

GROWTH THROUGH DIVERSIFICATION



Mission

To be an agent of positive change for the stakeholders and community by pursuing an ethical and sustainable business

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Consolidated Condensed Interim Financial Statements

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Company Information

Board of Directors

Musadaq Zulfqarnain

Chairman / Non-Executive Director

Navid Fazil

Chief Executive Officer / Executive Director

Muhammad Maqsood

Executive Director / Group CFO

Jahan Zeb Khan Banth

Non-Executive Director

Shereen Aftab

Non-Executive Director

Saeed Ahmad Jabal

Independent Director

Tariq Iqbal Khan

Independent Director

Chief Financial Officer

Muhammad Maqsood

Company Secretary

Rana Ali Raza

Head of Internal Audit

Jamshaid Iqbal

Auditors

Kreston Hyder Bhimji & Co.,

Chartered Accountants

Legal Advisor

HaidermotaBNR & Co

Share Registrar

CDC Share Registrar Services Limited

Karachi Office:

Share Registrar Department
CDC House, 99 - B, Block B,
S.H.C.H.S, Main Shahra - e - Faisal,
Karachi

Tel: +92-21-111-111-500

Fax: +92-21-34326031

Lahore Office:

Mezzanine Floor,
South Tower, LSE Plaza,
19-Khayaban - e - Aiwan - e - Iqbal, Lahore

Tel: +92-42-36362061-66

Audit Committee

Tariq Iqbal Khan

Chairman

Saeed Ahmad Jabal

Member

Jahan Zeb Khan Banth

Member

Human Resource & Remuneration Committee

Saeed Ahmad Jabal

Chairman

Navid Fazil

Member

Jahan Zeb Khan Banth

Member

Nomination Committee

Musadaq Zulqarnain

Chairman

Navid Fazil

Member

Muhammad Maqsood

Member

Bankers

Allied Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank Pak Limited
The Bank of Punjab
United Bank Limited

Registered Office

Interloop Limited
Al - Sadiq Plaza, P - 157,
Railway Road, Faisalabad, Pakistan
Phone: +92-41-2619724
Fax: +92-41-2639400
Email:
corporatecommunication@interloop.com.pk
Website: www.interloop-pk.com

Plant Site

Plant 1:

1 - KM Khurrianwala - Jaranwala Road,
Khurrianwala,
Faisalabad, Pakistan.
Phone: +92-41-4360400
Fax: +92-41-2428704

Plant 2 & 4:

7 - KM Khurrianwala - Jaranwala Road,
Khurrianwala, Faisalabad, Pakistan.
Phone: +92-41-4360400
Fax: +92-41-47035005

Plant 3:

8 - KM, Manga - Raiwind Road, Distt.
Kasur, Lahore, Pakistan.
Phone: +92-42-35393643
Fax: +92-42-35393649

Directors' Review

The Board of Directors are pleased to present to you the brief report together with the operational and financial results of the Company, reviewed by the statutory auditors, for the half year ended December 31, 2019.

Economic Overview

Overall, economic and business environment continued to be very challenging for all businesses in Pakistan. The GDP growth was 3.3% in 2019, down from 5.5% in 2018 and GDP growth projected for the current fiscal year (2020) is 2.4%. Growth will be challenging in FY 2020 amid ongoing fiscal consolidation which includes revenue-raising and expenditure-controlling efforts, and softer private spending growth. However, the management did its utmost to mitigate the challenges and achieved sales of Rs. 19,225 million in the first six months of current fiscal year 2019-20 versus Rs. 17,933 million during the same period of the preceding year. The management remains focused on managing the increasing cost of doing business with high interest rates, inflation in other costs lines as well as higher cost of raw materials due to Rupee devaluation/ inflation, being major concerns.

Industry Overview

The calendar year 2019 has brought some relief to the textile industry as it has managed to perform better than the other sectors and has made exports of around \$12.45 billion in 11 months (Jan-Nov). In particular, textile exports grew 4.68% to \$5.76 billion during July 2019 to November 2019, compared to the same period of the preceding year. Textile and clothing exports in 11 months of 2019 also negligibly rose by 1% year-on-year. On the other hand, investment in the textile sector for replacing and installing new imported machinery increased by 17%. The readymade garments exports reported the highest growth of 32% and the knitwear segment as 17% in first 11 months of 2019 (Jan-Nov 2019).

Although, the industry was promised energy supplies at subsidized tariffs as part of the government's incentive package, the decision approved by the Economic Coordination Committee, could not be implemented in true letter and spirit. The textile industry has also lost its zero-rated status in the 2019-20 budget and is required to pay sales tax from the current fiscal year. Despite these factors, the Company performed with great resilience and maintained its position in the domestic and foreign markets.

Financial and Operating Results

We report that during the six months' period ending on December 31, 2019, the Company achieved net sales of Rs. 19,225 million, an increase of 7% on YoY basis. The Company has successfully managed to increase its sales volume, despite challenging economic factors and continued troubles facing the industry. Costs of production have increased in the current period by almost 19% on account of increased rates of yarn, raw cotton, and chemical and dyes, combined with appreciation of PKR which resulted in foreign exchange loss of Rs. 457 million, whereas during corresponding period there was a foreign exchange gain of Rs. 1,000 million (total impact is Rs. 1,457 million as compared to corresponding period).

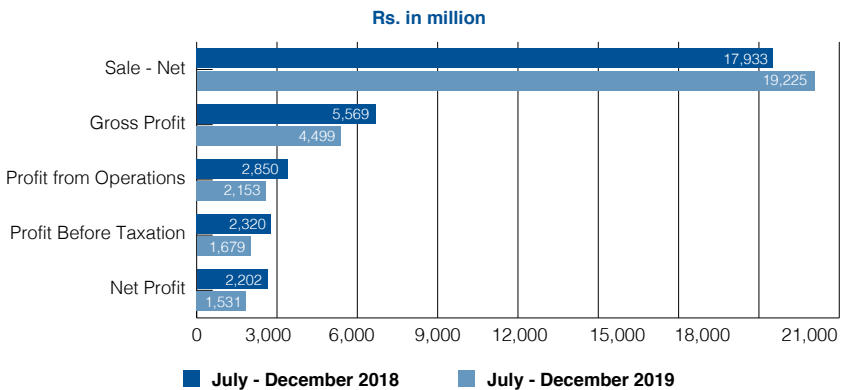
All these factors led to a decrease in Gross Profit to Rs. 4,499 million from Rs. 5,569 million in preceding year. However, distribution and general administrative expenses reduced to Rs. 2,173 million, a decrease of 8% that is mainly due to effective negotiations by our sales and marketing teams for lower selling commission rates for export sales. Reduction in other expenses, including financial charges & other operating expenses, also contributed significantly to the bottom line. These reached to Rs. 708 million which is an encouraging 23% lower than the corresponding period. Effective financial risk management policies resulted in an increase in other income by 3.5 times in the current half year as compared to the corresponding period. As a result, the Company registered profit before taxation of Rs. 1,679 million during these six months. Profit after taxation was reported at Rs. 1,531 million. This translated into Earnings per Share (EPS) of Rs. 1.7556 as against Rs. 2.8884 of corresponding period.

Pertinent to mention here that the 1st half of ongoing FY remained lean due to the seasonal impact whereas 2nd half results are going to be much better. Over & above, the Denim Plant of 20,000 pieces per day capacity has completed its trial run and commenced commercial production from 1st December, 2019. Therefore, profitability of the Company during half year under review has also been affected by initial losses and pre-commencement administrative expense amounting to Rs. 139 million of Denim Plant.

The summarized un-audited financial results for the half year ended December 31, 2019 as against December 31, 2018 are as follows:

Summarized Financial Results

	July - December		
	Variance	2019	2018
	Rs. in Million		
Sales without Exchange Rate Impact	2,749	19,682	16,933
Exchange Gain/(Loss)	(1,457)	(457)	1,000
Sales - Net	1,292	19,225	17,933
Gross Profit	(1,070)	4,499	5,569
Profit from Operations	(697)	2,153	2,850
Profit before Taxation	(641)	1,679	2,320
Net Profit	(671)	1,531	2,202



Future Outlook

Pakistan entered its 22nd arrangement with the IMF in July 2019, as a result of its severe balance-of-payments difficulties. The combination of a heavier tax burden across the economy, weaker government spending on public services and tighter monetary policy will hamper investment and economic growth in coming years (2020-2024). While the macroeconomic scenario paints a picture of cautious optimism, the Company is confident and aspires to continue its journey with its sights set on sustained & qualitative long-term growth, leading to creation of significant value for all its stakeholders.

Since, the Denim Plant as just started its commercial production from 1st December, 2019, sale of Denim Apparel will contribute to the top-line. However, it will incur losses for few more months and probably reduce bottom line of Company's P/L account. Designing and technical planning for the Plant 5 of socks has also been completed and civil work will start soon. Furthermore, to meet the increased demand of our customers, the Company imported 300 machines of Plant 5 and managed to install these within the existing infrastructure for the time being. These machines will also contribute to our future results.

Consolidated Financial Statements:

IL Apparel (Pvt) Limited is the wholly owned subsidiary company of Interloop Limited. Therefore, the Company has annexed consolidated interim financial information in addition to its unconsolidated interim financial information, in accordance with the requirements of International Financial Reporting Standards.

Acknowledgement:

The Board is pleased to place on record its profound gratitude to our valued customers for their confidence in our products and pledge to provide them the best quality in continually improving our products. We also thank our shareholders, banks, financial institutions for their confidence in our Company and assure them that we are committed to do our best to ensure best rewards for their investment in the Company. During the period under review, relations between the management and employees remained cordial and we wish to place on record our appreciation for the dedication, perseverance and diligence of the employees of the Company.

