



EMBRACING THE
NEW
NORMAL

QUARTERLY REPORT

for the 1st Quarter ended September 30, 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 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

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

DIRECTORS' REVIEW

The Directors of Interloop Limited (“the Company”) are pleased to present the Directors' Review Report for the first quarter ended September 30, 2020.

Economic/Industry Overview

The growth rate of Gross Domestic Product (GDP) has declined from 1.9% on 30 June 2019 to -0.4 %, which has now been projected to grow by 1% in the fiscal year 2020-21. The Covid-19 pandemic had a very negative impact on the business activity in the first half of 2020, however, from August 2020 onwards, business confidence has been improving due to declining number of new Covid cases and easing of the lockdown restrictions. In FY 2020-21, assuming continued policy support and easing of restrictions, we expect the economy to rebound as domestic & global demand picks up; however, the strength of the recovery will be uncertain, with the impact across economic sectors being highly uneven. Exports growth will depend on economic recovery in key export markets such as EU and the US. A second wave of Covid-19 infections in Export Markets may subdue export growth prospects to some extent.

According to the Pakistan Bureau of Statistics (PBS), Pakistan's textile exports were recorded at \$3.47 billion in July-September (2020-21) against exports of \$3.37 billion in July-September (2019-20), showing a marginal growth of 2.92%. Pakistan's overall exports have declined by 0.94% to \$5.46 billion in the first quarter of the current fiscal year. Meanwhile, the country's imports have recorded a meagre increase of 0.56% and swelled to \$11.26 billion. The country's trade deficit was recorded at \$5.80 billion during the first quarter (July - September) of the current fiscal year as compared to \$5.69 billion in the corresponding period of the previous year.

Operating Financial Results

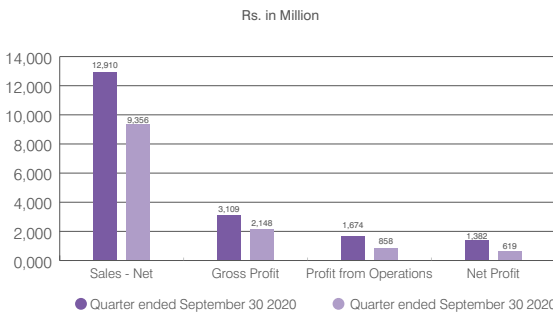
The summarized unaudited financial results for the first quarter ended on September 30, 2020 are as follows:

	Quarter ended September 30,		
	2020	2019	Variance
	PKR in millions		%
Sales	12,910	9,356	37.98%
Gross Profit	3,109	2,148	44.76%
Profit from Operations	1,674	858	95.11%
Net Profit	1,382	619	123.32%
Gross Profit Ratio	24.08%	22.95%	4.92%
Net Profit Ratio	10.71%	6.62%	61.86%
Earnings per Share - Basic and Diluted (Rupees)	1.58	0.71	123.32%

Despite challenging business environment fraught with potential adverse implications of Covid-19 pandemic on the economy, your Company's performance during the period under consideration has remained promising. During the quarter under review, your Company has recorded net sales of Rs. 12,910 million and gross profit of Rs. 3,109 million compared to a net sales of Rs. 9,356 million and gross profits of Rs. 2,148 million in the corresponding quarter of the last year, witnessing an increase of 37.98% in the net sales and 44.76% in the gross profit, respectively. However, there was an increase in the

operating expenses by Rs. 164 million followed by an increase in the finance cost of Rs. 57 million as compared to amounts reported in the corresponding quarter of the last year.

Net profit after tax stood at Rs. 1,382 million as compared to Rs. 619 million of the corresponding quarter of the last year which demonstrates a strong growth of 123.32% in the net profitability. Earnings per share was recorded at Rs. 1.58 per share during the quarter as against Rs. 0.71 per share during the corresponding quarter of the last year. The future prospects of your Company are encouraging on account of the Management's efforts in increasing the Company's market share through wider participation in all its business segments. During the quarter under review, Denim Plant operated at around 50% capacity, and is currently operating at 100% capacity.



Consolidated Financial Statements

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

Acknowledgement

We are grateful to the Company's shareholders for their continuing confidence and patronage. We record our sincere appreciation to all the Stakeholders, Banks and Regulators for their unwavering support and guidance. We acknowledge and appreciate the hard work put in by the employees of the Company during the period. We also acknowledge the valuable contribution and active role of the Members of the Board Committees in supporting and guiding the Management on important matters.

For & on behalf of the Board

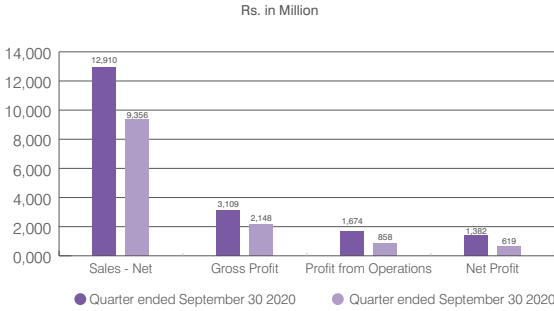
Navid Fazil
(Chief Executive Officer)

Place: Faisalabad
Date: October 28, 2020

Jahan Zeb Khan Banth
(Director)

معیشت پر کرد وائرس کے نکتہ ناموافق مضمرات سے بھرپور مشکل کاروباری حالات کے باوجود زیر جائزہ مدت کے دوران آپ کی کمپنی کی کارکردگی اُمید افزا رہی۔ زیر جائزہ سہ ماہی کے دوران آپ کی کمپنی 12,910 ملین روپے خالص سیلز اور 3,109 ملین روپے مجموعی منافع حاصل کرنے میں کامیاب ہوئی جبکہ گزشتہ سال کی اسی مدت کے دوران کمپنی کی خالص سیلز 9,356 ملین روپے اور مجموعی منافع 2,148 ملین روپے تھے، یوں رواں سال خالص سیلز میں 37.98 فیصد اور مجموعی منافع میں 44.76 فیصد اضافہ ہوا۔ تاہم گزشتہ سال کی اسی سہ ماہی کے مقابلہ میں عملی (آپریٹنگ) اخراجات 164 ملین روپے اور مالی اخراجات 57 ملین روپے زیادہ ریکارڈ کیے گئے۔

