

GROWTH THROUGH DIVERSIFICATION



QUARTERLY REPORT

for the 3rd Quarter ended March 31, 2020

Mission

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

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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 is pleased to present to you a brief overview of the operational and financial results of the Company for the Quarter and Nine months ended on March 31, 2020.

Economic Overview

As we grapple with the outbreak of novel coronavirus (COVID-19), the pandemic is causing large-scale loss of life and economic mayhem around the globe. The deadly virus brings with it the third and greatest economic shock of the 21st century after 9/11 and the financial crisis of 2008-09. Economies all over the world, including Pakistan, have come to a screeching halt. The International Monetary Fund (IMF) has stated that as a result of the pandemic, the global economy is projected to contract sharply by 3% in 2020, much worse than during the 2008-09 financial crises. IMF has projected an economic recession for Pakistan following the coronavirus-related 'The Great Lockdown' that would sharply contract the global economy this year. The fund projected Pakistan's economy to shrink by 1.5% during this fiscal year, compared to 3.3% growth in 2018-19. These estimates are generally comparable with a 1.3% decline in the country's economic output forecast by the World Bank.

The Company, despite many operational challenges attributable to the high cost of production as compared to that of our regional players, has been able to deliver improvement in profitability through persistent and diligent efforts. During the quarter ended March 31, 2020, your Company earned a Gross Profit of Rs. 2,573 million on Sales of Rs. 10,727 million compared to Gross Profit of Rs. 2,473 million on Sales of Rs. 8,794 million for the corresponding period of the previous financial year. These results have been achieved despite the closure of plants for the last 10 days in March on account of lockdown announced by the government.

Industry Overview

Pakistan Textile and Clothing exports during the first eight months of the current fiscal year (July-February 2019-20) grew by 5.3% to \$9.37 Billion from \$8.9 Billion over the corresponding period last year. During the period from July-February (2019-20), product-wise details show that exports of ready-made garments surged by 24.4% in value but drifted lower in quantity by 0.68% during February while those of knitwear rose 20.29% in value and 46.85% in quantity and bedwear 17.34% and 8.59%, respectively. Pakistan's textile and clothing exports jumped nearly 17% year-on-year (YoY) in February. The proceeds from textile and clothing exports reached \$1.27 Billion during February, from \$1.09 Billion in the same month last year. The robust growth in the sector was seen after a long time.

However, the industry is facing serious challenges since the beginning of March. COVID-19 has forced lockdowns across much of Europe and the US, as countries scramble to contain the spread of the disease by ordering people to remain at homes except in emergencies or to shop for necessities. People in most places, even in countries where strict lockdowns are yet not enforced, have stopped non-essential spending as the situation is still evolving. The lockdowns and falling sales have compelled a raft of global apparel brands and retailers to close their stores as part of social-distancing measures and delay or cancel imports. The impact of the global slowdown has also started showing on Pakistan's exports as a large majority of retailers of apparel and home textiles have asked suppliers to stop all shipments and further production for them forthwith.

Financial and Operating Results

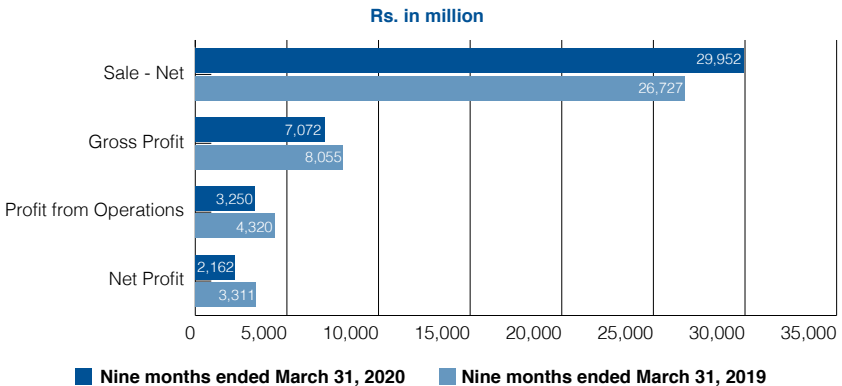
The Management continued to focus on profitable avenues, maximizing efficiency in production activities, and cost realization through various means. These steps helped boost our overall sales values as compared to the corresponding periods. The Net Sales for the nine months ended Mar 31, 2020, were recorded at Rs. 29,952 million, which is 12% higher than Rs. 26,727 million in the same period last year. Despite the global health crisis in the later part of the last quarter, your Company still managed to

successfully fulfill its orders and continued to strive for higher sales. Despite promising sales growth, Gross Profit saw a reduction of 12%, at Rs. 7,027 million, from Rs. 8,055 million in the nine-month period last year which included substantially higher exchange gain. Gross Profit was also hindered by increases in raw material prices, including those of cotton, yarn, dyes & chemicals. Net Profit for the period was recorded at Rs. 2,162 million, which shrunk by 35% YoY. The decrease in Net Profit is also attributed to the increased cost of production due to high inflation, a significant increase in cotton and other raw material costs, and additional costs of diversified business activities/projects. Interloop's Denim plant started its commercial production on December 01, 2019, which is in the process of improving efficiency and gaining the confidence of global retailers, will take some time to start contributing to the bottom line. During the quarter it incurred a loss of Rs. 670 million.

Summarized Financial Results

The summarized un-audited financial results for the Nine months ended March 31, 2020, as against the corresponding period ended March 31, 2019, are as follows:

	Nine months ended March 31		
	2020	2019	Variance %
	Rs. in Million		
Sales without Exchange Rate Impact	29,728	25,620	16.0%
Exchange Gain/(Loss)	224	1,107	-79.8%
Sales - Net	29,952	26,727	12.1%
Gross Profit	7,072	8,055	-12.2%
Profit from Operations	3,250	4,320	-24.8%
Net Profit	2,162	3,311	-34.7%
Gross Profit Ratio	23.6%	30.1%	-21.7%
Net Profit Ratio	7.2%	12.4%	-41.7%
Earnings per share - Basic	2.4789	4.3429	-42.9%
Earnings per share - Diluted	2.4789	4.3069	-42.4%



Future Outlook

Today the entire world has been affected by COVID-19 and is in a lockdown situation, while there is no way to tell exactly what the economic damage from the global novel coronavirus pandemic will be, there is widespread agreement among economists that it will have severe negative impacts on the global economy. It will take several months for the situation to stabilize. Due to store closures in Europe and the US, we foresee a substantial decline in demand during the April-June 2020 quarter. Although the magnitude of this crisis is huge, Interloop (ILP) has a sound financial base, a committed workforce, and a diversified customer's portfolio. Interloop works with brands and retailers who are financially healthy, ethical, and remain committed to keeping their supply chain afloat. Keeping in view the aforesaid, measures taken by the management, and Government's positive actions towards business reforms such as extending the period of export repatriation and subsidized financing for different purposes, we expect to sail through this crisis without major damage. Luckily, our main product "socks" is a basic item and not a luxury or fashion item; therefore, we hope that its demand will not be as affected as it will be in other fashion/luxury items.

Pursuant to the approval granted by the Provincial Government, the Company has partially resumed its plant operations and has opened its few offices with a minimum number of employees. In order to ensure the safety of our people, SOPs for workplace keeping health and safety in line with government instructions are being followed.

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 expresses sincere appreciation to our employees for their dedication, commitment, and for their valuable contributions in producing these results in a highly competitive economic condition. Board also acknowledges and wishes to thank all its valuable customers, suppliers, contractors, service providers, and other stakeholders for their continued support to the Company.