On behalf of the Board of Directors



MUHAMMAD MAQSOOD
(Director)



JAHAN ZEB KHAN BANTH
(Director)

Place: Faisalabad

Date: February 14, 2020

مستقبل کا نقطہ نظر:

اوانیگیوں میں شدید عدم مطابقت کے نتیجے میں پاکستان کو جولائی 2019ء میں بانسیوس دفعہ آئی ایم ایف کی معاونت حاصل کرنا پڑی۔ معیشت پر بھاری ٹیکس کے بوجھ حکومت کے عوامی منصوبوں پر کم بجٹ کا استعمال اور سخت مالیاتی پالیسی، مستقبل کے سالوں (2020-2024) میں سرمایہ کاری اور معاشی ترقی میں رکاوٹ بنے گی۔ جبکہ مائیکرو اکنامک کا منظر نامہ محتاط اُمید کی منظر کشی کرتا ہے۔ کپنی طویل المعیاد پائیدار اور معیاری ترقی کا سفر جاری رکھے گی جو کہ سٹیک ہولڈرز کیلئے نمایاں فوائد کا پیش خیمہ ثابت ہوگا۔

جیسا کہ ڈیٹیم یونٹ نے اپنی پیدوار کا 01 دسمبر 2019ء سے آغاز کر دیا ہے تو اب ڈیٹیم اپیرل کی فروخت، کاروبار میں نمایاں حصہ ڈالے گی۔ تاہم اس کی وجہ سے ابھی چند مزید میٹوں تک نقصان برداشت کرنا پڑے گا جس سے یقیناً کپنی کے پی/ایل اکاؤنٹ میں کمی واقع ہوگی۔ ہوزری پلانٹ 5 کی ڈیزائننگ اور ٹیکنیکل پلاننگ مکمل ہو چکی ہے اور سول کاموں کا آغاز بہت جلد کر دیا جائیگا۔ مزید یہ کہ کسٹمرز کی بڑھتی مانگ کے باعث کپنی نے پلانٹ 5 کیلئے 300 مشینیں درآمد کی ہیں اور فی الحال یہ موجودہ انفراسٹرکچر میں ہی نصب کی گئی ہیں۔ یہ مشینیں مستقبل میں ہمارے نتائج پر مثبت اثرات مرتب کریں گی۔

مجموعی مالی سٹیٹمنٹس:

آئی ایل اپیرل (پرائیویٹ) لمیٹڈ جو کہ انٹرویوپ لمیٹڈ کی مکمل ملکیتی ذیلی کپنی ہے۔ اس لئے کپنی نے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کے مطابق الگ انٹیرم فنانشل معلومات کے ساتھ ساتھ مجموعی انٹیرم فنانشل معلومات بھی منسلک کی ہیں۔

اظہار تشکر:

بورڈ! اپنے معزز صارفین کا کپنی کی مصنوعات پر بے پناہ اعتماد دکھانے پر تہ دل سے شکر گزار ہے اور معیار میں مسلسل بہتری کے ذریعے انہیں اعلیٰ کوالٹی کی مصنوعات کی فراہمی کا عہد کرتا ہے۔ ہم اپنے شیئرز، ہولڈرز، بینکوں اور مالی اداروں کے بھی شکر گزار ہیں جنہوں نے ہم پر بھروسہ رکھا اور ہم ان کی سرمایہ کاری کے عوض بہترین منافع کیلئے اپنی تمام کاوشیں بروئے کار لانے کی یقین دہانی کرواتے ہیں۔ زریعہ جائزہ سال کے دوران انتظامیہ اور ملازمین کے درمیان تعلق انتہائی مثالی رہا اور ہم کپنی ملازمین کی لگن، محنت اور مستقل مزاجی پر انہیں خراج تحسین پیش کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

Talwan Zed
جہانزیب خان ہانٹھ
(ڈائریکٹر)


محمد مقصود
(ڈائریکٹر)

مقام: فیصل آباد

تاریخ: 14 فروری 2020

ان تمام عوامل کے باعث مجموعی منافع میں گزشتہ سال کے 5,569 ملین روپے منافع میں اس سال 4,499 ملین روپے تک کمی واقع ہوئی۔ تاہم ہماری سٹیز اور مارکیٹنگ ٹیموں کی برآمدی سٹیز کیلئے کم فروخت کمیشن رٹس کی بات چیت کی بدولت ڈسٹری بیوشن اور عمومی اخراجات میں 2,173 ملین روپے (8 فیصد) تک کمی ہوئی۔ دیگر اخراجات بشمول مالی چارجز اور آپریٹنگ اخراجات میں کمی نے بھی اس میں نمایاں حصہ ڈالا۔ یہ اخراجات گزشتہ سال کے دورانیہ کے مقابلہ میں 23 فیصد کمی کے ساتھ 708 ملین روپے رہے۔ موثر رسک مینجمنٹ پالیسیوں کی بدولت دیگر آمدن میں گزشتہ سال کے انہی چھ ماہ کے مقابلہ میں 3.5 گنا اضافہ ہوا۔ جس کے نتیجے میں کمپنی کو اس مدت میں 1,679 ملین روپے منافع قبل از ٹیکس حاصل ہوا جبکہ منافع بعد از ٹیکس 1,531 ملین روپے رہا۔ آمدن فی شیئر (EPS) گزشتہ سال کے 2.8884 روپے کے مقابلہ میں 1.7556 روپے رہی۔

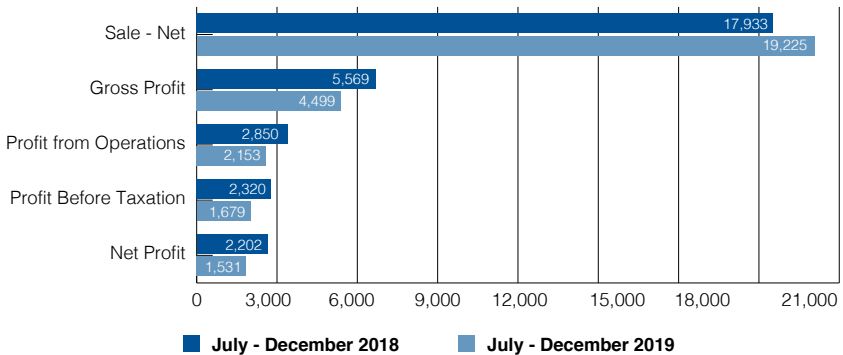
یہ امر قابل ذکر ہے کہ موسمی اثرات کے سبب رواں مالی سال کا پہلا نصف عمومی رہا جبکہ دوسرے نصف میں بہتر نتائج متوقع ہیں۔ علاوہ ازیں 20,000 پرسن فی دن کی صلاحیت کا عامل ڈیم پونٹ اپنی آزمائشی مدت پوری کر چکا ہے اور 01 دسمبر 2019 سے یہاں سے پیداوار کا آغاز کیا جا چکا ہے۔ اس لئے زیر جائزہ نصف سال کیلئے کمپنی کا منافع ڈیم ڈویژن کے ابتدائی نقصانات اور پیشگی آغاز انتظامی اخراجات کی وجہ سے 139 ملین روپے تک متاثر ہوا۔

نصف سال ختم 31 دسمبر 2019 کے مختصر فیور ڈٹ شدہ مالی نتائج مجموعہ نصف سال ختم 31 دسمبر 2018 درج ذیل ہیں:

مختصر مالی نتائج:

جولائی تا دسمبر			تبدیلی	
2018	2019			
ملین روپے				
16,933	19,682	2,749		آکسیجن ریٹ اثرات کے بغیر سٹیز
1,000	(457)	(1,457)		آکسیجن منافع/(نقصان)
17,933	19,225	1,292		سٹیز - مجموعی
5,569	4,499	(1,070)		مجموعی منافع
2,850	2,153	(697)		آپریٹنگ سے منافع
2,320	1,679	(641)		منافع قبل از ٹیکس
2,202	1,531	(671)		مجموعی منافع

Rs. in million



ڈائریکٹرز جائزہ

بورڈ آف ڈائریکٹرز 31 دسمبر 2019ء کا اختتام پذیر ہونے والے نصف سال کیلئے کمپنی کے عملی اور مالی نتائج کی قانونی آڈیٹرز کی نظر ثانی کردہ جامع رپورٹ پیش کرتے ہوئے انتہائی خوشی محسوس کر رہے ہیں۔

اقتصادی جائزہ:

مجموعی طور پر پاکستان میں تمام کاروباروں کیلئے اقتصادی اور کاروباری ماحول میں مشکلات کا تسلسل جاری رہا۔ سال 2019 میں جی ڈی پی کی شرح 3.3 فیصد رہی جو کہ 2018 میں 5.5 فیصد تھی اور موجودہ مالی سال 2020 میں 2.4 فیصد رہنے کی توقع ہے۔ موجودہ مالی استحکام کی کوششوں کے چلتے، مالی سال 2020 میں ترقی کی شرح پبلیشرز سے بھرپور رہے گی۔ تاہم انتظامیہ نے مشکلات میں کمی کیلئے اپنی انتہائی کوششیں بروئے کار لائیں اور موجودہ مالی سال 2019-20 کے پہلے 6 ماہ میں 19,225 ملین روپے کی سبز حاصل کرنے میں کامیاب رہی جو کہ گزشتہ سال کے اسی دورانیہ میں 17,933 ملین روپے تھی۔ انتظامیہ زیادہ شرح سود، دیگر لاگت میں اضافہ اور روپے کی قدر میں کمی/مہنگائی کی وجہ سے خام مال کی قیمت میں بڑھاؤ جیسے بنیادی مسائل کو مد نظر رکھتے ہوئے کاروباری اخراجات کو قابو میں لانے پر پوری توجہ مرکوز کیے ہوئے ہے۔

انڈسٹری کا جائزہ:

سال 2019 نیکیٹائل انڈسٹری کیلئے کسی حد تک بہتر ہوا اور دیگر نیکیٹرز کے مقابلہ میں اچھی کارکردگی دکھانے میں کامیاب رہا۔ جنوری 2019 تا نومبر 2019 کے 11 ماہ کے دوران نیکیٹائل برآمدات تقریباً 12.45 بلین ڈالر رہیں جبکہ جولائی 2019 سے نومبر 2019 کے دوران نیکیٹائل برآمدات گزشتہ سال کے اسی دورانیہ کے مقابلہ میں 4.68 فیصد اضافے کے ساتھ 5.76 بلین ڈالر رہیں۔ سال 2019 کے 11 ماہ میں نیکیٹائل اور لیوسات کی برآمد میں بھی سال در سال 1 فیصد کا معمولی اضافہ ہوا۔ جبکہ دوسری جانب نیکیٹائل کے شعبہ میں نئی درآمد کردہ مشینری کی تبدیلی اور تنصیب کیلئے سرمایہ کاری میں 17 فیصد اضافہ ہوا۔ سال 2019 کے پہلے 11 ماہ (جنوری تا نومبر) میں ریڈی میڈ گارمنٹس کی برآمد میں 32 فیصد اور نٹ ویئر کے شعبہ میں 17 فیصد اضافہ ہوا۔