خالص منافع 1,382 ملین روپے رہا جو کہ گزشتہ سال کی اسی سہ ماہی کے دوران 619 ملین روپے تھا اور یوں خالص منافع میں 123.32 فیصد کا شاندار اضافہ دیکھنے میں آیا۔ فی شیئر آمدن گزشتہ سال کے 0.71 روپے فی شیئر کے مقابلہ میں رواں سال کی سہ ماہی میں 1.58 روپے فی شیئر رہی۔ تمام کاروباری شعبوں میں انتظامیہ کی زیادہ سے زیادہ دلچسپی اور وسیع شمولیت کی بنیاد پر آپ کی کمپنی کیلئے مستقبل کے امکانات کافی حوصلہ افزاء ہیں۔ زیر جائزہ مدت کے دوران ڈیٹم پلانٹ 50 فیصد صلاحیت کے ساتھ کام کرتا رہا جبکہ فی الوقت یہ پلانٹ 100 فیصد صلاحیت کے ساتھ کام کر رہا ہے۔



مشترکہ مالی گوشوارے:

آنکس ایل ایچ ایل (پرائیویٹ) لمیٹڈ انٹرویو لیمٹڈ کی ایک مکمل ذیلی کمپنی ہے۔ اس لئے کمپنی نے انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کی ضروریات کے مطابق الگ مجموعی انٹرنیشنل معلومات کے ساتھ ساتھ مشترکہ مجموعی انٹرنیشنل معلومات بھی بیان کر دی ہیں۔

اظہار تشکر:

ہم کمپنی کے شیئر ہولڈرز کی جانب سے مسلسل اعتماد اور سہ پرستی پر اُنکے شکر گزار ہیں۔ ہم تمام ساتھیوں، بینکوں اور ریگولیٹرز کے مستقل تعاون اور راہنمائی پر انہیں خراج تحسین پیش کرتے ہیں۔ ہم اسی مدت کے دوران کمپنی کے ملازمین کی سخت محنت کو سراہتے اور داد دیتے ہیں۔ ہم ضروری امور کے حوالے انتظامیہ کی راہنمائی اور معاونت کرنے پر بورڈ ممبروں کے ممبران کے فعال کردار اور اُنکی قابل قدر کاوشوں پر متشکر ہیں۔

برائے اور بحکم بورڈ

نوید فاضل

(چیف ایگزیکٹو آفیسر)

مقام: فیصل آباد

تاریخ: 28 اکتوبر 2020

Taham Zed

جہانزیب خان ہاتھ

(ڈائریکٹر)

ڈائریکٹران جائزہ

انٹرویو ایجنڈ (دی کمپنی) کے ڈائریکٹرز کی پہلی سہ ماہی مدت تختہ 30 ستمبر 2020 کیلئے ڈائریکٹران کی جائزہ رپورٹ پیش کرتے ہوئے انتہائی خوشی محسوس کر رہے ہیں۔

اقتصادی/انڈسٹری کا جائزہ:

مجموعی مصنوعات (جی ڈی پی) کی شرح نمو 30 جون 2019 کو 1.99 فیصد سے کم ہو کر 0.4 فیصد رہ گئی ہے، جو مالی سال 2020-21 میں اب 1 فیصد بڑھنے کا امکان ہے۔ سال 2020 کی پہلی ششماہی کے دوران کرونا وبا کی وجہ سے کاروباری سرگرمیوں پر انتہائی منفی اثرات مرتب ہوئے، تاہم اگست 2020 سے کرونا کیسز کی تعداد میں کمی اور لاک ڈاؤن میں نرمی کی بدولت کاروباری اعتماد بحال ہو رہا ہے۔ پالیسی سپورٹ میں تسلسل اور پابندیوں میں نرمی کو مد نظر رکھتے ہوئے مالی سال 2020-21 کے دوران معاشی بہتری کی توقع کی جاسکتی ہے کیونکہ مقامی اور عالمی سطح پر طلب میں خاطر خواہ اضافہ ہوا ہے، تاہم معاشی شعبہ جات میں اثرات زیادہ حد تک ناہموار ہونے کی وجہ سے بحالی کی یہ رفتار عدم یقینی کا شکار ہے۔ برآمدات میں اضافہ یورپی یونین اور امریکہ کی برآمدی منڈیوں میں معاشی بحالی پر منحصر ہوگا۔ برآمدی منڈیوں والے ممالک میں کرونا وائرس کی دوسری لہر برآمدات کی ترقی کو کچھ حد تک متاثر کرسکتی ہے۔

پاکستان بیورو آف سٹیٹسٹکس (پی بی ایس) کے مطابق جولائی - ستمبر (2020-21) کے دوران پاکستان کی ٹیکسٹائل برآمدات 3.47 بلین ڈالر ہیں جو کہ جولائی - ستمبر (2019-20) کے دوران 3.37 بلین ڈالر تھیں اور یوں ان برآمدات میں 2.92 فیصد کا معمولی اضافہ دیکھنے میں آیا۔ رواں مالی سال کی پہلی سہ ماہی میں پاکستان کی مجموعی برآمدات 0.94 فیصد کمی کے ساتھ 5.46 بلین ڈالر ہیں۔ جبکہ اس کے مقابلہ میں کئی در آمدات 0.56 فیصد کم قلیل اضافہ کے ساتھ 11.26 بلین ڈالر ہیں جو موجودہ مالی سال کی پہلی سہ ماہی (جولائی - ستمبر) کے دوران ملک کا تجارتی خسارہ 5.80 بلین ڈالر رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 5.69 بلین ڈالر تھا۔

عملی مالی نتائج:

مدت تختہ 30 ستمبر 2020 کی پہلی سہ ماہی کیلئے غیر آڈٹ شدہ مالی نتائج کا خلاصہ درج ذیل ہے:

سہ ماہی تختہ 30 ستمبر			
فرق	2019	2020	
فیصد	ملین روپے		
37.98%	9,356	12,910	سیلز
44.76%	2,148	3,109	مجموعی منافع
95.11%	858	1,674	منافع (آپریٹنگ سے)
123.32%	619	1,382	خالص منافع
4.92%	22.95%	24.08%	مجموعی منافع کی شرح
61.86%	6.62%	10.71%	خالص منافع کی شرح
123.32%	0.71	1.58	فی شیئر آمدن - ہیک اور ڈائی لیونڈ (روپے)

UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For The Quarter Ended September 30, 2020

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2020

	Note	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
Assets			
Non Current Assets			
Property, plant and equipment	5	22,601,947	22,744,239
Intangible asset		149,610	171,459
Long term investments	6	1,854,341	1,853,735
Long term loans - staff		107,805	113,823
Long term deposits		37,424	38,337
		24,751,127	24,921,593
Current Assets			
Stores and spares		1,126,267	1,062,524
Stock in trade		7,894,555	8,810,625
Trade debts	7	13,028,503	7,207,391
Loans and advances		959,946	485,930
Prepayment and other receivables		447,432	193,182
Accrued income		1,358	2,239
Tax refunds due from government		2,612,121	2,408,014
Short term investments		–	125,044
Cash and bank balances		174,027	150,787
		26,244,209	20,445,736
Total Assets		50,995,336	45,367,329