NAVID FAZIL
(Chief Executive Officer)



JAHAN ZEB KHAN BANTH
(Director)

Place: Faisalabad
Date: April 21, 2020

اظہار تشکر:

بورڈ انتہائی سخت معاشی حالات میں ایسے نتائج کے حصول میں ملازمین کی لگن، انتھک محنت اور قابل قدر خدمات پر اُن کو خراج تحسین پیش کرتا ہے۔ بورڈ اپنے تمام معزز کسٹمرز، سپلائرز، کنٹریکٹرز، سروس دہندگان اور دیگر اسٹیک ہولڈرز کے کئی سے مسلسل تعاون کا بھی معترف ہے اور اُن کا شکر گزار ہے۔

Jahan Zed

جہانزیب خان بانٹھ

(ڈائریکٹر)

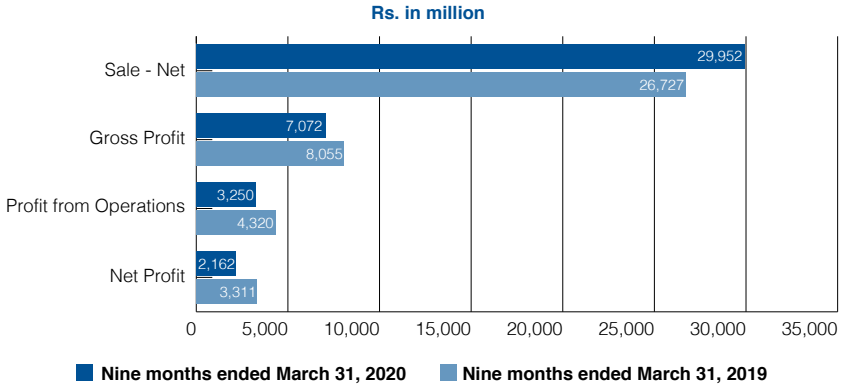


نوید فاضل

(چیف ایگزیکٹو آفیسر)

مقام: فیصل آباد

تاریخ: 21 اپریل 2020



مستقبل کا نقطہ نظر:

اس وقت پوری دنیا کو ناوائرس (COVID-19) سے متاثر اور لاک ڈاؤن کی صورتحال سے دوچار ہے۔ فی الحال اس عالمی وبا کے معاشی اثرات کے بارے میں کچھ کہنا قبل از وقت ہوگا تاہم معاشی ماہرین اس بات سے متفق ہیں کہ یہ وبا عالمی معیشت پر انتہائی منفی اثرات مرتب کرے گی۔ جبکہ صورتحال میں بہتری کیلئے کئی مہینوں کا وقت درکار ہوگا۔ یورپ اور امریکہ میں سنورزی بندش کی وجہ سے ہمیں اپریل تا جون 2020 کی سہ ماہی کے دوران ڈیمانڈ میں کمی کا سامنا ہو سکتا ہے۔ اگرچہ اس بحران کی شدت انتہائی زیادہ ہے تاہم انٹروپ (ILP) مضبوط مالی بنیاد، بڑے عزم اور افرادی قوت اور متنوع کلائنٹ پورٹ فولیو کی حامل کمپنی ہے۔ انٹروپ مضبوط مالی ساکھ، اخلاقیات سے لبریز اور اپنی سپلائی چین کو رواں رکھنے والے برانڈز اور ریٹیلرز سے کاروبار کرتی ہے۔ مذکورہ عوامل کو دیکھتے ہوئے انتظامیہ اور حکومت کی جانب سے کاروباری اصلاحات جیسا کہ ایکسپورٹ ریجیٹریشن کے دورانیہ میں توسیع اور مختلف مقاصد کیلئے سبسڈیز ڈفنانسنگ کے مثبت اقدامات کی بدولت ہم اس بات کی توقع کرتے ہیں کہ ہم اس بحران سے بغیر کسی بڑے نقصان باہر نکلنے میں کامیاب ہو جائیں گے۔ خوش قسمتی سے ہماری بنیادی پراڈکٹ "جرائیں" لگژری فائیننس آئٹم نہیں بلکہ ضروری آئٹم ہے۔ اس لئے ہمیں اُمید ہے کہ اس کی ڈیمانڈ دیگر فائیننس/لگژری آئٹمز کی طرح متاثر نہیں ہوگی۔

صوبائی حکومت کی جانب سے منظوری کے بعد کمپنی نے جزوی طور پر اپنے پلانٹ پر سرگرمیوں کا آغاز کر دیا ہے اور کم سے کم ملازمین کے ساتھ اپنے چند فائرنگھول لیے ہیں۔ حکومتی ہدایات کے مطابق اپنے لوگوں کی حفاظت، کام کی جگہ پر صحت اور تحفظ کیلئے SOPs پر عملدرآمد یقینی بنایا جا رہا ہے۔

مجموعی مالی گوشوارے:

آئس ایل ایپریل (پرائیویٹ) لمیٹڈ انٹروپ لمیٹڈ کی ملکیت ذیلی کمپنی ہے۔ اس لئے کمپنی نے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کے مطابق اپنی غیر مجموعی انٹیرم مالی معلومات کے ساتھ مجموعی انٹیرم مالی معلومات بھی منسلک کر دی ہیں۔

مالی اور کاروباری نتائج:

انتظامیہ نے منافع بخش شعبوں، پیداواری سرگرمیوں میں استعدادی اضافہ اور مختلف ذرائع سے کاسٹ ریلیزیشن پر توجہ مرکوز رکھی۔ ان اقدامات کی بدولت ہم گزشتہ اسی مدت کے مقابلہ میں زیادہ مجموعی سیلز و بیورو حاصل کرنے میں کامیاب ہوئے۔ مدت تختہ 31 مارچ 2020 کے نو ماہ کے دوران نیٹ سیلز 29,952 ملین روپے رہی جو کہ گزشتہ سال کے اسی دورانیہ کی 26,727 ملین روپے سے 12 فیصد زیادہ ہے۔ آخری سہ ماہی کے اختتامی حصہ میں عالمی صحت کے بحران کے باوجود آپ کی کمپنی نے اپنے آرڈرز کا میانی سے پورے کیے اور زیادہ سیلز کے حصول کیلئے سرگرم رہی۔ بہتر سیلز گروتھ کے باوجود مجموعی منافع میں 7,027 ملین روپے کے ساتھ 12 فیصد کمی ہوئی اور یہ منافع گزشتہ سال کی انہی 9 ماہ کے دوران 8,055 ملین روپے رہا جس میں کافی حد تک تبادلہ منافع تھا۔ خام مال بشمول کائین، یارن، ڈائیز اور کیمیکلز کی قیمتوں میں اضافہ بھی مجموعی منافع میں رکاوٹ کا باعث بنا۔ نیٹ منافع 2,162 ملین روپے رہا جو کہ پچھلے سال کی نسبت 35 فیصد کم ہے۔ نیٹ منافع میں یہ کمی مہنگائی کی وجہ سے پیداواری لاگت زیادہ ہونے، کائین اور دیگر خام مال کی قیمت میں نمایاں اضافہ اور مختلف کاروباری سرگرمیوں/منصوبوں پر ہونے والے اضافی اخراجات کی بدولت ہوئی۔ انٹرویو کے ڈینم پلانٹ نے 01 دسمبر 2019 کو اپنی کمرشل پیداوار کا آغاز کیا اور یہ پلانٹ صلاحیتوں کی بہتری اور عالمی ریٹیلرز کا اعتماد جیتنے کے عمل سے گزر رہا ہے اور اسے مجموعی منافع میں اپنا حصہ ڈالنے کیلئے کچھ وقت درکار ہے۔ رواں سہ ماہی کے دوران اسے 670 ملین روپے کا نقصان برداشت کرنا پڑا۔

مالی جھلکیاں

مدت تختہ 31 مارچ 2020 کی نو ماہ کیلئے غیر آڈٹ شدہ مالی نتائج کا مختصر جائزہ مدت تختہ 31 مارچ 2019 کے اسی دورانیہ سے تقابل کے ساتھ درج ذیل ہے:

31 مارچ تک 9 ماہ			
فرق (فیصد)	2019	2020	
	(ملین روپے)		
16.0	25,620	29,728	سیلز (پکچج ریٹ کے اثر کے بغیر)
-79.8	1,107	224	پکچج گین/(نقصان)
12.1	26,727	29,952	سیلز-نیٹ
-12.2	8,055	7,072	مجموعی منافع
-24.8	4,320	3,250	آپریٹنگ سے منافع
-34.7	3,311	2,162	نیٹ منافع
-21.7	30.1%	23.6%	مجموعی منافع کی شرح
-41.7	12.4%	7.2%	نیٹ منافع کی شرح
-42.9	4.3429	2.4789	آمدن فی شیئر-پیسک
-42.4	4.3069	2.4789	آمدن فی شیئر-ڈیویڈنڈ

ڈائریکٹران کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز 31 مارچ 2020 کو اختتام پذیر ہونے والی سہ ماہی اور 9 (نو) ماہ کیلئے کھینچی کے آپریشن اور فنانشل نتائج کی جامع جائزہ رپورٹ پیش کرتے ہوئے انتہائی خوشی محسوس کرتے ہیں۔

اقتصادی جائزہ:

