



UNITY FOODS LIMITED
food for life

WIRED FOR GROWTH

**HALF YEARLY REPORT 2020
(UN-AUDITED)**





UNITY FOODS LIMITED

— food for life! —

**Condensed Interim Financial
Statements (Un-audited)**

**For the Half Year
Ended December 31, 2020**



UNITY FOODS LIMITED
food for life!

طاقت سب کرنے کی



Sunridge فورٹیفائیڈ چکی آٹا

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Sunridge
ہائی فائبر آٹا

**MORE FIBER...
MORE NUTRITION**





COMPANY INFORMATION

Board of Directors

Mr. Abdul Majeed Ghaziani	Chairman-Non Executive
Mr. Muhammad Farrukh	Chief Executive
Ms. Hina Safdar	Non-Executive
Mr. Muneer S. Godil	Independent
Ms. Maria Abdul Hafeez	Non-Executive
Mr. Sheikh Ali Baakza	Non-Executive
Ms. Tayyaba Rasheed	Independent

Audit Committee

Mr. Muneer S. Godil	Chairman
Mr. Abdul Majeed Ghaziani	
Ms. Maria Abdul Hafeez	

Human Resources & Remuneration Committee

Mr. Muneer S. Godil	Chairman
Mr. Muhammad Farrukh	
Ms. Hina Safdar	

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 Al Falah Limited
Dubai Islamic Bank Limited
Askari Bank Limited
United Bank Limited
BankIslami Pakistan Limited
Bank of Punjab
Standard Chartered Bank (Pakistan) Limited
Faysal Bank Limited
JS Bank Limited





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 (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 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@unityfoods.pk
Factories	Solvent Extraction Plant and Pellitising Mills N-27 /B Site Area, Kotri District Hyderabad Oil Refinery Plot No. E-32 SITE Area, Karachi Oil Refinery A-48, (Chemical Area), Eastern Industrial Zone, Port Qasim Authority, Karachi



Dastak

Banaspati & Cooking Oil

Sehat ki Dastak...





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, 2020.

Alhamdulillah, we are pleased to report that during the period your Company continued to make significant progress in all areas including expansion and diversification of operations and sales and earnings.

Following close of period under report, effective February 15, 2021 PSX has shifted the Company from Vanaspati and Allied Products to Food & Personal Care Products sector.

This move is very much in line with the span of product horizon of the Company. Your Company plans to expand its product portfolio and is looking into horizontal expansion to commence businesses into other food items including but not restricted to rice and pulses.

In line with its tradition to be at the forefront in innovation and use of technology to enhance its business, we are pleased to report that your Company is in the process of adopting use of state-of-the-art integrated business intelligence technology to efficiently manage its supply chain. The Company plans on using latest technology to efficiently manage and integrate its various systems and controls, from raw material supply to delivery of finished products to the end consumer. Implementation of such a program will be first of its kind in Pakistan in the FMCG sector and will result in cost savings and operational efficiencies for the Company and enhanced visibility and added transparency for the Company's various stakeholders.

Overview

The Calendar year 2020 was testing as it presented the unprecedented challenge of two waves of COVID-19 that adversely affected most of the businesses on domestic and global fronts. International Palm Oil Prices followed bull market recovery at the start of FY 2020. Prices moved upward of 600 USD CNF in July 2020 up to 760 USD in September. The rally continued on the back of supply concerns pushing raw material prices to 9-year high north of USD 1,000 per metric ton at close of HY FY 2021. However, due to prudent management of inventories we are pleased to report that the management, through its relentless efforts and hard work were able to bring the Company's sales and profitability to a new high.

Interest rates remained stable during the last six months and there is consensus amongst analysts that discount rate is likely to remain stable over next half of current financial year. This will help keep financing costs low in proportion to level of operations. Increase in total interest expense in first half is due to increase in financing requirement to finance import of raw material to cater to the increasing sales.

Even in these testing times, your Company was able to increase its topline sales to a record level of over PKR 29.4 billion, which is more than 160% increase as compared to corresponding period last year and a 42% increase over preceding quarter of July-September. Company has also continued its penetration in the retail market and has also improved its sales mix in favor of retail/branded sales. This improving mix in favor of consumer retail will further help the Company to improve its margins.





The management had anticipated increased sales during last financial year with working capital requirements expected to increase accordingly. Therefore, the Company evaluated its capital requirements and raised additional equity capital to the tune of PKR 4,500 million through an 82.71% Right issue. The proceeds were realized in September and with this additional equity, the Company was geared to meet its growing working capital requirements.

As on December 31, 2020, the total consolidated assets of the Company stood at PKR 40,197,245,366.

The process of proceed utilization of 2nd Right issue of the Company remained slow during the period under report due to the fact that the second wave of COVID-19 has slowed down activity at the manufacturers' end. However, the Company remains committed to executing its well laid down expansion plan and is endeavoring to meet the set timelines for the expansion.

In pursuant to its strategy, in the Oct – Dec 2020 quarter, the Company has opened LC for import of equipment related to setting up of integrated oil refining process, which will include a chemical refinery, a physical refinery and fractionation process. The Company is now expecting the equipment to be delivered within the envisaged time schedule.

The Company continues to remain engaged with suppliers of various other equipment related to margarine and shortening plant and packaging units to acquire the same in order to complete its expansion plan and will inform the shareholders accordingly.

The overall plan relating to asset acquisition and other related activities, as per Right Issue proceed utilization announced in February 2019 remain largely on track.

As we report, daily COVID-19 cases in Pakistan have started to come down. This reduction is expected to accelerate due to initiation of vaccine usage. This bodes well for the Company as we envisage increased demand from the HORECA sector as restaurants and hotels open up fully. This will help your Company to continue to increase its sales as we go ahead.

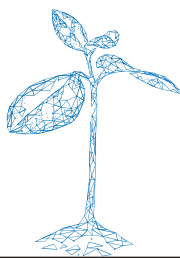
Your Company continues to make in-roads in the market for its brands by pursuing a cost effective marketing and advertising strategy. We will continue our advertising campaigns for various products, especially through digital and social media with focus on increasing our market share.

Other Investments

During the calendar year 2020 the Company acquired 36,654,176 shares of Sunridge Foods (Pvt.) Limited comprising 69% equity stake in this Company. Sunridge Foods is an upcoming brand name in the flour in Pakistan. In fact it is now the only nationally available flour brand in the country. It has a 43,800 tons per annum capacity plant employing PESA Mill technology. The flour produced by the Company commands premium due to cleanliness, long shelf life and durability of the final consumable products. Besides, the technology also eliminates the risk of residual stones that are part of conventional "chakki atta".

The company intends to acquire remaining 31 % shares of Sunridge, Subject to regulatory Compliance

During the period, Sunridge Foods has committed capital expenditure to increase the flour milling capacity of the Company and has provided the needed working capital to maintain optimal wheat inventory levels to allow for smooth operations of the Company and regular flow of product to the market.





For the half year ended December 31, 2020 Sunridge reported sales of PKR 1,066 million and net profits of PKR 69 million. During the Year ended June 30, 2020 the sales and loss after taxation stood at PKR 1,327 million and PKR 27 million respectively. For the quarter ended September 30, 2020 the sales and net profits were PKR 411 million and PKR 44 million respectively. Following acquisition of controlling stake in Sunridge by the Company it is heartening to report the steady progress in sales and profitability of Sunridge. There were issues of wheat price fluctuation during last quarter but the management has successfully steered Sunridge into profitable zone.

State of the Company's Affairs and a Fair Review of its Business Operations

Owing to spread of Covid-19 the expansion program of the Company slowed down during January-June. However, with decline in disease during recent period the economic activity has picked up and the Company expects to deploy substantial funding into Capital Expenditure. It is heartening to note that despite severe lockdown and economic slowdown the operations of the Company remained largely vibrant and the sales continued to grow quarter on quarter.

Changes on the Board and the Committees of the Board

During the period from July 1, 2020 to December 31, 2020 and till the date of this report there has been no change on the Board or the Committees of the Board.

Risks and Uncertainties

The Company faces risks or uncertainty in primarily currency exchange rate as Company's operations are dependent upon import of edible oil and seeds and some other materials. However, the Company also derives some of its revenue from exports that hedges the import risk arising out of rupee devaluation. The management takes all possible measures to contain and control the risk and has been successful in keeping the impact of currency movement risk on Company's profitability to minimum.

Credit Rating

VIS Credit Rating Company Limited has maintained entity rating A-/A-2 (A- minus/A-Two) for the Company. The long-term rating 'A-' signifies good credit quality, protection factors are adequate, risk factors may vary with possible changes in the economy. The short-term rating of 'A-2' signifies good certainty of timely payment, liquidity factors and sound Company fundamentals. Access to capital market is good. Risk factors are small. Outlook on the assigned ratings is 'stable'.

The rating was updated on November 14, 2020.

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

Summary of financial operations of the Company for six months ended December 31, 2020 is provided below:





	Unconsolidated	Consolidated
	----- (Rupees) -----	
Net sales	29,401,164,654	29,768,990,895
Cost of sales	(26,912,735,549)	(27,131,995,027)
Gross profit	2,488,429,105	2,636,995,868
Selling and distribution expenses	(534,758,769)	(615,814,140)
Administrative expenses	(144,075,543)	(153,167,138)
Other operating income / (expenses)	129,988,480	124,471,631
	(548,845,832)	(644,509,647)
Other income	100,081,006	102,833,746
Profit before interest and taxation	2,039,664,279	2,095,319,967
Finance cost	(335,112,998)	(356,357,515)
Profit before taxation	1,704,551,281	1,738,962,452
Taxation		
Current	(101,841,883)	(102,531,419)
Deferred	(78,918,718)	(78,918,718)
	(180,760,601)	(181,450,137)
Profit after taxation	1,523,790,680	1,557,512,315
Profit attributable to:		
Owners of the Holding Company		1,536,099,308
Non-controlling interest		21,413,007
		1,557,512,315
Basic and diluted earnings per share	<u>1.87</u>	<u>1.88</u>

Compliance & Certifications

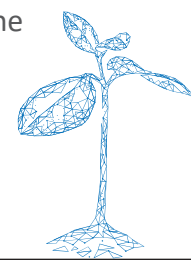
The Company remains committed towards monitoring, verification and validation of highest standards of food safety, hygiene and work environment. We are pleased to report that the Company and its subsidiary's certifications are under review for compliance with the required latest Standard.

Corporate Social Responsibility

During the period the Company donated a sum of PKR 10 million under the CSR head.

Acknowledgements

Alhamdulillah, we thank our various stakeholders including the shareholders, bankers and others in the faith imposed in the Company that helped growth over last three years with Company expanding its business beyond edible oil and into flour and other products. Without their support, it was not possible to achieve these successes in such a short span of time. We look forward to this unwavering support and confidence from these stakeholders to help the Company grow further and expand its product portfolio.