	Note	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (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		6,148,465	4,766,115
		18,662,042	17,279,692
Non Current Liabilities			
Long term financing	10	7,200,814	6,861,130
Lease liabilities		97,276	102,158
Deferred liabilities		3,322,546	3,140,682
		10,620,636	10,103,970
Current Liabilities			
Trade and other payables		4,072,500	3,031,231
Unclaimed dividend		2,952	2,952
Accrued mark up		83,647	191,136
Short term borrowings		16,420,328	14,354,861
Current portion of non current liabilities		1,133,231	403,487
		21,712,658	17,983,667
Contingencies And Commitments	11	–	–
Total Equity And Liabilities		50,995,336	45,367,329

The annexed notes 1 to 21 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 ended September 30, 2020

	Note	Quarter ended	
		Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
Sales - net		12,909,587	9,356,423
Cost of sales	12	(9,800,737)	(7,208,831)
Gross profit		3,108,850	2,147,592
Distribution cost		(617,915)	(724,015)
Administrative expenses		(631,939)	(516,401)
Other operating expenses		(208,563)	(53,856)
Other income		23,519	4,644
		(1,434,898)	(1,289,628)
Profit from operations		1,673,952	857,964
Finance cost		(225,122)	(167,985)
Profit before taxation		1,448,830	689,979
Taxation		(66,480)	(70,987)
Profit for the period		1,382,350	618,992
Earnings per share - basic and diluted (Rupees)		1.5849	0.7097

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended September 30, 2020

	Quarter ended	
	Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
Profit for the period	1,382,350	618,992
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	1,382,350	618,992

The annexed notes 1 to 21 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 quarter ended September 30, 2020

	Share capital	Capital reserve	Revenue reserve	Total
		Share premium	Unappropriated profit	
(Rupees in '000)				
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	-	-	618,992	618,992
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	618,992	618,992
Balance as at September 30, 2019 (un-audited)	8,721,975	3,791,602	5,984,532	18,498,109
Balance as at July 01, 2020 - audited	8,721,975	3,791,602	4,766,115	17,279,692
Profit for the period	-	-	1,382,350	1,382,350
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	1,382,350	1,382,350
Balance as at September 30, 2020 (un-audited)	8,721,975	3,791,602	6,148,465	18,662,042

The annexed notes 1 to 21 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 quarter ended September 30, 2020

	Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,448,830	689,979
Adjustments for:		
Depreciation	530,728	401,048
Depreciation on right of use assets	6,624	3,671
Amortization	2,557	1,700
Workers' profit participation fund	77,810	36,315
Workers' welfare fund	29,568	-
Staff retirement gratuity	226,061	183,491
Loss on disposal of property, plant and equipment	1,892	10,628
Loss on disposal of intangible assets	27,387	-
Gain on disposal of right of use asset	(187)	-
Remeasurement loss on investment in mutual funds	-	6,913
Profit on term deposit receipts TDRs	(3,088)	(3,586)
Profit on term finance certificates TFCs	(12,023)	-
Interest on loan to Metis International (Pvt) Ltd	(185)	-
Interest on receivable from IL Bangla Limited	(1,449)	(1,461)
Finance cost	225,122	167,985
Operating cash flows before working capital changes	2,559,647	1,496,683
Changes in working capital		
(Increase)/decrease in current assets		
Stores and spares	(63,743)	(63,930)
Stock in trade	916,070	808,299
Trade debts	(5,821,112)	195,812
Loans and advances	(470,730)	(436,737)
Prepayment and other receivables	(252,616)	(295,747)
Accrued income	275	-
Tax refunds due from government	(174,080)	(339,515)
Increase/(decrease) in current liabilities		
Trade and other payables	1,051,338	(137,393)
	(4,814,598)	(269,211)
Cash (used in) / generated from operations	(2,254,951)	1,227,472
Finance cost paid	(324,529)	(162,499)
Income tax paid	(96,507)	(111,304)
Staff retirement gratuity paid	(54,617)	(29,915)
Workers' profit participation fund paid	(119,000)	(291,134)
Long term loans received / (paid)	2,732	(21,946)
Long term deposits received / (paid)	913	(1,261)
Profit on TDRs received	3,088	3,586
Net cash (used in) / generated from operating activities	(2,842,871)	612,999

	Note	Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in:			
Property, plant and equipment		(406,919)	(2,438,201)
Intangible asset		(8,095)	(2,158)
Proceeds from disposal of property, plant and equipment		8,651	12,886
Long term investments		–	(600,000)
Profit received from investment in TFCs		12,023	–
Net cash used in investing activities		(394,340)	(3,027,473)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		1,126,018	1,026,088
Repayment of long term financing		(48,493)	(1,367,862)
Payment of lease liabilities		(7,585)	(3,462)
Short term borrowings - net		2,065,467	881,924
Dividend paid		–	(128,882)
Net cash generated from financing activities		3,135,407	407,806
Net decrease in cash and cash equivalents	(A+B+C)	(101,804)	(2,006,668)
Cash and cash equivalents at the beginning of the period		275,831	2,479,819
Cash and cash equivalents at the end of the period	14	174,027	473,151

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the quarter ended September 30, 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, 2020.

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, 2020.

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, 2020.

	Note	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
5. Property, Plant and Equipment			
Operating fixed assets	5.1	21,980,668	21,897,796
Capital work-in-progress	5.2	516,430	733,655
Right of use assets	5.3	104,849	112,788
		22,601,947	22,744,239
5.1 Operating fixed assets			
Opening written down value		21,897,796	17,038,440
Add: Additions during the period/year	5.1.1	624,143	6,915,703
Less: Disposals during the period/year		(10,543)	(66,170)
Less: Trial production depreciation capitalized during the period/year		–	(9,667)
Less: Depreciation charged during the period/year		(530,728)	(1,980,510)
Closing written down value		21,980,668	21,897,796
5.1.1 Additions during the period/year			
Freehold land		166	142,632
Buildings on freehold land		111,122	2,081,285
Plant and machinery		407,475	3,422,219
Tools and equipments		4,896	308,597
Office equipments		15,396	101,856
Electric installations		55,605	570,548
Furniture and fixtures		14,267	84,502
Vehicles		15,216	204,064
		624,143	6,915,703
5.2 Capital work-in-progress			
Civil works		199,503	209,268
Plant and machinery		122,956	308,734
Capital stores	5.2.1	109,873	131,616
Vehicles		2,693	–
Advances to suppliers		81,405	84,037
		516,430	733,655

