

# FULL FAMILY CLOTHING PARTNER OF CHOICE



**INTERLOOP**  
HALF YEAR REPORT

for the period ended December 31, 2021

# MISSION

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

# CONTENTS

Company Information	02
Directors' Review	04
ڈائریکٹران کا جائزہ	11
Independent Auditor's Review Report	12
<b>Condensed Interim Financial Statements</b>	
Condensed Interim Statement of Financial Position	14
Condensed Interim Statement of Profit or Loss	16
Condensed Interim Statement of Comprehensive Income	17
Condensed Interim Statement of Changes in Equity	18
Condensed Interim Statement of Cash Flows	19
Notes to the Condensed Interim Financial Statements	21

# COMPANY INFORMATION

## BOARD OF DIRECTORS

**Musadaq Zulqarnain**

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**

## CHIEF INFORMATION OFFICER

**Yaqub Ahsan**

## LEGAL ADVISOR

**HaidermotaBNR & Co.**

## AUDITORS

**Kreston Hyder Bhimji & Co.**

Chartered Accountants

## 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

## RISK MANAGEMENT COMMITTEE

**Tariq Iqbal Khan**

Chairman

**Muhammad Maqsood**

Member

**Yaqub Ahsan**

Member

**Syed Hamza Gillani**

Member

**Ahsan Pervaiz Sheikh**

Member

## 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 – 74400

**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:** (042) – 36362061-66

## BANKERS

- Allied Bank Limited
- Askari 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
- Summit Bank 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:** info@interloop.com.pk  
**Website:** www.interloop-pk.com

## HEAD OFFICE

Interloop Limited  
1 KM, Khurrianwala-Jaranwala Road,  
Khurrianwala,  
Faisalabad, Pakistan  
**Phone:** +92 – 41 – 4360400  
**Fax:** +92 – 41 – 2428704

## PLANT SITE

### Plant 1:

1 KM Khurrianwala-Jaranwala Road,  
Khurrianwala,  
Faisalabad, Pakistan.

### Plant 2 & 4:

7 KM Khurrianwala-Jaranwala Road,  
Khurrianwala,  
Faisalabad, Pakistan.

### Plant 3:

8 KM, Manga-Raiwind Road, Distt. Kasur,  
Lahore, Pakistan.

### Plant 5:

6 KM, By Pass Road, Khurrianwala,  
Faisalabad, Pakistan

### Denim Plant:

8 KM, Manga-Raiwind Road,  
Lahore, Pakistan.

# DIRECTORS' REVIEW

The Board of Directors is pleased to present un-audited financial results of the Company duly reviewed by the statutory auditors, for the half year ended December 31, 2021.

## ECONOMIC OVERVIEW

Pakistan's current economic challenges are enormous but they are not insurmountable. World Bank report forecasted that Pakistan's economy would grow by 3.4% in the current fiscal year (FY) 2021-22 despite the fact that Omicron-related economic disruptions could substantially reduce growth, globally. During first half (July – December 2021) of the current FY, Country's exports increased by 25% to \$15.125 billion, compared to \$12.110 billion during the same period last year (July-December 2020). The current account deficit has already reached to 5.3% of the GDP and the Country's total external debt and liabilities have escalated to 93.7% of the GDP, according to the State Bank of Pakistan (SBP). Similarly, trade deficit has touched \$25 billion in 1HFY22, compared to \$12.363 billion in the corresponding period last year. The Country is struggling with accelerating inflation and a weakening currency. The inflation settled at an average of 9.8% YoY in 1HFY22.

## INDUSTRY OVERVIEW

The textile industry is at the heart of Country's export-led growth strategy and the government has targeted an ambitious growth of 4.8% in the ongoing fiscal year. During July-December FY2021-22, textile exports surged by 26% YoY, fetching \$9.39 billion in total exports, compared to \$7.44 billion in the same period last year. The textile commodities that contributed in trade growth included cotton yarn whose export increased by 52.33%, from \$400.733 million last year to \$610.427 million during the current year.

On the other hand, Pakistan's natural gas shortage is hurting its crucial textile exports which are playing a major role of estimated 60% of the total exports of the Country. Despite government efforts in restoring gas supplies to the textiles sector, frequent power blackouts are still curbing operations across the Country and if this situation persists, manufacturing units will only be able to run at about 80% capacity. However, your Company is also utilizing the most economical energy resource mix for generating energy at our power plants.

## FINANCIAL AND OPERATING RESULTS

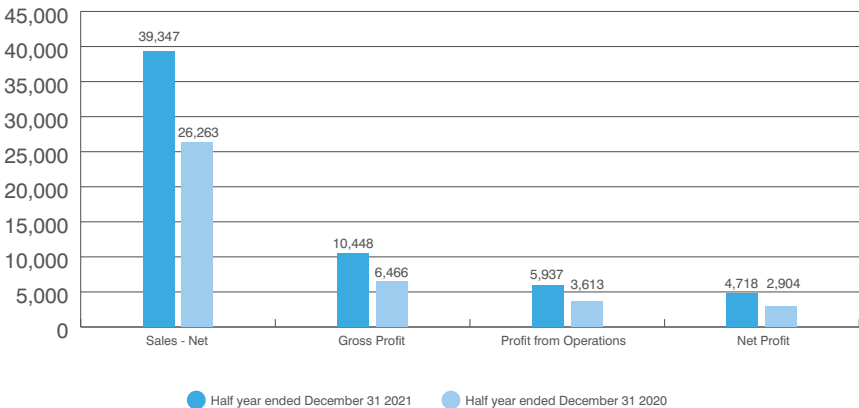
Despite the challenging economic conditions, your Company has performed well and maintained the significant profitability ratios during the period under review (July – December 2021). During the half year ended December 31, 2021, the net sales increased by Rs. Rs. 13,084 million and reach to Rs. 39,347 million, i.e. 49.82% in comparison with the corresponding period last year. The gross profit stood at 26.55%, compared to 24.62% as on December 31, 2020. The profit after tax has also increased by Rs. 1,813 million (EPS: Rs. 5.25 per share), an increase of 62.43%, compared to corresponding period last year. The sales volume in the current period increased notably, owing partially to the spill over from last year, and also as the Company managed to tap fresh opportunities.