We would also like to thank the Pakistan Stock Exchange Limited, the Securities & Exchange Commission of Pakistan and the Central Depository Company of Pakistan Limited for their continued support and cooperation towards the Company. We hope that this support would continue in the future as well.

We also acknowledge the efforts of our dedicated and talented human resource for the hard work they put in to help realize the outstanding operational growth. We expect continued efforts from our employees to attain higher goals going forward.

For and on behalf of the Board,



Muhammad Farrukh
Chief Executive

Karachi
February 25 , 2021



Abdul Majeed Ghaziani
Chairman





UNITY FOODS LIMITED
Food for life!



Taste the Healthier Side of Life





کمپلائنس اور سرٹیفیکیشن

کمپنی نوڈیسٹی، حفظانِ صحت اور کام کے ماحول کے اعلیٰ معیارات کی نگرانی اور توثیق کے لیے پر عزم ہے۔ ہمیں آپ کو یہ مطلع کرتے ہوئے نہایت خوشی ہے کہ کمپنی اور اس کے ماتحت ادارے کی سرٹیفیکیشن موجودہ معیار کی تعمیل کی جانچ کے لیے زیرِ غور ہیں۔

ادارے کی سماجی خدمات

زیرِ جائزہ مدت کے دوران کمپنی نے 10 ملین روپے کی خطیر رقم ادارے کی سماجی خدمات کے تحت خرچ کیے۔

اظہارِ تشکر

الحمد للہ، ہم اپنے تمام اسٹیک ہولڈرز بشمول شیئرز، ہولڈرز، بینکرز اور دیگر کا شکریہ ادا کرتے ہیں جنہوں نے تین سال قبل آغاز کردہ اس کمپنی پر اپنے پورے اعتماد کا مظاہرہ کیا اور کمپنی کا کاروبار خوردنی تیل سے بڑھ کر آٹے اور دیگر کاروبار تک پھیل گیا۔ ان کی مدد کے بغیر اس قلیل مدت میں ان کامیابیوں کا حصول ممکن نہیں تھا۔ ہم کمپنی کو مزید ترقی دینے اور اس کی پروڈکٹ کے پورٹ فولیو میں توسیع کے لیے آئندہ بھی ان اسٹیک ہولڈرز سے اسی طرح معاونت و راہنمائی کی توقع رکھتے ہیں۔

ہم پاکستان اسٹاک ایکسچینج، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سینٹرل ڈپازٹری کمپنی کی جانب سے کمپنی کی مسلسل معاونت اور تعاون پر ان کا تہہ 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 انسانی وسائل کے بہت شکرگزار ہیں جنہوں نے اپنی لگن اور انتھک محنت کے ساتھ ادارے کی ترقی میں اہم کردار ادا کیا۔ ہم امید کرتے ہیں کہ آپ آگے بڑھتے ہوئے نئی منازل کے حصول کے لیے اسی طرح جانفشانی سے محنت کرتے رہیں گے۔

حسبِ الحکم بورڈ

عبدالمجید غازیانی
چیئرمین

محمد فرخ
چیف ایگزیکٹو

کراچی: 25 فروری 2021





اندیشے اور غیر یقینی صورتحال

کمپنی کو بنیادی طور پر کرنسی کے تبادلے کی شرح میں رسک یا غیر یقینی صورتحال کا سامنا کرنا پڑتا ہے کیونکہ کمپنی کے امور بیچ اور کچھ دیگر مواد کی درآمد پر منحصر ہوتے ہیں۔ تاہم، کمپنی برآمدات سے اپنی کچھ آمدنی بھی حاصل کرتی ہے جو روپے کی قدر میں کمی سے پیدا ہونے والی درآمد کے خطرات کو روکنے میں مدد دیتی ہے۔ انتظامیہ خطرے کو روکنے اور اس پر قابو پانے کے لیے ہر ممکن اقدامات اٹھاتی ہے اور کمپنی کے منافع پر کرنسی کی نقل و حرکت کے رسک کو کم سے کم رکھنے میں کامیاب ہوئی ہے۔

کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے ادارے کی ریٹنگ A-2/A-1 (A-Two / A-1) برقرار رکھی ہے۔ طویل المدت ریٹنگ 'A' اچھی کریڈٹ کوالٹی، تحفظ کے بہترین عناصر، معاشی سرگرمیوں کے اتار چڑھاؤ سے لاحق خطرات میں تبدیلی ممکن ہے۔ مختصر المدت ریٹنگ 'A-2' بروقت ادائیگیوں، کمپنی کے بہترین بنیادی عوامل اور اچھی لیکویڈٹی کی گنجائش کو ظاہر کرتی ہے۔ کمپنیل مارکیٹ تک رسائی بہترین ہے۔ خطرے کے عناصر و عوامل کم ہیں۔ ریٹنگز پر دیا جانے والا آؤٹ لک 'Stable' ہے۔

یور ریٹنگ 14 نومبر 2020 کو آپ ڈیٹ کی گئی تھی۔

وعدے اور ہنگامی حالات

بیلنس شیٹ کی تاریخ اور اس رپورٹ کی تاریخ کے مابین کمپنی کے امور کی مالی حیثیت کو متاثر کرنے والے وعدوں میں کوئی بڑی تبدیلی نہیں آئی ہے۔

مالیاتی نتائج

31 دسمبر 2020 کو ختم ہونے والے کمپنی کے چھ ماہ کی مدت دوران کمپنی کے مالیاتی امور کا خلاصہ ذیل میں فراہم کیا گیا ہے؛

(روپے)		
انفرادی	مجموعی	
29,401,164,654	29,768,990,895	مجموعی فروخت (صافی)
(26,912,735,549)	(27,131,995,027)	فروخت کی لاگت
2,488,429,105	2,636,995,868	مجموعی منافع
(534,758,769)	(615,814,140)	فروختی اور ترسیل کے اخراجات
(144,075,543)	(153,167,138)	انتظامی اخراجات
129,988,480	124,471,631	دیگر آپریٹنگ اخراجات / آمدنی
(548,845,832)	(644,509,647)	مجموعی تقسیم فروخت، انتظامی اور دیگر آپریٹنگ اخراجات
100,081,006	102,833,746	دیگر آمدنی
2,039,664,279	2,095,319,967	سود اور ٹیکس سے قبل منافع
(335,112,998)	(356,357,515)	مالیاتی لاگت
1,704,551,281	1,738,962,452	قبل از محصول (ٹیکس) نفع
(101,841,883)	(102,531,419)	موجودہ محصول (ٹیکسیشن)
(78,918,718)	(78,918,718)	طویل مدتی ٹیکس
(180,760,601)	(181,450,137)	مجموعی محصول
1,523,790,680	1,557,512,315	نفع بعد از محصول (ٹیکسیشن)
	1,536,099,308	منافع میں - اکثریتی شراکت دار کا حصہ
	21,413,007	اقلیتی شراکت دار کا حصہ
	1,557,512,315	نفع بعد از محصول (ٹیکسیشن)
1.87	1.88	آمدنی فی حصص (بیسک اور ڈائیویڈنڈ)





اکتوبر تا دسمبر 2020 کی سہ ماہی میں کمپنی نے اپنی حکمت عملی کے تحت، تیل کی تطہیر کے عمل کو قائم کرنے سے متعلق ساز و سامان کی درآمد کے لیے LC کھولی ہے، جس میں کیمیائی ریفاؤنڈری، فزیکل ریفاؤنڈری اور فزیکل فیلٹریشن کا عمل شامل ہوگا۔ کمپنی اب توقع کر رہی ہے کہ یہ ساز و سامان طے شدہ وقت پر فراہم کر دیا جائے گا۔

کمپنی اپنے توسیع منصوبوں کو مکمل کرنے کے لیے مارجرین اور شارٹنگ پلانٹ اور پیکنگ یونٹس سے متعلق دیگر ساز و سامان فراہم کرنے والے سپلائرز کے ساتھ مصروف عمل رہے گی اور اس سلسلے میں حصص یافتگان کو آگاہ بھی کیا جائے گا۔

فروری 2019 میں اعلان کردہ رائٹ ایٹو کے مطابق، اثاثوں کے حصول اور دیگر متعلقہ سرگرمیوں سے متعلق منصوبے بڑی حد تک درست سمت میں جاری و ساری ہیں۔

اس وقت پاکستان میں COVID-19 کے کسبزی تعداد روز بروز کم ہوتی جا رہی ہے۔ اس تعداد میں مزید کمی بھی متوقع ہے کیونکہ ویکسین لگائے جانے کا عمل شروع ہو چکا ہے۔ یہ امر کمپنی کے لیے نہایت فائدہ مند ثابت ہوگا کیونکہ ہوٹل اور ریسٹوران کے مکمل طور پر کھل جانے کی وجہ سے ہمارے HORECA سیکٹر کی جانب سے طلب میں اضافہ ہوگا۔ اس سے آپ کی کمپنی کو اپنی فروخت بڑھانے میں بھرپور معاونت ملے گی۔

آپ کی کمپنی موثر لاگت کی حکمت عملی کے ساتھ اپنے برانڈز کی تشہیر اور لوگوں میں آگاہی بڑھانے کے لیے مارکیٹنگ اور ایڈورٹائزنگ کی اسٹریٹیجی اپنائے ہوئے ہے۔ ہم اپنی متعدد پروڈکٹس کے لیے اشتہاری مہمات کو جاری رکھیں گے بطور خاص ڈیجیٹل اور سوشل میڈیا پر، جہاں ہماری توجہ مارکیٹ شیئر میں خاطر خواہ اضافے پر مرکوز ہوگی۔

دیگر سرمایہ کاریاں

سال 2020 کے دوران کمپنی نے سن رج فوڈز پرائیویٹ لمیٹڈ کے 36,654,176 شیئرز حاصل کرتے ہوئے 169% کیو بی ایسٹیک حاصل کیا۔ سن رج فوڈز پاکستان میں آٹے کا ایک ابھرتا ہوا برانڈ ہے۔ درحقیقت یہ پاکستان بھر میں دستیاب واحد آٹے کا برانڈ ہے۔ یہ اپنی انٹرنیشنل PESA مل ٹیکنالوجی کے ذریعے سالانہ 43,800 ٹن آٹا فراہم کرنے کی گنجائش رکھتا ہے۔ یہ آٹا صحت و صفائی کے اصولوں، لمبی شیلف لائف اور اعلیٰ کوالٹی کے باعث پریمیم تصور کیا جاتا ہے۔ ہماری ٹیکنالوجی آٹے سے نکر، ٹی اور زرات کا خاتمہ کرتی ہے جو کہ روایتی "پکی آٹا" میں پائے جاتے ہیں۔