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	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
5.3 Right of use assets			
Buildings			
Opening written down value		112,788	–
Transition effect on initial application of IFRS-16		–	35,511
Additions during the period/year		–	94,112
Disposal during the period/year		(1,315)	–
Less: Depreciation on right of use assets charged during the period/year		(6,624)	(16,835)
Closing written down value		104,849	112,788
6. Long Term Investments			
Unquoted - at cost			
Associate			
IL Bangla Limited		308,735	308,735
Subsidiary			
IL Apparel (Pvt) Limited		1,045,000	1,045,000
Others - Amortized cost			
Term finance certificates		500,606	500,000
		1,854,341	1,853,735
7. Trade Debts			
Foreign			
- Secured		7,243,948	4,375,676
- Unsecured	7.1	5,119,366	2,232,046
Local			
- Unsecured	7.1	665,189	599,669
		13,028,503	7,207,391

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

8. Authorized Share Capital

Un audited September 30, 2020 [Number of shares in '000]	Audited June 30, 2020		Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020
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

Un audited September 30, 2020 [Number of shares in '000]	Audited June 30, 2020		Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020
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

10. Long Term Financing

	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
From financial institutions - secured	8,260,937	7,222,513
Less: Current portion of long term financing	(1,060,123)	(361,383)
	7,200,814	6,861,130

	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
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.	561,811	560,933
The Director, Excise and Taxation, Karachi against imposition of infrastructure cess	248,853	240,853
Faisalabad Electric Supply Company (FESCO) against supply of electricity	70,414	70,414
Punjab Revenue Authority	11,533	11,533
State Bank of Pakistan	127,551	127,551
Total Parco Pakistan Limited	3,000	3,000
	1,023,162	1,014,284
Post dated cheques issued in favour of custom authorities for release of imported goods	4,594,659	4,284,124
Corporate guarantees given to banks on behalf of IL Apparel (Pvt) Ltd - subsidiary company	1,750,000	1,750,000
11.2 Commitments		
Under letters of credit for:		
Capital expenditure	980,355	153,815
Raw material	763,167	354,040
Stores and spares	59,657	16,855
	1,803,179	524,710

	Quarter ended	
	Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
12. Cost of Sales		
Raw material consumed	5,564,519	4,312,374
Stores and spares consumed	359,089	235,313
Knitting, processing and packing charges	207,851	–
Salaries, wages and benefits	1,996,490	1,561,989
Staff retirement gratuity	192,691	156,878
Fuel and power	713,404	466,468
Repairs and maintenance	58,717	44,766
Insurance	14,607	11,208
Depreciation	476,694	356,616
Depreciation on right of use assets	6,248	1,551
Amortization	1,338	–
Rent, rate and taxes	1,170	228
Other manufacturing costs	34,381	60,512
	9,627,199	7,207,903
Opening work in process	589,622	597,562
Closing work in process	(682,721)	(538,956)
	(93,099)	58,606
Cost of goods manufactured	9,534,100	7,266,509
Opening finished goods	3,089,208	1,954,089
Closing finished goods	(2,596,414)	(1,857,617)
	492,794	96,472
DDT	10,026,894	7,362,981
	(226,157)	(154,150)
	9,800,737	7,208,831

13. Utilization of Proceeds From Initial Public Offering

The implementation report of the projects as on September 30,2020 is as under;

	Denim Division		Hosiery Division-V	
	Amount Utilized	POs Issued/ LCs Established	Amount Utilized	POs Issued/ LCs Established
	(Rupees in '000)			
Land and building	2,406,453	301,848	270,445	184
Plant and machinery	2,680,059	276,995	1,008,720	283,638
Power and utilities	921,787	69,616	23,600	–
Computer and IT equipment	177,486	55	–	–
Miscellaneous expenses	142,263	11,697	9,184	17
Trial run losses	449,927	–	–	–
	6,777,975	660,210	1,311,949	283,839

	Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
14. Cash and Cash Equivalents		
Cash and bank balances	174,027	473,151
	174,027	473,151

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, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

i) Transactions

Name	Nature of transaction	Quarter ended	
		Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
IL Bangla Limited - Associate	Interest on receivables from IL Bangla Limited	1,449	1,461
IL Apparel (Pvt) Limited - Subsidiary	Yarn dyeing services provided	414	330
	Sale of yarn and spare parts	500	213
	Toll manufacturing charges	131,335	-
	Sale of assets	723	-
	Share deposit money paid	-	100,000
Interloop Holdings (Pvt) Limited - Associate	Expenses paid on behalf of associate	444	1,166
	Services received	24,366	19,900
	Sale of assets	-	6,958
	Loan repaid during the period	-	1,100,000
	Mark up expense on loan from Interloop Holdings (Pvt) Ltd	-	5,795
Texlan Center (Pvt) Limited - Associate	Sale of yarn	312,969	305,875
	Sale of spare parts and packing material	13,238	21,807
Global Veneer Trading Limited - Associate	Selling commission	81,864	300,442
Momentum Logistics (Pvt) Limited - Associate	Transportation services received	5,493	-
Eurosox Plus BV - Associate	Sale of socks	129,970	257,420

Name	Nature of transaction	Quarter ended	
		Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
Interloop Limited ESOS Management Trust	Payment made on behalf of ESOS Management Trust	125	244
Interloop Employees Provident Fund	Contribution to the fund	11,585	9,010
Key management personnel & other related parties	Sale of asset	-	3,451
	Repayment of housing finance loan	1,154	-
	Markup on house building finance	109	1,708
	Rent expenses	322	266
	Remuneration and other benefits	289,010	167,228
	Directorship fee	3,450	975

ii) Period end balances

Name	Nature of balance	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
IL Bangla Limited - Associate	Prepayment and other receivables	90,011	88,562
Texlan Center (Pvt) Limited - Associate	Trade debts	238,501	136,419
Eurosox Plus BV - Associate	Trade debts	128,985	120,799
Interloop Holdings (Pvt) Limited - Associate	Prepayment and other receivables	166	-
PrintKraft (Pvt) Limited - Associate	Trade debts	-	485
Global Veneer Trading Limited - Associate	Trade and other payables	37,320	23,434
Interloop Limited ESOS Management Trust	Trade and other payables	125	-
Interloop Employees Provident Fund	Trade and other payables	3,906	3,013
Other related parties	Long term loans - staff	20,963	22,117