اگرچہ حکومت کے سبسڈی پیکیج میں نیکیٹائل کے شعبہ کو کم ریٹس پر بجلی فراہمی کا وعدہ کیا گیا تھا اور اکتانامک کوآرڈینیشن کمیٹی کی جانب سے بھی منظوری دے دی گئی تھی مگر حیح معنوں میں اس پر عملدرآمد نہیں کیا جا سکا۔ سال 2019-20 کے بجٹ میں انڈسٹری کو دی گیا زیرو ریڈیڈ انڈسٹریس بھی واپس لے لیا گیا جس کے بعد موجودہ مالی سال سے انڈسٹری کو سبڈی ٹیکس بھی ادا کرنا ہوگا۔ ان تمام عوامل کے باوجود کمپنی نے انتہائی مستحکم رہتے ہوئے مقامی اور بین الاقوامی منڈیوں میں اپنا درجہ برقرار رکھا۔

مالی اور عملی نتائج:

31 دسمبر 2019ء کو اختتام پزیر ہونے والے 11 ماہ کی مدت تک کمپنی 19,225 ملین روپے کی مجموعی سیلز کی حد عبور کرنے میں کامیاب رہی جو کہ گزشتہ سال کے اسی دورانیہ کے مقابلہ میں 7 فیصد زیادہ ہے۔ کمپنی کٹھن معاشی حالات اور انڈسٹری کو درپیش مسائل میں تسلسل کے باوجود بیلز کے حجم میں اضافہ لانے میں کامیاب رہی۔ سوت، خام روئی، نیکیٹائل اور ڈائریکٹری قیمتوں میں اضافہ اور روپے کی قدر کی وجہ سے موجودہ دورانیہ میں پیداواری لاگت میں 19 فیصد اضافہ ہوا۔ مجموعی طور پر اس سال فارن ایکسچینج ریٹ کی بدولت 457 ملین روپے کا نقصان ہوا جو کہ پچھلے سال 1,000 ملین فائدہ تھا۔

Independent Auditors' Review Report to the Members of Interloop Limited

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Interloop Limited ("the Company") as at December 31, 2019 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the six-month period 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

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

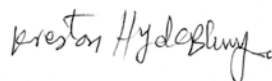
Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

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



Place: Faisalabad
Date: February 14, 2020

KRESTON HYDER BHIMJI & CO.
Chartered Accountants

Unconsolidated Condensed Interim Financial Statements

For the Quarter and Half Year Ended December 31, 2019

Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2019

	Note	Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
Assets			
Non Current Assets			
Property, plant and equipment	5	21,526,549	18,256,474
Intangible assets		75,272	66,161
Long term investments	6	1,854,980	1,008,735
Long term loans - staff		103,740	65,762
Long term deposits		37,550	28,019
		23,598,091	19,425,151
Current Assets			
Stores and spares		1,046,351	887,659
Stock in trade		9,221,958	6,282,491
Trade debts	7	9,732,425	8,247,740
Loans and advances		1,441,963	1,063,342
Deposits, prepayments and other receivables		348,250	204,985
Tax refunds due from Government		2,200,004	1,925,439
Derivative financial instruments		23,360	–
Short term investments		–	1,207,251
Cash and bank balances		374,362	1,538,564
		24,388,673	21,357,471
Total Assets		47,986,764	40,782,622

	Note	Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
Equity and Liabilities			
Share Capital and Reserves			
Authorized share capital	8	10,000,000	10,000,000
Issued, subscribed and paid up capital	9	8,721,975	8,721,975
Share premium		3,791,602	3,791,602
Unappropriated profit		5,370,420	5,366,207
		17,883,997	17,879,784
Non Current Liabilities			
Long term financing	10	4,243,055	3,628,745
Lease liabilities		25,524	–
Deferred liabilities		2,789,751	2,482,623
		7,058,330	6,111,368
Current Liabilities			
Trade and other payables		3,611,718	3,576,861
Dividend payable		7,797	130,935
Accrued mark up		252,730	110,483
Short term borrowings		18,343,425	11,726,000
Current portion of non current liabilities		828,767	1,247,191
		23,044,437	16,791,470
Contingencies and Commitments	11	–	–
Total Equity and Liabilities		47,986,764	40,782,622

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


Director


Director


Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss

For the Quarter and Half Year Ended December 31, 2019

Note	Quarter ended		Half year ended	
	Unaudited December 31, 2019 (Rupees in '000)	Unaudited December 31, 2018 (Rupees in '000)	Unaudited December 31, 2019 (Rupees in '000)	Audited December 31, 2018 (Rupees in '000)
Sales - net	9,868,294	9,219,766	19,224,717	17,933,452
Cost of sales 12	(7,516,444)	(6,123,896)	(14,725,275)	(12,364,246)
Gross profit	2,351,850	3,095,870	4,499,442	5,569,206
Distribution costs	(320,766)	(662,935)	(1,044,781)	(1,402,729)
Administrative expenses	(612,065)	(462,683)	(1,128,466)	(947,799)
Other operating expenses 13	(179,825)	(323,384)	(233,681)	(385,416)
Other income	55,630	16,900	60,274	16,969
	(1,057,026)	(1,432,102)	(2,346,654)	(2,718,975)
Profit from operations	1,294,824	1,663,768	2,152,788	2,850,231
Finance cost	(306,098)	(314,189)	(474,083)	(530,012)
Profit before taxation	988,726	1,349,579	1,678,705	2,320,219
Taxation	(76,492)	(30,777)	(147,479)	(118,308)
Profit for the period	912,234	1,318,802	1,531,226	2,201,911
Earnings per share - basic (Rupees)	1.0459	1.7297	1.7556	2.8884
Earnings per share - diluted (Rupees)	1.0459	1.7276	1.7556	2.8880

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


Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Quarter and Half Year Ended December 31, 2019

	Quarter ended		Half year ended	
	Unaudited December 31, 2019 (Rupees in '000)	Unaudited December 31, 2018 (Rupees in '000)	Unaudited December 31, 2019 (Rupees in '000)	Audited December 31, 2018 (Rupees in '000)
Profit for the period	912,234	1,318,802	1,531,226	2,201,911
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Total comprehensive income for the period	912,234	1,318,802	1,531,226	2,201,911

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


Director


Director


Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes In Equity

For the Half Year Ended December 31, 2019

	Capital reserve		Revenue reserves		Total
	Share capital	Share premium	Employee share option compensation reserve	Unappropriated profit	
(Rupees in '000)					
Balance as at July 01, 2018 - Audited	1,901,104	30,255	8,608	7,142,570	9,082,537
Profit for the period	-	-	-	2,201,911	2,201,911
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	2,201,911	2,201,911
Issuance of share capital	5,723,313	(30,255)	-	(5,688,058)	5,000
Balance as at December 31, 2018 - Audited	7,624,417	-	8,608	3,656,423	11,289,448
Balance as at July 01, 2019 - Audited	8,721,975	3,791,602	-	5,366,207	17,879,784
Profit for the period	-	-	-	1,531,226	1,531,226
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	1,531,226	1,531,226
Effect of initial application of IFRS-16	-	-	-	(667)	(667)
Transactions with owners:					
Dividend to ordinary shareholders	-	-	-	(1,526,346)	(1,526,346)
Balance as at December 31, 2019 - Unaudited	8,721,975	3,791,602	-	5,370,420	17,883,997

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

Unconsolidated Condensed Interim Statement of Cash Flows

For the Half Year Ended December 31, 2019

	Unaudited December 31, 2019 (Rupees in '000)	Audited December 31, 2018 (Rupees in '000)
a) Cash Flows From Operating Activities		
Profit before taxation	1,678,705	2,320,219
Adjustments for:		
Depreciation	853,447	785,503
Depreciation on right of use assets	6,359	-
Amortization	7,142	4,251
Workers' profit participation fund	88,352	122,117
Staff retirement gratuity	367,733	250,483
Employee share option compensation expense	-	4,150
Loss on disposal of property, plant and equipment	11,162	11,630
Unrealized gain on derivative financial instruments	(23,360)	-
Realized gain on derivative financial instruments	(3,655)	-
Remeasurement loss on investments in mutual funds	6,110	14,999
Profit on TDRs	(3,586)	(182)
Profit on TFCs	(21,140)	-
Interest on loan to Metis International (Pvt) Ltd	(2,167)	(3,458)
Interest on receivables from IL Bangla Limited	(2,898)	-
Finance cost	474,083	530,012
Operating cash flows before working capital changes	3,436,287	4,039,724
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(158,692)	(90,463)
Stock in trade	(2,939,467)	(3,264,405)
Trade debts	(1,484,685)	(1,221,273)
Loans and advances	(371,950)	(724,013)
Deposits, prepayments and other receivables	(138,201)	29,610
Tax refunds due from Government	(73,119)	(149,218)
Short term investment in mutual funds - net	124,785	(3,941)
Increase in current liabilities		
Trade and other payables	234,827	162,697
	(4,806,502)	(5,261,006)
Cash used in operations	(1,370,215)	(1,221,282)
Finance cost paid	(329,021)	(391,285)
Income tax paid	(213,825)	(8,274)
Staff retirement gratuity paid	(63,605)	(67,316)
Workers' profit participation fund paid	(291,135)	(232,068)
Long term loans paid	(44,650)	(32,308)
Long term deposits paid	(9,531)	(2,178)
Profit received from investment in TDRs	3,586	182
Net cash used in operating activities	(2,318,396)	(1,954,529)