کمپنی، قانونی تقاضوں کی تکمیل کرتے ہوئے، سن رج بقایہ 31% حصص خریدنے کا ارادہ رکھتی ہے

اس ششماہی کے دوران سن رج فوڈز نے کمپنی کی گندم کی پسائی کی گنجائش کو بڑھانے کے لیے خاص اخراجات کیے ہیں کمپنی کو آسانی سے کام کرنے اور گندم کی انوینٹری کی مناسب سطح کو برقرار رکھنے کے لیے مطلوبہ ورکنگ کپٹل کا بندوبست کیا گیا ہے تاکہ کمپنی کو کام کرنے میں آسانی ہو اور مارکیٹ میں پروڈکٹس کی باقاعدہ فراہمی کو یقینی بنایا جاسکے۔

31 دسمبر 2020 کو ختم ہونے والی ششماہی کے دوران، سن رج نے 1,066 ملین روپے کی فروخت اور 69 ملین روپے کا خالص منافع حاصل کیا۔ 30 جون 2020 کو ختم ہونے والے سال کے لیے فروخت اور نقد نقصان بالترتیب 1,327 ملین روپے اور 27 ملین روپے تھے۔ 30 ستمبر 2020 کو ختم ہونے والی سہ ماہی کے لیے فروخت اور خالص منافع بالترتیب 411 ملین روپے اور 44 ملین روپے تھے۔ کمپنی کی جانب سے سن رج کے کاروبار کو تھیل میں لیے جانے کے بعد سن رج کے منافع اور فروخت میں قابل قدر اضافہ دیکھا گیا ہے۔ گزشتہ سہ ماہی کے دوران، گندم کی قیمتوں میں اتار چڑھاؤ دیکھا گیا تھا تاہم انتظامیہ نے سن رج کو نہایت کامیابی کے ساتھ منافع بخش رکھا۔

کمپنی کے امور کے حالات اور اس کے کاروبار کا شفاف جائزہ

جنوری یا جون کے دوران COVID-19 کے پھیلاؤ کے سبب کمپنی کے توسیعی منصوبوں میں سست روی کا باعث بنا۔ تاہم، حالیہ مدت میں وبا میں ہونے والی کمی کے بعد معاشی سرگرمیوں میں تیزی آئی ہے اور کمپنی کو توقع ہے کہ کپٹل اخراجات میں مناسب فنڈز مختص کیے جائیں گے۔ یہ نہایت خوشی کی بات ہے کہ شدید لاک ڈاؤن اور معاشی سست روی کے باوجود بھی کمپنی کے آپریشنز بڑے پیمانے پر متحرک رہے اور سہ ماہی در سہ ماہی فروخت میں اضافہ ہوتا رہا۔

بورڈ اور اس کی کمیٹیوں میں تبدیلیاں

یکم جولائی 2020 تا 31 دسمبر 2020 کی مدت کے دوران اور اس رپورٹ کی اشاعت تک، کمپنی کے بورڈ یا بورڈ کی کمیٹیوں میں کسی بھی قسم کی کوئی تبدیلیاں نہیں ہوئی ہیں۔





ڈائریکٹرز کی جانب سے جائزہ

ہم نہایت مسرت کے ساتھ بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2020 کو ختم ہونے والی ششماہی کے لیے ڈائریکٹرز کی جائزہ رپورٹ پیش کر رہے ہیں۔

الحمد للہ ہمیں یہ بتاتے ہوئے بہت مسرت ہے کہ اس ششماہی کے دوران کمپنی نے تمام شعبہ جات بشمول آپریشنز، سٹور اور اثاثہ جات میں توسیع اور تنوع کا مظاہرہ کیا ہے۔

زیر جائزہ مدت کے بعد، پاکستان اسٹاک ایکسچینج نے کمپنی کو ناپستی اور لائیو پروڈکٹس سے فوڈ اینڈ پروسسنگ کیٹگری پروڈکٹس کے شعبے میں منتقل کر دیا ہے جس کا اطلاق 15 فروری 2021 سے ہو چکا ہے۔

یہ قدم کمپنی کی تنوع پسندی کی حکمت عملی کے عین مطابق ہے جس کے تحت کمپنی متعدد شعبوں میں مصنوعات پیش کر رہی ہے۔ آپ کی کمپنی اپنی مصنوعات کے پورٹ فولیو کو وسعت دینے کا ارادہ رکھتی ہے اور کھانے پینے کی دیگر ایشیا بشمول دال اور چاول کے کاروبار کا آغاز کی جانب قدم بڑھا رہی ہے۔

ٹیکنالوجی کے استعمال اور جدت پسندی کو اختیار کرنے کی روایت کو برقرار رکھتے ہوئے ہمیں یہ بتاتے ہوئے خوشی ہے کہ آپ کی کمپنی ایک جدید کاروباری ٹیکنالوجی کو حاصل کرنے کے لیے کوشاں ہے، جس کی مدد سے سپلائی چین کو بہتر طریقے سے منظم کیا جائے گا۔ جدید ٹیکنالوجی کی مدد سے کمپنی اپنے مختلف سسٹمز کو مربوط اور کنٹرول کرے گی، جن میں خام مال کی ترسیل سے لے کر تیار شدہ مال کی صارفین کو فراہمی شامل ہے۔ پاکستان میں (FMCG) صارفین کے استعمال کی اشیاء کے شعبے میں اپنی نوعیت کا یہ پہلا پروگرام ہوگا اور اس کے نتیجے میں کمپنی کو لاگت میں بچت اور کارکردگی میں بہتری ہوگی جبکہ دیگر حصہ دار ان کو کمپنی سے متعلق بہتر مرئیت اور شفافیت مہیا ہوگی۔

جائزہ

کلینڈر سال 2020 مشکلات سے بھرپور سال رہا کیونکہ اس سال COVID-19 کی دو لہروں کا بھرپور سامنا کرنا پڑا جس نے مقامی اور عالمی محاذوں پر پینشنرز کاروباروں کو بری طرح متاثر کیا۔ مالی سال 2020 کے آغاز کے ساتھ پام آؤٹ کی بین الاقوامی قیمتوں میں بڑھاؤ کا رجحان رہا اور جولائی 2020 میں 600 امریکی ڈالر کی قیمت بڑھ کر ستمبر میں 760 امریکی ڈالر ہو گئی، قیمتوں میں اضافے کا یہ رجحان دسمبر تک برقرار رہا اور ششماہی کے اختتام پر یہ قیمتیں نو سال کی بلند ترین سطح 1,000 امریکی ڈالر سے تجاوز کر گئیں۔ تاہم، سمجھداری کے ساتھ انویسٹری کا انتظام و انصرام سنبھالنے کے باعث ہمیں یہ بتاتے ہوئے خوشی ہے کہ انتظامیہ نے اپنی انتھک محنت اور کاوشوں کے ذریعے کمپنی کی فروخت اور منافع کو خاطر خواہ حد تک بڑھا کر نئی سطح کو چھوا ہے۔

شرح سود گزشتہ چھ ماہ کے دوران مستحکم رہی ہے اور تجزیہ کاروں کے مابین اس امر پر اتفاق رائے ہے کہ ڈسکاؤنٹ ریٹ اگلی ششماہی کے دوران میں مستحکم رہنے کے امکانات ہیں۔ اس سے فنانسنگ لاگت کو آپریشن کی سطح کے تناسب سے کم رکھنے میں معاونت ملے گی۔ پہلی ششماہی کے دوران مجموعی سودی اخراجات میں اضافے کی وجہ بڑھتی ہوئی فروخت کو پورا کرنے کے لیے خام مال کی درآمد کے لیے مالی اعانت کی ضرورت میں اضافہ ہے۔

موجودہ کڑے اوقات کے دوران بھی، آپ کی کمپنی اپنی ٹاپ لائن فروخت کو 29.4 بلین روپے سے زیادہ کی ریکارڈ سطح تک بڑھانے میں کامیاب رہی ہے جو کہ گزشتہ سال کی اسی مقابلے میں 160 فیصد زیادہ اور جولائی یا ستمبر کی سہ ماہی کے مقابلے میں 42 فیصد زیادہ ہے۔ کمپنی نے ریشیل مارکیٹ میں اپنی رسائی کو مزید پھیلانے کا سلسلہ جاری رکھا اور ریشیل/برانڈ ڈسٹری کے سبزیوں میں بہتری کی۔ صارفین کو سبزیوں میں اضافے کی شرح سے کمپنی کو اپنے منافع میں بہتری کی توقع ہے۔

گزشتہ سال انتظامیہ کو توقع تھی کہ فروخت میں اضافہ ہوگا اور اسی کے مطابق ہی ورکنگ کیپٹل کی ضروریات میں بھی اضافہ ہوگا۔ اس چنانچہ، کمپنی نے اپنی سرمایے کی ضروریات کا تخمینہ لگایا اور 82.71% لائٹ ایٹو کے ذریعے 4,500 بلین روپے کی اضافی ایکویٹی کیپٹل کو بڑھایا۔ اس اضافی ایکویٹی کے ذریعے رقم کا حصول ستمبر میں ہوا اور کمپنی نے اپنی بڑھتی ہوئی ورکنگ کیپٹل کی درکار ضروریات کو پورا کیا۔

31 دسمبر 2020 کو کمپنی کے مجموعی اثاثہ جات 40,197,245,366 روپے تھے۔

زیر جائزہ مدت کے دوران کمپنی کے دوسرے رائٹ شیئر کے اجراء کی رقم کا استعمال سست روی کا شکار رہا کیونکہ COVID-19 کی دوسری لہر کے سبب مینوفیکچررز کی جانب سے سست روی کا شکار رہیں۔ تاہم کمپنی، اپنے شہدہ توسیع منصوبوں کو عملی جامہ پہنانے کے لیے پرعزم ہے اور توسیع کے لیے مقررہ ٹائم لائن کو پورا کرنے کی مکمل کاوشیں کر رہی ہے۔



INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction:

We have reviewed the accompanying condensed interim statement of financial position of Unity Foods Limited ("the Company") as at December 31, 2020 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 condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements 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 condensed 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, 2020 and December 2019 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2020.

