



UNITY FOODS LIMITED  
— food for life! —



# Committed to **Growth**

Half Yearly Report  
**DECEMBER 2018**



# UNITY FOODS LIMITED

— food for life! —

Condensed Interim Financial Statement (Un-audited)  
for the Half Year Report  
December 31st, 2018



Cooking Oil

Sehat  
ki Dastak...



UNITY FOODS LIMITED  
food for life!



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www.unityfoods.pk



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## Company Information

### Board of Directors

Abdul Majeed Ghaziani	Chairman-Non-Executive
Muhammad Farrukh	Chief Executive
Safdar Sajjad	Non-Executive
Muneer S. Godil	Independent
Abdul Hafeez	Non-Executive
Sheikh Ali Baakza	Non-Executive
Aamir Shehzad	Executive

### Audit Committee

Muneer S. Godil	Chairman
Safdar Sajjad	
Abdul Hafeez	

### Human Resource & Remuneration Committee

Muneer S. Godil	Chairman
Safdar Sajjad	
Abdul Hafeez	

### Chief Financial Officer

Muhammad Farrukh Jhangda

### 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 (Out Sourced)

EY Ford Rhodes  
Chartered Accountants  
5th Floor, Progressive Plaza, Beaumont Road  
Karachi

### Bankers

Al Baraka Bank Limited  
Habib Metropolitan Bank Limited  
Habib Bank Limited  
National Bank of Pakistan  
MCB Bank Limited  
Meezan Bank Limited  
Bank Alfalah Limited  
Dubai Islamic Bank Limited  
Askari Banki Limited  
United Bank Limited  
Bank Islami Pakistan Limited





<b>Legal Advisor</b>	Mohsin Tayebaly & Co. 1st Floor, Dime Centre, BC-4, Block-9 Kehkashan, Clifton, Karachi -75500 Phone # +92-21 111-682-529
<b>Share Registrar</b>	F.D. Share Registrar (SMC-Pvt) Ltd 17th Floor, Saima Trade Tower A, I.I Chundrigar Road, Karachi. Phone # +92-21 32271905-6
<b>Registered Office</b>	Unity Tower, Plot # 8-C, Block-6, PECHS Karachi 75400. Phone No. +92 21 34373605-607, 34388666, 34387666 Fax No +92 21 34373608
<b>Email</b>	info@unityfoods.pk
<b>Website</b>	www.unityfoods.pk
<b>Business</b>	Import of Oil Seeds, Solvent Extraction, Refining, Marketing of Edible Oil, processing of ancillary and by-products.
<b>Status of Company</b>	Public Listed Company (PLC)
<b>Company Registration number</b>	K-0023133
<b>National Tax Number</b>	0698412-6
<b>Contact Person</b>	Syed Muhammad Tariq Nabeel Jafri
<b>Phone No.</b>	+92-21 34373605-607
<b>Email</b>	info@untiyfoods.pk
<b>Factories</b>	Solvent Extraction Plant and Pellitising Mills N-27/B, Site Area, Kotri District Hyderabad  Oil Refinery Plot # E-32 SITE Area, Karachi.





## Directors' Review

On behalf of the Board of Directors we are pleased to present the Directors' Review for the half year ended December 31, 2018.

Alhamdulillah, we are pleased to report that your Company is consistently outperforming itself with higher than projected sales and increased market outreach. The tradition of surpassing the projections has continued in the last quarter of Calendar year 2018.

Your Company has been showing improvement in its sales each quarter. Topline sales clocked in at PKR 3.6 billion, which is an increase of over 16% from last quarter. Net margins were diluted this quarter due to impact of rupee depreciation and rising interest rates. However, the Company expects improved margins for the 3rd and 4th quarter of the year.

The Company has announced a 221.83% right issue on February 19, 2019 to raise PKR 3.75 billion from the issuance of shares.

The proceeds from issue of shares will enable the Company to complete the acquisition of edible oil Refinery at Port Qasim which has the capacity to refine 500 metric tons of edible oil per day. This refinery is located on a vast 5-acre land where the Company plans to install additional plant & machinery to achieve the bigger basket of products and better margins.

This expansion will enable UFL to achieve business excellence in edible oil segment as production levels will be harmonized and economies of scale will be achieved. These projects are estimated to be operative by FY 2020 and will allow UFL to own and operate one of the most sophisticated Edible Oil refineries in Pakistan. With added benefits of the various certifications that the Company has obtained thus far, UFL's products will also become internationally competitive, creating further avenues for business development.