	Note	Unaudited December 31, 2019 (Rupees in '000)	Audited December 31, 2018 (Rupees in '000)
b) Cash Flows From Investing Activities			
Additions in:			
Property, plant and equipment		(4,119,086)	(1,502,656)
Intangible assets		(16,252)	(95)
Proceeds from disposal of property, plant and equipment		17,088	17,145
Long term investments		(845,000)	(449,000)
Profit received from investments in TFCs		19,895	-
Net cash used in investing activities		(4,943,355)	(1,934,606)
c) Cash Flows From Financing Activities			
Long term financing obtained		2,061,869	3,159,514
Repayment of long term financing		(1,872,372)	(454,270)
Payment of lease rentals		(4,799)	(847)
Short term borrowings - net		6,617,425	1,914,871
Settlement of derivative financial instruments		3,655	-
Share capital issued		-	5,000
Dividend paid		(1,649,484)	(475,276)
Net cash generated from financing activities		5,156,294	4,148,992
Net (decrease)/increase in cash and cash equivalents	(a+b+c)	(2,105,457)	259,857
Cash and cash equivalents at beginning of the period		2,479,819	193,687
Cash and cash equivalents at end of the period	14	374,362	453,544

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

Notes to the Unconsolidated Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019

1. Legal Status and Operations

Interloop Limited (the Company) was incorporated in Pakistan on April 25, 1992 as a private limited company and subsequently it was converted into public limited company on July 18, 2008 and was listed on Pakistan Stock Exchange on April 5, 2019. The registered office of the Company is situated at Al-Sadiq Plaza, P-157, Railway Road, Faisalabad. The manufacturing facilities are located at 1-km, 7-km Jaranwala Road, Khurrianwala, Faisalabad and 8-km Manga Mandi, Raiwand road, Lahore. The Company is engaged in the business of manufacturing and selling of socks, leggings, denim and yarn, providing yarn dyeing services and generating electricity for its own use.

2. Basis of Preparation

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

- International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and
- Provisions of and directives issued under the Companies Act, 2017.

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

These unconsolidated condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended June 30, 2019.

3. Critical Accounting Estimates and Judgments

The preparation of unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these unconsolidated condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimates were the same as those applied to the annual unconsolidated financial statements of the Company for the year ended June 30, 2019.

4. Summary of Significant Accounting Policies

The accounting policies adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual audited unconsolidated financial statements of the Company for the year ended June 30, 2019, except as follows:

4.1 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company has not designated any derivatives as hedging instruments and accordingly, the changes in fair value re-measurement are recognised in the profit and loss account. Trading derivatives are classified as a current asset or liability.

4.2 New Standards, Interpretations and Amendments

The Company has adopted the following amendments and interpretation of IFRSs which became effective in the current period:

- IFRS 16 - Leases

The Company has initially adopted IFRS 16 'Leases' from July 01, 2019, which replaces IAS-17 'Leases' and its related interpretations. IFRS 16 introduces a single, on balance sheet accounting model for leases. As a result the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at July 01, 2019. Accordingly, the comparative information presented has not been restated.

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that leases provide relevant information that faithfully represents those transaction. The standard provides a single accounting model, requiring lessee to recognize assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value.

Under IFRS 16, assets leased by the Company are being recognized on the statement of financial position of the Company with a corresponding liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from July 01, 2019. Instead, depreciation and interest expenses are recorded stemming from the newly recognized lease assets and lease liabilities.

The impact of adoption of IFRS 16 is as follows:

	Rupees in '000
Expense charged to unappropriated profit	667
Non Current Assets	
Property, plant and equipment	
Right of use assets	35,511
Non Current Liabilities	
Lease liabilities	28,696
Current Liabilities	
Current portion of non current liabilities	
Lease liabilities	7,482

	Note	Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
5 Property, Plant and Equipment			
Operating fixed assets	5.1	20,439,136	17,038,440
Capital work-in-progress	5.2	1,057,727	1,218,034
Right of use assets		29,686	–
		21,526,549	18,256,474
5.1 Operating fixed assets			
Cost			
Opening balance		27,616,301	24,363,838
Additions during the period/year	5.1.1	4,292,060	3,718,009
Disposals during the period/year		(81,107)	(465,546)
Closing balance		31,827,254	27,616,301
Accumulated depreciation			
Opening balance		10,577,861	9,211,294
Depreciation expense for period/year		853,447	1,641,234
Depreciation charged to trial production cost		9,667	4,322
Depreciation on assets disposed off during the period/year		(52,857)	(278,989)
Closing balance		11,388,118	10,577,861
Written down value		20,439,136	17,038,440
5.1.1 Additions during the period/year			
Freehold land		98,422	651,162
Buildings on freehold land		1,886,331	529,222
Plant and machinery		1,725,045	1,976,665
Tools and equipments		144,668	129,094
Office equipments		48,686	54,818
Electric installations		259,931	100,857
Furniture and fixtures		27,584	86,160
Vehicles		101,393	190,031
		4,292,060	3,718,009
5.2 Capital work-in-progress			
Civil works		474,731	653,047
Plant and machinery		188,597	135,550
Capital stores		46,151	3,913
Advances to suppliers		348,248	425,524
		1,057,727	1,218,034

	Note	Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
6. Long Term Investments			
Equity investments	6.1	1,353,735	1,008,735
Term finance certificates - TFCs	6.2	501,245	–
		1,854,980	1,008,735
6.1 Equity investments			
Unquoted - at cost			
Associate			
IL Bangla Limited	6.1.1	308,735	308,735
Subsidiary			
IL Apparel (Pvt) Limited	6.1.2	1,045,000	700,000
		1,353,735	1,008,735
6.1.1 IL Bangla Limited			
Cost of investment	6.1.1.1	379,549	379,549
Provision for impairment loss		(70,814)	(70,814)
		308,735	308,735
6.1.1.1 31.825 million (June 30, 2019: 31.825 million) ordinary shares of BD Takas 10/- each amounting to BD Takas 318.250 million (June 30, 2019: 318.250 million). Equity held 31.61% (June 30, 2019: 31.61%)			
6.1.2 80 million (June 30, 2019: 50 million) ordinary shares of 10/- each amounting to Rs. 800 million (June 30, 2019: 500 million) and 245 million (June 30, 2019: 200 million) as share deposit money. Equity held 100% (June 30, 2019: 100%)			
6.2 Term finance certificates -TFCs			
Amortized cost			
Habib Bank Limited		501,245	–
7. Trade Debts			
Foreign			
- Secured		5,448,867	4,250,501
- Unsecured	7.1	3,590,646	3,564,083
		9,039,513	7,814,584
Local			
- Unsecured	7.1	692,912	433,156
		9,732,425	8,247,740
7.1	Management consider that these debts are good and will be recovered accordingly.		

8. Authorized Share Capital

Unaudited December 31, 2019 [Number of shares in '000]	Audited June 30, 2019 [Number of shares in '000]		Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
965,000	965,000	Ordinary shares of Rs. 10 each	9,650,000	9,650,000
35,000	35,000	Non-voting ordinary shares of Rs. 10 each	350,000	350,000
1,000,000	1,000,000		10,000,000	10,000,000

9. Issued, Subscribed and Paid Up Capital

Unaudited December 31, 2019 [Number of shares in '000]	Audited June 30, 2019 [Number of shares in '000]		Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
130,900	130,900	Ordinary shares of Rs. 10 each fully paid in cash	1,309,000	1,309,000
738,500	738,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,385,000	7,385,000
1,266	1,266	Non-voting ordinary shares of Rs. 10 each fully paid in cash	12,662	12,662
1,531	1,531	Non-voting ordinary shares of Rs. 10 each issued as fully paid bonus shares	15,313	15,313
872,197	872,197		8,721,975	8,721,975

	Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
10. Long Term Financing		
From financial institutions - secured		
Opening balance	4,875,936	3,216,476
Add: Obtained during the period/year	2,061,869	4,228,002
Less: Repaid during the period/year	(1,872,372)	(2,568,542)
	5,065,433	4,875,936
Less: Current portion of long term financing	(822,378)	(1,247,191)
	4,243,055	3,628,745

	Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
11. Contingencies and Commitments		
11.1 Contingencies		
11.1.1 Bank guarantees issued by various banks on behalf of the company in favour of:		
Sui Northern Gas Pipelines limited against supply of gas	556,052	547,069
The Director, Excise and Taxation, Karachi against imposition of infrastructure cess	227,853	197,853
Faisalabad Electric Supply Company (FESCO) against supply of electricity	70,414	70,414
Punjab Revenue Authority	11,533	8,033
State Bank of Pakistan	127,551	127,551
Total Parco Pakistan Limited	3,000	–
	996,403	950,920
11.1.2 Post dated cheques issued in favour of custom authorities for release of imported goods	3,993,649	3,291,613
11.1.3 Corporate guarantees given to banks on behalf of IL Apparel (Pvt) Ltd - a subsidiary company	900,000	1,130,000
11.2 Commitments		
Under letters of credit for:		
Capital expenditure	1,022,609	1,275,725
Raw material	1,221,509	109,974
Stores and spares	31,818	136,399
	2,275,936	1,522,098

