012</u>	<u>146,512,500</u>	<u>282,219,232</u>	<u>35,266,993</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chairman
Abdul Majeed Ghaziani



Chief Executive
Muhammad Farrukh



Chief Financial Officer
Jalees Edhi

Unity Foods Limited
Condensed Interim Statement of Cash Flows (Un-Audited)
For the Half Year Ended December 31, 2019



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	Note	Half year ended December 31,	
		2019	2018
		----- (Rupees) -----	
Cash flows from operating activities			
Profit before taxation		394,213,254	140,087,611
Adjustments for:			
Depreciation		58,434,484	28,118,866
Amortization		1,028,929	590,065
Finance cost		244,208,311	88,605,659
		<u>697,884,978</u>	<u>257,402,201</u>
Changes in working capital			
<i>(Increase) / decrease in current assets:</i>			
Stock in trade		(4,430,222,129)	(1,499,281,520)
Stores, spares and loose tools		(28,226,505)	(12,008,176)
Trade debts		(814,541,015)	(1,688,678,550)
Sales tax receivable		(61,592,520)	(9,914,260)
Advances, deposits and short term prepayments		(134,465,695)	(32,063,452)
Other receivables		(1,172,354)	1,889,650
		<u>(5,470,220,218)</u>	<u>(3,240,056,308)</u>
<i>Increase / (decrease) in current liabilities:</i>			
Trade and other payables		4,265,113,752	145,847,077
Un-claimed dividend		(266,517)	-
		<u>4,264,847,235</u>	<u>145,847,077</u>
Cash (used in) operating activities		<u>(507,488,005)</u>	<u>(2,836,807,030)</u>
Taxes paid		(450,262,666)	(248,780,146)
Finance cost paid		(202,878,240)	(64,423,420)
Net cash (used in) operating activities		<u>(1,160,628,911)</u>	<u>(3,150,010,596)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(216,699,201)	(205,826,243)
Purchase of intangible asset		(77,160)	-
Long term deposits		-	25,000
Net cash (used in) investing activities		<u>(216,776,361)</u>	<u>(205,801,243)</u>
Cash flows from financing activities			
Proceeds from short term borrowing - net		1,373,519,681	1,262,491,764
Dividend paid		(54,405,000)	(84,525,000)
Loan from related party		81,444,071	1,972,381,419
Net cash generated from financing activities		<u>1,400,558,752</u>	<u>3,150,348,183</u>
Net increase / (decrease) in cash and cash equivalents		23,153,480	(205,463,656)
Cash and cash equivalents at beginning of the period		(151,539,093)	(90,041,558)
Cash and cash equivalents at end of the period		<u>(128,385,613)</u>	<u>(295,505,214)</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:			
Cash and bank balances	11	70,238,166	28,514,040
Short term borrowings from bank - running finance (secured)		(198,623,779)	(324,019,254)
		<u>(128,385,613)</u>	<u>(295,505,214)</u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.

Chairman
Abdul Majeed Ghaziani

Chief Executive
Muhammad Farrukh

Chief Financial Officer
Jalees Edhi

Unity Foods Limited
Condensed Interim Statement of Changes in Equity (Un-Audited)
For the Half Year Ended December 31, 2019

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
----- (Rupees) -----			
Balance as at June 30, 2018 (audited)	1,690,500,000	83,417,658	1,773,917,658
Transaction with owners			
Final dividend @ 5% (i.e. Rs. 0.5 per share) for the year ended June 30, 2018	-	(84,525,000)	(84,525,000)
Profit after taxation for the period	-	146,512,500	146,512,500
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	146,512,500	146,512,500
Balance as at December 31, 2018 (Un-audited)	<u><u>1,690,500,000</u></u>	<u><u>145,405,158</u></u>	<u><u>1,835,905,158</u></u>
Transaction with owners			
Issuance of right shares	3,750,000,000	-	3,750,000,000
Profit after taxation for the period	-	108,562,020	108,562,020
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	108,562,020	108,562,020
Balance as at June 30, 2019 (audited)	<u><u>5,440,500,000</u></u>	<u><u>253,967,178</u></u>	<u><u>5,694,467,178</u></u>
Transaction with owners			
Final dividend @ 1% (i.e. Rs. 0.10 per share) for the year ended June 30, 2019	-	(54,405,000)	(54,405,000)
Profit after taxation for the period	-	374,907,012	374,907,012
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	374,907,012	374,907,012
Balance as at December 31, 2019 (Un-audited)	<u><u>5,440,500,000</u></u>	<u><u>574,469,190</u></u>	<u><u>6,014,969,190</u></u>