The Company launched its flagship brand "DASTAK" with complete 360 degree marketing approach with the core objective to create its top of mind awareness and re-call among brand's targeted audience. In order to capture the maximum eyeballs of particular target audience, the Company used effective and efficient promotion mix strategy in which the Company ensured consistent brand visibility on ATL and BTL which comprised of TV , Radio, Print medium, Digital and Social media, Hoardings (OOH), Mobile Advertising (Backlit Vehicles), POSM (Point of Sales Material) and stall activations as well.

This marketing approach resulted in creating high brand noise level and a robust shock wave in the category which ultimately made the market receptive for the brand and DASTAK got ample opportunity at consumer level even in its first media break as it enjoyed huge trials and household penetration.

The Media Launch of the retail products of the Company has created a higher demand in the market for the Company's products. The proposed expansion will create a product portfolio to cater to the various segments of the market and will enable the Company to achieve untapped margins.

For the half year ended December 31 2018, the Company posted an after-tax profit of PKR 146.51 million, which translates into an EPS of PKR 0.87.





During the year the Company continued to reach export customers and its export sales constituted 8.83% of the total sales of the Company, earning precious foreign exchange in the process. These export earnings mainly came from export of animal feed meal to Far East destinations.

We thank our shareholders, bankers and other stakeholders for reposing confidence in the management that facilitated the Company to attain these sterling credentials in such a short time.

The Company faces little risk or uncertainty in any area except those generally faced by local companies operating in Pakistan.

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

Summary of financial operations of the Company for half year ended December 31, 2018 is provided below:

	<b>Rupees</b>
Net Sales	6,713,616,361
Cost of Sales	(6,222,821,662)
<b>Gross Profit</b>	<b>490,794,699</b>
Selling and Distribution Expenses	(107,005,855)
Administrative Expenses	(84,566,512)
Other Operating Expenses	(76,336,145)
<b>Operating Profit</b>	<b>222,886,187</b>
Other Income	5,807,083
<b>Earnings Before interest and Taxes</b>	<b>228,693,270</b>
Finance Cost	(88,605,659)
<b>Profit Before Taxation</b>	<b>140,087,611</b>
Deferred Tax	6,424,889
<b>Profit After Taxation</b>	<b>146,512,500</b>
EPS (Basic and Diluted)	0.87





The Company's operations in edible oil extraction and refining have minimal adverse impact on environment. The management has also taken steps that will facilitate operations under highest standards of environmental protection.

The Company has shown its continued commitment to CSR activities. Significantly, the Company sponsored cricket tournament being organized by Deaf Association namely "Deaf Super League".

### **Acknowledgements**

We would like to take this opportunity to thank the Pakistan Stock Exchange, the SECP and the CDC for their continued support and cooperation towards the Company. We hope that this support would continue in the future as well.

We would also like to thank our dedicated and talented team of executives, staff and workers for the hard work put in during the period. 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:  
27th February, 2019

Abdul Majeed Ghaziani  
Chairman





## ڈائریکٹرز رپورٹ

ہم بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز رپورٹ برائے ششماہی سال ختمہ 31 دسمبر، 2018 پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ الحمد للہ ہم آپ کو یہ بتاتے ہوئے انتہائی خوشی محسوس کرتے ہیں کہ آپ کی کمپنی نے تخمینی سیلز کے مقابلے میں زیادہ سیلز کے ذریعے مسلسل بہترین کارکردگی کا مظاہرہ کیا ہے اور مارکیٹ میں رسائی کو بھی بڑھایا ہے۔ سال 2018 کے آخری عشرے میں اندازوں سے بہتر کارکردگی کی روایت حسب سابق برقرار رہی ہے۔ آپ کی کمپنی ہر سہ ماہی میں اپنی سیلز میں بہتری کی جانب گامزن ہے۔ گزشتہ سہ ماہی میں سیلز 3.6 بلین پاکستانی روپے رہی جو کہ پچھلی سہ ماہی کی سیلز سے 16% زیادہ ہے۔ روپے کی قدر میں کمی اور شرح سود میں اضافے کے اثرات کے باعث اس سہ ماہی میں صاف نفع جات کم رہے تاہم کمپنی کو سال کی تیسری اور چوتھی سہ ماہی میں بہتر نفع جات توقع ہے۔

کمپنی نے 19 فروری، 2019 کو 221.83% رائٹ ایڈجسٹڈ اعلان کیا ہے اور حصص (شیرس) کے حالیہ اجراء سے 3.75 بلین پاکستانی روپے کا حصول متوقع ہے۔