16. Operating Segments

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

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

a) Hosiery

This segment relates to the sale of socks.

b) Spinning

This segment relates to the sale of yarn.

c) Denim

This segment mainly relates to sale of garments.

d) Energy

This segment generates electricity for in-house consumption.

e) Other operating segments

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

16.1 Segment Information

	Hosiery		Spinning		Denim		Energy		Others		Elimination of inter segment transaction		Total Company	
	Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended		Quarter ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 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	11,043,127	7,974,306	1,086,506	1,266,205	397,972	-	-	381,982	115,912	-	-	-	12,909,587	9,356,423
Intersegment sale	56,060	35,606	1,118,875	913,840	1,863	-	713,913	664,699	208,003	(2,153,898)	(1,822,148)	-	-	-
Cost of sales														
	11,089,187	8,009,912	2,205,381	2,160,045	399,835	-	713,913	664,699	323,915	(2,153,898)	(1,822,148)	12,909,587	9,356,423	
	(7,781,907)	(6,244,708)	(2,160,482)	(2,067,234)	(807,735)	(86)	(631,290)	(393,375)	(325,576)	2,153,898	1,822,148	(9,800,737)	(7,208,831)	
Gross profit/(loss)	3,317,280	1,765,204	44,889	112,811	(407,900)	(86)	82,623	271,324	71,948	(1,661)	-	3,108,850	2,147,592	
Distribution cost	(553,902)	(696,286)	(13,619)	(16,246)	(30,066)	(4,386)	-	-	(20,328)	(7,097)	-	(617,915)	(724,015)	
Administrative expenses	(540,992)	(425,988)	(16,343)	(44,707)	(88,238)	(18,426)	(31,129)	(16,973)	(3,177)	(10,307)	-	(631,939)	(516,401)	
	(1,094,894)	(1,122,274)	(29,962)	(60,953)	(88,364)	(22,812)	(31,129)	(16,973)	(23,505)	(17,404)	-	(1,249,854)	(1,240,416)	
Profit/(loss) before taxation and unallocated income and expenses	2,222,386	642,930	14,937	51,858	(506,264)	(22,888)	79,494	254,351	48,443	(19,065)	-	1,858,936	907,176	
Unallocated income and expenses														
Other operating expenses													(208,563)	63,856
Other income													23,519	4,644
Finance cost													(225,122)	(167,985)
Taxation													(66,480)	(70,987)
Profit after taxation	290,656	287,071	51,966	53,771	133,474	3,870	42,314	41,288	21,479	20,419	-	539,909	406,419	
Depreciation and amortization	179,680	201,528	7,485	25,131	134,580	2,211,090	3,163	-	90,206	2,610	-	415,014	2,440,359	
Capital expenditures													1,362,350	618,992

16.2 Reconciliation of reportable segment assets and liabilities

	Hostery		Spinning		Denim		Energy		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
	September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020
	Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000		Rupees in '000	
Total assets	28,873,460	24,700,620	5,893,106	6,017,660	7,084,746	6,796,488	2,088,778	2,041,263	1,421,051	1,234,575	4,628,206	4,576,523	50,995,338	45,367,329
Total liabilities	14,304,252	8,860,292	560,483	215,471	611,012	4,215,600	180,843	102,380	171,131	149,643	16,505,573	14,544,251	32,333,294	28,087,687

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.

As on the reporting date, the Company has no financial assets and financial liabilities which are measured and recognized at fair value.

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. Furthermore, there were no reclassifications of financial assets.

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.

There have been no changes in the risk management policies since June 30, 2020 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 October 28, 2020 by the Board of Directors of the Company.

20. Events After The Reporting Date

The Board of Directors in their meeting held on September 16, 2020 proposed a final cash dividend for the year ended June 30, 2020 of Rs. 1 per share, amounting to Rs. 872.20 million (2019: Rs. 1,526.34 million). The same has been approved by the members at the Annual General Meeting of the Company held on October 15, 2020.

The Board of Directors in their meeting held on September 16, 2020 decided to amend the rules of the Employee Share Option Scheme (Scheme) of the Company, subject to the approval of the members of the Company, by a special resolution at the Annual General Meeting & the SECP amid required amendments in the constituting documents and also subject to any amendments that may be required by the SECP or recommended by the Company and approved by the SECP. Consequently, 2,797,450 (two million seven hundred ninety seven thousand four hundred fifty) fully paid & non-listed, non-voting ordinary shares which have been granted, vested, exercised and/or issued to the eligible employees in terms of this Scheme shall be deemed to have been converted to the ordinary shares from the date of those requisite approvals. The said amendment has been approved by the members at the Annual General Meeting of the Company held on October 15, 2020.

The Board of Directors in their meeting held on October 28, 2020 has passed a resolution approving a scheme of amalgamation under Section 284(1) of the Companies Act, 2017, to amalgamate its wholly owned subsidiary, IL Apparel (Private) Limited with and into the Company. As on reporting date, a reliable estimate of the financial effect cannot be made.

The Board of Directors in their meeting held on October 28, 2020 has passed a resolution approving divestment of entire shareholding (31,825,000 ordinary shares representing 31.61% of total shareholding therein) in IL Bangla Limited, a Bangladesh based associated company, subject to the approval of the members of the Company and all other regulatory approvals as may be necessary in this regard. As on reporting date, a reliable estimate of the financial effect cannot be made.

21. General

21.1 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.

21.2 Rounding

Figures have been rounded off to the nearest thousand.



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For The Quarter Ended September 30, 2020

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2020

	Note	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
Assets			
Non Current Assets			
Property, plant and equipment	6	23,358,789	23,512,516
Intangible asset		153,270	175,813
Long term investments	7	500,606	500,000
Long term loans - staff		113,952	119,698
Long term deposits		43,024	43,987
		24,169,641	24,352,014
Current Assets			
Stores and spares		1,135,161	1,070,940
Stock in trade		8,045,971	9,048,065
Trade debts	8	13,194,506	7,274,222
Loans and advances		965,400	493,896
Prepayment and other receivables		450,446	194,132
Accrued income		1,358	2,239
Tax refunds due from government		2,685,159	2,528,324
Short term investments		–	125,044
Cash and bank balances		180,451	161,080
		26,658,452	20,897,942
Total Assets		50,828,093	45,249,956