جبکہ ہم کرونا وائرس (COVID-19) سے نبرد آزما ہیں اور یہ وبا ڈنیا بھر میں بڑے پیمانے پر اموات اور معاشی تباہی کا سبب بن رہی ہے۔ یہ جان لیوا وائرس 9/11 اور 2008-09 کے مالی بحران کے بعد ایک سو صدی کا تیسرا بڑا معاشی دھچکا ہے۔ ڈنیا بھر میں معیشت بشمول پاکستان انتہائی سخت ہموکھا شکار ہے۔ انٹرنیشنل مونیٹری فنڈ (آئی ایم ایف) کے مطابق اس وبا کے نتیجے میں عالمی معیشت سال 2020 کے دوران 3 فیصد تک کم ہوگی جو کہ سال 2008-09 کے مالی بحران سے بھی کم کی درجے بدتر ہے۔ آئی ایم ایف نے کرونا وائرس کی وجہ سے کیے جانے والے لاک ڈاؤن کو دیکھتے ہوئے پاکستان میں معاشی کساد بازاری کی پیش گوئی کی ہے جو کہ عالمی معیشت کے مطابق ہے۔ فنڈ نے رواں مالی سال پاکستان کی معیشت 1.5 فیصد تک سکرٹنے کا اندازہ لگا یا ہے جو کہ سال 2018-19 میں 3.3 فیصد تھی۔ یہ تخمینے عالمی بینک کی جانب سے پہلے ہی بتائی گئی 1.3 فیصد کمی سے مطابقت رکھتے ہیں۔

کھینچی ہمارے ریجنل حربیوں کے مقابلہ میں زیادہ پیداواری لاگت جیسے کہ آپریشنل چیلنجز کے باوجود اپنی مسلسل اور انتھک کوششوں کی بدولت منافع میں بہتری لانے میں کامیاب رہی۔ 31 مارچ 2020 کو اختتام پذیر ہونے والی سہ ماہی کیلئے آپ کی کھینچی 10,727 ملین روپے کی بیلز پر 2,573 ملین روپے مجموعی منافع کمانے میں کامیاب رہی جو کہ گزشتہ مالی سال کے اسی دوران میں 8,794 ملین روپے کی بیلز پر 2,473 ملین روپے تھا۔ یہ نتائج مارچ کے آخری 10 دن میں سکوٹی لاک ڈاؤن کے اعلان کے بعد پلانٹ کی بندش کی باوجود حاصل کیے گئے۔

انڈسٹری کا جائزہ:

پاکستان کی ٹیکسٹائل اور کپڑے کی برآمدات میں موجودہ مالی سال کے پہلے 8 ماہ (جولائی-فروری 20-2019) کے دوران 9.37 بلین ڈالر کے ساتھ 5.3 فیصد اضافہ ہوا جو کہ گزشتہ سال کے اسی عرصہ میں 8.9 بلین ڈالر تھیں۔ جولائی تا فروری (20-2019) کے دوران پراڈکٹ کے حساب سے جائزہ یہ ظاہر کرتا ہے کہ فروری میں ریڈی میڈ گارمنٹس کی بیلز میں مالیت کے حساب سے 24.4 فیصد اضافہ اور تعداد کے حساب سے 0.68 فیصد کمی واقع ہوئی۔ جبکہ نٹ ویئر میں بحساب مالیت 20.29 فیصد اور تعداد میں 46.85 فیصد اور بیڈ ویئر میں بالترتیب 17.34 فیصد اور 8.59 فیصد اضافہ ہوا۔ فروری کے دوران پاکستان کی ٹیکسٹائل اور کپڑے کی برآمدات میں تقریباً 17 فیصد سال در سال (YoY) اضافہ ہوا۔ فروری کے مہینے میں یہ برآمدات گزشتہ سال کی اسی مدت میں 1.09 بلین ڈالر سے بڑھ کر 1.27 بلین ڈالر ہو گئیں۔ اس شعبہ میں یہ قابل ذکر اضافہ ایک لمبے عرصہ کے بعد دیکھنے میں آیا۔

تاہم مارچ کے آغاز سے انڈسٹری کو سخت چیلنجز درپیش ہیں۔ کرونا وائرس کی وجہ سے یورپ کے بیشتر ممالک اور امریکہ میں لاک ڈاؤن ہو چکا ہے اور یہ ممالک لوگوں کو ماسوائے ہنگامی صورتحال یا ضروری اشیاء کی خریداری کے علاوہ گھروں میں بند کر کے اس وبا پر قابو پانے کی جدوجہد کر رہے ہیں۔ زیادہ تر مقامات بشمول ایسے ممالک جہاں ابھی لاک ڈاؤن نہیں کیا گیا، لوگوں نے حالات کا ادراک کرتے ہوئے غیر ضروری اخراجات روک دیئے ہیں۔

لاک ڈاؤن کیلئے میں کمی کی وجہ سے عالمی ایبیرل برانڈز اور ریٹیلرز اپنے سنوریز بنا اور درآمدات منسوخ یا وقتی طور پر روکنے پر مجبور ہوئے تاکہ سماجی روابط میں کمی کی جاسکے۔ عالمی معیشت میں سست روی کے اثرات پاکستان کی برآمدات پر بھی ظاہر ہونا شروع ہو گئے ہیں کیونکہ ایبیرل اور گھریلو ٹیکسٹائلز کے زیادہ تر ریٹیلرز نے سپلائرز کو ترسیل اور مزید پیداوار سے روک دیا ہے۔

Unconsolidated Condensed Interim Financial Statements

For the Quarter and Nine Months Ended March 31, 2020

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2020

	Note	Unaudited March 31, 2020 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
Assets			
Non Current Assets			
Property, plant and equipment	5	23,022,728	18,256,474
Intangible asset		64,818	66,161
Long term investments	6	1,873,865	1,008,735
Long term loans - staff		118,959	65,762
Long term deposits		38,066	28,019
		25,118,436	19,425,151
Current Assets			
Stores and spares		1,093,956	887,659
Stock in trade		8,482,674	6,282,491
Trade debts	7	10,062,541	8,247,740
Loans and advances		1,443,035	1,063,342
Deposit, prepayment and other receivables		413,448	204,985
Tax refunds due from government		2,581,405	1,925,439
Short term investments		1,100,000	1,207,251
Cash and bank balances		832,149	1,538,564
		26,009,208	21,357,471
Total Assets		51,127,644	40,782,622

	Note	Unaudited March 31, 2020 (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
Reserves		3,791,602	3,791,602
Unappropriated profit		5,129,093	5,366,207
		17,642,670	17,879,784
Non Current Liabilities			
Long term financing	10	5,792,361	3,628,745
Lease liabilities		106,822	–
Deferred liabilities		2,937,688	2,482,623
		8,836,871	6,111,368
Current Liabilities			
Trade and other payables		4,264,053	3,576,861
Dividend payable		6,563	130,935
Accrued mark up		292,731	110,483
Short term borrowings		19,010,117	11,726,000
Derivative financial instruments		216,066	–
Current portion of non current liabilities		858,573	1,247,191
		24,648,103	16,791,470
Contingencies And Commitments	11	–	–
Total Equity And Liabilities		51,127,644	40,782,622

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

Chief Executive Officer

Director

Chief Financial Officer

Unconsolidated Condensed Interim Statement of Profit or Loss

For the Quarter and Nine Months Ended March 31, 2020

	Note	Quarter ended		Nine months ended	
		Unaudited March 31, 2020 (Rupees in '000)	Unaudited March 31, 2019 (Rupees in '000)	Unaudited March 31, 2020 (Rupees in '000)	Unaudited March 31, 2019 (Rupees in '000)
Sales - net		10,727,451	8,793,802	29,952,168	26,727,254
Cost of sales	12	(8,154,543)	(6,320,931)	(22,879,818)	(18,671,848)
Gross profit		2,572,908	2,472,871	7,072,350	8,055,406
Distribution cost		(587,649)	(573,846)	(1,632,430)	(1,976,575)
Administrative expenses		(625,938)	(492,032)	(1,754,404)	(1,439,830)
Other operating expenses	13	(325,570)	62,572	(535,891)	(322,844)
Other income		63,046	-	99,960	3,641
		(1,476,111)	(1,003,306)	(3,822,765)	(3,735,608)
Profit from operations		1,096,797	1,469,565	3,249,585	4,319,798
Finance cost		(384,045)	(309,814)	(858,128)	(839,827)
Profit before taxation		712,752	1,159,751	2,391,457	3,479,971
Taxation		(81,882)	(50,686)	(229,361)	(168,993)
Profit for the period		630,870	1,109,065	2,162,096	3,310,978
Earnings per share - basic (Rupees)		0.7233	1.4544	2.4789	4.3429
Earnings per share - diluted (Rupees)		0.7233	1.4184	2.4789	4.3069

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 Nine Months Ended March 31, 2020

	Quarter ended		Nine months ended	
	Unaudited March 31, 2020 (Rupees in '000)	Unaudited March 31, 2019 (Rupees in '000)	Unaudited March 31, 2020 (Rupees in '000)	Unaudited March 31, 2019 (Rupees in '000)
Profit for the period	630,870	1,109,065	2,162,096	3,310,978
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	630,870	1,109,065	2,162,096	3,310,978