رائٹ شیئر سے حاصل شدہ رقم سے کمپنی، پورٹ فاسم ریفرنسری کے حصول کے کام کو مکمل کرے گی، جو یومیہ 500 میٹرک ٹن خوردنی تیل کو صاف (ریفائن) کرنے کی صلاحیت رکھتی ہے۔ یہ ریفرنسری 15 ایکڑ قطعہ اراضی پر قائم ہے، جہاں کمپنی زیادہ پراڈکٹس اور بہتر منافع جات کے حصول کے لیے پلانٹ اور مشینری اینٹس کے اضافہ کا منصوبہ رکھتی ہے۔

مذکورہ بالا توسیع کا عمل، UFL کو خوردنی تیل کے شعبے کے لیے بہترین کاروباری حکمت عملی کی جانب لے جائے گا، جس سے پیداواری سطحوں میں ہم آہنگی اور بڑے پیمانے پر پیداوار کا حصول ممکن ہوگا۔ اندازے کے مطابق یہ منصوبے مالی سال 2020 تک مکمل ہوں گے اور اس سے UFL پاکستان میں ایک عمدہ خوردنی تیل کی ریفرنسری کا حامل ہو جائے گا۔ کمپنی، مختلف سٹریٹجیکلیشنز کے اضافی فوائد کے ساتھ بہت آگے جا چکی ہے اور کاروباری ترقی کے مزید منازل کو طے کرنے کے ساتھ UFL کی مصنوعات بین الاقوامی طور پر پہنچانی جائیں گی اور کاروبار میں ترقی کے مزید مواقع پیدا کرے گی۔

کمپنی نے اپنے اہم ترین برانڈ "دستک" کو مکمل طور پر 360 مارکیٹنگ حکمت عملی کے ساتھ متعارف کرایا ہے، جس کا بنیادی مقصد برانڈ کے ہدف شدہ صارفین کے ذہن میں برانڈ سے متعلق آگاہی پیدا کرنے کے ساتھ ساتھ اسے ان کے ذہنوں میں زندہ رکھنا ہے۔ مخصوص ٹارگٹ آڈیننس تک زیادہ سے زیادہ رسائی کے حصول کے لیے کمپنی نے پرموشن کے حوالے سے انتہائی موثر اور کارگر حکمت عملی استعمال کی، جس سے کمپنی کو یقین ہے کہ اس کی برانڈ ATL اور BTL دونوں سطح، جوٹی وی، ریڈیو، پرنٹ میڈیا، ڈیجیٹل اور سوشل میڈیا، ہورڈنگز (OOH)، موبائل ایڈورٹائزنگ (بیک لائٹ ویگل)، پی او ایس ایم (پوائنٹ آف سیلز میٹریل) اور اسٹال ایکٹویشن شامل ہیں، پر بھرپور انداز میں نظر آئی۔

مارکیٹنگ کی اس حکمت عملی کے نتیجے میں برانڈ سے متعلق وسیع پیمانے پر آگاہی حاصل ہوئی اور اس کی سٹیجی میں ایک صحت مندانہ سرگرمی کا آغاز ہوا، جس سے مارکیٹ میں برانڈ کی طلب میں نہ صرف اضافہ ہوا بلکہ "دستک" نے میڈیا میں پہلی دفعہ اپنی آمد کے ساتھ صارف کی سطح پر بہترین پذیرائی حاصل کی کیوں کہ اس سے گھروں میں پہلے سے ہی استعمال کی جا رہی تھی۔

کمپنی کی صارفین کی مصنوعات کے میڈیا پر آنے سے کمپنی کی مصنوعات کی مارکیٹ میں طلب میں اضافہ ہوا ہے۔ یہ مجوزہ توسیع مارکیٹ کے مختلف حلقوں میں پراڈکٹ پورٹ فولیو تیار کرے گی اور اس سے کمپنی مارکیٹ بہتر رسائی حاصل کرے گی اور اضافی منافع حاصل کرنے کے قابل ہوگی۔





ششماہی سال تختہ 31 دسمبر، 2018 کے حوالے سے کمپنی نے 146.51 ملین پاکستانی روپے کا بعد از محصول (ٹیکس) منافع کے اجراء کیا ہے، جو تصفیہ جاتی بنیاد پر 0.87 پاکستانی روپے کے EPS بنتا ہے۔