## SUMMARIZED FINANCIAL RESULTS

The operating results of the Company are summarized as follows:

	Half year ended December 31,		
	2021	2020	Variance
	Rs. in millions		%
Sales – Net	39,347	26,263	49.82%
Gross Profit	10,448	6,466	61.58%
EBITDA	7,095	4,625	53.40%
Profit before Tax	5,065	3,097	63.57%
Less : Tax Expense	347	192	80.79%
Profit after Tax	4,718	2,904	62.43%
Unappropriated profit brought forward	8,001	4,766	70.03%
Accumulated Profit available for Appropriations	12,719	7,670	65.81%
Appropriations			
- Final dividend 2021	872		
- Final dividend 2020		872	
Unappropriated profit carried forward	11,846	6,798	74.26%
Earnings per share – Basic & Diluted (Rs.)	5.25	3.23	62.54%

Rs. in Million



The Company had booked provision of DDT in the first quarter of the current fiscal year. Since the previous Textile Policy was valid up to June 30, 2021 and the Government has not issued the new Textile Policy yet, the Company has not made any provision for DDT during the second quarter, and also reversed the provision made in the first quarter of the current fiscal year.

### **EARNINGS PER SHARE**

The Basic and Diluted earning per share after tax is Rs. 5.25 (HY 2020: Rs. 3.23).

### **SEGMENTAL REVIEW OF BUSINESS**

Each reportable segment contributed towards the better operating results of the Company. Reportable segments are defined based on the criteria prescribed under the International Financial Reporting Standards and includes Hosiery, Spinning, Denim, Apparel and Others. The details of operating results of each reportable segment can be found in Note 15 of the half yearly financial statements.

### **FUTURE OUTLOOK**

With the Grace of Almighty Allah, Plant V is fully operational now with all infrastructure and building work completed and all 1,200 machines successfully installed. Through the expansion of knitting segment with Plant V, the performance will significantly improve in the upcoming period.

The management of the Company has always made strong efforts to improve cost effectiveness through optimizing capacity utilization, cost rationalization, effective procurement strategy, etc. Accordingly, the Company is following its footprints to ensure that maximum profit can be generated for the well-being of the Company's shareholders.



Our commitment to sustainability is deeply rooted in our mission, and our operations are monitored keenly for improvements for reaching Net-Zero carbon emissions by 2050. We are stepping forward with initiatives like paperless environment, air quality monitoring systems, renewable energy, and other energy-efficient technologies to reduce our carbon footprint.





We have joined United Nations Global Compact (UNGC) as participant, signed UN Fashion Industry Charter for Climate Change and have committed to set Science-based targets, aligning ourselves with limiting global temperature rise to 1.5°C above the pre-industrial level. We have also been a part of the UN Climate Change Conference (COP26) on Race to Zero.

Furthermore, as the new wave of Covid-19 (Omicron) is spreading widely and positivity rate has also suddenly jumped high during December-21, accordingly, your Company has immediately arranged for in-house booster dose administration to all its employees, to augment health and safety for them and the people around.



## ACKNOWLEDGEMENT

The Board would like to express its gratitude to all valued customers, financial institutions and shareholders for the cooperation extended by them during the course of business activities and look forward to their continued support. The Directors also wish to place on record their appreciation for the hard work and dedication of the staff members and workers of the Company.

## For and on behalf of the Board of Directors

**Navid Fazil**  
(Chief Executive Officer)

Place: Faisalabad

Date: January 26, 2022

**Jahan Zeb Khan Banth**  
(Director)

ہم بطور شمولیت کنندہ اقوام متحدہ گلوبل کمیٹیٹ (UNGC) سے منسلک ہوئے اور اس کے ساتھ ساتھ یو این فیشن انڈسٹری چارٹر برائے ماحولیاتی تبدیلی دستخط کر کے سائنسی بنیاد پر اہداف کے تعین کا اعادہ کیا تاکہ گلوبل ٹیرچر کو پری انڈسٹریل لیول سے زائد 1.5 سینٹی گریڈ تک محدود کیا جائے۔ ہم ریسٹوڈ پروڈکٹس سلسلہ میں منعقدہ اقوام متحدہ کی ماحولیاتی تبدیلی کانفرنس (COP26) کا بھی حصہ رہے۔

مزید برآں کرونا وائرس (اوبیکرون) کی نئی لہر کے دستخیز ہونے پر پھیلاؤ اور دسمبر-21 میں کرونا کیسز میں اچانک بھدراضافے کے پیش نظر آجی کمپنی نے اپنے تمام ملازمین کیلئے ہوسٹوڈوز کا انتظام کیا تاکہ کام کی جگہ پر ملازمین اور ان کے ارد گرد موجود لوگوں کی صحت اور حفاظت یقینی بنائی جاسکے۔

## اظہار تشکر:

بورڈ کاروباری سرگرمیوں کے دوران بے پناہ تعاون پر اپنے تمام معزز صارفین، ماحولیاتی اداروں اور سٹینڈرڈ ہولڈرز کا مشکور ہے اور مستقبل میں بھی ان سے اسی تعاون کی توقع کرتا ہے۔ ڈائریکٹرز سٹاف ممبران اور ملازمین کی انتھک محنت اور لگن پر انہیں خراج تحسین پیش کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

Jahan Zed

جہانزیب خان بانٹھ  
(ڈائریکٹر)

سید

نوید فاضل

(چیف ایگزیکٹو آفیسر)