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



Chief Executive Officer



Director



Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes In Equity

For the Nine Months Ended March 31, 2020

	Share Capital	Share Deposit Money	Capital Reserve	Revenue Reserves		Total
			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	-	-	-	-	3,310,978	3,310,978
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	3,310,978	3,310,978
Issue of ordinary shares	5,000	-	-	-	-	5,000
Shares issued under the ESOS	7,558	-	27,523	(8,608)	-	26,473
Share deposit money	-	5,024,900	-	-	-	5,024,900
Issuance of bonus shares	5,718,313	-	(30,255)	-	(5,688,058)	-
Balance as at March 31, 2019 (Unaudited)	7,631,975	5,024,900	27,523	-	4,765,490	17,449,888
Balance as at July 01, 2019 - (Audited)	8,721,975	-	3,791,602	-	5,366,207	17,879,784
Effect of initial application of IFRS 16	-	-	-	-	(667)	(667)
Profit for the period	-	-	-	-	2,162,096	2,162,096
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	2,162,096	2,162,096
Transactions with owners:						
Dividend to ordinary shareholders	-	-	-	-	(2,398,543)	(2,398,543)
Balance as at March 31, 2020 (Unaudited)	8,721,975	-	3,791,602	-	5,129,093	17,642,670

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



Chief Executive Officer



Director



Chief Financial Officer

Unconsolidated Condensed Interim Statement of Cash Flows

For the Nine Months Ended March 31, 2020

	Unaudited March 31, 2020 (Rupees in '000)	Unaudited March 31, 2019 (Rupees in '000)
a) Cash Flows From Operating Activities		
Profit before taxation	2,391,457	3,479,970
Adjustments for:		
Depreciation	1,390,879	1,212,082
Depreciation on right of use assets	9,531	-
Amortization	10,926	6,369
Workers' profit participation fund	125,867	183,156
Staff retirement gratuity	553,474	385,263
Employee share option compensation expense	-	5,036
Loss on disposal of property, plant and equipment	9,565	17,521
Unrealized loss on derivative financial instruments	216,066	-
Realized gain on derivative financial instruments	(45,489)	-
Remeasurement loss on investment in mutual funds	6,110	5,327
Profit on TDRs	(5,249)	(182)
Profit on TFCs	(40,025)	-
Interest on loan to Metis International (Pvt) Ltd	826	(3,458)
Interest on receivables from IL Bangla Limited	(4,347)	-
Finance cost	858,128	839,827
Operating cash flows before working capital changes	5,477,719	6,130,911
Changes in working capital		
(Increase)/decrease in current assets		
Stores and spares	(206,297)	(114,806)
Stock in trade	(2,200,183)	(1,933,158)
Trade debts	(1,814,801)	(544,450)
Loans and advances	(360,856)	(628,629)
Deposit, prepayment and other receivables	(204,942)	(144,431)
Tax refunds due from government	(410,161)	(198,988)
Short term investment in mutual funds - net	124,786	-
Increase in current liabilities		
Trade and other payables	849,645	1,140,579
	(4,222,809)	(2,423,883)
Cash generated from operations	1,254,910	3,707,028
Finance cost paid	(673,064)	(763,015)
Income tax paid	(340,066)	(116,220)
Staff retirement gratuity paid	(101,409)	(99,612)
Workers' profit participation fund paid	(291,136)	(232,068)
Long term loans paid	(72,034)	(38,717)
Long term deposits paid	(10,047)	(1,968)
Profit on TDRs received	5,249	182
Net cash (used in) / generated from operating activities	(227,597)	2,455,610

Note	Unaudited March 31, 2020 (Rupees in '000)	Unaudited March 31, 2019 (Rupees in '000)
b) Cash Flows From Investing Activities		
Additions in:		
Property, plant and equipment	(6,075,212)	(2,894,632)
Intangible asset	(9,583)	(89)
Proceeds from disposal of property, plant and equipment	31,418	77,816
Long term investments	(845,000)	(599,000)
Profit received from investments in TFCs	19,895	-
Net cash used in investing activities	(6,878,482)	(3,415,905)
c) Cash Flows From Financing Activities		
Long term financing obtained	3,834,479	3,363,040
Repayment of long term financing	(2,076,883)	(705,677)
Payment of lease rentals	(5,878)	(1,086)
Short term borrowings - net	7,284,117	(78,923)
Settlement of derivative financial instruments	45,489	-
Share capital issued	-	12,558
Share deposit money received	-	5,024,900
Share premium	-	18,894
Dividend paid	(2,522,915)	(475,276)
Net cash generated from financing activities	6,558,409	7,158,430
Net (decrease) / increase in cash and cash equivalents	(547,670)	6,198,135
(a+b+c)		
Cash and cash equivalents at the beginning of the period	2,479,819	193,687
Cash and cash equivalents at the end of the period 14	1,932,149	6,391,822

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





Notes to the Unconsolidated Condensed Interim Financial Statements

For the Quarter and Nine Months Ended March 31, 2020

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:

- i) International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017, and
- ii) 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 March 31, 2020 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
5. Property, Plant and Equipment			
Operating fixed assets	5.1	21,143,569	17,038,440
Capital work-in-progress	5.2	1,758,720	1,218,034
Right of use assets		120,439	–
		23,022,728	18,256,474
5.1 Operating fixed assets			
Opening written down value		17,038,440	15,152,544
Add: Additions during the period/year	5.1.1	5,546,658	3,718,009
Less: Disposals during the period/year		(40,983)	(186,557)
Less: Trial production depreciation capitalized during the period/year		(9,667)	(4,322)
Less: Depreciation charged during the period/year		(1,390,879)	(1,641,234)
Closing written down value		21,143,569	17,038,440
5.1.1 Additions during the period/year			
Freehold land		142,613	651,162
Buildings on freehold land		1,807,103	529,222
Plant and machinery		2,697,744	1,976,665
Tools and equipments		235,474	129,094
Office equipments		72,449	54,818
Electric installations		359,510	100,857
Furniture and fixtures		61,808	86,160
Vehicles		169,957	190,031
		5,546,658	3,718,009
5.2 Capital work-in-progress			
Civil works		283,921	653,047
Plant and machinery		322,284	135,550
Computer software		93,041	–
Capital stores	5.2.1	199,177	3,913
Advances to suppliers		860,297	425,524
		1,758,720	1,218,034

5.2.1 Capital stores include factory tools and equipments, office equipments, electric installations and furniture and fixtures that are held in store for future use and capitalization.

	Note	Unaudited March 31, 2020 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
6. Long Term Investments			
Unquoted - at cost			
Associate			
IL Bangla Limited		308,735	308,735
Subsidiary			
IL Apparel (Pvt) Limited		1,045,000	700,000
Others - Amortized cost			
Term finance certificates		520,130	–
		1,873,865	1,008,735
7. Trade Debts			
Foreign			
- Secured		5,688,295	4,250,501
- Unsecured	7.1	3,744,420	3,564,083
Local			
- Unsecured	7.1	629,826	433,156
		10,062,541	8,247,740

7.1 Management considers that these debts are good and will be recovered accordingly.

8. Authorized Share Capital

	Unaudited March 31, 2020 [Number of shares in '000]	Audited June 30, 2019 [Number of shares in '000]		Unaudited March 31, 2020 (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 March 31, 2020 [Number of shares in '000]	Audited June 30, 2019 [Number of shares in '000]		Unaudited March 31, 2020 (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 March 31, 2020 (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	3,834,479	4,228,002
Less: Repaid during the period/year	(2,076,883)	(2,568,542)
	6,633,532	4,875,936
Less: Current portion of long term financing	(841,171)	(1,247,191)
	5,792,361	3,628,745
11. Contingencies and Commitments		
11.1 Contingencies		
Bank guarantees issued by various banks on behalf of the company in favour of:		
Sui Northern Gas Pipelines limited against supply of gas.	560,933	547,069
The Director, Excise and Taxation, Karachi against imposition of infrastructure cess	232,853	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
Collector of customs	23	-
Total Parco Pakistan Limited	3,000	-
	1,006,307	950,920
Post dated cheques issued in favour of custom authorities for release of imported goods	4,253,905	3,291,613
Corporate guarantees given to banks on behalf of IL Apparel (Pvt) Ltd - a subsidiary company	1,750,000	1,130,000
11.2 Commitments		
Under letters of credit for:		
Capital expenditure	655,832	1,275,725
Raw material	1,094,203	109,974
Stores and spares	90,100	136,399
	1,840,135	1,522,098