دوران سال برآمداتی فروخت کی شرح کمپنی کی مجموعی فروخت کا %8.83 فیصد رہی اور اس عمل میں قیمتی غیر ملکی زرمبادلہ حاصل ہوا۔ برآمدات سے حاصل ہونے والی یہ آمدن خاص طور پر سویا بین میل کی مشرق بعید (Far East) کے مقامات پر برآمدات سے حاصل ہوئی۔

ہم انتظامیہ پر کئے جانے اعتماد پر اپنے حصص یافتگان (شیئر ہولڈرز)، بینکرز اور دیگر اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں، جس سے کمپنی اس قلیل مدت میں ان بہترین اہداف کو حاصل کرنے میں کامیاب ہوئی۔

کمپنی کو کسی شعبے میں نقصان کا اندیشہ یا غیر یقینی صورتحال کا بہت کم سامنا ہوتا ہے، ماسوائے ایسی صورتحال کے جن کا سامنا پاکستان میں چلنے والی دیگر مقامی کمپنیز کو رہتا ہے۔

بیلنس شیٹ کی تاریخ کے بعد طے شدہ باتوں میں کوئی ایسی بڑی تبدیلی نہیں کی گئی ہے جس سے کمپنی کی مالی حیثیت متاثر ہو۔

ششماہی سال تختہ 31 دسمبر، 2018 کے حوالے سے کمپنی کے مالی امور کا خلاصہ ذیل میں فراہم کیا گیا ہے:

روپے	
6,713,616,361	صافی فروخت (نیٹ سیلز)
(6,222,821,662)	فروخت کی لاگت
<b>490,794,699</b>	<b>مجموعی نفع</b>
(107,005,855)	فروختگی اور ترسیل کے اخراجات
(84,566,512)	انتظامی اخراجات
(76,336,145)	دیگر عملی اخراجات
<b>222,886,187</b>	<b>آپریٹنگ نفع</b>
5,807,083	دیگر آمدن
<b>228,693,270</b>	<b>نفع قبل مالی اخراجات اور ٹیکس</b>
(88,605,659)	مالی لاگت
<b>140,087,611</b>	<b>نفع قبل از محصول (ٹیکس)</b>
6,424,889	تاخیری ادا واجب الادا محصول (ٹیکس)
<b>146,512,500</b>	<b>نفع بعد از محصول (ٹیکس)</b>
0.87	ای پی ایس (بنیادی اور مرتکز)





کمپنی کی جانب سے خوردنی تیل نکالنے اور اسے صاف کرنے کے عمل کے ماحول پر بہت کم منفی اثرات ہوتے ہیں۔ اس حوالے سے انتظامیہ نے اعلیٰ معیار کے ماحولیاتی تحفظ کے اقدامات کے تحت اس کام کو مزید بہتر بنانے کے اقدامات کئے ہیں۔  
کمپنی سماجی بہبود کے کاموں کے لیے پر عزم ہے۔ کمپنی نے سماعت سے محروم افراد کے لیے قائم ایسوسی ایشن کی جانب سے منعقد کئے جانے والے "ڈیف سپر لیگ" کرکٹ ٹورنامنٹ کو اسپانسر کیا ہے۔

### اظہارِ تشکر

ہم پاکستان اسٹاک ایکسچینج، SECP اور CDC 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 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  
چیئرمین

محمد فرخ  
چیف ایگزیکٹو  
کراچی

27 فروری، 2019





UNITY FOODS LIMITED  
food for life!

# 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, 2018 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, 2018 and December 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2018.

## 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 27, 2019  
Karachi:



Half Yearly Report  
2018 DECEMBER

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**Unity Foods Limited**  
**Condensed Interim Statement of Financial Position**  
**As at December 31, 2018**