مقام: فیصل آباد

تاریخ: 26 جنوری 2022

کمپنی نے موجودہ مالی سال کی پہلی سہ ماہی کیلئے ڈی ڈی ٹی کا حصول یقینی بنانے کیلئے بئنک کر لی ہے۔ چونکہ سابقہ ٹیکسٹائل پالیسی مورخہ 30 جون 2021 تک کارآمد تھی اور حکومت نے ابھی تک نئی ٹیکسٹائل پالیسی جاری نہیں کی، اس لئے کمپنی نے دوسری سہ ماہی کے دوران ڈی ڈی ٹی کی فراہمی نہیں کی اور اس کے ساتھ ساتھ رواں مالی سال کی پہلی سہ ماہی کیلئے کی گئی فراہمی بھی منسوخ کر دی گئی ہے۔

## فی شیئر آمدن:

فی شیئر پیسک اور ڈیویڈنڈ آمدن بعد از ٹیکس 5.25 روپے ہے (نصف سال 2020 : 3.23 روپے)

## کاروبار کا قطعاتی جائزہ:

ہر رپورٹ اسپل شعبہ کمپنی کے عملی نتائج بہتر بنانے میں حصہ دار رہا۔ رپورٹ اسپل شعبوں کا تعین انٹرنیشنل فنانشل رپورٹنگ اسپینڈرز کے تحت واضح کردہ اہلیت کی بنیاد پر کیا گیا ہے اور اس میں ہوزری، سپنگ، ڈنم، افراسٹرکچر اور بلڈنگ کے کام کی تکمیل کے ساتھ مکمل طور پر فعال ہے اور 1200 مشینیں کامیابی سے لگائی جا چکی ہیں۔ پلانٹ V میں ٹینگ کے شعبہ کی توسیع کے ذریعے آنے والے عرصہ میں کارکردگی میں نمایاں طور پر اضافہ ہوگا۔

## مستقبل کا نقطہ نظر:

اللہ تعالیٰ کے فضل و کرم سے پلانٹ V تمام انفراسٹرکچر اور بلڈنگ کے کام کی تکمیل کے ساتھ مکمل طور پر فعال ہے اور 1200 مشینیں کامیابی سے لگائی جا چکی ہیں۔ پلانٹ V میں ٹینگ کے شعبہ کی توسیع کے ذریعے آنے والے عرصہ میں کارکردگی میں نمایاں طور پر اضافہ ہوگا۔

کمپنی انتظامیہ نے صلاحیتوں کے استعمال میں اضافہ، لاگت کی ریشٹلائزیشن، موثر پروڈیکٹ منٹ سٹریٹیجی وغیرہ کے ذریعے لاگت میں کمی کیلئے ہمیشہ بھر پور کوششیں کی ہیں۔ اسی طرح کمپنی ٹینز ہولڈرز کیلئے زیادہ منافع کے حصول اور اُنکے فائدے کیلئے اپنے سابقہ نقش قدم پر عمل پیرا ہے۔

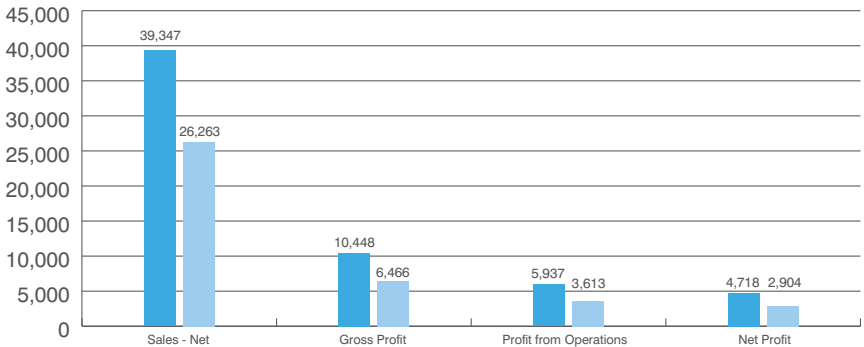
پائیداری اور استحکام کا عزم ہمارے نصب العین میں شامل ہے اور ہماری تمام کاروباری سرگرمیوں پر گہری نظر رکھی جاتی ہے تاکہ ہم 2050 تک اپنے زیر-کاربن کے اخراج کے ہدف تک رسائی حاصل کر سکیں۔ ہم کاربن کے اثرات کو کم کرنے کیلئے پیپریٹس، ماحول، ایئر کوالٹی مانیٹرنگ سسٹم، ری نیو اسپل انرجی اور دیگر کم انرجی استعمال کرنے والی ٹیکنالوجیز جیسے اقدامات کے ساتھ آگے قدم بڑھا رہے ہیں۔

## مالی نتائج کا خلاصہ:

کمپنی کے کاروباری نتائج کا مختصر خلاصہ درج ذیل ہے:

سہ ماہی ختم شدہ 31 دسمبر			
فرق	2020	2021	
فیصد	ملین روپے		
49.82%	26,263	39,347	خالص سیلز
61.58%	6,466	10,448	مجموعی منافع
53.40%	4,625	7,095	EBITDA
63.57%	3,097	5,065	منافع قبل از ٹیکس
80.79%	192	347	کم: ٹیکس کا خرچ
62.43%	2,904	4,718	منافع بعد از ٹیکس
70.03%	4,766	8,001	آگے لایا گیا غیر مختص منافع
65.81%	7,670	12,719	تخصیص کیلئے دستیاب مجموعی منافع
			تخصیص
		872	- حتمی ڈیویڈنڈ 2021
	872		- حتمی ڈیویڈنڈ 2020
74.26%	6,798	11,846	آگے لایا گیا غیر مختص منافع
62.54%	3.23	5.25	فی شیئر آمدن - ہیبیک اینڈ ڈائیونڈ (روپے)

Rs. in Million



● Half year ended December 31 2021

● Half year ended December 31 2020

# ڈائریکٹران کا جائزہ

کمپنی کے بورڈ آف ڈائریکٹرز نصف سال مختتمہ 31 دسمبر 2021 کیلئے کمپنی کے آڈیٹرز کی جانب سے جائزہ شدہ غیر آڈٹ شدہ مالی نتائج پیش کرتے ہوئے انتہائی خوش محسوس کر رہے ہیں۔