	Quarter ended		Half year ended	
	Unaudited December 31, 2019	Unaudited December 31, 2018	Unaudited December 31, 2019	Audited December 31, 2018
	(Rupees in '000)		(Rupees in '000)	
12. Cost of Sales				
Raw material consumed	4,804,277	3,754,359	9,116,651	7,773,696
Stores and spares consumed	373,533	195,699	608,846	397,499
Knitting charges	21,324	234	21,324	11,897
Dyeing charges	1,760	-	1,760	-
Salaries, wages and benefits	1,773,109	1,355,017	3,335,098	2,712,672
Staff retirement gratuity	157,553	114,144	314,431	212,763
Fuel and power	595,384	424,780	1,061,852	1,130,861
Repairs and maintenance	41,282	32,074	86,048	57,163
Insurance	11,592	13,778	22,800	26,737
Depreciation	404,080	368,085	760,696	706,557
Depreciation on right of use assets	1,552	-	3,103	-
Amortization	1,831	-	1,831	-
Rent, rate and taxes	236	7,270	464	14,128
Other manufacturing costs	26,980	76,639	87,492	104,053
	8,214,493	6,342,079	15,422,396	13,148,026
Work in process				
Opening balance	538,956	456,076	597,562	471,276
Closing balance	(686,194)	(425,448)	(686,194)	(425,448)
	(147,238)	30,628	(88,632)	45,828
Cost of goods manufactured	8,067,255	6,372,707	15,333,764	13,193,854
Finished goods				
Opening balance	1,857,617	1,822,130	1,954,089	1,484,177
Closing balance	(2,189,695)	(2,050,650)	(2,189,695)	(2,050,650)
	(332,078)	(228,520)	(235,606)	(566,473)
Duty drawbacks	7,735,177	6,144,187	15,098,158	12,627,381
	(218,733)	(20,291)	(372,883)	(263,135)
	7,516,444	6,123,896	14,725,275	12,364,246
13. Other Operating Expenses				
Loss on disposal of property, plant and equipment	534	5,635	11,162	11,630
Charity and donations	128,057	241,000	128,057	241,008
Workers' profit participation fund	52,037	66,088	88,352	122,117
(Gain) / loss on mutual funds measured at fair value through profit or loss	(803)	10,661	6,110	10,661
	179,825	323,384	233,681	385,416
			Unaudited December 31, 2019	Audited December 31, 2018
			(Rupees in '000)	(Rupees in '000)
14. Cash and Cash Equivalents				
Cash and bank balances			374,362	453,544
			374,362	453,544

15. Transactions With Related Parties

Related parties include subsidiary company, associated companies and undertakings, entities under common directorship, directors, major shareholders, key management personnel, employees benefit trust and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

15.1 Transactions during the period	Name	Nature of transactions	Half year ended	
			Unaudited December 31, 2019 (Rupees in '000)	Audited December 31, 2018 (Rupees in '000)
	IL Bangla Limited	Sale of yarn	-	19
		Expenses paid on behalf of associate	-	4,350
		Interest on receivables	2,898	-
	IL Apparel (Pvt) Limited	Yarn dyeing services provided	373	-
		Sale of yarn	4,475	-
		Investment in share capital	100,000	449,000
		Share deposit money paid	245,000	-
	Interloop Holdings (Pvt) Limited	Services received	25,830	-
		Sale of assets	7,904	-
		Loan obtained during the period	-	2,970,000
		Loan repaid during the period	1,400,000	-
		Mark up expense on loan	9,575	27,049
	Interloop Limited ESOS Management Trust	Dividend paid	28	-
	Interloop Welfare Trust	Donations paid	66,369	13,658
	Texlan Center (Pvt) Limited	Sale of yarn	550,122	377,003
	Global Veneer Trading Limited	Selling commission	461,604	515,661
	Eurosox Plus BV	Sale of socks	433,487	389,861
	Interloop Employees Provident Fund	Contributions to the fund	19,163	16,029
	Key management personnel and other related parties	Sale of vehicle	-	5,551
		Remuneration and other benefits	418,423	240,504
		Repayment of loan	-	146,573
		Repayment of housing finance loan	754	-
		Markup on housing finance loan	223	-
		Issuance of bonus shares	-	5,587,323
		Issuance of ordinary shares	-	3,000
		Dividend paid	1,315,217	474,076
		Directorship fee	3,450	-

15.2 Period end balances of related parties

Name	Nature of balances	Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
IL Bangla Limited - Associate	Trade debts	41,810	44,280
	Deposits, prepayments and other receivables	85,665	82,766
Texlan Center (Pvt) Limited - Associate	Trade debts	242,061	352,636
Eurosox Plus BV - Associate	Trade debts	379,183	293,422
Global Veneer Trading Limited - Associate	Trade and other payables	-	229,285
Interloop Welfare Trust	Deposits, prepayments and other receivables	1,214	1,214
Interloop Employees Provident Fund	Trade and other payables	6,056	5,020
Interloop Limited ESOS Management Trust	Trade and other payables	132	338
Interloop Holdings (Pvt) Limited - Associate	Long term financing	-	1,400,000
	Trade and other payables	562	-
Other related parties	Long term loans	24,996	25,750

16. Operating Segments

Management has determined the operating segments based on the information that is presented to the Board of Directors of the Company for allocation of resources and assessment of performance. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker ('CODM'). Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit.

Based on internal management reporting structure and products produced and sold, the Company is organized into the following operating segments:

a) **Hosiery**

This segment relates to the sale of socks.

b) **Spinning**

This segment relates to the sale of yarn.

c) **Denim**

This segment mainly relates to sale of garments.

d) **Energy**

This segment generates electricity for in-house consumption.

e) **Other operating segments**

This represent various segments of the Company which currently do not meet the minimum reporting threshold mention in IFRSs. These mainly includes domestic sales, yarn dyeing, and active wear.

16.1 Segment Information

	Hosiery		Spinning		Denim		Energy		Others		Elimination of Inter segment Transactions		Total Company	
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000	
Revenue														
External sale	15,676,932	15,005,697	2,675,876	2,809,789	220,074	-	-	10,756	451,835	107,210	-	-	19,224,717	17,933,452
Intersegment sale	76,992	917,174	1,861,468	1,396,271	-	-	1,286,560	1,181,709	474,643	376,642	(3,699,663)	(3,671,796)	-	-
	15,953,924	15,922,871	4,537,344	4,206,060	220,074	-	1,286,560	1,192,465	926,478	483,852	(3,699,663)	(3,671,796)	19,224,717	17,933,452
Cost of sales	(11,987,785)	(10,896,684)	(4,295,394)	(3,856,123)	(260,354)	(98)	(1,002,093)	(1,043,428)	(679,312)	(439,771)	3,699,663	3,671,796	(14,725,275)	(12,364,246)
Gross profit/(loss)	3,966,139	5,026,187	241,950	349,937	(40,280)	(98)	284,467	149,039	47,166	44,081	-	-	4,499,442	5,569,206
Distribution costs	(970,896)	(1,364,434)	(63,394)	(32,350)	(19,918)	(254)	-	-	(20,573)	(5,691)	-	-	(1,044,781)	(1,402,729)
Administrative expenses	(1,007,516)	(890,473)	(85,940)	(37,884)	(65,966)	(3,891)	(4,318)	(3,379)	(14,726)	(12,172)	-	-	(1,128,466)	(947,799)
	(1,978,412)	(2,254,907)	(69,334)	(70,234)	(65,884)	(4,145)	(4,318)	(3,379)	(35,299)	(17,863)	-	-	(2,173,247)	(2,350,528)
Profit/(loss) before taxation and unallocated income and expenses	1,987,727	2,771,280	172,616	279,703	(126,164)	(4,183)	280,149	145,660	11,867	26,218	-	-	2,326,195	3,216,678
Unallocated income and expenses														
Other operating expenses													(233,661)	(985,416)
Other income													60,274	16,969
Finance cost													(474,083)	(630,012)
Taxation													(147,479)	(116,308)
Profit after taxation													1,531,228	2,201,911

16.2 Reconciliation of reportable segment assets and liabilities

	Hosiery		Spinning		Denim		Energy		Others		Total Company	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	December 31, 2019	June 30, 2019	December 31, 2019	June 30, 2019	December 31, 2019	June 30, 2019	December 31, 2019	June 30, 2019	December 31, 2019	June 30, 2019	December 31, 2019	June 30, 2019
	Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000	
Total assets for reportable segment	26,694,480	24,711,293	7,946,059	5,261,938	5,364,511	2,121,212	2,276,364	1,969,744	1,238,454	1,010,427	43,519,868	35,074,614
Unallocated assets:												
Long term investments											1,854,980	1,008,735
Long term deposits											37,550	28,019
Short term investments											-	1,207,251
Tax refunds due from Government											2,200,004	1,925,439
Cash and bank balances											374,382	1,538,564
											4,466,896	5,708,008
											47,986,764	40,782,622
Total assets as per statement of financial position											6,409,268	6,190,419
Total liabilities for reportable segment	5,727,768	5,646,890	219,809	206,537	179,314	180,548	181,104	77,475	101,271	78,989	4,243,055	3,628,745
Unallocated liabilities:												
Long term financing											25,524	-
Lease liabilities											252,730	110,483
Accrued mark up											18,343,425	11,726,000
Short term borrowings											828,767	1,247,191
Current portion of non current liabilities											23,693,501	16,712,419
											30,102,767	22,902,838
Total liabilities as per statement of financial position											6,409,268	6,190,419

17 Financial Risk Management

17.1 Financial risk factors

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

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Company follows an effective cash management and planning policy and maintains flexibility in funding by keeping committed credit lines available. Market risks are managed by the Company through the adoption of appropriate policies to cover currency risks and interest rate risks.

The company has managed its currency risks by forward currency contracts.

There have been no changes in the risk management policies since June 30, 2019 except for those specifically mentioned. Consequently, these condensed interim unconsolidated financial statements do not include all the financial risk management information and disclosures required for the annual financial statements.

17.2 Fair value measurements of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed under the IFRSs.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments.

The following table presents the Company's significant financial assets and liabilities measured and recognized at fair value at December 31, 2019 and June 30, 2019 on a recurring basis:

Rupees in '000	Unaudited			
	As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trading derivatives	–	23,360	–	23,360
Total financial assets	–	23,360	–	23,360
Total financial liabilities	–	–	–	–
Rupees in '000	Audited			
	As at June 30, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments in mutual funds	130,896	–	–	130,896
Total financial assets	130,896	–	–	130,896
Total financial liabilities	–	–	–	–

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

18. Date of Authorization For Issue

These unconsolidated condensed interim financial statements were authorized for issue on February 14, 2020 by the Board of Directors of the Company.

19. Events After the Reporting Date

The Board of Directors in their meeting held on February 14, 2020 proposed an interim cash dividend of Rs. 1.00 per share amounting to Rs. 872.2 million. These unconsolidated condensed interim financial statements do not include the effect of the said interim dividend.

20. General

20.1 Corresponding figures

In order to comply with the requirements of IAS 34, the unconsolidated condensed interim statement of financial position has been compared with the balances of annual audited financial statements of immediately preceding financial year, whereas, the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows have been compared with the balances of comparable periods of immediately preceding financial year.