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

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

Chartered Accountants

Dated : February 25, 2021
Karachi





CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2020

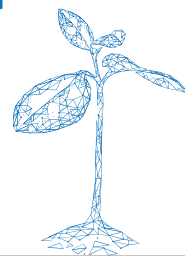
	Note	December 31, 2020 (Un-audited) ------(Rupees)-----	June 30, 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	5,735,564,903	3,330,924,966
Right-of-use assets	6	113,729,539	88,807,491
Intangible assets	7	10,795,272	10,912,981
Long term investment	8	366,541,770	366,541,770
Deferred tax asset		-	19,150,507
		6,226,631,484	3,816,337,715
Current assets			
Stock-in-trade	9	9,856,975,310	5,048,540,001
Stores and spares		81,356,783	64,470,283
Trade debts	10	14,260,385,404	7,765,666,856
Advances, deposits and prepayments	11	241,664,074	91,306,367
Other receivables		77,924,118	9,753,965
Sales tax receivable		12,095,267	-
Taxation - net of provision		2,327,717,441	1,983,954,200
Short term investment	12	5,080,092,439	-
Cash and bank balances	13	491,615,864	163,360,179
		32,429,826,700	15,127,051,851
Total assets		38,656,458,184	18,943,389,566
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	14	9,940,500,000	5,440,500,000
Unappropriated profit		1,860,380,503	409,190,974
		11,800,880,503	5,849,690,974
Non-current liabilities			
Long term loans	15	191,486,116	127,888,256
Lease liabilities	16	106,798,628	82,789,524
Deferred government grant	17	5,795,325	5,974,419
Deferred tax liability	18	59,768,211	-
		363,848,280	216,652,199
Current liabilities			
Current portion of long term loans	15	176,537,431	51,023,399
Current portion of lease liabilities	16	29,518,090	16,765,785
Current portion of deferred government grant	17	20,517,983	11,136,710
Trade and other payables		14,653,674,463	8,838,121,773
Accrued mark-up		116,154,608	65,799,695
Short term borrowings	19	11,494,591,801	3,892,256,023
Unclaimed dividend		735,025	747,612
Sales tax payable		-	1,195,396
		26,491,729,401	12,877,046,393
Contingencies and commitments	20		
Total equity and liabilities		38,656,458,184	18,943,389,566

The annexed notes from 1 to 28 form an integral part of these condensed interim unconsolidated financial statements.

Chairman
Abdul Majeed Ghaziani

Chief Executive
Muhammad Farrukh

Chief Financial Officer
Jalees Edhi





CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
For the Half Year Ended December 31, 2020

	Note	Half year ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
------(Rupees)-----					
Net sales	21	29,401,164,654	11,310,210,933	17,231,887,245	6,754,968,358
Cost of sales		(26,912,735,549)	(10,210,017,303)	(15,745,647,931)	(6,093,222,518)
Gross profit		2,488,429,105	1,100,193,630	1,486,239,314	661,745,840
Selling and distribution expenses		(534,758,769)	(354,614,377)	(362,047,065)	(170,511,320)
Administrative expenses		(144,075,543)	(106,638,481)	(73,759,874)	(59,038,663)
Other operating income / (expenses)	22	129,988,480	(27,989,141)	117,967,974	(20,693,828)
		(548,845,832)	(489,241,999)	(317,838,965)	(250,243,811)
Other income		100,081,006	27,469,934	83,148,741	16,601,942
Profit before interest and taxation		2,039,664,279	638,421,565	1,251,549,090	428,103,971
Finance cost		(335,112,998)	(244,208,311)	(188,642,612)	(136,641,597)
Profit before taxation		1,704,551,281	394,213,254	1,062,906,478	291,462,374
Taxation					
Current		(101,841,883)	-	(78,228,019)	-
Deferred		(78,918,718)	(19,306,242)	(51,686,304)	(9,243,142)
		(180,760,601)	(19,306,242)	(129,914,323)	(9,243,142)
Profit after taxation		1,523,790,680	374,907,012	932,992,155	282,219,232
Basic and diluted earnings per share	23	1.87	Restated 0.63	0.94	Restated 0.47

The annexed notes from 1 to 28 form an integral part of these condensed interim unconsolidated financial statements.

Chairman
Abdul Majeed Ghaziani

Chief Executive
Muhammad Farrukh

Chief Financial Officer
Jalees Edhi





CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For the Half Year Ended December 31, 2020

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- (Rupees) -----			
Profit after taxation	1,523,790,680	374,907,012	932,992,155	282,219,232
Other comprehensive income	-	-	-	-
Total comprehensive income	1,523,790,680	374,907,012	932,992,155	282,219,232

The annexed notes from 1 to 28 form an integral part of these condensed interim unconsolidated financial statements.

Chairman
Abdul Majeed Ghaziani

Chief Executive
Muhammad Farrukh

Chief Financial Officer
Jalees Edhi





CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
For the Half Year Ended December 31, 2020

	Note	December 31, 2020	December 31, 2019
		------(Rupees)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operating activities	24	(3,609,913,828)	(507,221,488)
Taxes paid		(445,605,124)	(450,262,666)
Net cash used in operating activities		(4,055,518,952)	(957,484,154)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,472,979,634)	(216,699,201)
Purchase of intangible assets		(1,125,673)	(77,160)
Short term investment		(5,080,092,439)	-
Profit received on short term investment		11,588,961	-
Net cash used in investing activities		(7,542,608,785)	(216,776,361)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings - net		6,250,850,278	1,373,519,681
Proceeds from long term loan		196,897,978	-
Rental paid against right-of-use assets		(27,824,512)	-
Lease liabilities - net		(2,117,546)	-
Loan received from related party - net		-	81,444,071
Dividend paid		(12,587)	(54,671,517)
Finance cost paid		(270,294,538)	(202,878,240)
Proceeds from issuance of right shares		4,500,000,000	-
Transaction cost incurred on issuance of right shares		(72,601,151)	-
Net cash generated from financing activities		10,574,897,922	1,197,413,995
Net (decrease) / increase in cash and cash equivalents		(1,023,229,815)	23,153,480
Cash and cash equivalents at the beginning of the period	24.1	(102,132,974)	(151,539,093)
Cash and cash equivalents at the end of the period		(1,125,362,789)	(128,385,613)

The annexed notes from 1 to 28 form an integral part of these condensed interim unconsolidated financial statements.

Chairman
Abdul Majeed Ghaziani

Chief Executive
Muhammad Farrukh

Chief Financial Officer
Jalees Edhi





CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half Year Ended December 31, 2020

	Share capital	Unappropriated profit <small>------(Rupees)-----</small>	Total
Balance as at June 30, 2019 (audited)	5,440,500,000	253,967,178	5,694,467,178
Final Dividend @ 1%(i.e Rs. 0.10 per share) for the year ended June 30, 2019	-	(54,405,000)	(54,405,000)
Total comprehensive income for the half year ended December 31, 2019	-	374,907,012	374,907,012
Balance as at December 31, 2019 (un-audited)	<u>5,440,500,000</u>	<u>574,469,190</u>	<u>6,014,969,190</u>
Balance as at June 30, 2020 (audited)	5,440,500,000	409,190,974	5,849,690,974
Transactions with owners recorded directly in equity			
Issuance of right shares	4,500,000,000	-	4,500,000,000
Transaction cost incurred on issuance of right shares	-	(72,601,151)	(72,601,151)
Total comprehensive income for the half year ended December 31, 2020	-	1,523,790,680	1,523,790,680
Balance as at December 31, 2020 (un-audited)	<u>9,940,500,000</u>	<u>1,860,380,503</u>	<u>11,800,880,503</u>

The annexed notes from 1 to 28 form an integral part of these condensed interim unconsolidated financial statements.

Chairman
Abdul Majeed Ghaziani

Chief Executive
Muhammad Farrukh

Chief Financial Officer
Jalees Edhi





UNITY FOODS LIMITED
— food for life! —

SPECIALTY FATS BUSINESS SEGMENT

CELEBRATING THE SWEET LIFE



SPECIALTY FATS



NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) For the Half Year Ended December 31, 2020

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 the Companies Act, 2017) and subsequently converted into a Public Limited Company on June 16, 1991. Shares of the Company are listed in Pakistan Stock Exchange since February 01, 1994. The principal business activity of the Company has been changed from yarn manufacturing to edible oil extraction, refining and related businesses.

1.2 Geographical locations 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. - Plot No. E-32, SITE Area. - Plot No. A-48, (Chemical Area) Eastern Industrial Zone, Port Qasim Authority.	Registered Office of the Company Oil Refinery Oil Refinery
Kotri, District Hyderabad - Plot No. N-27/B, SITE Area.	Edible Oil Extraction Plant and Pelletising Mills

2 STATEMENT OF COMPLIANCE

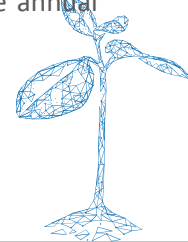
These condensed interim unconsolidated financial statements of the Company for the six months period ended December 31, 2020 have been prepared in accordance with the requirements of the International Accounting Standard (IAS)-34 “Interim Financial Reporting” and provisions issued under the Companies Act, 2017. In case where the requirements differ, the provisions of and the directives issued under the Companies Act, 2017 have been followed.

These condensed interim unconsolidated financial statements do not include all the information and disclosures as required in the annual audited unconsolidated financial statements and should be read in conjunction with the Company’s annual audited unconsolidated financial statements for the year ended June 30, 2020.

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

3 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

3.1 The preparation of these condensed interim unconsolidated 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, assumptions 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 unconsolidated financial statements, the significant judgments made by the management in applying the Company’s accounting policies and key sources of estimations and uncertainties were the same as those that were applied to the annual audited unconsolidated financial statements for the year ended June 30, 2020.





3.2 The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2020.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are consistent with those applied in the preparation of the annual audited unconsolidated financial statements for the year ended June 30, 2020.

4.1 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 01, 2020 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 condensed interim unconsolidated financial statements.

4.2 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 01, 2021 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 condensed interim unconsolidated financial statements.

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		------(Rupees)-----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,179,357,407	2,733,661,828
Capital work-in-progress (CWIP)	5.2	2,556,207,496	597,263,138
		<u>5,735,564,903</u>	<u>3,330,924,966</u>

5.1 Operating fixed assets

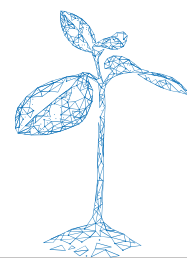
Written down value (WDV) - opening	2,733,661,828	2,302,995,148
Additions during the period / year - (at cost)		
- Lease hold land	-	500,000
- Building	324,911,134	90,228,015
- Plant and machinery	177,134,871	438,421,543
- Furniture, fixture and office equipment	8,094,275	11,053,377
- Computer and auxiliary equipment	3,894,996	813,678
- Motor vehicles	-	11,012,106
	514,035,276	552,028,719
Depreciation charged during the period / year	(68,339,697)	(121,362,039)
Written down value (WDV) - closing	3,179,357,407	<u>2,733,661,828</u>





	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	------(Rupees)-----	
5.2 Capital work-in-progress (CWIP)		
Opening balance	597,263,138	778,526,004
Additions during the period / year	2,436,564,073	303,577,817
Transferred to operating fixed assets during the period / year	(477,619,715)	(484,840,683)
Closing balance	2,556,207,496	597,263,138
6 RIGHT-OF-USE ASSETS		
Written down value (WDV) - opening	88,807,491	-
Impact of initial application of IFRS-16	-	112,057,434
Additions during the period / year	66,703,467	-
Depreciation charged during the period / year	(41,781,419)	(23,249,943)
Written down value (WDV) - closing	113,729,539	88,807,491
7 INTANGIBLE ASSETS		
Cost		
Opening	14,781,440	10,276,432
Additions during the period / year	1,125,673	4,505,008
Closing	15,907,113	14,781,440
Accumulated amortization		
Opening	(3,868,459)	(1,621,992)
Amortization charged during the period / year	(1,243,382)	(2,246,467)
Closing	(5,111,841)	(3,868,459)
Written down value (WDV) - closing	10,795,272	10,912,981
8 LONG TERM INVESTMENT		

Long term investment represents investment in Sunridge Foods (Private) Limited “the Subsidiary” which is incorporated in Pakistan. The Company owns 69% shares (36,654,177 shares of Rs. 10/- each) of the Subsidiary.