## معاشی جائزہ:

پاکستان کے موجودہ معاشی چیلنجز بے شمار ہیں مگر یہ ناقابلِ تخریب نہیں ہیں۔ عالمی بینک کی جاری کردہ رپورٹ کے مطابق مالی سال 2021-22 میں پاکستان کی معاشی ترقی کی شرح 3.4 فیصد تک رہنے کی توقع ہے تاہم یہ خدشہ موجود ہے کہ ڈیٹا کی موجودہ صورتحال کے پیش نظر ترقی کی اس شرح میں عالمی سطح پر کمی واقع ہو سکتی ہے۔

موجودہ مالی سال کے پہلے نصف (جولائی-دسمبر 2021) کے دوران ملکی برآمدات میں 25 فیصد اضافہ ہوا اور گزشتہ سال کی اسی مدت (جولائی-دسمبر 2020) میں برآمدات 110.12 بلین ڈالر تھیں جو کہ اب بڑھ کر 125.15 بلین ڈالر ہیں۔ سٹیٹ بینک آف پاکستان کے مطابق موجودہ کاؤنٹ خسارہ جی ڈی پی کا 5.3 فیصد ہے اور ملک کا مجموعی بیرونی قرضہ اور زریعہ اداائیاں جی ڈی پی کا 93.7 فیصد تک ہیں۔ اسی طرح مالی سال 2022 کے پہلے نصف میں تجارتی خسارہ 25 بلین ڈالر تک پہنچ چکا ہے جبکہ گزشتہ سال کی اسی مدت کے دوران یہ خسارہ 363.12 بلین ڈالر تھا۔ ملک کو ہنگامی طور پر اضافے اور کرنسی کی قدر میں گراؤ جیسی مشکلات درپیش ہیں۔ مالی سال 2022 کی پہلی سہ ماہی میں ہنگامی طور پر 9.8 فیصد رہی۔

## انڈسٹری کا جائزہ:

نیکیٹائلس انڈسٹری ملک کی برآمدات پر مبنی ترقی کی حکمت عملی میں ریزرو کی بڑی سی حیثیت رکھتی ہے اور حکومت نے رواں مالی سال کیلئے 4.8 فیصد گروتھ کا ہدف مقرر کیا ہے۔ مالی سال 2022 میں جولائی تا دسمبر کے دوران نیکیٹائلس برآمدات میں گزشتہ سال کے مقابلہ میں 26 فیصد اضافہ ہوا۔ گزشتہ سال کے اسی دورانیہ میں یہ برآمدات 7.44 بلین ڈالر تھیں جو کہ اس سال 9.39 بلین ڈالر کی سطح پر جا پہنچیں۔ تجارتی ترقی میں اضافہ کا باعث بننے والی اشیاء میں خام کاشن ہے جس کی برآمد میں 52.33 فیصد تک اضافہ ہوا۔ گزشتہ سال یہ اعداد و شمار 400.733 بلین ڈالر تھے جو کہ موجودہ سال میں 427.610 بلین ڈالر تک جا پہنچے۔

جبکہ دوسری جانب پاکستان میں قدرتی گیس کی سپلائی میں کمی اس کی اہم نیکیٹائلس برآمدات کو متاثر کر رہی ہے جو کہ ملک کی مجموعی برآمدات میں تقریباً 60 فیصد حصہ دار ہے۔ حکومت کی نیکیٹائلس بیلنگ کو گیس سپلائی کی بحالی کیلئے کوششوں کے باوجود ملک میں تاحال بجلی بندش کے کئی مسائل درپیش ہیں۔ اگر صورتحال یہی رہی تو مینوفیکچرنگ یونٹس 80 فیصد صلاحیت کے ساتھ کام کر سکیں گے۔ تاہم آج کی کمپنی بھی پاور پلانٹس پر بجلی کی پیداوار کیلئے سستے ذرائع استعمال کر رہی ہے۔

## مالی اور کاروباری نتائج:

چیلنجز معاشی حالات کے باوجود بر جائزہ مدت (جولائی تا دسمبر 2021) کے دوران آج کی کمپنی نے اچھی کارکردگی کا مظاہرہ کیا اور اس عرصہ میں منافع کی نمایاں شرح کا حصول برقرار رکھا۔ نصف سال مختتمہ 31 دسمبر 2021 کے دوران خالص بیلنگ میں 13,084 ملین روپے اضافہ ہوا اور یہ 39,347 ملین روپے رہیں جبکہ گزشتہ سال کے اسی دورانیہ میں یہ اعداد و شمار 82.49 بلین روپے تھے۔ مجموعی منافع 55.26 فیصد رہا جو کہ 31 دسمبر 2020 تک 62.24 فیصد تھا۔ بعد از ٹیکس منافع میں بھی 1,813 ملین روپے (5.25 روپے فی شیئر آمدن) روپے اضافہ ہوا، جو کہ گزشتہ سال کی اسی مدت سے 43.62 فیصد زیادہ ہے۔ موجودہ مدت کے دوران سٹیک ہولڈرز کے حق میں نمایاں طور پر اضافہ ہوا جو کہ گزشتہ سال کے Spill Over کے ساتھ کمپنی کی جانب سے موجودہ سال کے دوران نئے پیدا ہونے والے واقعوں سے مستفید ہونے کی بدولت ممکن ہوا۔

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF INTERLOOP LIMITED

## REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Interloop Limited ("the Company") as at December 31, 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the condensed interim financial statements for the 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 condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2021.

### 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 consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with 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 Amber Razaq.