	Note	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (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		3,870,647	3,870,647
Unappropriated profit		5,007,870	3,672,489
Equity attributable to holders of parent company		17,600,492	16,265,111
Non-controlling interest		–	–
Total equity		17,600,492	16,265,111
Non Current Liabilities			
Long term financing	11	7,308,511	6,910,179
Lease liabilities		174,785	185,742
Deferred liabilities		3,363,884	3,176,541
		10,847,180	10,272,462
Current Liabilities			
Trade and other payables		4,183,399	3,149,157
Unclaimed dividend		2,952	2,952
Accrued mark up		94,320	210,282
Short term borrowings		16,872,365	14,904,829
Current portion of non current liabilities		1,227,385	445,163
		22,380,421	18,712,383
Contingencies And Commitments	12	–	–
Total Equity And Liabilities		50,828,093	45,249,956

The annexed notes 1 to 22 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 ended September 30, 2020

	Note	Quarter ended	
		Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
Sales - net		13,100,714	9,429,707
Cost of sales	13	(9,970,800)	(7,328,987)
Gross profit		3,129,914	2,100,720
Distribution cost		(629,446)	(736,190)
Administrative expenses		(669,813)	(542,278)
Other operating expenses		(209,856)	(53,856)
Other income		23,519	4,644
		(1,485,596)	(1,327,680)
Profit from operations		1,644,318	773,040
Finance cost		(239,235)	(176,811)
Share of loss from associate		–	(33,429)
Profit before taxation		1,405,083	562,800
Taxation		(69,702)	(71,725)
Profit for the period		1,335,381	491,075
Attributable to:			
Shareholders of parent company		1,335,381	491,075
Non- controlling interest		–	–
		1,335,381	491,075
Earnings per share - basic and diluted (Rupees)		1.5311	0.5630

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the quarter ended September 30, 2020

	Quarter ended	
	Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
Profit for the period	1,335,381	491,075
Other comprehensive loss:		
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	–	(1,623)
Total comprehensive income for the period	1,335,381	489,452
Attributable to:		
Shareholders of parent company	1,335,381	489,452
Non- controlling interest	–	–
	1,335,381	489,452

The annexed notes 1 to 22 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 quarter ended September 30, 2020

	Attributable to owners of the Parent						
	Share capital	Capital reserve	Revenue reserves		Total	Non	Total
		Share premium	Unappropriated profit	Translation reserve		Controlling interest	
(Rupees in '000)							
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	-	-	491,075	-	491,075	-	491,075
Other comprehensive loss	-	-	-	(1,623)	(1,623)	-	(1,623)
Total comprehensive income/(loss) for the period	-	-	491,075	(1,623)	489,452	-	489,452
Balance as at September 30, 2019 (un-audited)	8,721,975	3,791,603	5,432,226	50,997	17,996,801	-	17,996,801
Balance as at July 01, 2020 - audited	8,721,975	3,791,603	3,672,489	79,044	16,265,111	-	16,265,111
Profit for the period	-	-	1,335,381	-	1,335,381	-	1,335,381
Other comprehensive loss	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	1,335,381	-	1,335,381	-	1,335,381
Balance as at September 30, 2020 (un-audited)	8,721,975	3,791,603	5,007,870	79,044	17,600,492	-	17,600,492

The annexed notes 1 to 22 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 quarter ended September 30, 2020

	Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,405,083	562,800
Adjustments for:		
Depreciation	543,882	412,007
Depreciation on right of use assets	13,318	8,702
Amortization	2,750	1,896
Workers' profit participation fund	77,810	36,315
Workers' welfare fund	29,802	–
Staff retirement gratuity	232,243	186,644
Loss on disposal of property, plant and equipment	1,892	10,628
Loss on disposal of intangible assets	27,387	–
Gain on disposal of right of use asset	(187)	–
Remeasurement loss on investment in mutual funds	–	6,913
Profit on term deposit receipts TDRs	(3,088)	(3,586)
Profit on term finance certificates TFCs	(12,023)	–
Interest on loan to Metis International (Pvt) Ltd	(185)	–
Interest on receivable from IL Bangla Limited	(1,449)	(1,461)
Share of loss from associate	–	33,429
Finance cost	239,235	176,811
Operating cash flows before working capital changes	2,556,470	1,431,098
Changes in working capital		
(Increase)/decrease in current assets		
Stores and spares	(64,221)	(65,635)
Stock in trade	1,002,094	747,029
Trade debts	(5,920,284)	192,831
Loans and advances	(468,218)	(441,768)
Prepayment and other receivables	(254,680)	(294,219)
Accrued income	275	–
Tax refunds due from government	(127,064)	(352,369)
Increase/(decrease) in current liabilities		
Trade and other payables	1,044,076	(95,365)
	(4,788,022)	(309,496)
Cash (used in) / generated from operations	(2,231,552)	1,121,602
Finance cost paid	(347,143)	(168,833)
Income tax paid	(98,944)	(112,113)
Staff retirement gratuity paid	(56,988)	(30,004)
Workers' profit participation fund paid	(119,000)	(291,134)
Long term loans received / (paid)	2,460	(21,893)
Long term deposits received / (paid)	963	(1,311)
Profit on TDRs received	3,088	3,586
Net cash (used in) / generated from operating activities	(2,847,116)	499,900

	Note	Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in:			
Property, plant and equipment		(414,608)	(2,458,268)
Intangible asset		(8,095)	(2,158)
Proceeds from disposal of property, plant and equipment		7,928	12,886
Long term investments		–	(500,000)
Profit received from investment in TFCs		12,023	–
Net cash used in investing activities		(402,752)	(2,947,540)
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		1,236,124	1,026,088
Repayment of long term financing		(48,493)	(1,367,862)
Payment of lease liabilities		(10,972)	(6,508)
Short term borrowings - net		1,967,536	925,519
Dividend paid		–	(128,882)
Net cash generated from financing activities		3,144,195	448,355
Net decrease in cash and cash equivalents	(A+B+C)	(105,673)	(1,999,285)
Cash and cash equivalents at the beginning of the period		286,124	2,484,162
Cash and cash equivalents at the end of the period	15	180,451	484,877

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

For the quarter ended September 30, 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, 2020: 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, 2020: 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, 2020.

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 audited consolidated financial statements of the Group for the year ended June 30, 2020.

4. Summary of Significant Accounting Policies

The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of preceding annual audited consolidated financial statements of the Group for the year ended June 30, 2020.

5. Basis of Consolidation

Subsidiaries

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

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

Intragroup balances and transactions have been eliminated.