		(Unaudited) December 31, 2018	(Audited) June 30, 2018
	Note	-----Rupees-----	
<b>ASSET</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	1,699,528,224	1,521,820,847
Intangible Assets	7	5,113,914	5,703,979
Long-term deposits		-	25,000
Deferred Tax	8	<u>30,143,988</u>	<u>23,719,099</u>
<b>Total non-current assets</b>		<u>1,734,786,126</u>	<u>1,551,268,925</u>
<b>CURRENT ASSETS</b>			
Stock-in-trade	9	<u>2,978,538,630</u>	1,479,257,110
Stores, spares and loose tools		12,008,176	-
Trade debts	10	2,836,889,648	1,148,211,099
Advance, deposit and Prepayments	11	139,161,879	107,098,427
Other receivables		29,106,000	30,995,650
Sales tax receivable		153,663,677	143,749,417
Taxation - net		345,423,660	96,643,514
Cash and bank balances	12	<u>28,514,040</u>	<u>9,958,442</u>
<b>Total current assets</b>		<u>6,523,305,710</u>	<u>3,015,913,659</u>
<b>Total assets</b>		<u>8,258,091,836</u>	<u>4,567,182,584</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised capital</b>		<u>1,700,000,000</u>	<u>1,700,000,000</u>
170,000,000 (June 30, 2018: 170,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital	13	1,690,500,000	1,690,500,000
Unappropriated profit		145,405,158	83,417,658
<b>Total equity</b>		<u>1,835,905,158</u>	<u>1,773,917,658</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,888,337,143	1,744,791,482
Accrued mark-up		33,731,927	9,549,688
Short term borrowings	14	2,102,709,125	616,198,108
Unclaimed dividend		2,301,416	-
Loan from related party	15	<u>2,395,107,067</u>	<u>422,725,648</u>
<b>Total current liabilities</b>		<u>6,422,186,678</u>	<u>2,793,264,926</u>
<b>Total equity and liabilities</b>		<u>8,258,091,836</u>	<u>4,567,182,584</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16		

The annexed notes form an integral part of these condensed interim financial statements.

  
Abdul Majeed Ghaziani  
Chairman

  
Muhammad Farrukh  
Chief Executive

  
Muhammad Farrukh Jhangda  
Chief Financial Officer





**Unity Foods Limited**  
**Condensed Interim Statement of Profit or Loss Account (Un-audited)**  
**For the half year ended December 31,2018**

	Half year ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
	-----Rupees-----			
<b>Note</b>				
Sales - net	6,713,616,361	-	3,604,052,086	-
Cost of sales	(6,222,821,662)	-	(3,334,143,126)	-
<b>Gross profit</b>	<b>490,794,699</b>	-	<b>269,908,960</b>	-
Selling, marketing and distribution expenses	(107,005,855)	-	(75,872,275)	-
Administrative expenses	(84,566,512)	(44,841,096)	(55,834,378)	(36,250,547)
Other operating expense	(76,336,145)	-	(52,700,043)	-
	(267,908,512)	(44,841,096)	(184,406,696)	(36,250,547)
<b>Operating profit</b>	<b>222,886,187</b>	(44,841,096)	<b>85,502,264</b>	(36,250,547)
Other income	5,807,083	7,588,998	3,347,729	7,588,747
Finance cost	(88,605,659)	(10,032,145)	(51,694,769)	(10,030,683)
<b>Profit / (loss) before taxation</b>	<b>140,087,611</b>	(47,284,243)	<b>37,155,224</b>	(38,692,483)
<b>Taxation</b>				
- current	-	(762,026)	-	(762,026)
- deferred	6,424,889	-	(1,888,231)	-
<b>Profit / (loss) for the period</b>	<b>146,512,500</b>	(48,046,269)	<b>35,266,993</b>	(39,454,509)
<b>Earnings / (loss) per share - basic and diluted</b>	<b>0.87</b>	(1.25)	<b>0.21</b>	(0.59)

  
Abdul Majeed Ghaziani  
Chairman

  
Muhammad Farrukh  
Chief Executive

  
Muhammad Farrukh Jhangda  
Chief Financial Officer



**Unity Foods Limited**  
**Condensed Interim Statement of Comprehensive Income (Un-audited)**  
**For the half year ended December 31, 2018**

	Half year ended December 31,		Quarter ended December 31,	
	2018	2017	2018	2017
	-----Rupees-----			
Profit / (loss) for the period	<b>146,512,500</b>	(48,046,269)	<b>35,266,993</b>	(39,454,509)
Other comprehensive income	-	-	-	-
Total comprehensive income / (loss) for the period	<b><u>146,512,500</u></b>	<b><u>(48,046,269)</u></b>	<b><u>35,266,993</u></b>	<b><u>(39,454,509)</u></b>

The annexed notes form an integral part of these condensed interim financial statements.