Note	Quarter ended		Nine months ended	
	Unaudited March 31, 2020	Unaudited March 31, 2019	Unaudited March 31, 2020	Unaudited March 31, 2019
	(Rupees in '000)		(Rupees in '000)	
12. Cost of Sales				
Raw material consumed	4,720,175	3,852,742	13,838,586	11,613,109
Stores and spares consumed	269,223	213,081	878,069	610,580
Knitting charges	65,853	-	87,177	11,897
Salaries, wages and benefits	2,021,395	1,345,029	5,356,493	4,057,701
Staff retirement gratuity	158,964	112,983	473,395	325,747
Fuel and power	538,441	470,795	1,600,293	1,601,656
Repairs and maintenance	40,712	44,544	126,760	101,706
Insurance	12,838	13,146	35,638	39,883
Depreciation	483,312	381,476	1,244,008	1,088,033
Amortization	1,831	-	3,662	-
Depreciation on right of use assets	2,612	-	5,715	-
Rent, rate and taxes	3	8,588	467	22,716
Other manufacturing costs	70,767	60,767	158,259	164,820
	8,386,126	6,503,151	23,808,522	19,637,848
Opening work in process	686,194	425,448	597,562	471,276
Closing work in process	(466,635)	(542,493)	(466,635)	(542,493)
	219,559	(117,045)	130,927	(71,217)
Cost of goods manufactured	8,605,685	6,386,106	23,939,449	19,566,631
Opening finished goods	2,189,695	2,050,650	1,954,089	1,484,177
Closing finished goods	(2,475,960)	(1,978,671)	(2,475,960)	(1,978,671)
	(286,265)	71,979	(521,871)	(494,494)
	8,319,420	6,458,085	23,417,578	19,072,137
Duty drawback	(164,877)	(137,154)	(537,760)	(400,289)
	8,154,543	6,320,931	22,879,818	18,671,848
13. Other Operating Expenses				
(Gain)/Loss on disposal of property, plant and equipment	(1,597)	5,891	9,565	17,521
Charity and donations 13.1	50,226	(124,169)	178,283	116,839
Workers' profit participation fund	37,515	61,040	125,867	183,156
Unrealized loss on derivative financial instruments	239,426	-	216,066	-
(Gain)/Loss on investments in mutual funds measured at fair value through profit or loss	-	(5,334)	6,110	5,328
	325,570	(62,572)	535,891	322,844
13.1 Charity and donations amount was negative in comparative period due to reversal of excess provision of rupees 150 million, which the management felt that it would not incur then.				
		Unaudited March 31, 2020 (Rupees in '000)	Unaudited March 31, 2019 (Rupees in '000)	
14. Cash and Cash Equivalents				
Cash and bank balances		832,149		6,391,822
Short term investments - Term Deposit Receipts (TDRs)		1,100,000		-
		1,932,149		6,391,822

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:

i) Transactions

Name	Nature of transaction	Quarter ended			Nine months ended	
		Unaudited March 31, 2020	Unaudited March 31, 2019	Unaudited March 31, 2020	Unaudited March 31, 2019	
		(Rupees in '000)				
IL Bangla Limited - Associate	Expenses paid on behalf of associate	-	1,432	-	5,782	
	Sale of yarn	468	-	468	19	
	Interest on receivables	1,449	-	4,347	-	
IL Apparel (Pvt) Limited - Subsidiary	Investment in share capital	709	150,000	345,000	599,000	
	Sale of yarn	482	3,209	5,184	3,209	
	Processing services	6,300	181	865	181	
	Sale of assets	-	-	6,300	-	
	Gratuity transferred	-	1,430	-	1,430	
Interloop Holdings (Pvt) Limited - Associate	Services received	32,277	-	58,107	-	
	Loan obtained during the period	-	30,000	-	3,000,000	
	Loan repaid during the period	-	-	1,400,000	-	
	Mark up expense on loan	534	36,958	10,109	64,007	
	Sale of asset	-	12,910	7,904	12,910	
Interloop Welfare Trust	Donation paid	66,786	42,990	133,155	56,648	
Interloop Limited ESOS Management Trust	Dividend	17	-	45	-	
Texian Center (Pvt) Limited - Associate	Sale of asset	166,805	27,383	716,927	182,437	
	Sale of yarn	8,521	129,784	25,911	332,926	
	Spare parts and packing material	-	12,253	-	31,061	
Global Veneer Trading Limited - Associate	Selling commission expense	108,746	246,253	314,559	761,914	
	Selling commission paid	15,872	164,084	477,476	679,745	
Eurosox Plus BV - Associate	Sale of socks	227,143	192,251	680,630	582,113	
Interloop Employees Provident Fund	Contribution to the fund	13,481	8,738	32,644	24,767	
Key management personnel & other related parties	Sale of asset	-	-	-	5,593	
	Repayment of loan	-	-	-	146,573	
	issuance of bonus shares	-	-	-	5,587,323	
	issuance of share capital	-	-	-	3,000	
	issuance of share capital-Non Voting	-	3,400	-	3,400	
	Repayment of housing finance loan	1,132	-	1,886	-	
	Mark up on housing finance loan	127	-	350	-	
	Dividend paid	749,602	-	2,064,819	-	
	Remuneration and other benefits	221,216	124,497	639,639	364,514	
	Directorship fee	2,100	-	5,550	-	

ii) Period end balances

Period end balances	Nature of Balance	Unaudited March 31, 2020	Audited June 30, 2019
Name		(Rupees in '000)	
IL Bangla Limited - Associate	Trade Debits Deposit, prepayment and other receivables	44,982 87,114	44,280 82,766
Texlan Center (Pvt) Limited - Associate	Trade Debits	170,675	352,636
Eurosox Plus BV - Associate	Trade Debits	290,344	293,422
Global Veneer Trading Limited - Associate	Trade and other payables	66,368	229,285
Interloop Welfare Trust	Deposit, prepayment and other receivables	-	1,214
Interloop Employees Provident Fund	Trade and other payables	3,440	5,020
Interloop Limited ESOS Management Trust	Trade and other payables	55	338
Interloop Holdings (Pvt) Limited - Associate	Long term financing	-	1,400,000
Other related parties	Long term loans	23,864	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 represents 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	
	Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)		(Rupees in '000)	
Revenue														
External sale	24,794,283	22,346,886	3,892,081	4,182,419	567,471	-	-	698,333	197,939	-	-	-	29,952,168	26,727,254
Intersegment sale	117,048	91,163	2,582,237	2,072,131	3,254	-	1,835,953	719,894	579,197	(5,258,368)	(4,464,237)	-	-	-
Cost of sales	24,911,331	22,438,059	6,474,318	6,254,550	570,725	-	1,835,953	1,721,746	777,136	(5,258,368)	(4,464,237)	29,952,168	26,727,254	
	(19,289,153)	(15,008,622)	(6,141,602)	(5,898,485)	(904,447)	-	(1,475,620)	(1,512,587)	(1,317,382)	(716,581)	5,258,368	4,464,237	(22,879,819)	(18,671,848)
Gross profit/(loss)	6,612,178	7,429,627	332,716	356,065	(333,722)	-	360,333	209,159	100,845	60,555	-	-	7,072,350	8,055,406
Distribution cost	(1,479,453)	(1,917,687)	(48,036)	(48,536)	(69,720)	(254)	-	-	(35,221)	(10,098)	-	-	(1,632,430)	(1,976,575)
Administrative expenses	(1,546,646)	(1,352,487)	(56,319)	(53,744)	(118,642)	(9,932)	(6,419)	(5,663)	(26,376)	(18,004)	-	-	(1,754,404)	(1,439,830)
	(3,026,101)	(3,270,174)	(104,355)	(102,280)	(188,362)	(10,186)	(6,419)	(5,663)	(61,597)	(28,102)	-	-	(3,386,834)	(3,416,405)
Profit/(loss) before taxation and unallocated income and expenses	3,586,077	4,159,453	228,361	253,785	(522,084)	(10,186)	353,914	203,496	39,248	32,453	-	-	3,685,516	4,639,001
Unallocated income and expenses														
Other operating expenses														(535,891)
Other income														99,960
Finance cost														(856,128)
Taxation														(229,361)
Profit after taxation														2,162,096
														3,310,978