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

Associates

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

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

	Note	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
6. Property, Plant and Equipment			
Operating fixed assets	6.1	22,648,673	22,569,771
Capital work-in-progress	6.2	522,291	739,767
Right of use assets	6.3	187,825	202,978
		23,358,789	23,512,516
6.1 Operating fixed assets			
Opening written down value		22,569,771	17,644,588
Add: Additions during the period/year	6.1.1	632,603	7,033,729
Less: Disposals during the period/year		(9,820)	(64,520)
Less: Trial production depreciation capitalized during the period/year		–	(9,667)
Less: Depreciation charged during the period/year		(543,881)	(2,034,359)
Closing written down value		22,648,673	22,569,771
6.1.1 Additions during the period/year			
Freehold land		166	142,632
Buildings on freehold land		111,122	2,090,485
Plant and machinery		413,492	3,463,615
Tools and equipments		5,273	328,951
Office equipments		16,458	116,830
Electric installations		55,872	578,603
Furniture and fixtures		15,004	91,072
Vehicles		15,216	221,541
		632,603	7,033,729
6.2 Capital work-in-progress			
Civil works		200,828	210,503
Plant and machinery		127,249	312,844
Capital stores	6.2.1	110,116	132,383
Vehicles		2,693	–
Advances to suppliers		81,405	84,037
		522,291	739,767

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.

	Note	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
6.3 Right of use assets			
Opening written down value		202,978	–
Transition effect on initial application of IFRS-16		–	119,367
Additions during the period/year		–	125,247
Disposal during the period/year		(1,835)	–
Less: Depreciation on right of use assets charged during the period/year		(13,318)	(41,636)
Closing written down value		187,825	202,978
7. Long Term Investments			
Un-quoted associate - at equity method			
IL Bangla Limited	7.1	–	–
Others - Amortized cost			
Term finance certificates		500,606	500,000
		500,606	500,000
7.1 Investment in associated company - under equity method			
Opening balance		–	93,540
Share of loss for the period/year		–	(119,964)
Exchange gain		–	26,424
		–	(93,540)
Closing balance		–	–
8. Trade Debts			
Foreign			
- Secured		7,261,492	4,438,657
- Unsecured	8.1	5,267,825	2,232,046
Local			
- Unsecured	8.1	665,189	603,519
		13,194,506	7,274,222

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

9. Authorized Share Capital

Un audited September 30, 2020 [Number of shares in '000]	Audited June 30, 2020		Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020
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

Un audited September 30, 2020 [Number of shares in '000]	Audited June 30, 2020		Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020
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

11. Long Term Financing

	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
From financial institutions - secured	8,427,034	7,285,098
Less: Current portion of long term financing	(1,118,523)	(374,919)
	7,308,511	6,910,179

	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (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.	561,811	560,933
The Director, Excise and Taxation, Karachi against imposition of infrastructure cess	250,353	242,353
Faisalabad Electric Supply Company (FESCO) against supply of electricity	70,414	70,414
Punjab Revenue Authority	11,533	11,533
State Bank of Pakistan	127,551	127,551
Total Parco Pakistan Limited	3,000	3,000
	1,024,662	1,015,784
Post dated cheques issued in favour of custom authorities for release of imported goods	4,613,618	4,302,908
12.2 Commitments		
Under letters of credit for:		
Capital expenditure	980,355	156,690
Raw material	763,167	354,040
Stores and spares	59,657	16,855
	1,803,179	527,585

	Quarter ended	
	Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
13. Cost of Sales		
Raw material consumed	5,616,696	4,411,694
Stores and spares consumed	364,245	240,412
Knitting, processing and packing charges	93,579	–
Salaries, wages and benefits	2,106,332	1,613,891
Staff retirement gratuity	198,038	159,229
Fuel and power	720,210	471,375
Repairs and maintenance	59,510	45,823
Insurance	15,392	11,649
Depreciation	484,642	363,145
Depreciation on right of use assets	12,942	6,582
Amortization	1,338	–
Rent, rate and taxes	1,170	228
Other manufacturing costs	37,140	63,023
	9,711,234	7,387,051
Opening work in process	663,831	597,562
Closing work in process	(736,596)	(605,449)
	(72,765)	(7,887)
Cost of goods manufactured	9,638,469	7,379,164
Opening finished goods	3,219,131	1,965,058
Closing finished goods	(2,656,903)	(1,859,667)
	562,228	105,391
DDT	10,200,697	7,484,555
	(229,897)	(155,568)
	9,970,800	7,328,987

14. Utilization Of Proceeds From Initial Public Offering

The implementation report of the projects as on September 30,2020 is as under;

	Denim Division		Hosiery Division-V	
	Amount Utilized	POs Issued/ LCs Established	Amount Utilized	POs Issued/ LCs Established
	(Rupees in '000)			
Land and building	2,406,453	301,848	270,445	184
Plant and machinery	2,680,059	276,995	1,008,720	283,638
Power and utilities	921,787	69,616	23,600	–
Computer and IT equipment	177,486	55	–	–
Miscellaneous expenses	142,263	11,697	9,184	17
Trial run losses	449,927	–	–	–
	6,777,975	660,210	1,311,949	283,839

15. Cash and Cash Equivalents

	Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
Cash and bank balances	180,451	484,877
	180,451	484,877

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	
		Un audited September 30, 2020 (Rupees in '000)	Un audited September 30, 2019 (Rupees in '000)
IL Bangla Limited - Associate	Interest on receivables from IL Bangla Limited	1,449	1,461
Interloop Holdings (Pvt) Limited - Associate	Expenses paid on behalf of associate	444	1,166
	Services received	24,366	19,900
	Sale of assets	-	6,958
	Loan repaid during the period	-	1,100,000
	Mark up expense on loan from Interloop Holdings (Pvt) Ltd	-	5,795
Texlan Center (Pvt) Limited - Associate	Sale of yarn	312,969	305,875
	Sale of spare parts and packing material	13,238	21,807
Global Veneer Trading Limited - Associate	Selling commission	81,864	300,442
Momentum Logistics (Pvt) Limited - Associate	Transportation services received	5,493	-
Eurosox Plus BV - Associate	Sale of socks	129,970	257,420
Interloop Limited ESOS Management Trust	Payment made on behalf of ESOS Management Trust	125	244
Interloop Employees Provident Fund	Contribution to the fund	11,709	9,109
Key management personnel & other related parties	Sale of asset	-	3,451
	Repayment of housing finance loan	1,532	-
	Markup on house building finance	150	1,708
	Rent expenses	322	266
	Remuneration and other benefits	306,029	173,238
	Directorship fee	3,450	975

ii) Period end balances

Name	Nature of balance	Un audited September 30, 2020 (Rupees in '000)	Audited June 30, 2020 (Rupees in '000)
IL Bangla Limited - Associate	Prepayment and other receivables	90,011	88,562
Texlan Center (Pvt) Limited - Associate	Trade debts	238,501	136,419
Eurosox Plus BV - Associate	Trade debts	128,985	120,799
Interloop Holdings (Pvt) Limited - Associate	Prepayment and other receivables	166	-
PrintKraft (Pvt) Limited - Associate	Trade debts	-	485
Global Veneer Trading Limited - Associate	Trade and other payables	37,320	23,434
Interloop Limited ESOS Management Trust	Trade and other payables	125	-
Interloop Employees Provident Fund	Trade and other payables	3,951	3,013
Other related parties	Long term loans - staff	28,022	29,554

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 denim.