Abdul Majeed Ghaziani  
**Chairman**

Muhammad Farrukh  
**Chief Executive**

Muhammad Farrukh Jhangda  
**Chief Financial Officer**





**Unity Foods Limited**  
**Condensed Interim Statement of Cash Flow (Un-audited)**  
**For the half year ended December 31, 2018**

	Half year ended December 31,	
	2018	2017
<b>Cash flows from operating activities</b>	-----Rupees-----	
<b>Profit / (loss) before taxation</b>	<b>140,087,611</b>	(47,284,243)
<b>Adjustments for:</b>		
Depreciation	28,118,866	-
Amortization	590,065	-
Finance cost	88,605,659	10,032,145
	<b>257,402,201</b>	(37,252,098)
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets:</b>		
Stock-in-trade	(1,499,281,520)	(354,942,327)
Stores, spares and loose tools	(12,008,176)	(225,793)
Trade debts	(1,688,678,550)	-
Advance, deposit and Prepayments	(32,063,452)	(277,132,491)
Other receivables	1,889,650	-
Sales tax receivable	(9,914,260)	-
	<b>(3,240,056,308)</b>	(632,300,611)
<b>Increase in current liabilities:</b>		
Trade and other payables	145,847,077	228,594,361
<b>Cash used in operations</b>	<b>(2,836,807,030)</b>	(440,958,348)
Taxes paid	(248,780,146)	(2,465,371)
Finance cost paid	(64,423,420)	(10,041,145)
<b>Net cash used in operating activities</b>	<b>(3,150,010,596)</b>	(453,464,864)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(205,826,243)	(1,284,647,929)
Proceed from long term deposits	25,000	-
<b>Net cash used in investing activities</b>	<b>(205,801,243)</b>	(1,284,647,929)
<b>Cash flows from financing activities</b>		
Proceeds from issue of right shares	-	1,650,000,000
Proceeds from short term borrowing - net	1,262,491,764	-
Dividend paid	(84,525,000)	-
Loan from related party	1,972,381,419	93,011,480
<b>Net cash generated from financing activities</b>	<b>3,150,348,183</b>	1,743,011,480
Net (decrease) / increase in cash and cash equivalents	<b>(205,463,656)</b>	4,898,687
Cash and cash equivalents at beginning of the period	<b>(90,041,558)</b>	1,751,068
Cash and cash equivalents at end of the period	<b>(295,505,214)</b>	6,649,755
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>		
Cash and bank balances	28,514,040	6,649,755
Short term borrowings from bank - running finance (secured)	(324,019,254)	-
	<b>(295,505,214)</b>	6,649,755

The annexed notes form an integral part of these condensed interim financial statements.

  
Abdul Majeed Ghaziani  
Chairman

  
Muhammad Farrukh  
Chief Executive

  
Muhammad Farrukh Jhangda  
Chief Financial Officer





**Unity Foods Limited**  
**Condensed Interim Statement of Changes in Equity (Un-audited)**  
**For the half year ended December 31, 2018**

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
-----Rupees-----			
<b>Balance as at July 01, 2017 (audited)</b>	<b>40,500,000</b>	(38,098,767)	2,401,233
Issue of right shares	<b>1,650,000,000</b>	-	1,650,000,000
Total comprehensive loss for the half year ended December 31, 2017	-	(48,046,269)	(48,046,269)
<b>Balance as at December 31, 2017 (un-audited)</b>	<b><u>1,690,500,000</u></b>	<b><u>(86,145,036)</u></b>	<b><u>1,604,354,964</u></b>
<b>Balance as at July 01, 2018 (audited)</b>	<b>1,690,500,000</b>	83,417,658	1,773,917,658
<b>Transactions with owners recorded directly in equity</b>			
Final dividend @ Rs.0.5 per share for the year ended June 30, 2018	-	(84,525,000)	(84,525,000)
Total comprehensive income for the half year ended December 31, 2018	-	146,512,500	146,512,500
<b>Balance as at December 31, 2018 (un-audited)</b>	<b><u>1,690,500,000</u></b>	<b><u>145,405,158</u></b>	<b><u>1,835,905,158</u></b>

The annexed notes form an integral part of these condensed interim financial statements.

  
Abdul Majeed Ghaziani  
**Chairman**

  
Muhammad Farrukh  
**Chief Executive**

  
Muhammad Farrukh Jhangda  
**Chief Financial Officer**





**Unity Foods Limited**  
**Notes to the Condensed Interim Financial Statements (Unaudited)**  
**For the half year ended ended December 31, 2018**

**1 STATUS AND NATURE OF BUSINESS**

Unity Foods Limited (the "Company") was incorporated in Pakistan as a Private Limited Company under the Companies Ordinance, 1984 in 1991 and subsequently converted into a Public Limited company on June 16, 1991. Shares of the Company were 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 75400.

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

**2.2** The cumulative figures for the half year ended December 31, 2018 presented in these condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of the Companies Act, 2017. These condensed interim financial statements do not include all the information required for annual financial statements and, therefore, should be read in conjunction with the audited annual financial statements of the Company for the year ended June 30, 2018.