20.2 Rounding

Figures have been rounded off to the nearest thousand.


Director


Director


Chief Financial Officer

Consolidated Condensed Interim Financial Statements

For the Quarter and Half Year Ended December 31, 2019

Consolidated Condensed Interim Statement of Financial Position

As at December 31, 2019

	Note	Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
Assets			
Non Current Assets			
Property, plant and equipment	6	22,265,558	18,899,292
Intangible assets		79,600	70,083
Long term investments	7	580,973	93,540
Long term loans - staff		111,240	73,262
Long term deposits		42,700	33,120
		23,080,071	19,169,297
Current Assets			
Stores and spares		1,053,914	890,404
Stock in trade		9,448,828	6,297,975
Trade debts	8	9,832,341	8,274,062
Loans and advances		1,477,396	1,076,724
Deposit, prepayment and other receivables		349,354	208,238
Tax refunds due from Government		2,275,740	1,949,118
Derivative financial instruments		23,360	–
Short term investments		–	1,207,251
Cash and bank balances		385,078	1,542,907
		24,846,011	21,446,679
Total Assets		47,926,082	40,615,976

	Note	Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
Equity and Liabilities			
Share Capital and Reserves			
Authorized share capital	9	10,000,000	10,000,000
Issued, subscribed and paid up capital	10	8,721,975	8,721,975
Reserves		3,897,614	3,844,223
Unappropriated profit		4,648,097	4,949,685
Equity attributable to owners of parent company		17,267,686	17,515,883
Non - controlling interest		–	–
		17,267,686	17,515,883
Non Current Liabilities			
Long term financing	11	4,243,055	3,628,745
Lease liabilities		99,351	–
Deferred liabilities		2,811,057	2,497,894
		7,153,463	6,126,639
Current Liabilities			
Trade and other payables		3,800,806	3,625,644
Dividend payable		7,797	130,935
Accrued mark up		259,344	113,942
Short term borrowings		18,590,984	11,855,742
Current portion of non current liabilities		846,002	1,247,191
		23,504,933	16,973,454
Contingencies and Commitments	12	–	–
Total Equity and Liabilities		47,926,082	40,615,976

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


Director


Director


Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss

For the Quarter and Half Year Ended December 31, 2019

Note	Quarter ended		Half year ended	
	Unaudited December 31, 2019 (Rupees in '000)	Unaudited December 31, 2018 (Rupees in '000)	Unaudited December 31, 2019 (Rupees in '000)	Unaudited December 31, 2018 (Rupees in '000)
Sales - net	9,997,032	9,219,766	19,426,739	17,933,452
Cost of sales 13	(7,713,498)	(6,123,896)	(15,042,485)	(12,364,246)
Gross profit	2,283,534	3,095,870	4,384,254	5,569,206
Distribution costs	(339,012)	(662,935)	(1,075,202)	(1,402,729)
Administrative expenses	(647,725)	(470,464)	(1,190,003)	(958,104)
Other operating expenses 14	(179,844)	(323,384)	(233,700)	(385,416)
Other income	56,039	16,900	60,683	16,969
	(1,110,542)	(1,439,883)	(2,438,222)	(2,729,280)
Profit from operations	1,172,992	1,655,987	1,946,032	2,839,926
Finance cost	(319,178)	(314,197)	(495,989)	(530,020)
Share of loss from associate	(33,774)	(7,901)	(67,203)	(18,642)
Profit before taxation	820,040	1,333,889	1,382,840	2,291,264
Taxation	(77,823)	(30,777)	(149,548)	(118,308)
Profit for the period	742,217	1,303,112	1,233,292	2,172,956
Attributable to:				
Owners of parent company	742,217	1,303,112	1,233,292	2,172,956
Non - controlling interest	-	-	-	-
	742,217	1,303,112	1,233,292	2,172,956
Earnings per share - basic (Rupees)	0.8510	1.7091	1.4140	2.8505
Earnings per share - diluted (Rupees)	0.8510	1.7070	1.4140	2.8470

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


Consolidated Condensed Interim Statement of Comprehensive Income

For the Quarter and Half Year Ended December 31, 2019

	Quarter ended		Half year ended	
	Unaudited December 31, 2019 (Rupees in '000)	Unaudited December 31, 2018 (Rupees in '000)	Unaudited December 31, 2019 (Rupees in '000)	Unaudited December 31, 2018 (Rupees in '000)
Profit for the period	742,217	1,303,112	1,233,292	2,172,956
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss	-	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange difference on translation of foreign operations	55,014	16,292	53,391	20,302
Total comprehensive income for the period	797,231	1,319,404	1,286,683	2,193,258
Attributable to:				
Owners of parent company	797,231	1,319,404	1,286,683	2,193,258
Non - controlling interest	-	-	-	-
	797,231	1,319,404	1,286,683	2,193,258

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


Director


Director


Chief Financial Officer

Consolidated Condensed Interim Statement of Changes In Equity

For the Half Year Ended December 31, 2019

	Attributable to owners of the Parent							Total	Non controlling interest	Total	
	Capital reserve		Revenue reserves			Total	Non controlling interest				Total
	Share capital	Share premium	Employee Share Option Compensation Reserve	Unappropriated profit	Translation reserve						
	(Rupees in '000)										
Balance as at July 01, 2018 - audited	1,901,104	30,255	8,608	6,860,264	16,051	8,816,282	-	8,816,282			
Profit for the period	-	-	-	2,172,956	-	2,172,956	-	2,172,956			
Other comprehensive income for the period	-	-	-	-	20,302	20,302	-	20,302			
Total comprehensive income for the period	-	-	-	2,172,956	20,302	2,193,258	-	2,193,258			
Issue of ordinary shares	5,000	-	-	-	-	5,000	-	5,000			
Issuance of bonus shares	5,718,313	(30,255)	-	(5,688,058)	-	-	-	-			
Balance as at December 31, 2018 - Unaudited	7,624,417	-	8,608	3,345,162	36,353	11,014,540	-	11,014,540			
Balance as at July 01, 2019 - audited	8,721,975	3,791,603	-	4,949,685	52,620	17,515,883	-	17,515,883			
Profit for the period	-	-	-	1,233,292	-	1,233,292	-	1,233,292			
Other comprehensive income for the period	-	-	-	-	53,391	53,391	-	53,391			
Total comprehensive income for the period	-	-	-	1,233,292	53,391	1,286,683	-	1,286,683			
Effect of initial application of IFRS 16	-	-	-	(8,534)	-	(8,534)	-	(8,534)			
Transactions with owners:											
Dividend to ordinary shareholders	-	-	-	(1,526,346)	-	(1,526,346)	-	(1,526,346)			
Balance as at December 31, 2019 - Unaudited	8,721,975	3,791,603	-	4,648,097	106,011	17,267,686	-	17,267,686			

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

Consolidated Condensed Interim Statement of Cash Flows

For the Half Year Ended December 31, 2019

	Unaudited December 31, 2019 (Rupees in '000)	Unaudited December 31, 2018 (Rupees in '000)
a) Cash Flows From Operating Activities		
Profit before taxation	1,382,840	2,291,264
Adjustments for:		
Depreciation	877,742	787,908
Depreciation on right of use assets	17,185	-
Amortization	7,562	4,251
Workers' profit participation fund	88,352	122,117
Staff retirement gratuity	374,039	250,483
Employee share option compensation expense	-	4,151
Exchange loss	19	-
Loss on disposal of property, plant and equipment	11,162	11,630
Unrealized gain on derivative financial instruments	(23,360)	-
Realized gain on derivative financial instruments	(3,655)	-
Remeasurement loss on investment in mutual funds	6,110	14,999
Profit on TDRs	(3,586)	(182)
Profit on TFCs	(21,140)	-
Interest on loan to Metis International (Pvt) Ltd	(2,167)	(3,458)
Share of loss from associate	67,203	18,642
Interest on receivable from IL Bangla	(2,898)	-
Finance cost	495,989	530,020
Operating cash flows before working capital changes	3,271,397	4,031,825
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(163,510)	(90,532)
Stock in trade	(3,150,853)	(3,266,044)
Trade debts	(1,558,280)	(1,221,273)
Loans and advances	(394,001)	(772,783)
Deposit, prepayment and other receivables	(136,052)	(37,226)
Tax refunds due from Government	(125,678)	(152,944)
Short term investment in mutual funds - net	124,785	(3,941)
Increase in current liabilities		
Trade and other payables	375,109	266,074
	(5,028,480)	(5,278,669)
Cash used in operations	(1,757,083)	(1,246,844)
Finance cost paid	(347,772)	(391,293)
Income tax paid	(215,392)	(12,553)
Staff retirement gratuity paid	(63,876)	(67,316)
Workers' profit participation fund paid	(291,135)	(232,068)
Long term loans paid	(44,650)	(32,308)
Long term deposits paid	(9,581)	(7,278)
Profit received from investments in TDRs	3,586	182
Net cash used in operating activities	(2,725,903)	(1,989,478)

	Note	Unaudited December 31, 2019 (Rupees in '000)	Unaudited December 31, 2018 (Rupees in '000)
b) Cash Flows From Investing Activities			
Additions in:			
Property, plant and equipment		(4,160,175)	(1,894,615)
Intangible assets		(17,079)	(95)
Proceeds from disposal of property, plant and equipment		17,088	17,145
Long term investments		(500,000)	–
Profit received from investments in TFCs		19,895	–
Net cash used in investing activities		(4,640,271)	(1,877,565)
c) Cash Flows From Financing Activities			
Long term financing obtained		2,061,869	3,159,514
Repayment of long term financing		(1,872,372)	(454,270)
Payment of lease rentals		(11,820)	(847)
Short term borrowings - net		6,735,242	1,914,871
Settlement of derivative financial instruments		3,655	–
Share capital issued		–	5,000
Dividend paid		(1,649,484)	(475,276)
Net cash generated from financing activities		5,267,090	4,148,992
Net (decrease)/increase in cash and cash equivalents	(a+b+c)	(2,099,084)	281,949
Cash and cash equivalents at beginning of the period		2,484,162	195,939
Cash and cash equivalents at end of the period	15	385,078	477,888

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

Notes to the Consolidated Condensed Interim Financial Statements

For the Half Year Ended December 31, 2019

1. The Group and its Operations

The Group comprises of:

Interloop Limited - The Holding Company

Interloop Limited was incorporated in Pakistan on April 25, 1992 as a private limited company and subsequently it was converted into public limited company on July 18, 2008 and was listed on Pakistan Stock Exchange on April 5, 2019. The registered office of the Company is situated at Al-Sadiq Plaza, P-157, Railway Road, Faisalabad. The manufacturing facilities are located at 1-km, 7-km Jaranwala Road, Khurrianwala, Faisalabad and 8-km Manga Mandi, Raiwand Road, Lahore. The Company is engaged in the business of manufacturing and selling of socks, leggings and yarn, denim, garments, providing yarn dyeing services and generating electricity for its own use.

