



UNITY FOODS LIMITED

food for life!

UNITY FOODS LIMITED

UNITY TOWER,
Plot # 8 C, Block-6, P.E.C.H.S,
Karachi 75400, Pakistan
Phone: +92 21 34373605-7
Fax : 92 21 34373608
Email : info@unityfoods.pk
Website : www.unityfoods.pk

March 01, 2022

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Dear Sir,

Financial Results for the Half Year Ended December 31, 2021

We have to inform you that the Board of Directors of our Company in their meeting held on **February 28, 2022 at 12:00 noon** at the Registered Office of the Company at **Unity Tower, 8-C, Block-6, PECHS, Karachi** has recommended the following:

i)	CASH DIVIDEND	Nil
ii)	BONUS SHARES	Nil
iii)	RIGHT SHARES	Nil
iv)	ANY OTHER ENTITLEMENT / CORPORATE ACTION	Nil
iv)	ANY OTHER PRICE SENSITIVE INFORMATION	Nil

The financial results of the Company are attached.

The Half Yearly Report of the Company for the period ended December 31, 2021 will be transmitted through PUCARS separately, within the specified time.

Yours Sincerely,

Syed Muhammad Tariq Nabeel Jafri
Company Secretary





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Unity Foods Limited

Condensed Interim Unconsolidated Statement of Profit or Loss (Unaudited)

For the six months period ended 31 December 2021

	Six months period ended		Three months period ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	(Rupees)			
Net sales	36,760,599,824	29,401,164,654	20,174,098,073	17,231,887,245
Cost of sales	(33,221,324,137)	(26,912,735,549)	(17,859,774,893)	(15,745,647,931)
Gross profit	3,539,275,687	2,488,429,105	2,314,323,180	1,486,239,314
Selling and distribution expenses	(387,005,322)	(534,758,769)	(223,234,367)	(362,047,065)
Administrative expenses	(289,745,357)	(154,075,543)	(172,256,325)	(83,759,874)
Exchange gain/ (loss)	(1,097,462,047)	261,011,621	(413,655,849)	203,411,348
	(1,774,212,726)	(427,822,691)	(809,146,541)	(242,395,591)
Other expenses	(93,869,973)	(121,023,141)	(89,838,028)	(75,443,374)
Other income	325,075,557	100,081,006	172,207,665	83,148,741
	231,205,584	(20,942,135)	82,369,637	7,705,367
Finance cost	(734,428,493)	(335,112,998)	(376,822,332)	(188,642,612)
Profit before taxation	1,261,840,052	1,704,551,281	1,210,723,944	1,062,906,478
Taxation				
Current	(84,173,237)	(101,841,883)	(46,678,691)	(78,228,019)
Deferred	(91,086,253)	(78,918,718)	(48,799,769)	(51,686,304)
	(175,259,490)	(180,760,601)	(95,478,460)	(129,914,323)
Profit for the period	1,086,580,562	1,523,790,680	1,115,245,484	932,992,155
Earnings per share Basic and diluted	1.09	1.87	1.12	0.94



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CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

For the six months period ended 31 December 2021

	Six months period ended		Three months period ended	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	------(Rupees)-----			
Net sales	39,583,288,799	29,768,990,895	21,341,969,858	17,188,686,804
Cost of sales	(35,803,563,471)	(27,131,995,027)	(18,983,327,335)	(15,649,453,036)
Gross profit	3,779,725,328	2,636,995,868	2,358,642,523	1,539,233,768
Selling and distribution expenses	(682,150,572)	(616,334,662)	(319,084,546)	(406,740,219)
Administrative expenses	(304,934,793)	(163,167,138)	(179,542,003)	(88,231,368)
Exchange gain/ (loss)	(1,060,901,559)	261,011,621	(377,095,361)	203,411,348
	(2,047,986,924)	(518,490,179)	(875,721,910)	(291,560,239)
Other expenses	(93,869,973)	(126,019,468)	(89,787,402)	(77,749,832)
Other income	339,282,855	102,833,746	144,428,370	85,429,014
	245,412,882	(23,185,722)	54,640,968	7,679,182
Finance cost	(827,519,959)	(356,357,515)	(428,522,317)	(202,639,675)
Profit before taxation	1,149,631,327	1,738,962,452	1,109,039,264	1,052,713,036
Taxation				
Current	(90,091,327)	(102,531,419)	(50,383,548)	(78,228,019)
Deferred	(83,866,694)	(78,918,718)	(48,799,769)	(51,686,304)
	(173,958,021)	(181,450,137)	(99,183,317)	(129,914,323)
Profit for the period	975,673,306	1,557,512,315	1,009,855,947	922,798,713
Profit attributable to:				
Owners of the Holding Company	975,673,306	1,536,099,308	1,009,855,947	914,999,380
Non-controlling interest	-	21,413,007	-	7,799,333
	975,673,306	1,557,512,315	1,009,855,947	922,798,713
Earnings per share Basic and diluted	0.98	1.88	1.02	0.92



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Directors' Review Report

On behalf of the Board of Directors of Unity Foods Limited (UFL or the Company) we are pleased to present the Directors' Review Report for the half year ended December 31, 2021.

Unity Foods Limited:

During the six months under review, the Company's topline on an unconsolidated basis stood at PKR 36.76 billion – growth of 25% over corresponding period last year. Despite turbulent times, your Company continues to excel and grow its sales, and despite rupee devaluation and volatile commodity markets, our profit stood at PKR 1.09 billion for the period.

During the period under review, our gross margins improved from 8.46% (corresponding period last year) to 9.63%. This includes unrealized inventory gains also reported for the last quarter, as stated in the previous Directors' Review Report, contributing to the overall gross margins.