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 international financial reporting standards. These mainly includes domestic sales, yarn dyeing and active wear.

17.1 Segment Information

	Hosiery		Spinning		Denim		Energy		Apparel		Others		Elimination of Inter segment transaction		Total Group	
	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Revenue																
External sale	11,043,127	7,974,306	1,086,006	1,265,663	-	-	192,041	73,826	381,588	115,912	-	13,100,714	9,423,707	-	-	-
Intersegment sale	56,000	35,606	1,119,375	914,392	1,863	-	713,913	664,659	131,335	-	263,601	(1,822,690)	-	-	-	-
Cost of sales																
	11,089,187	8,009,912	2,205,381	2,180,045	399,835	-	713,913	664,659	323,376	73,826	645,109	(2,286,147)	(1,822,690)	13,100,714	9,423,707	-
	(7,781,907)	(6,244,708)	(2,160,482)	(2,067,234)	(807,735)	(86)	(631,200)	(393,375)	(302,312)	(120,688)	(573,221)	2,286,147	1,822,690	(9,970,800)	(7,329,987)	-
Gross profit/(loss)	3,317,280	1,765,204	44,889	112,811	(407,900)	(86)	82,623	271,324	21,064	(46,812)	71,948	(1,661)	-	3,129,914	2,100,720	-
Distribution cost	(553,902)	(666,286)	(13,619)	(16,246)	(30,006)	(4,386)	-	-	(11,531)	(12,175)	(20,328)	(7,097)	-	(629,446)	(736,190)	-
Administrative expenses	(540,952)	(425,988)	(16,343)	(44,707)	(68,238)	(18,426)	(3,129)	(16,973)	(37,874)	(25,677)	(3,177)	(10,307)	-	(669,813)	(542,278)	-
Profit/(loss) before taxation and unallocated income and expenses	2,222,386	642,930	14,937	51,838	(506,294)	(22,898)	79,484	254,351	(28,341)	(84,924)	49,443	(19,065)	-	1,830,655	822,292	-
Unallocated income and expenses																
Other operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	(208,856)	(53,856)	-
Other income	-	-	-	-	-	-	-	-	-	-	-	-	-	23,519	4,644	-
Finance cost	-	-	-	-	-	-	-	-	-	-	-	-	-	(239,255)	(176,811)	-
Share of loss from associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(34,429)	-
Taxation	-	-	-	-	-	-	-	-	-	-	-	-	-	(69,702)	(71,725)	-
Profit after taxation	230,636	287,071	51,986	53,771	133,474	3,870	42,314	41,288	20,041	16,186	21,479	20,419	-	559,950	422,605	-
Depreciation and amortization	179,590	201,528	7,485	25,131	134,590	2,211,000	3,163	-	7,669	20,067	90,206	2,610	-	422,703	2,460,426	-

17.2 Reconciliation of reportable segment assets and liabilities

	Hosiery		Spinning		Denim		Energy		Apparel		Others		Unallocated		Total Group	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020	September 30, 2020	June 30, 2020
	Rupees in 000		Rupees in 000		Rupees in 000		Rupees in 000		Rupees in 000		Rupees in 000		Rupees in 000		Rupees in 000	
Total assets	28,515,145	24,656,046	5,658,106	6,017,860	7,064,745	6,796,488	2,088,778	2,041,263	1,191,062	12,403,933	1,427,051	1,234,578	4,628,206	3,222,788	50,828,038	45,249,956
Total liabilities	14,304,252	8,661,342	560,483	215,471	611,012	4,214,550	180,843	102,380	894,307	897,207	171,131	149,644	16,505,573	14,544,251	33,227,601	28,984,645

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.

As on the reporting date, the Group has no financial assets and financial liabilities which are measured and recognized at fair value.

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.

There have been no changes in the risk management policies since June 30, 2020, 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 October 28, 2020 by the Board of Directors of the Holding Company.

21. Events After The Reporting Date

The Board of Directors of the Holding Company in their meeting held on September 16, 2020 proposed a final cash dividend for the year ended June 30, 2020 of Rs. 1 per share, amounting to Rs. 872.20 million (2019: Rs. 1,526.34 million). The same has been approved by the members at the Annual General Meeting of the Holding Company held on October 15, 2020.

The Board of Directors of the Holding Company in their meeting held on September 16, 2020 decided to amend the rules of the Employee Share Option Scheme (Scheme) of the Holding Company, subject to the approval of the members of the Holding Company, by a special resolution at the Annual General Meeting & the SECP amid required amendments in the constituting documents and also subject to any amendments that may be required by the SECP or recommended by the Holding Company and approved by the SECP. Consequently, 2,797,450 (two million seven hundred ninety seven thousand four hundred fifty) fully paid & non-listed, non-voting ordinary shares which have been granted, vested, exercised and/or issued to the eligible employees in terms of this Scheme shall be deemed to have been converted to the ordinary shares from the date of those requisite approvals. The said amendment has been approved by the members at the Annual General Meeting of the Holding Company held on October 15, 2020.

The Board of Directors of the Holding Company in their meeting held on October 28, 2020 has passed a resolution approving a scheme of amalgamation under Section 284(1) of the Companies Act, 2017, to amalgamate its wholly owned subsidiary, IL Apparel (Private) Limited with and into the Holding Company. As on reporting date, a reliable estimate of the financial effect cannot be made.

The Board of Directors of the Holding Company in their meeting held on October 28, 2020 has passed a resolution approving divestment of entire shareholding (31,825,000 ordinary shares representing 31.61% of total shareholding therein) in IL Bangla Limited, a Bangladesh based associated company, subject to the approval of the members of the Holding Company and all other regulatory approvals as may be necessary in this regard. As on reporting date, a reliable estimate of the financial effect cannot be made.

22. GENERAL

22.1 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.

22.2 Rounding

Figures have been rounded off to the nearest thousand.



Chief Executive Officer




Takau Zed
Director



Chief Financial Officer

Interloop limited

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