16.2 Reconciliation of reportable segment assets and liabilities

	Hosiery		Spinning		Denim		Energy		Others		Total Company	
	Unaudited March 31, 2020	Audited June 30, 2019	Unaudited March 31, 2020	Audited June 30, 2019	Unaudited March 31, 2020	Audited June 30, 2019	Unaudited March 31, 2020	Audited June 30, 2019	Unaudited March 31, 2020	Audited June 30, 2019	Unaudited March 31, 2020	Audited 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	26,960,658	24,711,293	7,289,561	5,261,938	6,863,478	2,121,212	2,355,312	1,969,744	1,213,150	1,010,427	44,702,159	35,074,614
Unallocated assets:												
Long term investments											1,873,865	1,008,735
Long term deposits											38,066	28,019
Short term investments											1,100,000	1,207,251
Tax refunds due from government											2,581,405	1,925,439
Cash and bank balances											832,149	1,538,564
Total assets as per statement of financial position											51,127,644	40,782,622
Total liabilities for reportable segment	6,380,720	5,646,890	371,893	206,537	599,667	180,548	57,107	77,475	139,207	78,969	7,548,594	6,190,419
Unallocated liabilities:												
Long term financing											5,792,361	3,628,745
Accrued mark up											292,731	110,463
Short term borrowings											19,010,117	11,726,000
Current portion of long term financing											841,171	1,247,191
Total liabilities as per statement of financial position											33,464,974	22,902,838

17. Fair Value Measurement 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 March 31, 2020 and June 30, 2019 on a recurring basis:

(Rupees in '000)	Unaudited			
	March 31, 2020			
	Level 1	Level 2	Level 3	Total
Total financial assets	-	-	-	-
Financial liabilities				
Trading derivatives	-	216,066	-	216,066
Total financial liabilities	-	216,066	-	216,066
(Rupees in '000)	Audited			
	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. Financial Risk Management

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.

19. Date of Authorization For Issue

These unconsolidated condensed interim financial statements were authorized for issue on April 21, 2020 by the Board of Directors of the Company.

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.



Consolidated Condensed Interim Financial Statements

For the Quarter and Nine Months Ended March 31, 2020

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2020

	Note	Unaudited March 31, 2020 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
Assets			
Non Current Assets			
Property, plant and equipment	6	23,790,582	18,899,292
Intangible asset		68,908	70,083
Long term investments	7	520,130	93,540
Long term loans - staff		126,459	73,262
Long term deposits		43,716	33,120
		24,549,795	19,169,297
Current Assets			
Stores and spares		1,102,260	890,404
Stock in trade		8,733,780	6,297,975
Trade debts	8	10,163,353	8,274,062
Loans and advances		1,451,558	1,076,724
Deposit, prepayment and other receivables		415,032	208,238
Tax refunds due from government		2,699,375	1,949,118
Short term investments		1,100,000	1,207,251
Cash and bank balances		839,747	1,542,907
		26,505,105	21,446,679
Total Assets		51,054,900	40,615,976

	Note	Unaudited March 31, 2020 (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		3,847,910	3,844,223
Unappropriated profit		4,207,106	4,949,685
Equity attributable to holders of parent company		16,776,991	17,515,883
Non-controlling interest		–	–
Total equity		16,776,991	17,515,883
Non Current Liabilities			
Long term financing	11	5,792,361	3,628,745
Lease liabilities		188,058	–
Deferred liabilities		2,961,756	2,497,894
		8,942,175	6,126,639
Current Liabilities			
Trade and other payables		4,398,045	3,625,644
Dividend payable		6,563	130,935
Accrued mark up		307,712	113,942
Short term borrowings		19,517,969	11,855,742
Derivative financial instruments		223,616	–
Current portion of non current liabilities		881,829	1,247,191
		25,335,734	16,973,454
Contingencies And Commitments	12	–	–
Total Equity and Liabilities		51,054,900	40,615,976

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



Chief Executive Officer



Director



Chief Financial Officer

Consolidated Condensed Interim Statement of Profit or Loss

For the Quarter and Nine Months Ended March 31, 2020

	Note	Quarter ended		Nine months ended	
		Unaudited March 31, 2020 (Rupees in '000)	Unaudited March 31, 2019 (Rupees in '000)	Unaudited March 31, 2020 (Rupees in '000)	Unaudited March 31, 2019 (Rupees in '000)
Sales - net		10,926,605	8,790,411	30,353,344	26,723,863
Cost of sales	13	(8,439,529)	(6,321,744)	(23,482,014)	(18,672,661)
Gross profit		2,487,076	2,468,667	6,871,330	8,051,202
Distribution cost		(610,099)	(577,068)	(1,685,301)	(1,979,797)
Administrative expenses		(654,185)	(508,447)	(1,844,188)	(1,466,550)
Other operating expenses	14	(337,227)	62,572	(547,567)	(322,844)
Other income		63,438	154	100,761	3,795
		(1,538,073)	(1,022,789)	(3,976,295)	(3,765,396)
Profit from operations		949,003	1,445,878	2,895,035	4,285,806
Finance cost		(403,889)	(309,815)	(899,878)	(839,835)
Share of loss from associate		(30,023)	(18,249)	(97,226)	(36,497)
Profit before taxation		515,091	1,117,814	1,897,931	3,409,474
Taxation		(83,885)	(50,763)	(233,433)	(169,071)
Profit for the period		431,206	1,067,051	1,664,498	3,240,403
Attributable to:					
Shareholders of parent company		431,206	1,067,051	1,664,498	3,240,403
Non- controlling interest		-	-	-	-
		431,206	1,067,051	1,664,498	3,240,403
Earnings per share - basic (Rupees)		0.4944	1.3993	1.9084	4.2503
Earnings per share - diluted (Rupees)		0.4944	1.3646	1.9084	4.2151

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 Nine Months Ended March 31, 2020

	Quarter ended		Nine months ended	
	Unaudited March 31, 2020 (Rupees in '000)	Unaudited March 31, 2019 (Rupees in '000)	Unaudited March 31, 2020 (Rupees in '000)	Unaudited March 31, 2019 (Rupees in '000)
Profit for the period	431,206	1,067,051	1,664,498	3,240,403
Other comprehensive (loss) / 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 translating foreign operations	(49,704)	(881)	3,687	19,421
Total comprehensive income for the period	381,502	1,066,170	1,668,185	3,259,824
Attributable to:				
Shareholders of parent company	381,502	1,066,170	1,668,185	3,259,824
Non- controlling interest	-	-	-	-
	381,502	1,066,170	1,668,185	3,259,824

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



Chief Executive Officer



Director



Chief Financial Officer

Consolidated Condensed Interim Statement of Changes In Equity

For the Nine Months Ended March 31, 2020

	Attributable to owners of the Parent							Non Controlling Interest	Total
	Share Capital	Share Deposit Money	Capital Reserve	Revenue Reserves			Total		
			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	6,880,264	16,051	8,816,282	-	8,816,282
Profit for the period	-	-	-	-	3,240,403	-	3,240,403	-	3,240,403
Other comprehensive income	-	-	-	-	-	19,421	19,421	-	19,421
Total comprehensive income for the period	-	-	-	-	3,240,403	19,421	3,259,824	-	3,259,824
Issue of ordinary shares	5,000	-	-	-	-	-	5,000	-	5,000
Shares issued under the ESOS	7,558	-	27,523	(8,608)	-	-	26,473	-	26,473
Share deposit money	-	5,024,900	-	-	-	-	5,024,900	-	5,024,900
Issuance of bonus shares	5,718,313	-	(30,255)	-	(5,688,058)	-	-	-	-
Balance as at March 31, 2019 (Unaudited)	7,631,975	5,024,900	27,523	-	4,412,609	35,472	17,132,479	-	17,132,479
Balance as at July 01, 2019 - (Audited)	8,721,975	-	3,791,603	-	4,949,685	52,620	17,515,883	-	17,515,883
Effect of initial application of IFRS 16	-	-	-	-	(8,534)	-	(8,534)	-	(8,534)
Profit for the period	-	-	-	-	1,664,498	-	1,664,498	-	1,664,498
Other comprehensive income	-	-	-	-	-	3,687	3,687	-	3,687
Total comprehensive income for the period	-	-	-	-	1,664,498	3,687	1,668,185	-	1,668,185
Transactions with owners:									
Dividend to ordinary shareholders	-	-	-	-	(2,398,543)	-	(2,398,543)	-	(2,398,543)
Balance as at March 31, 2020 (Unaudited)	8,721,975	-	3,791,603	-	4,207,106	56,307	16,776,991	-	16,776,991