However, owing to unprecedented and unpredictable rupee devaluation during the period, our bottom-line has been adversely affected by PKR 1,097.5 million which comprises of PKR 753.7 million realized exchange loss whereas the remaining PKR 343.7 million represents unrealized exchange loss. The unrealized loss corresponds to inventory held by the Company at cost having higher Net Realizable Value (NRV) on the balance sheet date. The impact of unrealized exchange losses, till the time of realization, may vary (positively or negatively) in line with exchange rate movement.

Moreover, given high commodity prices and enhanced working capital requirements, your Company had announced a rights issue of PKR 5.4 billion during the quarter under review. We are happy to inform that Alhamdollah, with the relentless support of our shareholders, the Company has successfully raised the said amount and is now geared to sustain and grow operations.

Sunridge Foods (Private) Limited:

During the half year, Sunridge Foods (Pvt) Ltd., a 100% owned subsidiary of Unity Foods posted sales of PKR 2.89 billion and a net loss of PKR 110.9 million was reported. The total sales grew over 1.72 times compared to the six months ended December 2020 owing largely to rapid expansion of their brand, higher volumes and rising local prices. The company's selling and distribution expense in this segment have also increased by over 264%, largely as part of our brand building activities, fruits of which will be reaped in the years to come.



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Consolidated Financials:

On a consolidated basis, our topline sales stood at around PKR 39.6 billion.

KEY FINANCIAL HIGHLIGHTS (Consolidated) PKR 'millions'	1HFY22	1HFY21	FY21	FY20
Net Sales	39,583	29,769	68,831	30,480
Gross Profits	3,780	2,637	5,651	2,100
Operating Profits	2,793	1,857	4,004	1,122
Net Income/ (Loss)	976	1,557	3,338	214
Earnings/ (Loss) per Share (PKR)	0.98	1.88	3.61	0.36
Total Assets	53,510	40,185	44,186	19,541
Total Equity	17,162	11,817	13,188	5,893

Ratio Analysis	1HFY22	1HFY21	FY21	FY20
Gross Margins	9.55%	8.86%	8.21%	6.89%
Operating Margins	7.06%	6.24%	5.82%	3.68%
Net Margins	2.47%	5.23%	4.85%	0.70%
Asset Turnover	0.81	1.00	2.16	2.03
Current Ratio	1.21	1.19	1.14	1.16

Future Outlook

The challenge to the global economy continues as there is no letup in high commodity and energy prices and the surge remain relentless as we report. The situation is further exacerbated by geo-political uncertainty which is expected to enhance volatility.

Despite these challenges, the management continues to remain nimble and is actively monitoring inventory positions and ensuring operational excellence to maintain profitability.

The Company is now focusing on consolidating in the markets where it has achieved optimal product penetration. It will continue to build relations with both its suppliers and distributors for smooth and efficient delivery of goods, while continuing to increase its market share with respect to consumer packs.

The Company will also continue to develop its client base in the Industrial/Commercial segment. With the country recovering smoothly from the adverse effects of COVID, the Company expects HORECA sector to achieve full strength and complement the already supportive demand.



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Import prices are expected to remain high owing to low global production amongst various agricultural commodities. Palm Oil prices currently at record highs due to interventions made by government of Indonesia to limit local price hikes (taking the impact of demand supply gap onto export prices). Demand rationing is expected as food basket prices continue to be out of reach of end consumers and a similar pattern is expected for buyers of animal feed ingredients.

High inflationary environment may require government intervention through fiscal and monetary tools, which may lead to a rise in finance costs as well. Overall, the market is not expected to normalize in the short term; keeping prices high and affordability low.

Risks and Uncertainties

The Company faces risks or uncertainty primarily in two exogenous factors i.e. commodity prices and currency exchange rate movements as its operations are dependent upon import of oil seeds, edible oil and animal feed ingredients. The management takes all possible measures to evaluate, monitor, contain and control the risk and has been successful in keeping the impact of adverse price and exchange rate movements on Company's profitability to a minimum by prudent supply chain management.

Commitments and Contingencies

There have 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.



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Financial Results

Summary of financial operations of the Company for first half year ended December 31, 2021 is provided below:

	Consolidated	Unconsolidated
	PKR	
Net sales	39,583,288,799	36,760,599,824
Cost of sales	(35,803,563,471)	(33,221,324,137)
Gross profit	3,779,725,328	3,539,275,687
Selling and distribution expenses	(682,150,572)	(387,005,322)
Administrative expenses	(304,934,793)	(289,745,357)
Exchange loss	(1,060,901,559)	(1,097,462,047)
	(2,047,986,924)	(1,774,212,726)
Other expenses	(93,869,973)	(93,869,973)
Other income	339,282,855	325,075,557
	245,412,882	231,205,584
Finance cost	(827,519,959)	(734,428,493)
Profit before taxation	1,149,631,327	1,261,840,052
Taxation		
Current	(90,091,327)	(84,173,237)
Deferred	(83,866,694)	(91,086,253)
	(173,958,021)	(175,529,490)
(Loss) / profit after taxation	975,673,306	1,086,580,582
Basic and diluted (loss) / earnings per share	0.98	1.09



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Acknowledgement

Alhamdulillah, we are humbled and grateful to our various stakeholders including the shareholders, bankers and others for the faith imposed in the Company that helped our growth over the last four years. We thank them for their relentless support, as without this backing it would not have been 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 also acknowledge the efforts and hard work of our committed human resource for the extraordinary efforts they put in to bring to fruition the outstanding results. We expect continued efforts from our employees to attain higher goals going forward.

For and on behalf of the Board,

Muhammad Farrukh
Chief Executive

Abdul Majeed Ghaziani
Director

Karachi
February 28, 2022