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chairman
Abdul Majeed Ghaziani



Chief Executive
Muhammad Farrukh



Chief Financial Officer
Jalees Edhi



UNITY FOODS LIMITED
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The
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with those who are in need.



Unity Foods Limited
Notes to the Condensed Interim
Financial Statements (Un-audited)
For the Half Year Ended December 31, 2019

1 THE COMPANY AND ITS OPERATIONS

1.1 Unity Foods Limited (the "Company") was incorporated in Pakistan in 1991 as a Private Limited Company under the Companies Ordinance, 1984 (now Companies Act, 2017) and subsequently converted into a Public Limited company on June 16, 1991. Shares of the company are listed on the Pakistan Stock Exchange on February 01, 1994. The principal business of the company has been changed from yarn manufacturing to edible oil extraction, refining and related businesses. The registered office of the company is situated at Unity Tower, Plot # 8 C, Block-6, P.E.C.H.S., Karachi.

Geographical location and addresses of business units including plants of the Company are as under:

Address	Purpose
Karachi	
Unity Tower Plot No. 8-C, Block-6, P.E.C.H.S.	Registered Office
Plot No. E-32, SITE Area.	Oil Refinery
Plot No. A-48, Eastern Industrial Zone, Port	Oil Refinery
Kotri, District Hyderabad	
Plot No. N-27-B, SITE Area,	Edible Oil Extraction Plant and Pellitising Mills

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 as applicable in Pakistan for interim financial reporting comprise of:

- International accounting standard (IAS) 34, Interim Financial Reporting, 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 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 These condensed financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the year ended 30 June 2019.

2.3 The comparative condensed statement of financial position presented in these condensed interim financial statements have been extracted from the audited annual financial statements of the Company for the year ended 30 June 2019, whereas the cash flows and condensed statement changes in equity are extracted from the un-audited condensed interim financial statements for the period ended 31 December 2018.

These condensed interim financial statements are un-audited and submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.



3 BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under the historical cost convention except for foreign currency assets and liabilities which are stated at the exchange rate on the date of condensed interim statement of financial position. These condensed interim financial statements have been prepared following accrual basis of accounting except for condensed interim statement of cash flows.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 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 the financial statements for the year ended June 30, 2019.

4.2 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 1, 2019 but are considered not to be relevant or to have any significant effect on the company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

4.3 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or to have any significant effect on the company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

5 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

5.1 The preparation of these condensed interim financial statements in conformity with approved accounting standards require management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumption and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimations and uncertainty were the same as those that were applied to the annual audited financial statements for the year ended June 30, 2019.