**2.3** The preparation of these condensed interim financial statements in conformity with the approved accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2018.

**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 annual financial statements for the year ended June 30, 2018.

#### 4.2 Standards and amendments to published approved accounting standards which are effective during the half year ended December 31, 2018.

Following are certain new standards and amendments to approved accounting standards which are mandatory for the Company's annual accounting period which began on July 1, 2018.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 9 - Financial Instruments	July 1, 2018
IFRS 15 - Revenue from contracts with customers	July 1, 2018

However, the application of above standards do not have any significant impact on the Company's financial reporting and, therefore, have not been presented in these condensed interim financial statements.

#### 4.3 Standards and amendments to published approved accounting standards that are not yet effective during the half year ended December 31, 2018

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2019. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim financial statements.

#### 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 judgments 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 financial statements, the significant judgments made by the management in applying the Company's accounting policies and key sources of estimation and uncertainty were the same as those that were applied to the annual audited financial statements as at and for the year ended June 30, 2018.

5.2 The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended June 30, 2018.

		(Unaudited) December 31, 2018	(Audited) June 30, 2018
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>	-----Rupees-----	
Operating fixed asset	6.1	<b>1,423,423,429</b>	1,398,635,143
Capital work in progress	6.2	<b><u>276,104,795</u></b>	<u>123,185,704</u>
		<b><u>1,699,528,224</u></b>	<u>1,521,820,847</u>





	(Unaudited) December 31, 2018	(Audited) June 30, 2018
	-----Rupees-----	
<b>6.1 Operating Fixed Assets</b>		
Written down value (WDV) - Opening	<b>1,398,635,143</b>	-
Additions during the period / year- At cost:		
- Land Lease hold	-	445,406,069
- Building	<b>2,915,099</b>	226,427,683
- Plant and Machinery	<b>40,702,988</b>	733,087,428
- Office equipment	<b>5,951,645</b>	9,036,877
- Office furniture	<b>30,872</b>	-
- Motor Vehicles	-	3,527,907
- Computer and other IT equipment	<b>3,132,441</b>	3,870,847
- Electronic equipment	<b>174,107</b>	-
	<b>52,907,152</b>	1,421,356,811
Depreciation charged during the period / year	<b>(28,118,866)</b>	(22,721,668)
	<b><u>1,423,423,429</u></b>	<b><u>1,398,635,143</u></b>
Written down value (WDV) - Closing		
<b>6.2 Capital Work In Progress</b>		
Opening Balance	<b>123,185,704</b>	-
Additions	<b>173,207,560</b>	123,185,704
Transferred to operating fixed assets	<b>(20,288,469)</b>	-
	<b><u>276,104,795</u></b>	<b><u>123,185,704</u></b>
<b>7 INTANGIBLE ASSETS</b>		
Opening Balance	<b>5,703,979</b>	-
Additions	-	5,900,668
Amortization during the period	<b>(590,065)</b>	(196,689)
	<b><u>5,113,914</u></b>	<b><u>5,703,979</u></b>
<b>8 DEFERRED TAXATION - NET</b>		
<b>Deferred tax asset in respect of:</b>		
Brought forward / Current year losses	<b>85,635,098</b>	71,559,114
<b>Deferred tax liability in respect of:</b>		
Accelerated tax depreciation	<b>(55,491,110)</b>	(47,840,015)
	<b><u>30,143,988</u></b>	<b><u>23,719,099</u></b>





	(Unaudited) December 31, 2018	(Audited) June 30, 2018
	-----Rupees-----	
<b>9 STOCK IN TRADE</b>		
Raw and packing materials - in hand	<b>1,519,671,336</b>	478,587,665
- in transit	<b>278,773,949</b>	617,624,013
	<b>1,798,445,285</b>	1,096,211,678
Traded Goods - in hand	<b>573,261,292</b>	47,017,883
- in transit	<b>-</b>	154,729,604
	<b>573,261,292</b>	201,747,487
Work in progress	<b>219,736,021</b>	141,530,436
Finished Goods	<b>387,096,032</b>	39,767,509
	<b>2,978,538,630</b>	1,479,257,110
<b>10 TRADE DEBTS</b>		
<b>Considered good - unsecured</b>		
Local	<b>2,763,023,972</b>	916,219,512
Export	<b>73,865,676</b>	231,991,587
	<b>2,836,889,648</b>	1,148,211,099
<b>11 ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS</b>		
<b>Advances Considered good</b>		
- Suppliers	<b>124,988,157</b>	103,504,808
- Employees	<b>1,090,231</b>	1,267,633
Security deposits	<b>7,667,956</b>	1,789,945
Short term prepayments	<b>5,415,535</b>	536,041
	<b>139,161,879</b>	107,098,427
<b>12 CASH AND BANK BALANCES</b>		
With banks - Conventional banking		
- in saving account	<b>86,806</b>	420,716
- in current accounts	<b>13,726,701</b>	4,351,649
	<b>13,813,507</b>	4,772,365
With banks - Islamic banking		
- in current accounts	<b>12,382,088</b>	4,694,862
Cash in hand	<b>2,318,445</b>	491,215
	<b>28,514,040</b>	9,958,442