IL Apparel (Private) Limited - The Subsidiary (Holding- 100% (June 30, 2019: 100%))

IL Apparel (Private) Limited was incorporated in Pakistan on 28th March, 2018 under the Companies Act, 2017. The registered office of the Company is situated at Al-Sadiq Plaza, P-157, Railway Road, Faisalabad. The principal business activity of the Company is manufacturing and sale of garments and allied products.

IL Bangla Limited - The Associate (Holding- 31.61% (June 30, 2019: 31.61%))

IL Bangla Ltd. is a private limited company incorporated under the Companies Act 1994 as applicable in Bangladesh vide Registration No. C-77561/09 dated 21 May 2009 floated by foreign investors (Pakistan and West Indies) having its registered Office at House # 267, Road # 19, New DOHS Mohakhali, Dhaka, Bangladesh and factory at Dakkhin kongshadi Vatpara, Narsingdi Sadar, Narsingdi, Bangladesh. The Company's main objective is to carry on the business of manufacturing and sale/export of socks and hosieries.

2. Basis of Preparation

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

- International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and
- Provisions of and directives issued under the Companies Act, 2017.

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

These consolidated condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended June 30, 2019.

3. Critical Accounting Estimates and Judgments

The preparation of these consolidated condensed interim financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The

estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In preparing these consolidated condensed interim financial statements, the significant judgments made by the management in applying accounting policies and the key sources of estimates were the same as those applied to the annual consolidated financial statements of the Group for the year ended June 30, 2019.

4. Summary Of Significant Accounting Policies

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of preceding annual consolidated audited financial statements of the Group for the year ended June 30, 2019, except as follows:

4.1 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has not designated any derivatives as hedging instruments and accordingly, the changes in fair value re-measurement are recognised in the profit and loss account. Trading derivatives are classified as a current asset or liability.

4.2 New Standards, Interpretations and Amendments

The Group has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

- IFRS 16 - Leases

The Group has initially adopted IFRS 16 'Leases' from July 01, 2019, which replaces IAS-17 'Leases' and its related interpretations. IFRS 16 introduces a single, on balance sheet accounting model for leases. As a result the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at July 01, 2019. Accordingly, the comparative information presented has not been restated.

IFRS 16 establishes principle for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that leases provide relevant information that faithfully represents those transaction. The standard provides a single accounting model, requiring lessee to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

Under IFRS 16, assets leased by the Group are being recognized on the statement of financial position of the Group with a corresponding liability. As a rule, lease expenses are no longer recorded in the statement of profit or loss from July 01, 2019. Instead, depreciation and interest expenses are recorded stemming from the newly recognized lease assets and lease liabilities.

The impact of adoption of IFRS 16 is as follows:

Rupees in '000

Expense charged to unappropriated profit	8,534
Non Current Assets	
Property, plant and equipment Right of use assets	119,367
Non Current Liabilities	
Lease liabilities	106,449
Current Liabilities	
Current portion of non current liabilities Lease liabilities	21,452

5. Basis of Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The assets and liabilities of Subsidiary Companies have been consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Companies.

Intragroup balances and transactions have been eliminated.

Non-controlling interests are that part of net results of the operations and of net assets of Subsidiary Companies attributable to interest which are not owned by the Holding Company. Non-controlling interests are presented as separate item in the consolidated financial statements.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence ceases.

Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group companies' interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

	Note	Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
6. Property, Plant And Equipment			
Operating fixed assets	6.1	21,080,400	17,644,588
Capital work-in-progress	6.2	1,076,082	1,254,704
Right of use assets		109,076	–
		22,265,558	18,899,292
6.1 Operating fixed assets			
Cost			
Opening balance		28,237,302	24,365,721
Additions during the period/year	6.1.1	4,351,471	4,330,446
Disposals during the period/year		(81,107)	(458,865)
Closing balance		32,507,666	28,237,302
Accumulated depreciation			
Opening balance		10,592,714	9,211,356
Depreciation expense for period/year		877,742	1,653,053
Depreciation charged to trial production cost		9,667	4,322
Depreciation on assets disposed off during the period/year		(52,857)	(276,017)
Closing balance		11,427,266	10,592,714
Written down value		21,080,400	17,644,588
6.1.1 Additions during the period/year			
Freehold land		98,422	871,689
Buildings on freehold land		1,893,624	578,239
Plant and machinery		1,743,867	2,158,422
Tools and equipments		159,442	185,194
Office equipments		56,543	76,918
Electric installations		266,562	155,075
Furniture and fixtures		31,618	95,786
Vehicles		101,393	209,123
		4,351,471	4,330,446

	Note	Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
6.2 Capital work-in-progress			
Civil works		492,955	654,768
Plant and machinery		188,728	151,000
Capital stores		46,151	20,792
Advances to suppliers		348,248	428,144
		1,076,082	1,254,704
7. Long Term Investments			
Un-quoted associate - at equity method			
IL Bangla Limited	7.1	79,728	93,540
Others - Amortized cost			
Term finance certificates - TFCs		501,245	–
		580,973	93,540
7.1 Investment in associated company - under equity method			
Opening balance		93,540	115,456
Share of loss for the period/year		(67,203)	(58,485)
Exchange gain		53,391	36,569
		(13,812)	(21,916)
Closing balance		79,728	93,540
8. Trade Debts			
Foreign			
- Secured		5,548,783	4,276,821
- Unsecured	8.1	3,590,646	3,564,083
		9,139,429	7,840,904
Local			
- Unsecured	8.1	692,912	433,158
		9,832,341	8,274,062

8.1 Management consider that these debts are good and will be recovered accordingly.

9. Authorized Share Capital

Unaudited December 31, 2019 [Number of shares in '000]	Audited June 30, 2019		Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
965,000	965,000	Ordinary shares of Rs. 10 each	9,650,000	9,650,000
35,000	35,000	Non-voting ordinary shares of Rs. 10 each	350,000	350,000
1,000,000	1,000,000		10,000,000	10,000,000

10. Issued, Subscribed and Paid Up Capital

Unaudited December 31, 2019 [Number of shares in '000]	Audited June 30, 2019		Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
130,900	130,900	Ordinary shares of Rs. 10 each fully paid in cash	1,309,000	1,309,000
738,500	738,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,385,000	7,385,000
1,266	1,266	Non-voting ordinary shares of Rs. 10 each fully paid in cash	12,662	12,662
1,531	1,531	Non-voting ordinary shares of Rs. 10 each issued as fully paid bonus shares	15,313	15,313
872,197	872,197		8,721,975	8,721,975

	Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
11. Long Term Financing		
From financial institutions - secured		
Opening balance	4,875,936	3,216,476
Add: Obtained during the period/year	2,061,869	4,228,002
Less: Repaid during the period/year	(1,872,372)	(2,568,542)
	5,065,433	4,875,936
Less: Current portion of long term financing	(822,378)	(1,247,191)
	4,243,055	3,628,745

	Unaudited December 31, 2019 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
12. Contingencies and Commitments		
12.1 Contingencies		
12.1.1 Bank guarantees issued by various banks on behalf of the company in favour of:		
Sui Northern Gas Pipelines limited against supply of gas	556,052	547,069
The Director, Excise and Taxation, Karachi against imposition of infrastructure cess	229,353	198,853
Faisalabad Electric Supply Company (FESCO) against supply of electricity	70,414	70,414
Punjab Revenue Authority	11,533	8,033
State Bank of Pakistan	127,551	127,551
Total Parco Pakistan Limited	3,000	–
	997,903	951,920
12.1.2 Post dated cheques issued in favour of custom authorities for release of imported goods	4,005,798	3,291,613
12.2 Commitments		
Under letters of credit for:		
Capital expenditure	1,025,001	1,275,725
Raw material	1,221,509	109,974
Stores and spares	31,818	136,399
	2,278,328	1,522,098

	Quarter ended		Half year ended	
	Unaudited December 31, 2019	Unaudited December 31, 2018	Unaudited December 31, 2019	Unaudited December 31, 2018
	(Rupees in '000)		(Rupees in '000)	
13. Cost of Sales				
Raw material consumed	4,945,705	3,754,359	9,357,399	7,773,696
Stores and spares consumed	382,527	195,699	622,939	397,499
Knitting charges	89,298	-	89,298	11,897
Salaries, wages and benefits	1,846,232	1,355,017	3,460,123	2,712,672
Staff retirement gratuity	159,903	114,144	319,132	212,763
Fuel and power	600,937	424,780	1,072,312	1,130,861
Repairs and maintenance	41,740	32,074	87,563	57,163
Insurance	12,033	13,778	23,682	26,737
Depreciation	413,608	368,085	776,753	706,557
Depreciation on right of use assets	7,347	-	13,929	-
Amortization	1,831	-	1,831	-
Rent, rate and taxes	236	7,270	464	14,128
Other manufacturing costs	26,154	76,873	89,177	104,053
	8,527,551	6,342,079	15,914,602	13,148,026
Work in process				
Opening balance	605,449	456,076	597,562	471,276
Closing balance	(835,654)	(425,448)	(835,654)	(425,448)
	(230,205)	30,628	(238,092)	45,828
Cost of goods manufactured	8,297,346	6,372,707	15,676,510	13,193,854
Finished goods				
Opening balance	1,859,667	1,822,130	1,965,058	1,484,177
Closing balance	(2,222,218)	(2,050,650)	(2,222,218)	(2,050,650)
	(362,551)	(228,520)	(257,160)	(566,473)
Duty drawbacks	7,934,795	6,144,187	15,419,350	12,627,381
	(221,297)	(20,291)	(376,865)	(263,135)
	7,713,498	6,123,896	15,042,485	12,364,246
14. Other Operating Expenses				
Exchange loss	19	-	19	-
Loss on disposal of property, plant and equipment	534	5,635	11,162	11,630
Charity and donations	128,057	241,000	128,057	241,008
Workers' profit participation fund	52,037	66,088	88,352	122,117
(Gain)/loss on investments in mutual funds measured at fair value through profit or loss	(803)	10,661	6,110	10,661
	179,844	323,384	233,700	385,416
15. Cash and Cash Equivalents				
Cash and bank balances			385,078	477,888
			385,078	477,888