*Kreston Hyder Bhimji & Co.*

Place: Faisalabad  
Date: January 26, 2022  
UDIN: AR2021100750e871pQLd

KRESTON HYDER BHIMJI & CO.  
Chartered Accountants

# CONDENSED INTERIM FINANCIAL STATEMENTS

For The Quarter and Half Year Ended December 31, 2021

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	Note	Un audited December 31, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
<b>Assets</b>			
<b>Non current assets</b>			
Property, plant and equipment	5	31,389,560	26,193,029
Intangible assets		206,881	209,623
Long term loans		170,161	144,673
Long term deposits		71,805	60,478
		31,838,407	26,607,803
<b>Current assets</b>			
Stores and spares		1,555,140	1,199,116
Stock in trade		18,644,889	11,276,308
Trade debts	6	20,672,258	15,052,940
Loans and advances		2,797,672	1,034,836
Prepayments and other receivables		890,506	318,708
Accrued income		3,314	2,131
Receivables from Government		5,327,933	4,328,555
Short term investments		500,000	500,000
Cash and bank balances		136,296	374,442
		50,528,008	34,087,036
<b>Total assets</b>		<b>82,366,415</b>	<b>60,694,839</b>



	Note	Un audited December 31, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
<b>Equity and Liabilities</b>			
<b>Share Capital and Reserves</b>			
Authorized share capital	7	15,000,000	10,000,000
Issued, subscribed and paid up capital	8	8,983,634	8,721,975
Share premium		3,528,149	3,791,602
Unappropriated profit		11,846,443	8,001,035
		24,358,226	20,514,612
<b>Non Current Liabilities</b>			
Long term financing	9	10,422,665	8,213,978
Lease liabilities		127,189	152,969
Deferred liabilities		4,467,691	3,816,001
		15,017,545	12,182,948
<b>Current Liabilities</b>			
Trade and other payables		6,642,528	5,551,641
Unclaimed dividend		3,068	4,004
Accrued mark up		393,633	221,674
Short term borrowings		33,383,041	19,636,066
Derivative financial instruments		41,669	33,074
Current portion of non current liabilities		2,526,705	2,550,820
		42,990,644	27,997,279
<b>Contingencies and Commitments</b>	10	–	–
<b>Total Equity and Liabilities</b>		<b>82,366,415</b>	<b>60,694,839</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer  
Half Year Report | 15

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the Quarter and Half Year Ended December 31, 2021

	Note	Quarter ended		Half year ended	
		Un audited December 31, 2021 (Rupees in '000)	Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2021 (Rupees in '000)	Un audited December 31, 2020 (Rupees in '000)
<b>Sales - net</b>		20,017,023	13,352,961	39,346,676	26,262,548
<b>Cost of sales</b>	11	(15,105,911)	(9,995,394)	(28,898,550)	(19,796,131)
<b>Gross profit</b>		4,911,112	3,357,567	10,448,126	6,466,417
Distribution costs		(802,060)	(585,838)	(1,610,260)	(1,203,753)
Administrative expenses		(1,012,954)	(656,204)	(1,951,389)	(1,288,143)
Other operating expenses	12	(394,646)	(227,728)	(974,904)	(408,904)
		(2,209,660)	(1,469,770)	(4,536,553)	(2,900,800)
Other income		20,371	51,429	25,076	47,561
<b>Profit from operations</b>		2,721,823	1,939,226	5,936,649	3,613,178
Finance cost		(511,847)	(291,485)	(871,555)	(516,607)
<b>Profit before taxation</b>		2,209,976	1,647,741	5,065,094	3,096,571
Taxation		(182,452)	(125,729)	(347,489)	(192,209)
<b>Profit for the period</b>		2,027,524	1,522,012	4,717,605	2,904,362
Earnings per share - basic and diluted (Rupees) - Restated		2.26	1.69	5.25	3.23

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the Quarter and Half Year Ended December 31, 2021

	Quarter ended		Half year ended	
	Un audited December 31, 2021 (Rupees in '000)	Un audited December 31, 2020 (Rupees in '000)	Un audited December 31, 2021 (Rupees in '000)	Un audited December 31, 2020 (Rupees in '000)
Profit for the period	2,027,524	1,522,012	4,717,605	2,904,362
Other comprehensive income	–	–	–	–
<b>Total comprehensive income for the period</b>	<b>2,027,524</b>	<b>1,522,012</b>	<b>4,717,605</b>	<b>2,904,362</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer  
Half Year Report | 17

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For The Half Year Ended December 31, 2021

	Share capital	Capital reserve	Revenue reserve	Total
		Share premium	Unappropriated profit	
(Rupees in '000)				
Balance as at July 01, 2020 - Audited	8,721,975	3,791,602	4,766,115	17,279,692
Profit for the period	-	-	2,904,362	2,904,362
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	2,904,362	2,904,362
<b>Transactions with owners:</b>				
Dividend to ordinary shareholders	-	-	(872,197)	(872,197)
<b>Balance as at December 31, 2020 (Un-audited)</b>	<b>8,721,975</b>	<b>3,791,602</b>	<b>6,798,280</b>	<b>19,311,857</b>
Balance as at July 01, 2021 - Audited	8,721,975	3,791,602	8,001,035	20,514,612
Profit for the period	-	-	4,717,605	4,717,605
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	4,717,605	4,717,605
Transaction cost on issuance of shares	-	(1,794)	-	(1,794)
Issuance of bonus shares	261,659	(261,659)	-	-
<b>Transactions with owners:</b>				
Dividend to ordinary shareholders	-	-	(872,197)	(872,197)
<b>Balance as at December 31, 2021 (Un-audited)</b>	<b>8,983,634</b>	<b>3,528,149</b>	<b>11,846,443</b>	<b>24,358,226</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CASH FLOWS