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



Chief Executive Officer



Director



Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows

For the Nine Months Ended March 31, 2020

	Unaudited March 31, 2020 (Rupees in '000)	Unaudited March 31, 2019 (Rupees in '000)
a) Cash Flows From Operating Activities		
Profit before taxation	1,897,931	3,409,474
Adjustments for:		
Depreciation	1,428,661	1,214,347
Depreciation on right of use assets	26,788	-
Amortization	11,583	6,369
Workers' profit participation fund	125,867	183,156
Staff retirement gratuity	562,932	386,540
Employee share option compensation expense	-	5,036
Loss on disposal of property, plant and equipment	13,672	17,521
Remeasurement loss on investment in mutual funds	6,110	5,328
Profit on TDRs	(5,249)	(182)
Profit on TFCs	(40,025)	-
Interest on loan to Metis International (Pvt) Ltd	826	(3,458)
Unrealized loss on derivative financial instruments	223,616	-
Realized gain on derivative financial instruments	(44,866)	-
Interest on receivables from IL Bangla Limited	(4,347)	-
Share of loss from associate	97,226	36,497
Finance cost	899,878	839,835
Operating cash flows before working capital changes	5,200,603	6,100,463
Changes in working capital		
(Increase)/decrease in current assets		
Stores and spares	(211,856)	(116,946)
Stock in trade	(2,435,805)	(1,941,263)
Trade debts	(1,889,292)	(547,343)
Loans and advances	(355,997)	(628,630)
Deposit, prepayment and other receivables	(203,272)	(191,519)
Tax refunds due from government	(504,129)	(198,988)
Short term investment in mutual funds - net	124,786	-
Increase in current liabilities		
Trade and other payables	934,859	1,201,061
	(4,540,706)	(2,423,628)
Cash generated from operations	659,897	3,676,835
Finance cost paid	(703,292)	(763,023)
Income tax paid	(344,462)	(121,573)
Staff retirement gratuity paid	(102,071)	(99,612)
Workers' profit participation fund paid	(291,135)	(232,068)
Long term loans paid	(72,034)	(38,717)
Long term deposits paid	(10,597)	(7,068)
Profit on TDRs received	5,249	182
Net cash (used in) / generated from operating activities	(858,445)	2,414,956

Note	Unaudited March 31, 2020 (Rupees in '000)	Unaudited March 31, 2019 (Rupees in '000)
b) Cash Flows From Investing Activities		
Additions in:		
Property, plant and equipment	(6,144,831)	(3,420,827)
Intangible asset	(10,410)	(89)
Proceeds from disposal of property, plant and equipment	25,118	77,816
Long term investments	(500,000)	-
Profit received from investments in TFCs	19,895	-
Net cash used in investing activities	(6,610,228)	(3,343,100)
c) Cash Flows From Financing Activities		
Long term financing obtained	3,834,479	3,363,040
Repayment of long term financing	(2,076,883)	(705,677)
Payment of lease rentals	(17,516)	(1,086)
Short term borrowings - net	7,662,227	(78,923)
Settlement of derivative financial instruments	44,866	-
Share capital issued	-	12,558
Share deposit money received	-	5,024,900
Share premium	-	18,894
Dividend paid	(2,522,915)	(475,276)
Net cash generated from financing activities	6,924,258	7,158,430
Net (decrease) / increase in cash and cash equivalents	(544,415)	6,230,286
(a+b+c)		
Cash and cash equivalents at the beginning of the period	2,484,162	195,939
Cash and cash equivalents at the end of the period 15	1,939,747	6,426,225

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





Notes to the Consolidated Condensed Interim Financial Statements

For the Quarter and Nine Months Ended March 31, 2020

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:

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

		Unaudited March 31, 2020 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
6. Property, Plant and Equipment			
Operating fixed assets	6.1	21,804,417	17,644,588
Capital work-in-progress	6.2	1,774,446	1,254,704
Right of use assets		211,719	–
		23,790,582	18,899,292
6.1 Operating fixed assets			
Opening written down value		17,644,588	15,154,365
Add: Additions during the period/year	6.1.1	5,636,947	4,330,446
Less: Disposals during the period/year		(38,790)	(182,848)
Less: Trial production depreciation capitalized during the period/year		(9,667)	(4,322)
Less: Depreciation charged during the period/year		(1,428,661)	(1,653,053)
Closing written down value		21,804,417	17,644,588
6.1.1 Additions during the period/year			
Freehold land		142,613	871,689
Buildings on freehold land		1,816,025	578,239
Plant and machinery		2,731,506	2,158,422
Tools and equipments		252,921	185,194
Office equipments		84,560	76,918
Electric installations		366,406	155,075
Furniture and fixtures		67,630	95,786
Vehicles		175,286	209,123
		5,636,947	4,330,446
6.2 Capital work-in-progress			
Civil works		284,060	654,768
Plant and machinery		323,859	151,000
Computer software		93,041	–
Capital stores	6.2.1	200,593	20,792
Advances to suppliers		872,893	428,144
		1,774,446	1,254,704

6.2.1 Capital stores include factory tools and equipments, office equipments, electric installations and furniture and fixtures that are held in store for future use and capitalization.

		Unaudited March 31, 2020 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
7. Long Term Investments			
Un-quoted associate - at equity method			
IL Bangla Limited	7.1	-	93,540
Others - Amortized cost			
Term finance certificates		520,130	-
		520,130	93,540
7.1 Investment in associated company - under equity method			
Opening balance		93,540	115,456
Share of loss for the period/year		(97,226)	(58,485)
Exchange gain		3,686	36,569
		(93,540)	(21,916)
Closing balance		-	93,540
8. Trade Debts			
Foreign			
- Secured		5,694,200	4,276,821
- Unsecured	8.1	3,835,477	3,564,083
Local			
- Unsecured	8.1	633,676	433,158
		10,163,353	8,274,062

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

9. Authorized Share Capital

Unaudited March 31, 2020 [Number of shares in '000]	Audited June 30, 2019 [Number of shares in '000]		Unaudited March 31, 2020 (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 March 31, 2020 [Number of shares in '000]	Audited June 30, 2019 [Number of shares in '000]		Unaudited March 31, 2020 (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 March 31, 2020 (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	3,834,479	4,228,002
Less: Repaid during the period/year	(2,076,883)	(2,568,542)
	6,633,532	4,875,936
Less: Current portion of long term financing	(841,171)	(1,247,191)
	5,792,361	3,628,745

	Unaudited March 31, 2020 (Rupees in '000)	Audited June 30, 2019 (Rupees in '000)
12. Contingencies and Commitments		
12.1 Contingencies		
Bank guarantees issued by various banks on behalf of the company in favour of:		
Sui Northern Gas Pipelines limited against supply of gas.	560,933	547,069
The Director, Excise and Taxation, Karachi against imposition of infrastructure cess	234,353	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
Collector of customs	23	-
Total Parco Pakistan Limited	3,000	-
	1,007,807	951,920
Post dated cheques issued in favour of custom authorities for release of imported goods	4,268,897	3,291,613
12.2 Commitments		
Under letters of credit for:		
Capital expenditure	668,180	1,275,725
Raw material	1,100,502	109,974
Stores and spares	90,227	136,399
	1,858,909	1,522,098

Note	Quarter ended		Nine months ended	
	Unaudited March 31, 2020	Unaudited March 31, 2019	Unaudited March 31, 2020	Unaudited March 31, 2019
	(Rupees in '000)		(Rupees in '000)	
13. Cost of Sales				
Raw material consumed	4,835,305	3,852,742	14,192,704	11,613,109
Stores and spares consumed	280,706	213,081	903,645	610,580
Knitting charges	123,699	-	212,997	11,897
Salaries, wages and benefits	2,124,724	1,345,842	5,584,847	4,058,514
Staff retirement gratuity	161,315	112,983	480,447	325,747
Fuel and power	544,771	470,795	1,617,083	1,601,656
Repairs and maintenance	41,475	44,544	129,038	101,706
Insurance	13,348	13,146	37,030	39,883
Depreciation	490,424	381,476	1,267,177	1,088,033
Amortization	1,831	-	3,662	-
Depreciation on right of use assets	9,043	-	22,972	-
Rent, rate and taxes	3	8,588	467	22,716
Other manufacturing costs	85,577	60,767	174,754	164,820
	8,712,221	6,503,964	24,626,823	19,638,661
Opening work in process	835,654	425,448	597,562	471,276
Closing work in process	(567,073)	(542,493)	(567,073)	(542,493)
	268,581	(117,045)	30,489	(71,217)
Cost of goods manufactured	8,980,802	6,386,919	24,657,312	19,567,444
Opening finished goods	2,222,218	2,050,650	1,965,058	1,484,177
Closing finished goods	(2,594,978)	(1,978,671)	(2,594,978)	(1,978,671)
	(372,760)	71,979	(629,920)	(494,494)
	8,608,042	6,458,898	24,027,392	19,072,950
Duty drawback	(168,513)	(137,154)	(545,378)	(400,289)
	8,439,529	6,321,744	23,482,014	18,672,661
14. Other Operating Expenses				
Exchange loss	-	-	19	-
Loss on disposal of property, plant and equipment	2,510	5,891	13,672	17,521
Charity and donations	50,226	(124,169)	178,283	116,839
Workers' profit participation fund	37,515	61,040	125,867	183,156
Unrealized loss on derivative financial instruments	246,976	-	223,616	-
(Gain)/Loss on investments in mutual funds measured at fair value through profit or loss	-	(5,334)	6,110	5,328
	337,227	(62,572)	547,567	322,844
14.1 Charity and donations amount was negative in comparative period due to reversal of excess provision of rupees 150 million, which the management felt that it would not incur then.				
		Unaudited March 31, 2020	Unaudited March 31, 2019	
		(Rupees in '000)	(Rupees in '000)	
15. Cash and Cash Equivalents				
Cash and bank balances		839,747	6,426,225	
Short term investments - Term Deposit Receipts (TDRs)		1,100,000	-	
		1,939,747	6,426,225	