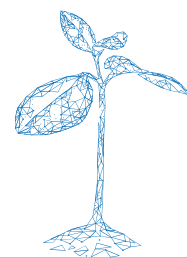


	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		------(Rupees)-----	
9 STOCK-IN-TRADE			
Raw and packing materials			
In hand		2,418,761,958	531,096,144
In transit		5,371,441,314	3,443,996,938
		7,790,203,272	3,975,093,082
Traded / semi-finished goods		1,381,939,020	68,794,256
Work-in-process		14,311,500	54,250,306
Finished goods		670,521,518	950,402,357
		9,856,975,310	5,048,540,001
10 TRADE DEBTS			
Unsecured			
Considered good		14,260,385,404	7,765,666,856
Considered doubtful		28,713,245	16,190,457
		14,289,098,649	7,781,857,313
Allowance for expected credit loss		(28,713,245)	(16,190,457)
		14,260,385,404	7,765,666,856
10.1	Related parties from whom trade debts are due are as under:		
	Sunridge Foods (Private) Limited	647,705,520	982,360
	Unity Feeds (Private) Limited	-	41,200,406
11 ADVANCES, DEPOSITS AND PREPAYMENTS			
Advances - considered good			
To suppliers	11.1	198,705,173	62,312,380
To employees		13,752,143	2,426,979
Security deposits	11.2	16,517,617	9,603,752
Prepayments		12,689,141	16,963,256
		241,664,074	91,306,367
11.1	These advances are non-interest bearing.		
11.2	These security deposits pertain to utility connections and right-of-use assets.		





	Note	December 31, 2020 (Un-audited) ------(Rupees)-----	June 30, 2020 (Audited)
12 SHORT TERM INVESTMENT - AMORTIZED COST			
Term deposit receipts	12.1	5,080,092,439	-
12.1	This carries markup at 6.5% having maturity upto one year.		
13 CASH AND BANK BALANCES			
Bank balances - conventional banking			
In saving accounts		85,783,084	8,796,304
In current accounts		75,924,430	104,274,079
		161,707,514	113,070,383
Bank balances - Islamic banking			
In current accounts		327,268,689	48,717,508
Cash in hand		2,639,661	1,572,288
		491,615,864	163,360,179
14 SHARE CAPITAL			
Authorized share capital			
1,000,000,000 (June 30, 2020: 1,000,000,000) ordinary shares of Rs. 10/- each		10,000,000,000	10,000,000,000
Issued, subscribed and paid-up capital			
994,050,000 (June 30, 2020: 544,050,000) ordinary shares of Rs. 10/- each fully paid in cash.	14.1	9,940,500,000	5,440,500,000
14.1	During the period, the Company has issued further 450,000,000 (Four Hundred Fifty Million) ordinary shares of the Company at Rs. 10/- per share (i.e. at par). The proportion and purpose of the Right Issue has been disclosed in note 41 of the annual audited unconsolidated financial statements for the year ended June 30, 2020.		
15 LONG TERM LOANS			
Interest based arrangement			
Long term financing facility	15.1	368,023,547	178,911,655
Current portion shown under current liabilities		(176,537,431)	(51,023,399)
		191,486,116	127,888,256





15.1 The Company has obtained long term financing from Bank of Punjab under a refinance scheme for payment of salaries and wages by the State Bank of Pakistan. It carries a flat mark-up at the rate of 1% per annum. However, the effective interest rate is calculated as 10.40% per annum and the loan has been recognised at the present value. The financing is secured with joint pari passu charge against current and fixed assets of the Company amounting to Rs. 262.93 million (inclusive of 25% margin). The other terms and conditions of this loan are similar to long term loan from JS Bank as disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2020.

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		------(Rupees)-----	
16 LEASE LIABILITIES			
Present value of future minimum lease payments		136,316,718	99,555,309
Less: current portion shown under current liabilities		(29,518,090)	(16,765,785)
Non current portion		106,798,628	82,789,524
17 DEFERRED GOVERNMENT GRANT			
Opening		17,111,129	-
Recognized during the period / year	17.2	22,249,633	17,111,129
Amortized during the period / year		(13,047,454)	-
Closing		26,313,308	17,111,129
17.1 Non-current portion		5,795,325	5,974,419
Current portion		20,517,983	11,136,710
		26,313,308	17,111,129

17.2 As mentioned in note 16.1 of the annual audited unconsolidated financial statements for the year ended June 30, 2020, the purpose of the government grant is to facilitate the Company in making timely payments of salaries and wages to its employees in light of the COVID-19 pandemic. The grant is conditional upon the fact that the Company would not terminate any employee, due / owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche. The grant is being amortized at the rate of 10.40% per annum.

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		------(Rupees)-----	
18 DEFERRED TAX			
Deferred tax asset in respect of:			
Brought forward losses		92,742,842	93,068,335
Exchange loss - unrealized		1,968,479	49,584,128
Expected credit loss		8,326,841	4,695,233
Deferred tax liability in respect of:			
Lease liabilities		(10,570,210)	3,116,867
Accelerated tax depreciation		(152,236,163)	(131,314,056)
Deferred tax (liability) / asset		(59,768,211)	19,150,507





19 SHORT TERM BORROWINGS - SECURED

- 19.1** Post import facilities (i.e. finance against imported merchandise and finance against trust receipt) from conventional window of commercial banks under mark-up arrangements amounted to Rs. 5,520.35 million (June 30, 2020: Rs. 1,524.33 million). During the period, mark-up on such arrangements ranged between 3 months KIBOR plus 1% - 1.25% (June 30, 2020: 1% - 2%) per annum for financing in local currency only and 3 months LIBOR plus 3% - 4% (June 30, 2020: 3% - 4%) per annum for financing in foreign currency.
- 19.2** Short term running finance available from conventional window of various commercial banks under mark-up arrangements amounted to Rs. 1,616.98 million (June 30, 2020: Rs. 265.49 million). During the period, mark-up on such arrangements ranged between 3 months KIBOR plus 1% - 1.25% (June 30, 2020: 1% - 2%) per annum.
- 19.3** Funded facilities (istisna, wakala and murabaha) available from Islamic banks amounted to Rs. 4,357.26 million (June 30, 2020: Rs. 2,102.43 million). During the period, mark-up on such arrangements ranged between 3 months KIBOR plus 1% - 1.70% (June 30, 2020: 1.25% - 1.70%) per annum for financing in local currency only and 3 months LIBOR plus 3% - 4% (June 30, 2020: 3% - 4%) flat per annum for financing in foreign currency.
- 19.4** Post import funded facilities, running finance and funded facilities under Islamic mode are secured by way of pledge over import goods and hypothecation charge over current and fixed assets of the Company.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

The Company has filed a petition CP No. 4090 of 2020 in the Honourable High Court of Sindh at Karachi whereby challenging the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi at the rate 1.25% of the value of imported goods. On directions of High Court and in consideration of allowing the release of the consignments imported from time to time for the purpose of carriage of goods by road within the province of Sindh, Al-Baraka Bank (Pakistan) Limited has unconditionally undertaken to pay an amount of Rs. 120 million to the Director, Excise and Taxation (Taxes II), Karachi, Government of Sindh in case if the Honourable High Court of Sindh at Karachi decides that the Cess imposed under the Sindh Finance Act 1994 was lawful and validly imposed. The guarantee facility from Al-Baraka Bank (Pakistan) Limited carries a flat markup of 0.1% per quarter and is secured by way of lien over 100% cash or TDR.

The status of other contingencies is the same as disclosed in the annual audited unconsolidated financial statements for the year ended June 30, 2020.

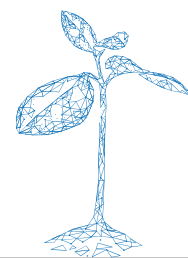
20.2 Commitments

Commitments under letter of credit for raw materials as at December 31, 2020 amounted to Rs. 3,227.82 million (June 30, 2020: Rs. 1,443.40 million).

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
21 NET SALES	------(Rupees)-----			
Local sales	29,091,089,158	9,875,210,137	17,232,766,744	6,668,149,958
Export sales	310,075,496	1,435,000,796	-	86,818,400
	29,401,164,654	11,310,210,933	1,486,239,314	6,754,968,358

22 Other operating income / (expenses)

The reversal is due to the impact of exchange gain on foreign currency transactions.