For The Half Year Ended December 31, 2021

	Un audited December 31, 2021 (Rupees in '000)	Un audited December 31, 2020 (Rupees in '000)
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	5,065,094	3,096,571
<b>Adjustments for:</b>		
Depreciation on operating fixed assets	1,236,204	1,077,505
Depreciation on right of use assets	31,367	12,872
Amortization of intangible assets	22,553	4,785
Workers' profit participation fund	272,019	166,304
Workers' welfare fund	103,369	63,195
Staff retirement gratuity	623,310	452,103
(Gain) / loss on disposal of non current assets	(233)	30,432
Inventory write off	-	434
Unrealized loss/(gain) on derivative financial instruments	8,596	(2,100)
Realized loss on derivative financial instruments	320,466	-
Profit on investments in TFCs and TDRs	(23,449)	(26,952)
Interest on loan to Metis International (Pvt) Ltd	(676)	(120)
Interest on receivables from IL Bangla Limited	-	(2,910)
Finance cost	871,555	516,607
<b>Operating cash flows before working capital changes</b>	<b>8,530,175</b>	<b>5,388,727</b>
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	(356,024)	(39,936)
Stock in trade	(7,368,581)	(736,491)
Trade debts	(5,619,318)	(5,950,551)
Loans and advances	(1,755,183)	(967,147)
Prepayments and other receivables	(571,942)	(225,871)
Receivables from Government	(1,138,830)	(483,366)
<b>Increase in current liabilities</b>		
Trade and other payables	1,080,734	1,049,050
	<b>(15,729,144)</b>	<b>(7,354,312)</b>
<b>Cash used in operations</b>	<b>(7,198,969)</b>	<b>(1,965,585)</b>
Finance cost paid	(673,468)	(529,810)
Income tax paid	(208,037)	(235,322)
Staff retirement gratuity paid	(161,083)	(139,174)
Workers' profit participation fund paid	(380,983)	(119,000)
Long term loans paid	(33,141)	(64,629)
Long term deposits paid	(11,327)	(2,479)
<b>Net cash used in operating activities</b>	<b>(8,667,008)</b>	<b>(3,055,999)</b>

	Un audited December 31, 2021 (Rupees in '000)	Un audited December 31, 2020 (Rupees in '000)
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions in:		
Property, plant and equipment	(6,475,408)	(1,518,273)
Intangible assets	(19,811)	(19,762)
Proceeds from disposal of non current assets	17,633	21,385
Profit received from investments in TFCs and TDRs	23,086	26,826
<b>Net cash used in investing activities</b>	<b>(6,454,500)</b>	<b>(1,489,824)</b>
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing obtained	3,708,182	2,095,319
Repayment of long term financing	(1,334,454)	(56,383)
Payment of lease rentals	(41,948)	(14,726)
Short term borrowings - net	13,746,975	3,261,026
Settlement of derivative financial instruments	(320,466)	-
Transaction cost on issuance of shares	(1,794)	-
Dividend paid	(873,133)	(872,355)
<b>Net cash generated from financing activities</b>	<b>14,883,362</b>	<b>4,412,881</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(238,146)</b>	<b>(132,942)</b>
Cash and cash equivalents at beginning of the period	374,442	275,831
<b>Cash and cash equivalents at end of the period</b>	<b>136,296</b>	<b>142,889</b>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For The Half Year Ended December 31, 2021

## 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, 6-km and 7-km Jaranwala road, Khurrianwala, Faisalabad, 117-J.B, Millat Road Dhanola, Faisalabad and 8-km Manga Mandi, Raiwand road, Lahore. The Company is engaged in the business of manufacturing and selling of socks, leggings, denim, garments and allied products, yarn, providing yarn dyeing services and generating electricity for its own use.

## 2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting 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 condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of Companies Act, 2017. These condensed interim financial statements do not include all the information as required in annual financial statements prepared in accordance with approved accounting standards as applicable in Pakistan, and should therefore be read in conjunction with the financial statements for the year ended June 30, 2021.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of 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 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 financial statements of the Company for the year ended June 30, 2021.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Company for the year ended June 30, 2021.

	Note	Un audited December 31, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	27,103,956	23,467,161
Capital work-in-progress	5.2	4,123,784	2,543,689
Right of use assets		161,820	182,179
		<b>31,389,560</b>	<b>26,193,029</b>
<b>5.1 Operating fixed assets</b>			
<b>Cost</b>			
Opening balance		38,139,987	34,348,943
Additions during the period/year	5.1.1	4,895,315	3,268,184
Effect of amalgamation of IL Apparel (Private) Limited		–	759,107
Disposals during the period/year		(53,674)	(236,247)
Closing balance		42,981,628	38,139,987
<b>Accumulated depreciation</b>			
Opening balance		14,672,826	12,451,147
Depreciation expense for the period/year		1,236,204	2,279,613
Effect of amalgamation of IL Apparel (Private) Limited		–	96,171
Adjustment during the period/year		(31,358)	(154,105)
Closing balance		15,877,672	14,672,826
Written down value		27,103,956	23,467,161
<b>5.1.1 Additions during the period/year</b>			
Freehold land		291,394	188,598
Buildings on freehold land		965,471	610,953
Plant and machinery		2,916,534	1,593,773
Tools and equipment		214,345	96,820
Office equipment		105,761	195,230
Electric installations		248,368	290,621
Furniture and fixtures		58,065	93,405
Vehicles		95,377	198,784
		<b>4,895,315</b>	<b>3,268,184</b>



	Note	Un audited December 31, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
<b>5.2 Capital work-in-progress</b>			
Civil works		1,654,026	1,216,376
Plant and machinery		635,923	547,137
Capital stores	5.2.1	434,234	129,762
Advances to suppliers		1,399,601	650,414
		4,123,784	2,543,689

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

	Note	Un audited December 31, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
<b>6. TRADE DEBTS</b>			
<b>Foreign</b>			
- Secured		9,708,722	6,234,955
- Unsecured	6.1	9,704,968	7,869,261
		19,413,690	14,104,216
<b>Local</b>			
- Unsecured	6.1	1,258,568	948,724
		20,672,258	15,052,940

6.1 Management consider that these debts are good and will be recovered in due course.

## 7. AUTHORIZED SHARE CAPITAL

Un audited December 31, 2021 [ Number of shares in '000]	Audited June 30, 2021		Un audited December 31, 2021 (Rupees in '000)	Audited June 30, 2021
1,500,000	1,000,000	Ordinary shares of Rs. 10 each	15,000,000	10,000,000

7.1 The Company has increased its authorized share capital from 1,000 million shares to 1,500 million shares by the resolution passed in its 29th Annual General Meeting held on October 15, 2021.