### 13 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

(Unaudited) December 31, 2018	(Audited) June 30, 2018	(Unaudited) December 31, 2018	(Audited) June 30, 2018
-----Number of shares-----		-----Rupees-----	
169,050,000	169,050,000	1,690,500,000	1,690,500,000

**13.1** The shareholders of the Company in an Extraordinary General Meeting held on February 06, 2019 approved the increase of authorized capital from PKR 1,700,000,000/-, divided into 170,000,000 ordinary shares of PKR 10/- each, to PKR 10,000,000,000/-, divided into 1,000,000,000 ordinary shares of PKR 10/- each, ranking pari pasu with the existing shares in all matters, including the right to dividend, bonus or right issues.

**13.2** The Board of Directors in their meeting held on February 19, 2019 approved the issue of 221.83% in terms of ordinary shares at exercise price of Rs. 10.

### 14 SHORT TERM BORROWINGS

The short term borrowing include both facilities for short term running finance and letter of credit available from various Islamic and conventional banks. These facilities are secured by way of hypothecation of raw material and pledge of stocks. The rates of markup ranging between three months KIBOR plus 0.5% to three months KIBOR plus 2% (June 30, 2018: three months KIBOR plus 0.5% to three months KIBOR plus 2%).

**15** This represents an interest free loan obtained from a related party for meeting the working capital requirements and is payable on demand (June 30, 2018: Rs. 422,725,648).

### 16 CONTINGENCIES AND COMMITMENTS

#### 16.1 Contingencies

The status of contingencies is same as disclosed in the annual audited financial statements for the year ended June 30, 2018.

#### 16.2 Commitments

Commitments under letter of credit for raw materials as at December 31, 2018 amounted to Rs. 515.697 million (June 30, 2018: Rs. 765.890 million).

### 17 EARNINGS PER SHARE - BASIC AND DILUTED

	Half year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Profit / (Loss) for the period	<u>146,512,500</u>	<u>(48,046,269)</u>	<u>35,266,993</u>	<u>(39,454,509)</u>
Weighted average number of ordinary shares	<u>169,050,000</u>	<u>38,552,889</u>	<u>169,050,000</u>	<u>66,950,195</u>
Earnings per share - basic and diluted	<u>0.87</u>	<u>(1.25)</u>	<u>0.21</u>	<u>(0.59)</u>





## 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.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in this condensed interim financial information, are as follows:

### 18.1 Transactions with related parties

(Unaudited)

#### 18.1.1 - Associated companies

July to December 2018      July to December 2017

##### Unity Feeds (Private) Limited

-----Rupees-----

Sale of inventory	313,982,339	-
Purchase of inventory	236,764,975	336,985,365
Purchase of Capital Assets	-	750,000,000

##### - Loan from related party

Loan received	1,972,381,419	130,011,480
Loan repaid	657,450,000	37,000,000

##### - Key management personnel

Salaries and benefits	14,564,727	1,349,623
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### 18.2 Balances with related parties

(Unaudited)      (Audited)  
December 31,      June 30,  
2018      2018

#### 18.2.1 - Associated companies

##### Unity Feeds (Private) Limited

-----Rupees-----

Receivable against sale of inventory	646,687,811	173,859,164
Payable against purchase of inventory	172,815,074	-
Advance against purchase of inventory	-	63,348,827

18.3 There are no transactions with key management personnel other than under the terms of the employment.

## 19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information have been authorized for issue on February 27, 2019 by the board of directors of the Company.

## 20 GENERAL

Figures have been rounded off to the nearest rupees.

Abdul Majeed Ghaziani  
Chairman

Muhammad Farrukh  
Chief Executive

Muhammad Farrukh Jhangda  
Chief Financial Officer





UNITY FOODS LIMITED

— food for life! —

UNITY TOWER,

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