5.2 The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2019.

		(Un-audited) December 31, 2019	(Audited) June 30, 2019
	Note	----- (Rupees) -----	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	2,756,481,608	2,302,995,149
Capital work-in-progress	6.2	483,304,262	778,526,004
		<u>3,239,785,870</u>	<u>3,081,521,153</u>
6.1 Operating fixed assets			
Written down value (WDV) - Opening		2,302,995,149	1,398,635,143
Additions during the period - At cost:			
- Lease hold land		-	278,000,000
- Building on lease / free hold land		90,228,012	130,307,228
- Plant and Machinery		413,523,585	532,832,609
- Furniture, fixtures and office equipments		4,216,113	13,111,923
- Computer and auxiliary equipments		3,953,233	5,305,398
- Vehicle		-	6,058,202
		511,920,943	965,615,360
Depreciation charged during the period		(58,434,484)	(61,255,355)
Written down value (WDV) - Closing		<u>2,756,481,608</u>	<u>2,302,995,149</u>
6.2 Capital work-in-progress - at cost			
Opening Balance		778,526,004	123,185,704
Additions		180,082,430	1,536,072,197
Transferred to operating fixed assets		(475,304,172)	(880,731,897)
		<u>483,304,262</u>	<u>778,526,004</u>
7. INTANGIBLE ASSETS			
Opening Balance		8,654,439	5,703,979
Additions		77,160	4,375,763
Amortization during the period		(1,028,929)	(1,425,303)
		<u>7,702,670</u>	<u>8,654,439</u>
8. STOCK-IN-TRADE			
Raw and Packing materials - in hand		2,819,246,587	1,027,341,898
- in transit		3,633,150,875	403,477,410
		<u>6,452,397,462</u>	<u>1,430,819,308</u>
Traded goods - in hand		227,693,121	366,646,673
- in transit		19,005,857	50,243,144
		<u>246,698,978</u>	<u>416,889,817</u>
Work-in-process		109,727,813	132,382,894
Finished goods		822,627,796	1,221,137,901
		<u>7,631,452,049</u>	<u>3,201,229,920</u>
9. TRADE DEBTS			
Considered good - unsecured		3,887,713,435	3,063,574,186
Impairment of financial assets	9.1	(9,598,234)	-
		<u>3,878,115,201</u>	<u>3,063,574,186</u>
9.1 Impairment of financial assets			
Opening Balance as at July 1, 2019		-	-
Additional impairment on initial application of IFRS 9		-	-
		-	-
Charge for the period		9,598,234	-
		<u>9,598,234</u>	-

Trade debts include amounts receivable from associated company Unity Feeds (Private) Limited Rs. 130,220,789 (June 30,2019: Rs. 264,939,935).



	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	------(Rupees)-----	
10. ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS		
Advances Considered good		
Suppliers	2,533,096	3,143,458
Employees	3,327,572	4,112,358
Advance against purchase of shares of Sunridge Foods (Private) Limited 10.1	134,987,920	-
Security deposits	12,051,890	14,820,089
Short term prepayments	12,485,217	8,844,095
	<u>165,385,695</u>	<u>30,920,000</u>

10.1 This advance represents amount paid for the purchase of 36,654,177 (constituting 69%) shares of Sunridge Foods (Private) Limited against the total consideration of Rs. 366,541,770/-.

11. CASH AND BANK BALANCES

With banks - Conventional banking

- in saving account	7,326,813	186,560
- in current account	44,948,385	18,461,332

With banks - Islamic banking

- in current account	17,233,427	20,655,225
	<u>69,508,625</u>	<u>39,303,117</u>

Cash in hand	729,541	740,717
	<u>70,238,166</u>	<u>40,043,834</u>

12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

(Un-audited) December 31, 2019	(Audited) June 30, 2019		(Un-audited) December 31, 2019	(Audited) June 30, 2019
------(Number of shares)-----			------(Rupees)-----	
544,050,000	169,050,000	Ordinary shares of Rs. 10 each fully paid in cash	5,440,500,000	1,690,500,000
-	375,000,000	Right shares issued	-	3,750,000,000
<u>544,050,000</u>	<u>544,050,000</u>		<u>5,440,500,000</u>	<u>5,440,500,000</u>

13 DEFERRED TAXATION - NET

Deferred tax asset in respect of:

Brought forward / current year losses	93,068,335	93,068,335
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Deferred tax liability in respect of:

Accelerated tax depreciation	(108,302,575)	(88,996,334)
	<u>(15,234,240)</u>	<u>4,072,001</u>



14. SHORT TERM BORROWINGS - SECURED

Post Import facilities (Finance against Imported Merchandise, Finance Against Trust Receipt etc.) facility from conventional side of commercial banks under mark-up arrangement amounts to Rs.2,482.00 million (June 30, 2019: Rs. 1,258.70 million). During the period, mark-up on such arrangements ranged between 3 Months KIBOR plus 0.50% to 3 Months KIBOR plus 2.00% for financing in local currency; and 3 Months KIBOR plus 3.50% - 4.00% for financing in foreign currency (June 30, 2019: 0.50% - 2.00% for local currency only) per annum.