## 8. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Un audited December 31, 2021 [ Number of shares in '000]	Audited June 30, 2021		Un audited December 31, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
132,166	132,166	Ordinary shares of Rs. 10 each fully paid in cash	1,321,662	1,321,662
766,197	740,031	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	7,661,972	7,400,313
898,363	872,197		8,983,634	8,721,975

- 8.1 During the period, the Company has issued 3% bonus shares (i.e. 3 shares for every 100 shares held on the entitlement date) out of the share premium account.

## 9. LONG TERM FINANCING

### From financial institutions - secured

	Un audited December 31, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
Opening balance	10,652,580	7,222,513
Add: Obtained during the period/year	3,708,182	3,997,643
Add: Effect of amalgamation of IL Apparel (private) Limited	–	188,036
Less: Paid during the period/year	(1,334,454)	(747,505)
Less: Effect of recognition/adjustment of Government grant - net	(166,014)	(8,107)
	12,860,294	10,652,580
Less: Current portion of long term financing	(2,437,629)	(2,438,602)
	10,422,665	8,213,978

## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

- 10.1.1 The Punjab Revenue Authority has created a demand of an amount of Rs. 29.931 million in respect of an alleged default on withholding of provincial sales tax on account of various transport services received by the Company during the period from March 01, 2015 to May 31, 2016 along with default surcharge and penalty under Punjab Sales Tax on Services Act, 2012, rejecting the exemption claim of the taxpayer company. The Company being aggrieved, filed an appeal before Commissioner (Appeals) Punjab Revenue Authority (PRA) which is pending adjudication at the terminal date.

The Company has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and relevant law and facts.

10.1.2 Bank guarantees issued by various banks on behalf of the Company in favour of:

	Un audited December 31, 2021 (Rupees in '000)	Audited June 30, 2021 (Rupees in '000)
Sui Northern Gas Pipelines limited against supply of gas	550,328	635,853
The Director, Excise and Taxation, Karachi against imposition of infrastructure cess	492,353	300,853
Faisalabad Electric Supply Company (FESCO) against supply of electricity	143,245	134,245
Punjab Revenue Authority	11,533	11,533
State Bank of Pakistan	271,256	110,112
Total Parco Pakistan Limited	3,000	3,000
	1,471,715	1,195,596
10.1.3 Post dated cheques issued in favour of custom authorities for release of imported goods.	6,524,058	5,546,980
<b>10.2 Commitments</b>		
Under letters of credit for:		
Capital expenditure	2,171,455	2,993,664
Raw material	4,220,385	2,998,175
Stores and spares	105,572	38,595
	6,497,412	6,030,434

	Quarter ended		Half year ended	
	Un audited December 31, 2021	Un audited December 31, 2020	Un audited December 31, 2021	Un audited December 31, 2020
	(Rupees in '000)		(Rupees in '000)	

## 11. COST OF SALES

Raw material consumed	9,811,371	6,205,871	18,412,298	11,770,390
Stores and spares consumed	478,731	385,015	885,173	744,104
Knitting, processing and packing charges	469,000	248,416	1,071,463	456,267
Salaries, wages and benefits	3,022,052	2,111,881	5,998,185	4,108,371
Staff retirement gratuity	267,690	192,672	535,380	385,363
Fuel and power	822,431	607,505	1,668,623	1,320,909
Repairs and maintenance	128,679	82,957	180,513	141,674
Insurance	17,993	14,689	35,367	29,296
Depreciation on operating fixed assets	579,659	487,672	1,080,544	964,366
Depreciation on right of use assets	15,001	6,232	31,367	12,480
Amortization of intangible assets	208	260	416	1,598
Rent, rate and taxes	10,565	744	12,410	1,914
Other manufacturing costs	64,326	45,676	96,276	80,057
	15,687,706	10,389,590	30,008,015	20,016,789
<b>Work in process</b>				
Opening balance	1,680,404	682,721	1,368,804	589,622
Closing balance	(1,926,589)	(829,490)	(1,926,589)	(829,490)
	(246,185)	(146,769)	(557,785)	(239,868)
Cost of goods manufactured	15,441,521	10,242,821	29,450,230	19,776,921
<b>Finished goods</b>				
Opening balance	3,139,482	2,596,414	3,239,645	3,089,208
Closing balance	(3,771,393)	(2,545,656)	(3,771,393)	(2,545,656)
	(631,911)	50,758	(531,748)	543,552
DDT	14,809,610	10,293,579	28,918,482	20,320,473
	296,301	(298,185)	(19,932)	(524,342)
	15,105,911	9,995,394	28,898,550	19,796,131

## 12. UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company has carried out IPO for setting up two new projects. The implementation report of the projects as on December 31, 2021 is as under;

	Denim Division		Hosiery Division-V	
	Amount Utilized	POs Issued / LCs Established	Amount Utilized	POs Issued / LCs Established
	(Rupees in '000)		(Rupees in '000)	
Land and building	2,461,459	77,049	1,280,053	197,205
Plant and machinery	2,680,059	43,506	2,839,795	59,954
Power and utilities	1,008,713	28,314	1,273,504	135,583
Computer and IT equipment	239,896	17,750	39,274	3,833
Miscellaneous expenses	149,619	14,554	-	-
Trial run losses	449,927	-	166,840	-
	6,989,673	181,173	5,599,466	396,575