23 EARNINGS PER SHARE	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	------(Rupees)-----			
Profit after taxation	<u>1,523,790,680</u>	<u>374,907,012</u>	<u>932,992,155</u>	<u>282,219,232</u>
	------(Number of shares)-----			
	Restated		Restated	
Weighted average number of ordinary shares outstanding	<u>815,517,391</u>	<u>599,351,401</u>	<u>994,050,000</u>	<u>599,351,401</u>
	------(Rupees)-----			
Basic and diluted earnings per share	<u>1.87</u>	<u>0.63</u>	<u>0.94</u>	<u>0.47</u>

24 CASH FLOWS FROM OPERATING ACTIVITIES	December 31, 2020	December 31, 2019
		------(Rupees)-----
Profit before taxation	1,704,551,281	394,213,254
Adjustments for non-cash items:		
Depreciation on operating fixed assets	68,339,697	58,434,484
Depreciation on right-of-use assets	41,781,419	-
Amortization on intangible assets	1,243,382	1,028,929
Amortization on deferred government grant	(13,047,454)	-
Exchange loss - unrealized	6,787,860	-
Expected credit loss	12,522,788	9,598,234
Profit on short term investment	(88,450,898)	-
Finance cost	335,112,998	244,208,311
	2,068,841,073	707,483,212
Changes in working capital (Increase) / decrease in current assets:		
Stock-in-trade	(4,808,435,309)	(4,430,222,129)
Stores and spares	(16,886,500)	(28,226,505)
Trade debts	(6,507,241,336)	(824,139,249)
Advances, deposits and prepayments	(150,357,707)	(134,465,695)
Other receivables	8,691,784	(1,172,354)
Sales tax receivable	(12,095,267)	(61,592,520)
	(11,486,324,335)	(5,479,818,452)
Increase / (decrease) in current liabilities:		
Trade and other payables	5,808,764,830	4,265,113,752
Sales tax payable	(1,195,396)	-
	5,807,569,434	4,265,113,752
Cash used in operating activities	(3,609,913,828)	(507,221,488)
24.1 Cash and cash equivalents		
Cash and cash equivalents comprise of:		
Cash and bank balances	491,615,864	70,238,166
Short term borrowings from bank - running finance (secured)	(1,616,978,653)	(198,623,779)
	(1,125,362,789)	(128,385,613)

25 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of the Subsidiary, associated companies, Directors of the Company, companies in which the Company's 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 other than those disclosed elsewhere are as follows:





Transactions with related parties

Related parties	Nature of relationship	Nature of transaction	For the half year ended	
			December 31, 2020	December 31, 2019
			------(Rupees)-----	
Sunridge Foods (Private) Limited	Subsidiary	Sales Sales proceeds	697,705,520 50,982,360	- -
Unity Feeds (Private) Limited	Associated company	Sales Sales proceeds	50,795,674 91,996,080	159,120,789 293,839,935
Fehmida Amin - Mother of director	Lender	Loan received Loan repaid	- -	501,635,459 420,191,387
Provident fund	Staff retirement benefit fund	Contribution paid	11,451,612	18,917,221
Directors and executives	Key management personnel	Remuneration paid	22,313,841	18,880,000

Balances with related parties

Related parties	Nature of relationship	Nature of transaction	As at	
			December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
			------(Rupees)-----	
Sunridge Foods (Private) Limited	Subsidiary	Against sale of goods	647,705,520	982,360
Unity Feeds (Private) Limited	Associated company	Against sale of goods	-	41,200,406
Provident fund	Staff retirement benefit fund	Against contribution payable	2,109,058	1,711,218

26 CORRESPONDING FIGURES

Certain corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions, the effect of which is immaterial.

27 GENERAL

Figures have been rounded-off to the nearest rupee unless otherwise stated.

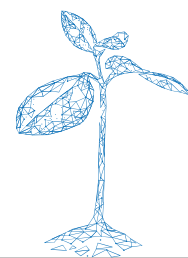
28 DATE OF AUTHORIZATION FOR ISSUE

These Condensed Interim Unconsolidated financial statements were authorized for issue in the Board of Directors meeting held on **February 25, 2021**.

Chairman
Abdul Majeed Ghaziani

Chief Executive
Muhammad Farrukh

Chief Financial Officer
Jalees Edhi





UNITY FOODS LIMITED
— food for life! —



A Perfect Blend of
Health & Taste





CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2020

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		------(Rupees)-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	6,507,385,919	3,616,148,758
Right-of-use assets	6	119,498,429	95,183,633
Intangible assets	7	292,110,503	292,228,212
Long term deposits		3,286,098	3,086,098
Deferred tax asset		-	19,150,507
		6,922,280,949	4,025,797,208
Current assets			
Stock-in-trade	8	10,548,090,572	5,362,401,409
Stores and spares		81,356,783	64,470,283
Trade debts	9	13,735,869,958	7,812,790,409
Advances, deposits and prepayments	10	867,876,222	95,612,739
Other receivables		79,036,857	10,761,361
Sales tax receivable		12,095,267	-
Taxation - net of provision		2,341,016,309	1,995,744,026
Short term investment	11	5,080,092,439	-
Cash and bank balances	12	529,530,010	173,183,262
		33,274,964,417	15,514,963,489
Total assets		40,197,245,366	19,540,760,697
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	13	9,940,500,000	5,440,500,000
Unappropriated profit		1,876,577,410	412,785,010
		11,817,077,410	5,853,285,010
Advance against future issue of shares	14	-	12,163,324
Non-controlling interest		61,479,740	39,934,537
		11,878,557,150	5,905,382,871
Non-current liabilities			
Long term loans	15	205,596,124	143,267,826
Lease liabilities	16	112,760,113	89,156,414
Staff retirement benefits		9,480,746	7,832,183
Deferred government grant	17	6,882,099	7,298,709
Deferred tax liability	18	59,768,211	-
		394,487,293	247,555,132
Current liabilities			
Current portion of long term loans	15	192,938,719	57,247,103
Current portion of lease liabilities	16	30,275,482	17,414,776
Current portion of deferred government grant	17	21,970,993	12,194,400
Trade and other payables		14,815,457,796	9,170,391,607
Accrued mark-up		127,256,875	66,699,516
Short term borrowings	19	12,719,591,801	3,981,506,023
Unclaimed dividend		735,025	747,612
Sales tax payable		-	1,195,395
Contract liabilities		15,974,232	4,935,451
Loan from related party		-	75,490,811
		27,924,200,923	13,387,822,694
Contingencies and commitments	20		
Total equity and liabilities		40,197,245,366	19,540,760,697

The annexed notes from 1 to 28 form an integral part of these condensed interim consolidated financial statements.

Chairman

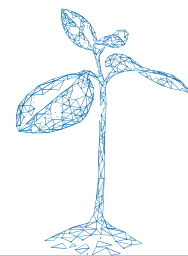
Abdul Majeed Ghaziani

Chief Executive

Muhammad Farrukh

Chief Financial Officer

Jalees Edhi





CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
For the Half Year Ended December 31, 2020

	Note	Half year ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
------(Rupees)-----					
Net sales	21	29,768,990,895	11,310,210,933	17,188,686,804	6,754,968,358
Cost of sales		(27,131,995,027)	(10,210,017,303)	(15,649,453,036)	(6,093,222,518)
Gross profit		2,636,995,868	1,100,193,630	1,539,233,768	661,745,840
Selling and distribution expenses		(615,814,140)	(354,614,377)	(406,740,219)	(170,511,320)
Administrative expenses		(153,167,138)	(106,638,481)	(78,231,368)	(59,038,663)
Other operating income / (expenses)	22	124,471,631	(27,989,141)	115,661,516	(20,693,828)
		(644,509,647)	(489,241,999)	(369,310,071)	(250,243,811)
Other income		102,833,746	27,469,934	85,429,014	16,601,942
Profit before interest and taxation		2,095,319,967	638,421,565	1,255,352,711	428,103,971
Finance cost		(356,357,515)	(244,208,311)	(202,639,675)	(136,641,597)
Profit before taxation		1,738,962,452	394,213,254	1,052,713,036	291,462,374
Taxation					
Current		(102,531,419)	-	(78,228,019)	-
Deferred		(78,918,718)	(19,306,242)	(51,686,304)	(9,243,142)
		(181,450,137)	(19,306,242)	(129,914,323)	(9,243,142)
Profit after taxation		1,557,512,315	374,907,012	922,798,713	282,219,232
Profit attributable to:					
Owners of the Holding Company		1,536,099,308	374,907,012	914,999,380	282,219,232
Non-controlling interest		21,413,007	-	7,799,333	-
		1,557,512,315	374,907,012	922,798,713	282,219,232
Basic and diluted earnings per share	23	1.88	Restated 0.63	0.92	Restated 0.47

The annexed notes from 1 to 28 form an integral part of these condensed interim consolidated financial statements.

Chairman
Abdul Majeed Ghaziani

Chief Executive
Muhammad Farrukh

Chief Financial Officer
Jalees Edhi





CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
For the Half Year Ended December 31, 2020

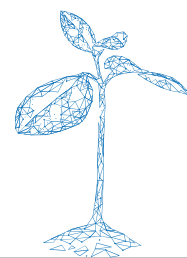
	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	------(Rupees)-----			
Profit after taxation	1,557,512,315	374,907,012	922,798,713	282,219,232
Other comprehensive income	-	-	-	-
Remeasurement gain on staff retirement benefits	426,439	-	216,051	-
Total comprehensive income	1,557,938,754	374,907,012	923,014,764	282,219,232
Total Comprehensive income attributable to:				
Owners of the Holding Company	1,536,393,551	374,907,012	915,148,455	282,219,232
Non-controlling interest	21,545,203	-	7,866,309	-
	1,557,938,754	374,907,012	923,014,764	282,219,232

The annexed notes from 1 to 28 form an integral part of these condensed interim consolidated financial statements.

Chairman
Abdul Majeed Ghaziani

Chief Executive
Muhammad Farrukh

Chief Financial Officer
Jalees Edhi





CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
For the Half Year Ended December 31, 2020

	Note	December 31, 2020	December 31, 2019
		------(Rupees)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operating activities	24	(4,131,219,567)	(507,221,488)
Taxes paid		(447,803,702)	(450,262,666)
Staff gratuity paid		(757,100)	-
Net cash used in operating activities		(4,579,780,369)	(957,484,154)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,969,965,924)	(216,699,201)
Proceed from disposal of property, plant and equipment		3,000,000	-
Purchase of intangible assets		(1,125,673)	(77,160)
Short term investment		(5,080,092,439)	-
Profit received on short term investment		11,588,961	-
Long term deposits		(200,000)	-
Net cash used in investing activities		(8,036,795,075)	(216,776,361)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings - net		6,250,850,278	1,373,519,681
Proceeds from long term loan		206,679,959	-
Rentals paid against right-of-use assets		(27,824,512)	-
Lease liabilities - net		(2,414,550)	-
Loan (repaid to) / received from related party - net		(75,490,811)	81,444,071
Dividend paid		(12,587)	(54,671,517)
Finance cost paid		(281,336,610)	(202,878,240)
Advance against future issue of shares.		(12,163,324)	-
Proceeds from issuance of right shares		4,500,000,000	-
Transaction cost incurred on issuance of right shares		(72,601,151)	-
Net cash generated from financing activities		10,485,686,692	1,197,413,995
Net (decrease) / increase in cash and cash equivalents		(2,130,888,752)	23,153,480
Cash and cash equivalents at the beginning of the period		(181,559,891)	(151,539,093)
Cash and cash equivalents at the end of the period	24.1	(2,312,448,643)	(128,385,613)

The annexed notes from 1 to 28 form an integral part of these condensed interim consolidated financial statements.