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. Detail of transactions with related parties are as follows:

i) Transactions

Name	Nature of transaction	Quarter ended			Nine months ended	
		Unaudited March 31, 2020	Unaudited March 31, 2019	Unaudited March 31, 2020	Unaudited March 31, 2019	
(Rupees in '000)						
IL Bangla Limited - Associate	Expenses paid on behalf of associate	–	1,432	–	–	5,782
	Sale of yarn	468	–	468	–	19
	Interest on receivables	1,449	–	4,347	–	–
Interloop Holdings (Pvt) Limited - Associate	Services received	32,277	–	58,107	–	–
	Loan obtained during the period	–	30,000	–	–	3,000,000
	Loan repaid during the period	–	–	1,400,000	–	–
	Mark up expense on loan	534	36,958	10,109	–	64,007
	Sale of asset	–	12,910	7,904	–	12,910
Interloop Welfare Trust	Donation paid	66,786	42,990	133,155	–	56,648
Interloop Limited ESOS Management Trust	Dividend	17	–	–	45	–
Texaco Center (Pvt) Limited - Associate	Sale of asset	–	27,383	–	–	182,437
	Sale of yarn	166,805	129,784	716,927	–	332,926
	Spare parts and packing material	8,521	12,253	25,911	–	31,061
Global Veneer Trading Limited - Associate	Selling commission expense	108,746	246,253	314,559	–	761,914
	Selling commission paid	15,872	164,084	477,476	–	679,745
Eurosox Plus BV - Associate	Sale of stocks	227,143	192,251	660,630	–	582,113
Interloop Employees Provident Fund	Contribution to the fund	13,481	8,738	32,644	–	24,767
Key management personnel & other related parties	Sale of asset	–	–	–	–	5,593
	Repayment of loan	–	–	–	–	146,573
	Issuance of bonus shares	–	–	–	–	5,597,323
	Issuance of share capital	–	–	–	–	3,000
	Issuance of share capital-Non Voting	–	3,400	–	–	3,400
	Prepayment of housing finance loan	1,132	–	1,886	–	–
	Markup on housing finance loan	749,602	–	692	–	–
	Dividend paid	241,189	–	2,084,819	–	–
	Remuneration and other benefits	–	130,796	676,639	–	377,947
	Directorship fee	2,100	–	5,550	–	–

ii) Period end balances	Nature of Balance	Unaudited March 31, 2020	Audited June 30, 2019
Name		(Rupees in '000)	
IL Bangla Limited - Associate	Trade Debits Deposit, prepayment and other receivables	44,982 87,114	44,280 82,766
Texlan Center (Pvt) Limited - Associate	Trade Debits	170,675	352,636
Eurosox Plus BV - Associate	Trade Debits	290,344	293,422
Global Verneer Trading Limited - Associate	Trade and other payables	66,368	229,285
Interloop Welfare Trust	Deposit, prepayment and other receivables	-	1,214
Interloop Employees Provident Fund	Trade and other payables	3,440	5,020
Interloop Limited ESOS Management Trust	Trade and other payables	55	338
Interloop Holdings (Pvt) Limited - Associate	Long term financing	-	1,400,000
Other related parties	Long term loans	31,364	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 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) **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	
	Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(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	24,788,234	22,343,505	3,882,081	4,182,419	567,471	-	-	407,225	-	698,333	197,939	-	-	30,353,344	26,723,863	-
Intersegment sale	123,097	94,554	2,582,237	2,072,131	3,254	-	1,835,953	1,721,746	-	719,894	579,197	(5,284,435)	(4,467,628)	-	-	-
Cost of sales	24,911,331	22,338,059	6,474,318	6,254,550	570,725	-	1,835,953	1,721,746	407,225	1,418,227	777,136	(5,284,435)	(4,467,628)	30,353,344	26,723,863	-
	(18,239,153)	(15,009,244)	(6,141,602)	(5,888,485)	(904,447)	-	(1,475,620)	(1,512,587)	(608,245)	(1,317,382)	(719,973)	5,284,435	4,467,628	(23,482,014)	(18,672,861)	-
Gross profit/(loss)	6,612,178	7,428,815	332,716	356,065	(333,722)	-	360,333	209,159	(201,020)	100,845	57,163	-	-	6,871,330	8,051,202	-
Distribution cost	(1,479,453)	(1,917,687)	(48,036)	(48,536)	(69,720)	(254)	-	(52,871)	(3,222)	(35,221)	(10,098)	-	-	(1,685,301)	(1,979,797)	-
Administrative expenses	(1,546,649)	(1,351,679)	(56,319)	(53,744)	(118,642)	(9,302)	(6,419)	(5,663)	(88,784)	(26,376)	(18,004)	-	-	(1,844,188)	(1,466,500)	-
	6,026,101	(3,239,362)	(104,355)	(102,280)	(188,362)	(10,186)	(6,419)	(5,663)	(142,655)	(30,754)	(61,597)	(28,102)	-	(3,529,489)	(3,446,347)	-
Profit/(loss) before taxation and unallocated income and expenses	3,586,077	4,159,453	228,361	253,785	(52,084)	(10,186)	353,914	203,496	(343,675)	(30,754)	39,248	29,061	-	3,341,841	4,604,855	-
Unallocated income and expenses																
Other operating expenses														(547,567)	(622,844)	-
Other income														100,761	3,795	-
Finance cost														(898,878)	(839,835)	-
Share of loss from associate														(97,226)	(86,487)	-
Taxation														(238,433)	(169,071)	-
Profit after taxation														1,664,498	3,240,403	-

17.2 Reconciliation of reportable segment assets and liabilities

	Hosiery		Spinning		Denim	Energy		Apparel		Others		Total Group		
	Unaudited March 31, 2020	Audited June 30, 2019	Unaudited March 31, 2020	Audited June 30, 2019		Unaudited March 31, 2020	Audited June 30, 2019	Unaudited March 31, 2020	Audited June 30, 2019	Unaudited March 31, 2020	Audited June 30, 2019	Unaudited March 31, 2020	Audited June 30, 2019	
Total assets for reportable segment	26,980,196	24,710,831	7,289,561	5,261,938	6,883,478	2,121,212	2,357,505	1,993,744	1,148,042	715,888	1,213,150	1,010,427	45,851,932	35,790,040
Unallocated assets:														
Long term investments														93,540
Long term deposits														43,716
Short term investments														1,100,000
Tax refunds due from government														2,699,375
Cash and bank balances														1,949,118
Total assets as per statement of financial position													51,054,900	40,615,976
Total liabilities for reportable segment	6,380,720	5,646,890	371,893	206,537	599,667	1,80,548	57,107	77,475	270,102	64,058	139,207	78,965	7,818,696	6,254,473
Unallocated liabilities:														
Long term financing														5,792,361
Accrued mark up														307,712
Short term borrowings														19,517,969
Current portion of long term financing														841,171
Total liabilities as per statement of financial position													34,277,909	23,100,083

18. Fair Value Measurement 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 March 31, 2020 and June 30, 2019 on a recurring basis:

(Rupees in '000)	Unaudited			
	March 31, 2020			
	Level 1	Level 2	Level 3	Total
Total financial assets	-	-	-	-
Financial liabilities				
Trading derivatives	-	223,616	-	223,616
Total financial liabilities	-	223,616	-	223,616
	Audited			
	June 30, 2019			
(Rupees in '000)	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. Financial Risk Management

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 consolidated condensed interim financial statements do not include all the financial risk management information and disclosures required for the annual financial statements.

20. Date of Authorization For Issue

These consolidated condensed interim financial statements were authorized for issue on April 21, 2020 by the Board of Directors of the Holding Company.

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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