### 13. 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 during the period are as follows:

Name	Nature of transaction	Half year ended	
		Un audited December 31, 2021 (Rupees in '000)	Un audited December 31, 2020 (Rupees in '000)
Interloop Holdings (Pvt) Limited-Associate	Services received	95,886	53,922
	Transfer of assets	-	1,004
	Gratuity transferred	-	472
Interloop Limited ESOS Management Trust-Trustee	Dividend paid	106	82
Interloop Welfare Trust-Trustee	Donations paid	63,060	14,000
	Gratuity transferred	577	-
Texlan Center (Pvt) Limited-Associate	Sale of yarn	990,076	456,381
	Sale of packing material	36,028	22,769
Global Veneer Trading Limited-Associate	Selling commission	27,106	188,177
Octans Digital (Private) Limited-Associate	Services received	574	-
Eurosox Plus BV-Associate	Sale of socks	256,594	154,373
Layallpur Literary Council-Trustee	Donation paid	1,600	800
Momentum Logistics (Private) Limited-Associate	Services received	152,752	20,997
PrintKraft (Private) Limited-Associate	Purchase of packing material	108,533	2,978
Interloop Employees Provident Fund-Trustee	Contributions to the fund	30,302	22,768
Socks & Socks (Private) Limited-Associate	Rent expenses	2,200	-
	Processing services	4,242	-
	Sale of goods - net	191,611	-
Key management personnel and other related parties	Sale of assets	1,182	4,253
	Remuneration and other benefits	934,314	488,512
	Rent expenses	707	619
	Repayment of housing finance loan	2,308	2,308
	Markup on housing finance loan	157	212
	Dividend paid	759,571	635,594
	Directorship fee	7,000	6,600

#### 14. SHARIAH SCREENING DISCLOSURE

##### Loans/advances as per Islamic mode

Loans

13,149,940

9,987,775

##### Shariah compliant bank deposits/ bank balances

Bank balances

95,432

115,316

##### Revenue earned from a shariah compliant business

39,346,676

54,962,265

##### Loss/Gain or dividend from shariah compliant investments

Net realized gain / (loss) on disposal  
of mutual funds

–

683

##### Mark up on Islamic mode of financing

(282,440)

(448,839)

##### Profits or interest on any conventional loan or advance

Interest on loan to Metis International (Pvt) Ltd

676

1,152

Profit on term deposit receipts (TDRs)

–

3,088

Profit on term finance certificates (TFCs)

23,449

45,624

Interest on receivables from IL Bangla Limited

–

5,308

Interest on workers' profit participation fund

(15,747)

(1,553)

Interest on lease liabilities

(10,381)

(18,068)

Interest on other conventional loans

(431,510)

(495,112)

##### Relationship with shariah compliant banks

Name of institutions

Relationship with institutions

Bank Alfalah Limited (Islamic)

Bank balance

Allied Bank Limited (Islamic Banking)

Bank balance and long term financing

Bank of Punjab (Taqwa Islamic Banking)

Bank balance and long term financing

Habib Bank Limited (Islamic Banking)

Bank balance and long term financing

Meezan Bank Limited

Bank balance, short term borrowing and long term financing

MCB Islamic Bank

Bank balance, short term borrowing and long term financing

Faysal Bank Limited

Bank balance, short term borrowing and long term financing

## 15. 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) **Apparel**

This segment relates to the sale of fashion apparels.

e) **Other operating segments**

This represent various segments of the Company which currently do not meet the minimum reporting threshold mentioned in International Financial Reporting Standards 'Operating Segments' (IFRS 8). These mainly includes domestic sales, yarn dyeing, energy and active wear.





## 15.2 Reconciliation of reportable segment assets and liabilities

	Hosiery		Spinning		Denim		Apparel		Others		Unallocated		Total Company	
	Un audited	Audited	Un audited	Audited	Un audited	Audited	Un audited	Audited	Un audited	Audited	Un audited	Audited	Un audited	Audited
	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021	December 31, 2021	June 30, 2021
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	45,309,243	33,274,677	10,853,568	5,700,781	8,712,506	8,370,046	6,506,623	3,788,161	5,058,519	4,295,567	5,925,956	5,265,606	82,366,415	60,694,839
Total liabilities for reportable segment	21,099,255	17,718,814	748,481	395,611	966,823	935,741	769,296	648,791	605,991	586,452	33,818,343	19,894,817	58,008,189	40,180,227
Segment Capital Expenditures	5,378,051	2,881,847	71,740	75,411	93,637	596,979	767,431	891,593	184,360	712,944	-	-	6,495,219	5,158,774

## 15.3 The Company disaggregated revenue based on geographical locations of its customers:

	Half year ended	
	Un audited	December 31, 2020
Foreign countries	36,028,074	24,235,367
Pakistan	3,318,602	2,027,181
	39,346,676	26,262,548

## 16. FINANCIAL RISK MANAGEMENT

### 16.1 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 during the period since June 30, 2021 except those specifically mentioned. Consequently these condensed interim financial statements do not include all the financial risk management information and disclosures required in the annual financial statements.

### 16.2 Fair value measurements of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to settle 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, 2021 on a recurring basis:

Rupees in '000	Un audited			
	December 31, 2021			
	Level 1	Level 2	Level 3	Total
<b>Total financial assets</b>	–	–	–	–
<b>Financial liabilities</b>				
Trading derivatives	–	41,669	–	41,669
<b>Total financial liabilities</b>	–	41,669	–	41,669

Rupees in '000	Audited			
	June 30, 2021			
	Level 1	Level 2	Level 3	Total
<b>Total financial assets</b>	–	–	–	–
<b>Financial liabilities</b>				
Trading derivatives	–	33,074	–	33,074
<b>Total financial liabilities</b>	–	33,074	–	33,074

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.

## 17. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on January 26, 2022 have approved an interim cash dividend of Rs. 2 per share (i.e 20%) in respect of six months ended December 31, 2021 (December 31, 2020: Rs. 1.5 per share). These condensed interim financial statements for the six months ended December 31, 2021 do not include the effect of the above interim dividend which will be accounted for in the period in which it is approved.

## 18. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on January 26, 2022 by the Board of Directors of the Company.

## 19. GENERAL

### 19.1 Corresponding figures

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

### 19.2 Rounding

Figures have been rounded off to the nearest thousand.



Chief Executive Officer



Director



Chief Financial Officer







## **CORPORATE OFFICE**

1-KM, Khurrianwala-Jaranwala Road  
Khurrianwala, Faisalabad, Pakistan

T +92 41 4360400

F +92 41 2428704

## **REGISTERED OFFICE**

Al-Sadiq Plaza, P-157,  
Railway Road, Faisalabad, Pakistan

Tel: +92-41-2619724

Fax: +92-41-2639400

Email: [info@interloop.com.pk](mailto:info@interloop.com.pk)