Chairman
Abdul Majeed Ghaziani

Chief Executive
Muhammad Farrukh

Chief Financial Officer
Jalees Edhi





CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the Half Year Ended December 31, 2020

	Attributable to equity holders of the Holding Company			Non-controlling interest	Total equity
	Share capital	Unappropriated profit	Total reserves		
	----- (Rupees) -----				
Balance as at June 30, 2019 (audited)	5,440,500,000	253,967,178	5,694,467,178	-	5,694,467,178
Final dividend @ 1% (i.e. Rs. 0.10 per share) for the year ended June 30, 2019	-	(54,405,000)	(54,405,000)	-	(54,405,000)
Total comprehensive income for the half year ended December 31, 2019	-	374,907,012	374,907,012	-	374,907,012
Balance as at December 31, 2019 (un-audited)	<u>5,440,500,000</u>	<u>574,469,190</u>	<u>6,014,969,190</u>	<u>-</u>	<u>6,014,969,190</u>
Balance as at June 30, 2020 (audited)	5,440,500,000	412,785,010	5,853,285,010	39,934,537	5,893,219,547
Transactions with owners recorded directly in equity:					
Issuance of right shares	4,500,000,000	-	4,500,000,000	-	4,500,000,000
Transaction cost incurred on issuance of right shares	-	(72,601,151)	(72,601,151)	-	(72,601,151)
Total comprehensive income for the half year ended December 31, 2020	-	1,536,393,551	1,536,393,551	21,545,203	1,557,938,754
Balance as at December 31, 2020 (un-audited)	<u>9,940,500,000</u>	<u>1,876,577,410</u>	<u>11,817,077,410</u>	<u>61,479,740</u>	<u>11,878,557,150</u>

The annexed notes from 1 to 28 form an integral part of these condensed interim consolidated financial statements.

Chairman

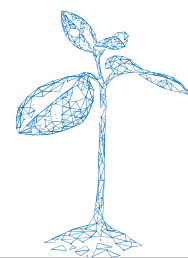
Abdul Majeed Ghaziani

Chief Executive

Muhammad Farrukh

Chief Financial Officer

Jalees Edhi





UNITY FOODS LIMITED
— food for life! —

ANIMAL FEED BUSINESS SEGMENT

PURE™

پیورکھلاؤ، پیداوار اور منافع بڑھاؤ





NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) For the Half Year Ended December 31, 2020

1 THE GROUP AND ITS OPERATIONS

The Group consists of Unity Foods Limited (“the Holding Company”) and its subsidiary company namely Sunridge Foods (Private) Limited (“the Subsidiary Company”). Brief profiles of the Holding Company and the Subsidiary are as follows:

1.1 Unity Foods Limited

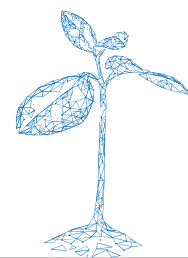
Unity Foods Limited was incorporated in Pakistan in 1991 as a private limited company under the Companies Ordinance, 1984 (now the Companies Act, 2017) and subsequently converted into a Public Limited Company on June 16, 1991. Shares of the Holding Company are listed in Pakistan Stock Exchange since February 01, 1994. The principal business activity of the Holding Company has been changed from yarn manufacturing to edible oil extraction, refining and related businesses.

1.2 Sunridge Foods (Private) Limited

Sunridge Foods (Private) Limited was incorporated in Pakistan as a private limited company on March 16, 2015 under the Companies Ordinance, 1984 (now the Companies Act, 2017). The principal activity of the Subsidiary Company is processing of food items.

1.3 Geographical locations and addresses of business units including plants of the Group are as under:

Address	Purpose	In Use of
Karachi		
-Unity Tower, Plot No. 8-C, Block-6, P.E.C.H.S.	Registered Office of the Holding Company	Unity Foods Limited
-Plot No. E-32, SITE Area.	Oil Refinery	Unity Foods Limited
-Plot No. A-48, (Chemical Area) Eastern Industrial Zone, Port Qasim Authority.	Oil Refinery	Unity Foods Limited
-4th Floor, 73-C, Jami Commercial Street No. 8, DHA Phase VII.	Registered Office of the Subsidiary Company	Sunridge Foods (Private) Limited
-C6, North West Zone, Port Qasim Authority.	Pesa Flour Plant	Sunridge Foods (Private) Limited
-Plot No H/14 , Phase II , Gulshan-e-Maymar, Site Area , Super Highway.	Flour Mill Plant	Sunridge Foods (Private) Limited
Kotri, District Hyderabad		
-Plot No. N-27/ B, SITE Area.	Edible Oil Extraction Plant and Pelletizing Mills	Unity Foods Limited





2 STATEMENT OF COMPLIANCE

2.1 These condensed interim consolidated financial statements of the Group for the six months period ended December 31, 2020 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and provisions issued under Companies Act, 2017. In case where requirements differ, the provisions of and the directives issued under the Companies Act, 2017 have been followed.

These condensed interim consolidated financial statements do not include all the information and disclosures as required in the annual audited consolidated financial statements and should be read in conjunction with the Group's annual audited consolidated financial statements for the year ended June 30, 2020.

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

3 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

3.1 The preparation of these condensed interim consolidated 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, assumptions 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 consolidated financial statements, the significant judgments made by the management in applying the Group's accounting policies and key sources of estimations and uncertainties were the same as those that were applied to the annual audited consolidated financial statements for the year ended June 30, 2020.

3.2 The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements for the year ended June 30, 2020.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the annual audited consolidated financial statements for the year ended June 30, 2020.

4.1 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 01, 2020 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim consolidated financial statements.

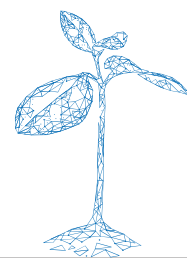
4.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group:

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after July 01, 2021 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these condensed interim consolidated financial statements.





	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		----- (Rupees) -----	
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	5.1 3,698,564,652	3,005,956,547
	Capital work-in-progress (CWIP)	5.2 2,808,821,267	610,192,211
		6,507,385,919	3,616,148,758
5.1	Operating fixed assets		
	Written down value (WDV) - opening	3,005,956,547	2,302,995,148
	Additions during the period / year - (at cost)		
	-Lease hold land	84,000,000	13,989,553
	-Building	355,994,134	161,899,752
	-Plant and machinery	317,911,683	619,662,707
	-Furniture, fixtures and office equipment	8,213,775	20,265,868
	-Computer and auxiliary equipment	5,217,278	813,678
	-Motor Vehicles	-	14,351,018
		771,336,870	830,982,576
	Disposals during the period / year - (at cost)		
	-Motor Vehicles	(2,457,330)	(2,510,100)
	Depreciation charged during the period / year - net	(76,271,435)	(125,511,077)
	Written down value (WDV) - closing	3,698,564,652	3,005,956,547
5.2	Capital work-in-progress (CWIP)		
	Opening balance	610,192,211	778,526,004
	Additions during the period / year	2,955,271,896	317,635,514
	Transferred to operating fixed assets during the period / year	(756,642,840)	(485,969,307)
	Closing balance	2,808,821,267	610,192,211
6	RIGHT-OF-USE ASSETS		
	Written down value (WDV) - opening	95,183,633	-
	Impact of initial application of IFRS-16	-	119,648,079
	Additions during the period / year	66,703,467	-
	Depreciation charged during the period / year	(42,388,671)	(24,464,446)
	Written down value (WDV) - closing	119,498,429	95,183,633



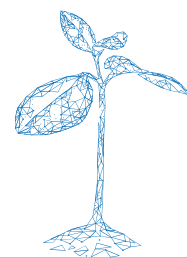


	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		----- (Rupees) -----	
7 INTANGIBLE ASSETS			
Cost			
Opening		296,096,671	10,276,432
Additions during the period / year		1,125,673	285,820,239
Closing		297,222,344	296,096,671
Accumulated amortization			
Opening		(3,868,459)	(1,621,992)
Amortization charged during the period / year		(1,243,382)	(2,246,467)
Closing		(5,111,841)	(3,868,459)
Written down value (WDV) - closing	7.1	292,110,503	292,228,212
7.1 Following is the detail of intangible assets:			
Goodwill		281,249,256	281,249,256
Intangible assets		10,861,247	10,978,956
		292,110,503	292,228,212
8 STOCK-IN-TRADE			
Raw and packing materials			
In hand		3,093,533,284	827,941,826
In transit		5,371,441,314	3,443,996,938
		8,464,974,598	4,271,938,764
Traded / semi-finished goods		1,381,939,020	68,794,256
Work-in-process		14,311,500	54,250,306
Finished goods		686,865,454	967,418,083
		10,548,090,572	5,362,401,409
9 TRADE DEBTS			
Unsecured			
Considered good		13,735,869,958	7,812,790,409
Considered doubtful		30,246,214	17,202,904
		13,766,116,172	7,829,993,313
Allowance for expected credit loss		(30,246,214)	(17,202,904)
		13,735,869,958	7,812,790,409





	Note	December 31, 2020 (Un-audited) ------(Rupees)-----	June 30, 2020 (Audited)
10 ADVANCES, DEPOSITS AND PREPAYMENTS			
Advances - considered good			
To suppliers	10.1	820,601,161	62,780,194
To employees		15,870,563	4,286,612
Security deposits	10.2	18,413,714	11,262,675
Prepayments		12,990,784	17,283,258
		<u>867,876,222</u>	<u>95,612,739</u>
10.1	These advances are non-interest bearing and include amount paid to Related Party Unity Feeds (Private) Limited against purchase of wheat amounting to Rs.250 million by the Subsidiary Company.		
10.2	These security deposits pertain to utility connections and right-of-use assets.		
	Note	December 31, 2020 (Un-audited) ------(Rupees)-----	June 30, 2020 (Audited)
11 SHORT TERM INVESTMENT - AMORTIZED COST			
Term deposit receipts	11.1	5,080,092,439	-
11.1	This carries markup at 6.5% having maturity upto one year.		
		December 31, 2020 (Un-audited) ------(Rupees)-----	June 30, 2020 (Audited)
12 CASH AND BANK BALANCES			
Bank balances - conventional banking			
In saving accounts		85,783,084	8,796,304
In current accounts		80,333,137	104,275,932
		166,116,221	113,072,236
Bank balances - Islamic banking			
In saving accounts		18,243,803	8,203
In current accounts		341,444,825	57,933,651
		359,688,628	57,941,854
Cash in hand		3,725,161	2,169,172
		<u>529,530,010</u>	<u>173,183,262</u>
13 SHARE CAPITAL			
Authorized share capital			
1,000,000,000 (June 30, 2020: 1,000,000,000) ordinary shares of Rs. 10/- each		10,000,000,000	10,000,000,000
Issued, subscribed and paid-up capital			
994,050,000 (June 30, 2020: 544,050,000) ordinary shares of Rs. 10/- each fully paid in cash.		9,940,500,000	5,440,500,000





13.1 During the period, the Holding Company has issued further 450,000,000 (Four Hundred Fifty Million) ordinary shares of at Rs. 10/- per share (i.e. at par). The proportion and the purpose of the Right Issue has been disclosed in note 42 of the annual audited consolidated financial statements for the year ended June 30, 2020.