16. Transactions With Related Parties

Related parties include subsidiary company, associated companies and undertakings, entities under common directorship, directors, major shareholders, key management personnel, employees benefit trust and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties. Details of transactions with related parties are as follows:

16.1 Transactions during the period	Name	Nature of transactions	Half year ended	
			Unaudited December 31, 2019 (Rupees in '000)	Unaudited December 31, 2018 (Rupees in '000)
	IL Bangla Limited	Sale of yarn	-	19
		Expenses paid on behalf of associate	-	4,350
		Interest on receivables	2,898	-
	Interloop Holdings (Pvt) Limited	Services received	25,830	-
		Sale of assets	7,904	-
		Loan obtained during the period	-	2,970,000
		Loan repaid during the period	1,400,000	-
		Mark up expense on loan	9,575	27,049
	Interloop Limited ESOS Management Trust	Dividend paid	28	-
	Interloop Welfare Trust	Donations paid	66,369	13,658
	Texlan Center (Pvt) Limited	Sale of yarn	550,122	377,003
	Global Veneer Trading Limited	Selling commission	461,604	515,661
	Eurosox Plus BV	Sale of socks	433,487	389,861
	Interloop Employees Provident Fund	Contributions to the fund	19,163	16,029
	Key management personnel and other related parties	Sale of vehicle	-	5,551
		Remuneration and other benefits	435,250	240,504
		Repayment of loan	-	146,573
		Repayment of housing finance loan	754	-
		Markup on housing finance loan	320	-
		Issuance of bonus shares	-	5,587,323
		Issuance of ordinary shares	-	3,000
		Dividend paid	1,315,217	474,076
		Directorship fee	3,450	-

16.2 Period end balances of related parties

Name	Nature of balances	Unaudited	Audited
		December 31, 2019 (Rupees in '000)	June 30, 2019 (Rupees in '000)
IL Bangla Limited - Associate	Trade debts	41,810	44,280
	Deposits, prepayments and other receivables	85,665	82,766
Texlan Center (Pvt) Limited - Associate	Trade debts	242,061	352,636
Eurosox Plus BV - Associate	Trade debts	379,183	293,422
Global Veneer Trading Limited - Associate	Trade and other payables	-	229,285
Interloop Welfare Trust	Deposits, prepayments and other receivables	1,214	1,214
Interloop Employees Provident Fund	Trade and other payables	6,056	5,020
Interloop Limited ESOS Management Trust	Trade and other payables	132	338
Interloop Holdings (Pvt) Limited - Associate	Long term financing	-	1,400,000
	Trade and other payables	562	-
Other related parties	Long term loans	32,496	33,250

17. Operating Segments

Management has determined the operating segments based on the information that is presented to the Board of Directors of the Group for allocation of resources and assessment of performance. Operating segments are reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker ('CODM'). Segment performance is generally evaluated based on certain key performance indicators including business volume and gross profit.

Based on internal management reporting structure and products produced and sold, the Group is organized into the following operating segments:

a) **Hosiery**

This segment relates to sale of socks.

b) **Spinning**

This segment relates to sale of yarn.

c) **Denim**

This segment mainly relates to sale of garments.

d) **Energy**

This segment generates electricity for in-house consumption.

e) **Apparel**

This segment relates to sale of garments and allied products.

f) **Other operating segments**

This represent various segments of the group which currently do not meet the minimum reporting threshold mentioned in IFRSs. These mainly includes domestic sales, yarn dyeing, and active wear.

17.1 Segment Information

	Hosiery		Spinning		Denim		Energy		Apparel		Others		Elimination of Inter segment Transactions		Total Group		
	Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		Half year ended		
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018	
Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000	
Revenue																	
External sale	15,076,832	15,005,697	2,675,676	2,909,789	220,074	-	-	10,756	202,022	-	451,835	107,210	-	-	19,426,739	17,933,452	-
Intersegment sale	76,982	917,174	1,861,468	1,396,271	-	-	-	1,266,560	4,848	-	474,643	376,642	(3,704,511)	(3,871,796)	-	-	-
Cost of sales	15,953,824	15,922,871	4,537,344	4,206,060	220,074	-	-	1,266,560	206,870	-	926,478	483,852	(3,704,511)	(3,871,796)	19,426,739	17,933,452	-
	(11,987,765)	(10,868,684)	(4,235,394)	(3,656,123)	(260,354)	(38)	(1,002,093)	(1,048,426)	(327,058)	-	(679,312)	(433,771)	3,704,511	3,871,796	(15,042,465)	(12,368,246)	-
Gross profit/(loss)	3,966,139	5,026,187	241,950	349,837	(40,280)	(38)	284,467	149,039	(115,188)	-	47,166	44,081	-	-	4,384,254	5,569,206	-
Distribution costs	(970,896)	(1,364,434)	(33,394)	(32,350)	(19,916)	(254)	-	-	(30,421)	-	(20,573)	(5,691)	-	-	(1,075,202)	(1,402,729)	-
Administrative expenses	(1,007,516)	(890,473)	(35,940)	(37,884)	(65,966)	(3,891)	(4,318)	(3,379)	(61,533)	(10,305)	(14,730)	(12,172)	-	-	(1,190,003)	(958,104)	-
	(1,978,412)	(2,254,907)	(69,334)	(70,234)	(65,884)	(4,145)	(4,318)	(3,379)	(91,954)	(10,305)	(95,303)	(17,863)	-	-	(2,265,205)	(2,360,833)	-
Profit/(loss) before taxation and unallocated income and expenses	1,987,727	2,771,280	172,616	279,703	(126,164)	(4183)	280,149	145,660	(207,142)	(10,305)	11,863	26,218	-	-	2,119,049	3,208,373	-
Unallocated income and expenses																	
Other operating expenses																	(233,700)
Other income																	60,683
Finance cost																	(495,989)
Share of loss from associate																	(67,203)
Taxation																	(149,548)
Profit after taxation																	1,233,292
																	2,172,956

17.2 Reconciliation of reportable segment assets and liabilities

	Hosiery		Spinning		Denim		Energy		Apparel		Others		Total Group	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	December 31, 2019	June 30, 2019	December 31, 2019	June 30, 2019	December 31, 2019	June 30, 2019	December 31, 2019	June 30, 2019	December 31, 2019	June 30, 2019	December 31, 2019	June 30, 2019	December 31, 2019	June 30, 2019
	Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000	
Total assets for reportable segment	26,694,022	24,710,831	7,946,059	5,261,938	5,384,151	2,121,212	2,276,384	1,993,744	1,122,184	715,888	1,238,451	1,010,427	44,641,591	35,790,040
Unallocated assets:														
Long term investments													580,973	93,540
Long term deposits													42,700	33,120
Short term investments													-	1,207,251
Tax refunds due from Government													2,275,740	1,949,118
Cash and bank balances													385,078	1,542,907
													3,284,491	4,825,936
Total assets as per statement of financial position													47,926,082	40,615,976
Total liabilities for reportable segment	5,727,769	5,646,690	219,609	206,537	179,314	180,548	181,104	77,475	210,393	64,058	101,271	78,985	6,619,680	6,254,473
Unallocated liabilities:														
Long term financing													4,243,055	3,628,745
Lease liabilities													98,351	-
Accrued mark up													259,344	113,942
Short term borrowings													18,590,984	11,855,742
Current portion of non current liabilities													846,002	1,247,191
													24,036,736	16,845,620
Total liabilities as per statement of financial position													30,658,396	23,100,093

18 Financial Risk Management

18.1 Financial risk factors

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

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. The Group follows an effective cash management and planning policy and maintains flexibility in funding by keeping committed credit lines available. Market risks are managed by the Group through the adoption of appropriate policies to cover currency risks and interest rate risks.

The Group has managed its currency risks by forward currency contracts.

There have been no changes in the risk management policies since June 30, 2019, except for those specifically mentioned. Consequently, these condensed interim consolidated financial statements do not include all the financial risk management information and disclosures required for the annual financial statements.

18.2 Fair value measurements of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the IFRSs.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments.

The following table presents the Group's significant financial assets and liabilities measured and recognized at fair value at December 31, 2019 and June 30, 2019 on a recurring basis:

Rupees in '000	Unaudited			
	As at December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Trading derivatives	-	23,360	-	23,360
Total financial assets	-	23,360	-	23,360
Total financial liabilities	-	-	-	-
Rupees in '000	Audited			
	As at June 30, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Investments in mutual funds	130,896	-	-	130,896
Total financial assets	130,896	-	-	130,896
Total financial liabilities	-	-	-	-

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

19. Date of Authorization For Issue

These consolidated condensed interim financial statements were authorized for issue on February 14, 2020 by the Board of Directors of the Holding Company.

20. Events After the Reporting Date

The Board of Directors of the Holding Company in their meeting held on February 14, 2020 proposed an interim cash dividend of Rs. 1.00 per share amounting to Rs. 872.2 million. These consolidated condensed interim financial statements do not include the effect of the said interim dividend.

21. General

21.1 Corresponding figures

In order to comply with the requirements of IAS 34, the consolidated condensed interim statement of financial position has been compared with the balances of annual audited financial statements of immediately preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows have been compared with the balances of comparable periods of immediately preceding financial year.

21.2 Rounding

Figures have been rounded off to the nearest thousand.



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