Short term running finance available from conventional side of various commercial banks under mark-up arrangements amounted to Rs.199.00 million (June 30, 2019: Rs. 191.50 million). During the period, mark-up on such arrangements is 3 Months KIBOR plus 1.00%-1.25% (June 30, 2019: 1.00% - 2.00%) per annum.

Funded facilities (Isitсна, Wakala, Murabaha etc.) available from Islamic banks amounted to Rs. 1,259.50 million (June 30, 2019: Rs. 1,116.90 million). During the period, mark-up on such arrangements ranged between 3 Months KIBOR plus 1.25% to 3 Months KIBOR plus 1.70% for financing in local currency; and 4.00% flat for financing in local currency (June 30, 2019: 0.80% - 1.70% for local currency only) per annum.

15. Loan from related party

This represents loan obtained from a related party for meeting the working capital requirements. The loan carries interest at the rate of 3 Months KIBOR plus 0.50%. However, after March 31, 2018 the markup is waived by the lender and it is payable on demand.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

On May 24, 2018 the Company and the former directors received a notice from Habib Bank Limited relating to Suo Moto Notice of Supreme Court on Loan write off pertaining to the period 2007. The former management for their own behalf and on behalf of the Company have filed a statement on June 5, 2018 through their legal counsel whereby they have explained that the amounts were duly paid by the then management to National Bank of Pakistan and Habib Bank Limited. The case is yet to be decided. The current management believes that no liability or payment accrues against the Company. Accordingly, no provisioning has been provided in these financial statements.

16.2 Commitments

Commitments under letters of credit for raw materials as at December 31, 2019 amounted to Rs. 1,281 million (June 30, 2019: Rs. 592.0 million).

17. BASIC AND DILUTED EARNINGS PER SHARE

	Half year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	------(Rupees)-----			
Profit after taxation	<u>374,907,012</u>	<u>146,512,500</u>	<u>282,219,232</u>	<u>35,266,993</u>
	------(Number of shares)-----			
Weighted average number of ordinary shares	<u>544,050,000</u>	<i>Restated</i> <u>183,286,482</u>	<u>544,050,000</u>	<i>Restated</i> <u>183,286,482</u>
Basic and diluted earnings per share	<u>0.69</u>	<i>Restated</i> <u>0.80</u>	<u>0.52</u>	<i>Restated</i> <u>0.19</u>

No figure for diluted earning per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

18. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of associated companies, directors of the Company, companies in which directors also hold directorship, related group companies, key management personnel and staff retirement benefit funds. All transactions with related parties are under agreed terms / contractual arrangements.

Transactions with related parties

Transactions with related parties other than those disclosed elsewhere are as follows :



(Unaudited)
July to July to
December 2019 December 2018
------(Rupees)-----

Unity Feeds (Private) Limited

Sales	159,120,789	313,982,339
Purchases	-	236,764,975

Loan from related parties

Fehmida Amin - Mother of director

Loan received	501,635,459	1,972,381,419
Loan repaid	420,191,387	657,450,000

Key management personnel

Remuneration	18,880,000	14,564,727
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Balances with related parties

(Un-audited)	(Audited)
December 31,	June 30,
2019	2019

Associated companies

Unity Feeds (Private) Limited

Receivable against sale of inventory	130,220,789	264,939,935
Payable against purchase of inventory	-	-

Loan from related parties

Fehmida Amin - Mother of director	261,310,575	179,866,504
Provident fund	1,945,076	13,149,978

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information have been authorized for issue on February 26, 2020 by the board of directors of the Company.

20 GENERAL

Figures have been rounded off to the nearest rupees.

Chairman
Abdul Majeed Ghaziani

Chief Executive
Muhammad Farrukh

Chief Financial Officer
Jalees Edhi



UNITY FOODS LIMITED

— food for life! —

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