14 Advance against issue of shares pertains to the Subsidiary against future issue of shares which has been repaid during the period.

	Note	December 31, 2020 (Un-audited) ------(Rupees)-----	June 30, 2020 (Audited)
15 LONG TERM LOANS			
Interest based arrangement			
Long term financing facility	15.1	398,534,843	198,431,917
Shariah compliant			
Diminishing musharika		-	2,083,012
		<u>398,534,843</u>	<u>200,514,929</u>
Current portion shown under current liabilities		<u>(192,938,719)</u>	<u>(57,247,103)</u>
		<u>205,596,124</u>	<u>143,267,826</u>

15.1 The Holding Company has obtained long term financing from Bank of Punjab under a refinance scheme for payment of salaries and wages by the State Bank of Pakistan. It carries a flat mark-up at the rate of 1% per annum. However, the effective interest rate is calculated as 10.40% per annum and the loan has been recognized at the present value. The financing is secured with joint pari passu charge against current and fixed assets of the Company amounting to Rs. 262.93 million (inclusive of 25% margin). The other terms and conditions of this loan are similar to long term loan from JS Bank as disclosed in the annual audited consolidated financial statements for the year ended June 30, 2020.

	Note	December 31, 2020 (Un-audited) ------(Rupees)-----	June 30, 2020 (Audited)
16 LEASE LIABILITIES			
Present value of future minimum lease payments		143,035,595	106,571,190
Less: current portion shown under current liabilities		(30,275,482)	(17,414,776)
Non current portion		<u>112,760,113</u>	<u>89,156,414</u>
17 DEFERRED GOVERNMENT GRANT			
Opening		19,493,109	-
Recognized during the period / year	17.2	23,123,592	19,611,918
Amortized during the period / year		(13,763,609)	(118,809)
Closing		<u>28,853,092</u>	<u>19,493,109</u>
17.1 Non-current portion		6,882,099	7,298,709
Current portion		<u>21,970,993</u>	<u>12,194,400</u>
		<u>28,853,092</u>	<u>19,493,109</u>

17.2 As mentioned in note 16.1 of the annual audited consolidated financial statements for the year ended June 30, 2020, the purpose of the government grant is to facilitate the Group in making timely payments of salaries and wages to its employees in light of the COVID-19 pandemic. The grant is conditional upon the fact that the Group would not terminate any employee, due/ owing to cash flow limitations, for a period of three months from the date of receipt of the first tranche. The grant is being amortized at the rate of 10.40% per annum.





	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	------(Rupees)-----	
18 DEFERRED TAX		
Deferred tax asset in respect of:		
Brought forward losses	92,742,842	93,068,335
Exchange loss - unrealized	1,968,479	49,584,128
Expected credit loss	8,326,841	4,695,233
Deferred tax liability in respect of:		
Lease liabilities	(10,570,210)	3,116,867
Accelerated tax depreciation	(152,236,163)	(131,314,056)
Deferred tax (liability) / asset	(59,768,211)	19,150,507

19 SHORT TERM BORROWINGS - SECURED

19.1 Post import facilities (i.e. finance against imported merchandise and finance against trust receipt) from conventional window of commercial banks under mark-up arrangements amounted to Rs. 5,520.35 million (June 30, 2020: Rs. 1,524.33 million). During the period, mark-up on such arrangements ranged between 3 months KIBOR plus 1% - 1.25% (June 30, 2020: 1% - 2%) per annum for financing in local currency only and 3 months LIBOR plus 3% - 4% (June 30, 2020: 3% - 4%) per annum for financing in foreign currency.

19.2 Short term running finance available from conventional window of various commercial banks and Islamic banks under mark-up arrangements amounted to Rs. 2,841.98 million (June 30, 2020: Rs. 265.49 million). During the period, mark-up on such arrangements ranged between 3-6 months KIBOR plus 0.91% - 1.25% (June 30, 2020: 1% - 2%) per annum.

19.3 Funded facilities (istisna, wakala and murabaha) available from Islamic banks amounted to Rs. 4,357.25 million (June 30, 2020: Rs. 2,102.43 million). During the period, mark-up on such arrangements ranged between 3 months KIBOR plus 1% - 1.70% (June 30, 2020: 1.25% - 1.70%) per annum for financing in local currency only and 3 months LIBOR plus 3% - 4% (June 30, 2020: 3% - 4%) flat per annum for financing in foreign currency.

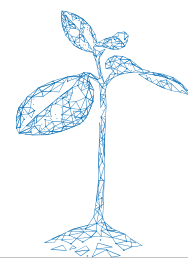
19.4 Post import funded facilities, running finance and funded facilities under Islamic mode are secured by way of pledge over import goods and hypothecation charge over current and fixed assets of the Group.

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

The Holding Company has filed a petition CP No. 4090 of 2020 in the Honourable High Court of Sindh at Karachi whereby challenging the imposition of Infrastructure Cess by the relevant Excise and Taxation Officer, Karachi at the rate 1.25% of the value of imported goods. On directions of High Court and in consideration of allowing the release of the consignments imported from time to time for the purpose of carriage of goods by road within the province of Sindh, Al-Baraka Bank (Pakistan) Limited has unconditionally undertaken to pay an amount of Rs. 120 million to the Director, Excise and Taxation (Taxes II), Karachi, Government of Sindh in case if the Honourable High Court of Sindh at Karachi decides that the Cess imposed under the Sindh Finance Act 1994 was lawful and validly imposed. The guarantee facility from Al-Baraka Bank (Pakistan) Limited carries a flat markup of 0.1% per quarter and is secured by way of lien over 100% cash or TDR.

The status of other contingencies is same as disclosed in the annual audited consolidated financial statements for the year ended June 30, 2020.





20.2 Commitments

Commitments under letter of credit for raw materials as at December 31, 2020 amounted to Rs. 3,227.82 million (June 30, 2020: Rs. 1,443.40 million).

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
21 NET SALES	------(Rupees)-----			
Local sales	29,458,915,399	9,875,210,137	17,188,686,804	6,668,149,958
Export sales	310,075,496	1,435,000,796	-	86,818,400
	29,768,990,895	11,310,210,933	17,188,686,804	6,754,968,358

22 OTHER OPERATING INCOME / (EXPENSES)

The reversal is due to the impact of exchange gain on foreign currency transactions.

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
23 EARNINGS PER SHARE	------(Rupees)-----			
Profit after taxation	1,536,099,308	374,907,012	914,999,380	282,219,232
	------(Number of shares)-----			
Weighted average number of ordinary shares outstanding	815,517,391	Restated 599,351,401	994,050,000	Restated 599,351,401
	------(Rupees)-----			
Basic and diluted earnings per share	1.88	Restated 0.63	0.92	Restated 0.47





24 CASH FLOWS FROM OPERATING ACTIVITIES

December 31, 2020
December 31, 2019
------(Rupees)-----

Profit before taxation

1,738,962,452 394,213,254

Adjustments for non-cash items:

Depreciation on operating fixed assets	77,377,234	58,434,484
Depreciation on right-of-use assets	42,388,671	-
Amortization on intangible assets	1,243,382	1,028,929
Amortization on deferred government grant	(13,763,609)	-
Exchange loss - unrealized	6,787,860	-
Expected credit loss	13,043,310	-
Provision for staff gratuity	2,832,102	-
Gain on disposal of operating fixed assets	(1,648,469)	-
Profit on short term investment	(88,450,898)	-
Finance cost	356,357,515	244,208,311
	2,135,129,550	697,884,978

Changes in working capital

(Increase) / decrease in current assets:

Stock-in-trade	(5,185,689,163)	(4,430,222,129)
Stores and spares	(16,886,500)	(28,226,505)
Trade debts	(6,581,863,667)	(814,541,015)
Advances, deposits and prepayments	(772,263,483)	(134,465,695)
Other receivables	8,586,441	(1,172,354)
Sales tax receivable	(12,095,267)	(61,592,520)
	(12,560,211,639)	(5,470,220,218)

Increase / (decrease) in current liabilities:

Trade and other payables	6,284,019,137	4,265,113,752
Sales tax payable	(1,195,396)	-
Contract liabilities	11,038,781	-
	6,293,862,522	4,265,113,752

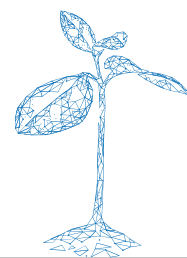
Cash used in operating activities

(4,131,219,567) (507,221,488)

24.1 Cash and cash equivalents

Cash and cash equivalents comprise of:

Cash and bank balances	529,530,010	70,238,166
Short term borrowings from conventional banks - running finance (secured)	(1,616,978,653)	(198,623,779)
Short term borrowings from Islamic banks	(1,225,000,000)	-
	(2,312,448,643)	(128,385,613)





25 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

<u>Transactions with related parties</u>			<u>For the half year ended</u>	
<u>Related parties</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
			------(Rupees)-----	
Unity Feeds (Private) Limited	Associated company	Sales	50,795,674	159,120,789
		Sale proceeds	91,996,080	293,839,935
		Advances paid for purchases	250,000,000	-
Unity Packages (Private) Limited	Associated company	Commission paid	1,310,596	-
Unity Enterprises (Private) Limited	Associated company	Loan repaid	75,490,811	-
Fehmida Amin -Mother of director	Lender	Loan received	-	501,635,459
		Loan repaid	-	420,191,387
Provident fund	Staff retirement benefit fund	Contribution paid	11,451,612	18,917,221
Directors and executives	Key management personnel	Remuneration paid	22,313,841	18,880,000
			<u>As at</u>	
<u>Balances with related parties</u>			<u>December 31, 2020</u>	<u>June 30, 2020</u>
<u>Related parties</u>	<u>Nature of relationship</u>	<u>Nature of transaction</u>	<u>(Un-audited)</u>	<u>(Audited)</u>
			------(Rupees)-----	
Unity Feeds (Private) Limited	Associated company	Against sale of goods	-	41,200,406
		Against advances	250,000,000	-
Unity Enterprises (Private) Limited	Associated company	Against loan	-	75,490,811
Unity Packages (Private) Limited	Associated company	Against commission payable	-	1,310,596
Provident fund	Staff retirement benefit fund	Against contribution payable	2,109,058	1,711,218





26 CORRESPONDING FIGURES

Certain corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions, the effect of which is immaterial.

27 GENERAL

Figures have been rounded off to the nearest rupee unless otherwise stated.

28 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue in the Board of Directors meeting held on **February 25, 2021**.

Chairman

Abdul Majeed Ghaziani

Chief Executive

Muhammad Farrukh

Chief Financial Officer

Jalees Edhi





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— food for life! —

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